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Enabling poor rural people  
to overcome poverty

## **Comments of the Office of Evaluation on the Draft Report on the Peer Review of IFAD's Office of Evaluation and Evaluation Function**

Evaluation Committee — Sixty-first Session  
Rome, 29 January 2010

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For: **Review**

## **Note to Evaluation Committee Members**

This document is submitted for review by the Evaluation Committee.

To make the best use of time available at Evaluation Committee sessions, members are invited to contact the following focal point with any technical questions about this document before the session:

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## **Comments of the Office of Evaluation on the Draft Report on the Peer Review of IFAD's Office of Evaluation and Evaluation Function**

1. The Office of Evaluation (OE) welcomes the opportunity to comment on the draft report (dated 10 January 2010) on the Peer Review of IFAD's evaluation system by the Evaluation Cooperation Group's (ECG) Peer Review Panel. OE would like to express its appreciation to the members of the Panel for their efforts in preparing a comprehensive report within such a short timespan.
2. The report contains a number of useful insights and proposals that can contribute to enhancing the Fund's overall evaluation system and activities. The conclusions and recommendations on OE's independence and governance are particularly important and well received. They reaffirm the decisions taken by the Fund's Member States during the Sixth Replenishment to ensure that IFAD has a truly independent evaluation function, which can serve the organization in improving its development effectiveness.
3. The report underlines the wide-ranging use of OE evaluation products, in particular the Annual Report on Results and Impact of IFAD Operations and the corporate-level evaluations, which have had strategic impact on institutional transformation. This, we believe, is an illustration of the significant contribution made by OE to IFAD's work. Moreover, the draft report highlights the need for OE to expand its involvement in learning, speed up the transition towards higher order evaluations (such as corporate-level and country programme evaluations), increasingly undertake the validation of project completion reports, and further strengthen financial management. These are suggestions we plan to address seriously as we move forward.
4. Some areas could still be further developed and improved in the final document. First, the draft report notes that IFAD is a hybrid organization, being a specialized agency of the United Nations with an operating model and governance structure similar to those of international financial institutions. However, this reality has not been sufficiently contextualized in critical parts of the report. Specifically, these relate to the need for greater emphasis on project and programme evaluations, more extensive involvement with borrowing countries during evaluation, a broader audience for evaluation reports – including IFAD Management, the IFAD Evaluation Committee and Executive Board, borrowing countries – and increased support to the Evaluation Committee given the limitations resulting from its non-resident status. In addition, comparisons have been made in some areas (e.g. OE's engagement with partners in the field and its interactions with the Evaluation Committee) where no ECG good practice standards are available. In these cases, it would be more appropriate for the report to assess the practice against IFAD's specific requirements.
5. Second, the draft report has been unexpectedly reticent in recognizing some of OE's achievements following the approval of the Evaluation Policy in 2003. These include the instrumental role of the Independent External Evaluation and the successful efforts (as recognized in the draft peer review report) in establishing from scratch a credible independent evaluation function in IFAD, which would merit more consideration in the final report. OE also introduced a number of innovations that have only passingly been acknowledged, while instead they deserve more reflection within the ECG and the United Nations Evaluation Group (UNEG), such as the agreement at completion point (rather than the traditional management response) and the development of a comprehensive and transparent evaluation methodology, of which there are few (if any) examples within the ECG and UNEG. Finally, the report is unnecessarily diminished by some misplaced criticisms resulting from superficial analysis and based on perception rather than on the readily available

evidence (e.g. contract processing and budget records). This could have been avoided, especially given the opportunities the peer review consultants had to clarify some of their perceived concerns with OE colleagues during their analysis.

6. In addition to this note, OE has prepared detailed comments on different aspects of the report, which are attached to this note. Building on the OE comments, we firmly believe that the final report will provide an excellent basis for strengthening IFAD's evaluation system, making the Fund an organization with strong independent evaluation and self-evaluation capabilities.
7. Once again, OE commends the ECG and its Peer Review Panel for its intensive efforts in the preparation of this draft report, which has required a significant amount of interaction with OE, IFAD Management, and the Evaluation Committee and Executive Board. OE is ready to continue its collaboration and interaction with the Peer Review Panel to provide any further information and data that may be required for the final report.

## Detailed Comments of the Office of Evaluation on the Draft Report on the Peer Review of IFAD's Office of Evaluation and Evaluation Function

1. The OE comments are organized according to the following themes: (i) independence and governance; (ii) quality of methodology, process and products; (iii) efficiency, cost of evaluations and budget; (iv) human resources; and (v) administrative, management and financial systems.

### **Independence and governance**

2. On the whole, the issues related to independence and governance as captured in section II of the draft report are well analyzed. OE generally agrees with the findings and with recommendations 1 and 2 concerning independence and governance. In particular, OE agrees with the statement in paragraph 18: *"Rather than questioning the legitimacy of the Evaluation Policy, the better approach would be to make the necessary changes in policies, administrative regulations and, if necessary, the Agreement to make them consistent with the wishes of shareholders as expressed in the 6<sup>th</sup> Replenishment and the wishes of the Executive Board stated in the Evaluation Policy"*. There are, however, some clarifications that we would like to provide in three areas that could further strengthen the report and make it more accurate.
3. **(i) Budget transparency.** The report states in paragraph 56 that *"the Evaluation Committee's oversight is hampered by OE's limited provision of supporting data for the budget....OE's official budget submission to the Executive Board, consistent with the President's Bulletin, is presented with only minimal disaggregation into staff and non-staff costs"*. It is important to highlight that the Evaluation Policy and the corresponding President's Bulletin<sup>1</sup> required OE to present its annual budget disaggregated according to two sub-items, namely (i) staff costs and (ii) non-staff costs. OE is open to ensuring greater budget transparency, and is ready to provide more extensive information and detail about its annual budget in the future. In fact, OE already provided additional information to the Evaluation Committee in 2009 in the process leading up to the preparation of the 2010 budget. Building on the aforementioned and going further than the provisions in both the 2003 Evaluation Policy and the President's Bulletin, OE will provide the Committee and the Board with details of the staff and non-staff budget sub-items from 2010 onwards. In addition, OE will prepare a results-based budget this year for 2011 and beyond, as will the rest of IFAD. Therefore, the Peer Review Panel is invited to take this into consideration in paragraph 56 while finalizing the report.
4. The report notes in paragraph 30 that *"OE's budget is reviewed twice by the Evaluation Committee and once by the Audit Committee before it is transmitted to the President, who submits it unchanged to the Executive Board and Governing Council for approval"*. At the same time, paragraph 62 and recommendation 2 (iii) underline the need for *"more active Evaluation Committee scrutiny of OE's budget request"*. While we welcome the direction and advice provided by IFAD governing bodies on the OE annual budget, it is useful to note that the budget is approved after discussions on six separate occasions with the Evaluation and Audit Committees, the Executive Board and the Governing Council. This level of interaction is already rather burdensome for the division, especially considering that the IFAD budget (which is around 20 times larger than OE's) is reviewed only four times by the governing bodies before its approval. However, in several places, including recommendation 2 and paragraph 62, the report states the need for more active Evaluation Committee scrutiny of OE's budget request. We believe that interaction on six separate occasions by the governing bodies concerning the OE

<sup>1</sup> Dated December 2003, on the operational arrangements for implementing the Evaluation Policy.

budget should be more than sufficient to thoroughly review and approve the OE budget. If all these instances of interaction do not provide the necessary level of scrutiny, then the nature of interaction with the governing bodies, particularly the Evaluation Committee, may need to be reconsidered. Hence, the Peer Review Panel may wish to reassess its statements on the need for enhanced scrutiny of the OE budget and consider whether there is a need to change the type of interaction with the governing bodies.

5. **(ii) Formulation of the work programme.** The draft report states (see paragraph 29) that "*the Panel received some feedback that in a few cases Management did not feel that their priorities were fully reflected in OE's work programme*". As per the Evaluation Policy, OE is required to formulate its work programme independently of Management. However, during the preparation of its work programme, OE always holds discussions systematically with the President, the Associate Vice-President (Programmes) and all Directors in the Programme Management Department (PMD), and others. Similarly, the inputs of the Evaluation Committee and Executive Board are also duly captured, and in fact all corporate-level evaluations have been conducted at the request of Executive Directors and in consultation with Management. It is possible however that, at times, OE has had to decline evaluations requested by country programme managers (CPMs) either because the resources available allow it to only undertake a certain number of evaluations in any given year, or because the requests submitted by CPMs have come too late in the work programme formulation process or may be biased towards better-off projects. In conclusion, the feedback received by the Peer Review Panel does not reflect the actual process in place for the formulation of the OE work programme, and paragraph 29 should therefore be amended accordingly.
6. **(iii) The role of the Secretary's Office (ES) in the Evaluation Committee.** The draft report states in paragraph 64 that "*The practice in ECG is that the offices of the secretary, not evaluation departments, provide support to the corresponding [Evaluation] Committees*". OE welcomes the proposed greater involvement of ES in supporting the Evaluation Committee, for example by preparing the draft minutes and organizing the annual country visit for the Committee. However, OE would like to emphasize the need for ES to acquire as soon as possible the required capacities and experience to effectively take on the tasks currently discharged by OE, which would contribute to limiting possible duplication of activities between OE and ES in the future. The Peer Review Panel is invited to amend paragraph 64 to take into account the aforementioned point related to the capacities and experience in ES for servicing the Evaluation Committee.

#### **Quality of methodology, processes and products**

7. OE welcomes the recognition in paragraph 128 that "*evaluation products are generally used and some have had a strategic impact at the corporate level*". The suggestions made in the draft report that could lead to further improvement in the quality of its evaluation work and associated products are useful. While in broad terms we agree with recommendation 4 and the main elements contained in annex G of the report, there are a number of qualifications that should be taken into account in the production of the final report.
8. **Limited recognition of achievements.** It is somewhat disappointing that the draft report gives scant recognition to the array of products developed by OE, especially since the approval of the Evaluation Policy. Instead, the tone in some parts of the draft report appears slightly condescending with ample space given to criticism, and without adequate acknowledgement that some OE products and processes are innovations that would have merited more consideration by the ECG, such as OE's transparent and comprehensive evaluation methodology, the annual report that aggregates results and identifies systemic issues and lessons learned at the corporate level (i.e. the ARRI), the systematic internal peer review processes

undertaken for each evaluation, and the agreement at completion point that extends the concept of the evaluation response to both borrowers and Management. In fact, a recent independent comparative review<sup>2</sup> of the management response systems by the Swedish Agency for Development Evaluation found that OE's agreement at completion point was a very good practice, one which also appears to be more in line with the provisions of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action than the traditional management response system.

9. More specifically, IFAD is one of the very few multilateral (and bilateral) organizations that produce a report such as the ARRI, which has been significant in promoting accountability and learning within the Fund. It has also been instrumental in inculcating a results orientation and culture within the organization. Similarly, the major impact on organizational transformation of the Independent External Evaluation and some of the higher plane evaluations has been only passingly noted (e.g. the evaluations of the direct supervision and field presence pilot programmes, the evaluation of the Rural Finance Policy, and the instrumental role country programme evaluations (CPEs) have had in moving the unit of account from the project to the country programme level).
10. The draft report notes that OE has a new evaluation manual, but does not underline the fact that IFAD is one of the few bilateral or multilateral organizations that has such a transparent and comprehensive methodology to provide guidance to staff and consultants and to inform partners in the field on how OE conducts evaluations. The development of the manual, which at various stages benefited from the inputs of seven internationally recognized evaluation experts, also entailed discussions and contributions by IFAD staff and the Evaluation Committee. Likewise, the critical role played by OE since the early 2000s in the development of IFAD's self-evaluation system is barely mentioned. For instance, in addition to taking the lead in developing IFAD's practical guide to monitoring and evaluation (M&E) (2002) and formulating the harmonization agreement between PMD and OE (2006), OE provides comments on the structure, methods and contents of the Portfolio Performance Report<sup>3</sup> and the Report on IFAD's Development Effectiveness (RIDE). It also took an active role in the corporate working group responsible for the development of the results framework for the IFAD Strategic Framework 2007-2010.
11. In conclusion, the peer reviewers are invited to consider the comments of OE in paragraphs 8-10 above, and to provide greater recognition of OE's achievements, for example, in the sections on Independence and Governance, on the Quality of Evaluation Products in chapter III of the main report, and on the role played by OE in developing IFAD's self-evaluation system in paragraph 12 of the executive summary.
12. **ARRI.** The draft report suggests that the ARRI's "assessment of changes in portfolio performance is not methodologically sound because the sample of projects is not selected randomly". It is useful to note that, following good evaluation practice, OE itself has transparently underlined this methodological limitation in all the ARRIs, namely that the projects for evaluation are selected largely on a non-random basis (which is not a new finding), even though project completion evaluations are selected on a random basis. In addition, the former Chief Statistician of the United Kingdom's Department for International Development and the Director of Statistics of FAO provided expert advice to OE and recognized that the types of analysis conducted in recent ARRIs (e.g. block analysis, three-year moving averages) are statistically valid methods to discern trends in performance over time, which also contribute to overcoming biases that may result from the sample of projects

<sup>2</sup> Covering EuropeAid, IFAD and the Swedish International Development Cooperation Agency.

<sup>3</sup> Recently integrated into the Report on IFAD's Development Effectiveness.

evaluated (not all of which are chosen on a random basis). It is suggested that the final report clearly recognize in table 1 and annex G the methodological transparency of OE in the ARRI, and the validity of three-year moving averages as a statistical technique.

13. **The 'why' question.** Recommendation 4 (v) states the need for OE to make "*continuing efforts to better address the why question, i.e. why the performance was as it was*". OE agrees it is essential that the why factor be comprehensively addressed in all evaluations, and more can be done in the future. We also agree with the suggestion in the draft report that the analysis of IFAD business processes (e.g. budget, human resources, supervision, etc.) in evaluation is important in addressing the *why question*, which can contribute to gaining a more thorough understanding of IFAD and government performance.
14. However, at the same time, OE would like to provide some clarifications related to the statement in table 1, which notes that the "*answers to why questions [in the ARRI] tend to be too generic, dealing with this issue at the corporate level in a context-neutral fashion*". In this regard, it is useful to note that, in the past, OE itself has highlighted (through the ARRI and in particular the evaluation manual) the need to pay greater attention to the *why question*, which allows for a more thorough understanding of the causes of good or less good performance and for the generation of lessons learned. Recent ARRIs, project evaluations and CPEs devote enhanced resources to the *why question*, which is a core methodological fundamental enshrined in the evaluation manual issued in 2009. With the new evaluation manual, evaluators are required to explicitly specify in the evaluation approach paper the techniques they intend to deploy to collect the necessary data and information.
15. With regard to the ARRI, it is useful to note that one of the objectives of the report is precisely to identify systemic issues and lessons learned that need to be addressed across the board to improve IFAD's development effectiveness. Moreover, the learning themes treated in the ARRIs not only address the *why question*, but together with IFAD Management and staff (and with inputs from external experts, for example from FAO and the World Bank) also defined specific action plans (e.g. in terms of promoting access to markets) for improving the performance and impact of IFAD-funded strategies and operations in the areas of the selected learning themes. Finally, the OE comments on the Portfolio Performance Report and the RIDE have raised the need for Management to also devote wider attention to the *why question* in these documents.
16. In conclusion, the peer reviewers are invited to consider the above clarifications, and revise as appropriate the last sentence in table 1 related to the ARRI, in addition to the second point (iii) under Project Evaluations in the same table. Moreover, it might wish to recommend a more thorough treatment of the *why question* in self-evaluation reports as well.
17. **Corporate-level evaluations.** The draft report diminishes the value and far-reaching impact of the three corporate-level evaluations examined by emphasizing some relatively minor methodological issues, with which OE does not agree. For example, the highly strategic and political nature of these evaluations appears not to have been fully appreciated in the draft report, especially given that the Fund's Member States were spilt in their opinion about the topics (direct supervision and country presence) and the engagement of IFAD in these areas. This was one of the reasons for adopting a wide scope in terms of country and project coverage in these evaluations, which was needed to ensure a comprehensive analysis. This was particularly important because evaluations of the direct supervision and field presence pilot programmes were extremely challenging also from a results-based perspective, given that these programmes had been on the ground only for a fairly limited time when the evaluations were conducted.



18. Moreover, it should be noted that OE mobilized internationally recognized senior independent advisers, who provided critical methodological advice and also reviewed the quality of deliverables produced in three corporate-level evaluations reviewed. Final reports of the senior independent advisers on the quality of the evaluation process and their contents are systematically included in the published version of final corporate-level evaluation (and CPE) reports. The statement in paragraph 82 (ii), that "*transparency would be improved if the reports of the [senior independent advisers] were included as an annex in the corresponding evaluation report*", is therefore incorrect.
19. OE recommends that the Peer Review Panel seek additional information and accordingly revise its conclusions in table 1 and annex G concerning the methodology adopted in the three corporate-level evaluations reviewed. Moreover, the incorrect statement in paragraph 82 about the reports of the senior independent advisers should also be revised.
20. **Country programme evaluation budget.** The draft report states that all types of "CPEs are given a similar budget", which is factually incorrect as OE provides differentiated financial allocations for CPEs according to a number of criteria, including the size of the country, the number of IFAD-funded projects and the number of previous OE project evaluations undertaken in the country. This statement therefore needs to be corrected in table 1 of the report and in other places as appropriate (e.g. paragraph 114).
21. **Methodology.** On methodologies and processes (see pages 28-29 of the draft report), there is a need for clarity on the comments in paragraph 84 related to: (i) overly standardized approach; (ii) more use of information in the self-evaluation system; (iii) deriving and using ratings; and (iv) measuring impact.
22. Rather than conveying a sense of appreciation for the production of a rigorous and transparent evaluation methodology that aims to reduce inter-evaluator variability and enhance quality in general, the draft report criticizes the over-standardization and rigidity promoted by the evaluation manual (as stated in table 1 and paragraph 114). OE does not agree with this criticism, as explained in the paragraphs below.
23. It is useful to underline that the new OE evaluation manual is based on good practice and lessons learned from the past. In that sense, it is a practical guide and not based only on evaluation theory and principles. For instance, the questions that evaluators are required to consider in assessing each evaluation criterion are based on experience accumulated by OE over the years, and on feedback from PMD and IFAD borrowers. More specifically, as mentioned earlier, evaluators are required to "operationalize" the manual and customize the questions contained therein while developing the approach paper, which includes the corresponding evaluation framework. It is in the latter that the questions to be addressed by specific evaluations are to be further elaborated and contextualized, depending on the project or country being evaluated. It is the norm rather than an exception for the questions to be tailored during the production of the evaluation framework. Additionally, it is in the approach paper that evaluators are required to define the data collection techniques and develop the overall evaluation strategy, taking into consideration existing data sources, the country context, the priorities of key partners in developing the evaluation schedules, and so on.
24. In OE's opinion, the methodological and process issues highlighted in relation to CPEs and project evaluations in table 1 are based on a rather superficial analysis. For instance, most evaluation reports examined by the peer reviewers were prepared before 2009, when the new manual had not yet been introduced. Thus the criticism of the over-standardized approach and alleged rigidity is based on just three project evaluations undertaken in 2009 following the release of the new manual. The three corresponding evaluation documents considered by the peer reviewers were very early drafts and work in progress at the time of their analysis.

A thorough examination of the approach papers and the corresponding evaluation framework would demonstrate how the new manual was customized, though to a different extent, in all three of these cases. Moreover, these draft reports have since been through a rigorous peer review process, and an examination of the final reports would reveal how the manual has in fact been used in a context-specific manner, rather than in a rigid and over-standardized fashion. Finally, in annex G, the draft report reassures the readers that the OE project evaluation methodology is “aligned with ECG GPS [good practice standards] for public sector project evaluations”. This should be included in the main report (e.g. in table 1 under Project Evaluations). On the same issue, paragraph 11 in the executive summary would also need to be aligned with the comments in annex G related to project evaluations.

25. In conclusion, OE believes it would be feasible for the Peer Review Panel to seek further information and clarification, as necessary, on the issues raised in table 1 (especially related to project evaluations) and table 2, and to adjust the tables, paragraph 114 and annex G accordingly, in addition to paragraph 11 in the executive summary.
26. On another issue, in table 2 the draft report states that “*with the development of the self-evaluation system evaluators should increasingly rely on data drawn from it*”. OE agrees in the future to participate in the validation of project completion reports. However, we believe the sentence in table 2 is a gross generalization, which conveys a message that OE does not rely enough on self-evaluation data while conducting its independent evaluation. In fact, OE already draws extensively on the diversity of data and reports generated by Management and by project and country authorities. These include supervision reports, mid-term reviews, project completion reports, periodic progress reports produced by project authorities, specific surveys and studies commissioned during execution, and so on. In addition, there are other types of information available within IFAD, such as project status reports and country programme issues sheets, and data within the Project Portfolio Management System and Loans and Grants System that are useful for independent evaluations. This should therefore be adequately reflected in table 2 in the section on “more use of information in the self-evaluation system” and in paragraph 11 of the executive summary.
27. In the same table, the draft report states that “*OE’s overall ratings assume that all components rated are of equal importance. This is not consistent with the practice in many ECG members*”. In this regard, the international expert panel constituted for the development of the evaluation manual advised OE and the Evaluation Committee against weighting the different evaluation criteria adopted. The Board had also previously agreed that differentiating between the weight of one evaluation criterion and the next would complicate OE’s methodology further. This decision was based on an experiment conducted by OE in the 2004 ARRI, which revealed there were insignificant differences in overall results obtained using a methodology that included weights and one without any weights. OE is aware that very few multilateral development banks (e.g. the Asian Development Bank) use weights in their evaluation methodologies, and that ECG guidance on the use of weights is an optional (rather than core) good practice standard. Therefore, highlighting the use of weights as a practice in many ECG members is an overstatement to say the least. It would be useful if these considerations are added to the section on “deriving and using ratings” in table 2 of the report.
28. The draft report states in table 2 that “*Although OE uses the word impact in the Evaluation Manual and its reports, the Panel did not identify any instances of the analysis undertaken qualifying as impact analysis in the generally accepted meaning of the term in the evaluation community*”. OE does not agree with this conclusion in the draft peer review report and would like to provide some clarifications on the matter.

29. Being an active member of the Network of Networks on Impact Evaluation (NONIE), which is one of the most important platforms in the development community for discussing issues of impact evaluation, OE is very much aware of the latest thinking and debate surrounding impact of development interventions. It is clear that there is no consensus in the development community on agreed methodologies for rigorously attributing impact of development activities. Experience in the NONIE has shown that while costly, time-consuming, and rigorous and academic impact evaluation methods are used by very few agencies, these do not seem to yield results significantly different from those obtained using the more pragmatic approaches and techniques available.
30. There is little doubt that this ongoing debate needs to be carefully tracked by IFAD in view of the special importance that its Executive Board attributes to impact evaluation. Impact is one of the core indicators in the Fund's Results Measurement Framework approved by the Board. It is assessed by IFAD Management both during implementation and at the completion of a project, drawing upon existing processes and their corresponding deliverables (e.g. mid-term reviews, project completion reports, etc.). The indicators (including those designed to gauge impact) in the Results Measurement Framework have been selected because IFAD can match them with relevant data within a relatively short period of time, without having to set up an array of complex and costly data collection systems.
31. The challenge for OE is to adopt a rigorous and credible approach to assessing impact that uses a mix of quantitative and qualitative methods and that is commensurate with the level of available resources. OE is committed to ensuring that results are made available in a timely manner without incurring exaggerated costs, so that they can be fed into corporate processes related to strategy and policy formulation, as well as project design and implementation. OE has therefore opted for "light touch" approaches to impact evaluation, which are sufficiently rigorous (both in qualitative and quantitative terms) to provide Management, the Board and partners at the country level with a thorough appreciation of the changes in rural livelihoods promoted through projects and activities funded by IFAD. Also, through its continued active participation in ECG, NONIE, UNEG and other development evaluation platforms, OE will remain engaged in the international debate and research initiatives related to impact evaluations. It will be open-minded and consider new methods and approaches as they are developed and validated for use within the IFAD context.
32. In conclusion, and in light of the importance attributed to impact within IFAD and by its governing bodies, the Peer Review Panel is invited to consider the special context within which OE undertakes its evaluations in the section on "measuring impact" in table 2 of the draft report. Both Management and the Board expect evaluation reports to report on impact, in spite of the fact that they may not be based on experimental methods, which are extremely costly and time-consuming and may therefore not be easy to apply for development organizations.

**Efficiency, cost of evaluations and budget**

33. OE agrees with recommendations 3 and 6 as measures to improve efficiency. The implementation of these recommendations will have resource and time implications for OE.
34. **Efficiency.** Unfortunately, various issues raised in the draft report may inadvertently give the impression that OE is an unnecessarily costly outfit and that its staff are not fully utilized, which is far from being the case. OE staff are working to capacity, to say the least. This has been only briefly recognized in paragraph 95. The statement in the draft report, "...OE staff, who appear to be working to capacity on current assignments", grossly underestimates the quantity of work undertaken and outputs produced by OE staff. A detailed workload assessment within OE in 2007/2008 revealed that staff were severely stretched. Therefore, the Peer Review

Panel is invited to acknowledge more explicitly in paragraph 89 and elsewhere, as deemed appropriate, that OE staff are being utilized to full capacity.

35. On the same topic, in paragraph 89, the reports states that *"since 2006 OE typically [has completed] about 13 major evaluation outputs per year with 11 professional staff, which is low in comparison with other MDBs.."* OE agrees that it should move further towards undertaking more higher plane evaluations in the future. However, for the time being, we believe it is important for OE to continue undertaking some project evaluations on a more selective basis. As it is, the draft report does not include comparisons of similar products generated by OE and multilateral development banks (MDBs). In our opinion, it is not methodologically accurate to make comparisons between OE's efficiency and that of MDBs using the output per head as an indicator, given that OE's approach and evaluation products, especially for project evaluations, are considerably different from those of the MDBs. OE project evaluations are by no means comparable to project audits (i.e. validated project completion reports, based on quick desk work only) or project performance assessments (i.e. "light touch" short project evaluations) conducted by MDBs. That is why OE project evaluations require the level of resources currently allocated. Also, as recognized in the draft report, there was ample reason in the past for OE to undertake such project evaluations, for example, given the then extremely weak self-evaluation system, the mandatory nature of interim project evaluations, and limited country presence and inadequate supervision. Also, the outputs produced by OE for project evaluations are different from the deliverables generated through project audits or project performance assessments. Hence, the Peer Review Panel is invited to recognize this and make the necessary adjustments to the efficiency analysis in paragraphs 89 and 95. Similarly, paragraph 13 in the executive summary should be adjusted to reflect the above considerations.
36. Another major difference between the OE and the MDB approach to evaluation in general lies in the scope and intensity of engagement and dialogue with beneficiaries, governments and other key partners at the country level during its evaluations. IFAD/OE views evaluation as being by its very nature asymmetric and perceived as donor-driven, intrusive and often intimidating, especially when evaluations are "independent". Therefore, we consider an intensive engagement with our country partners essential to allow them a full understanding and appreciation of independent evaluation processes, building country ownership and buy-in, as well as fostering learning, which all contribute to better adoption and implementation of evaluation lessons and recommendations. OE's approach has proven effective in creating an atmosphere of trust in undertaking independent evaluations. This is reflected in comments made by numerous governments who have underlined the fact that OE evaluations have made more concerted efforts to listen to them and understand their views and priorities than have those of other MDBs, in spite of this sometimes requiring more time. Governments also illustrate their commitment to OE evaluations and interest in being involved in them by signing the agreement at completion point. In fact, it would have been useful for the draft report to explicitly report on the perspectives and feedback received from the countries (Brazil, India and Mali) included in the peer review process. We strongly recommend the deletion of the last sentence in paragraph 116, especially the reference to scaling down of field visits in the context of OE evaluations.
37. Lastly, it is useful to recall that OE has managed to generate some efficiency gains through its internal team building and renewal process, for example, in terms of consultants' management, mainstreaming communication activities in each evaluation, and undertaking "light touch" project evaluations through CPEs. The final report could also refer to these efforts by OE in enhancing its efficiency.
38. **Managing the development and use of additional evaluation products.** We generally agree with recommendations 3 and 6, which call for OE to become involved in project completion report validation and advocate using "light touch"

project evaluations, as they can contribute to improving efficiency in the long run. However, OE believes it would be appropriate to take a prudent and gradual approach to validating project completion reports, given that the quality of around 40 per cent of such reports is still unsatisfactory, and until further developments are evident in the self-evaluation system (especially improvements in performance of project-level M&E systems). Similarly, it should be noted that the move to this broader set of products will have costs, as developing and refining them may actually reduce efficiency and increase costs in the short term. Thus, the report should recognize in recommendations 3 and 6 that in order to ensure a smooth introduction of these new products, sufficient time and resources should be made available and a road map for managing the transition should be prepared by OE in consultation with PMD.

39. **Cost of evaluation.** On a similar note, the draft report states in paragraph 89 that the cost "*per project evaluation (estimated by OE at about US\$70,000-US\$90,000), country programme evaluation (US\$220,000-US\$240,000) and corporate-level evaluation (US\$280,000-US\$350,000) is high in the experience of the panel members*". We would appreciate having more information and figures to support this statement, as it would enable us to learn from the approaches and systems of MDBs that involve lower costs than those incurred by OE for comparable types of evaluation. We understand that OE project evaluations cost more than project audits (i.e. the programme completion report validations) and the "light touch" project performance assessments because they represent quite different approaches and products. However, the figures we have appear to indicate that the costs in a number of MDBs are higher for country programme evaluations and corporate-level evaluations.<sup>4</sup> In conclusion on this topic, the Peer Review Panel is therefore invited to correct the corresponding statements in paragraph 89, as well as to underline that OE project evaluations are different products and therefore cannot readily be compared with project audits or project performance assessments, and that in general the costs of OE evaluations are not higher than those of other ECG members.
40. **Workshop organization.** The draft report suggests in paragraph 112 that PMD rather than OE take the lead in organizing stakeholder learning workshops, which in the past have usually been organized as part of each independent evaluation. In this regard, as mentioned above, OE particularly values the opportunities for dialogue with beneficiaries, governments and other partners at the country level in the context of its evaluations. Stakeholder workshops are one event that provides a unique opportunity for this purpose. The corresponding costs incurred are generally within the budgets allocated for individual evaluations and not over and above them. These workshops focus on learning from evaluation, and are perceived as quite useful by partners in developing countries, and also by PMD. National round-table workshops for CPEs are a landmark in the evolution of country programmes, and provide a cross section of stakeholders with the opportunity to exchange views and experiences, discuss and draw attention to strategic and operational opportunities and challenges based on independent evaluation findings. These workshops also serve as a platform for undertaking a reality check on the main recommendations emerging from CPEs, before the preparation of the agreement at completion point. Furthermore, discussions are currently under way with PMD to find ways and means to explore opportunities for organizing these workshops as truly joint events in the future at an appropriate time in the evaluation process, and maximize their contribution to the process of formulating country strategic opportunities programmes (COSOPs). Given their importance for learning and reflection based on past experience, in addition to the evolving

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<sup>4</sup> For example, the approach paper of the corporate-level gender evaluation at the World Bank in 2009 states that the evaluation would cost around US\$576,000 in total. Moreover, the World Bank is known to spend between US\$350,000 and US\$450,000 for CPEs.

approach and cost arrangements (see paragraph below), OE plans to retain a lead role in stakeholder learning workshops during evaluation.

41. **Workshop costs.** The report in paragraph 111 also speaks about the “*scale of OE’s budget (and perceived extravagance of these events)*”. While efforts can be made to further streamline expenditures and the nature of such workshops, it is important to clarify the evolving approach to the organization and costing of these events. In past years, governments, recognizing the value of evaluation stakeholder workshops, have taken the lead in organizing the event and covered the corresponding costs. In fact, the India CPE workshop held in December 2009 was entirely financed by the Government of India, which selected the venue and took the lead in all organizational arrangements. One of the peer reviewers was unable to attend the event to personally witness and assess the value and usefulness of the deliberations. This was also the case for the workshops in Brazil (2007) and Mexico (2006), whereas a substantial cost-sharing arrangement was adopted in Nigeria (2008) and Mali (2009). While OE can impress upon governments that modest venues should be selected and a smaller group of people invited, the ultimate decision rests with the government as the host and financier of the event. In conclusion, the statement about the costs and perceived extravagance of stakeholder workshops in paragraph 111 should be altered accordingly in the final report.
42. Recommendation 4 states that “*issues to be addressed include: (i) changing the product mix to devote proportionally more resources to higher order evaluations, including those covering aspects of operational corporate management and institutional support for corporate management*”. OE agrees with this recommendation, but would like to clarify in reference to project evaluations that, as is widely recognized, IFAD is largely a project-based institution, unlike the MDBs. That is, even though there is call for more involvement in policy dialogue and knowledge management, most of the Fund’s annual commitments and efforts are still channelled into individual investment projects and programmes. Moreover, the notion of the country programme (rather than the project) being the unit of account is a relatively recent notion at IFAD. This has required OE to undertake a minimum number of project evaluations per year, which has in fact come down from around 10-12 per year in the early 2000s to around 5 project evaluations per year at present. Moreover, project evaluations by OE are especially important in those small countries – with limited absorption capacity – where IFAD has very few operations (one or two) and might not develop a COSOP in the future. While OE can involve itself in PCR validation and undertake “light touch” project performance assessments, project evaluations conducted in the traditional mode will still absorb costs in the near future. This is because: (i) according to PMD itself, the quality of around 40 per cent of all PCRs remains unsatisfactory and as the draft peer review report recognizes, project-level M&E systems are weak; and (ii) country presence is relatively limited and there are challenges with direct supervision and implementation support, even though there is institutional commitment to develop these areas further in the future. In conclusion, it would be appropriate for the final report to recognize the efforts already made by OE to devote more attention to higher plane evaluations, but also the fact that project evaluations as undertaken by OE in the past are still likely to absorb some costs in the future as well.
43. **OE budget.** With regard to the comments on the OE budget since independence (pages 33-34), it would be useful if the final report underlined the fact that concerted efforts have been made to reduce the budget (as shown in table 3), which in 2010 is the lowest ever since 2003 as a proportion of the IFAD administrative budget. Moreover, it is well below the cap of 0.9 per cent (ratio of OE budget in relation to IFAD’s annual programme of work) established by the Executive Board. In fact, the ratio is lower in 2010 than in 2009, when the cap was first introduced. Although comparison has been made with the budget of evaluation

outfits in MDBs, it is fair to note that the OE budget is not too far off the norm (2.8 per cent appears to be the higher limit in MDBs) and that economies of scale is an important factor to consider when reviewing the size of OE's budget. Also, there are other evaluation outfits in the ECG whose ratio is well above OE's (e.g. the evaluation budget of the Global Environment Facility is around 17 per cent of its administrative costs). This should be recognized in paragraph 93.

### **Human resources**

44. OE supports the findings and recommendations concerning the "management of human resources in the Office of Evaluation", as contained in paragraphs 35 to 43 of the draft report. There are two areas in which OE would like to share its comments related to human resource issues.
45. **(ii) Ratio of OE Professional to General Service staff.** Paragraph 89 states that *"OE's ratio of administrative to professional staff (8.5 to 11 at full complement) is high in comparison with other MDBs and UNEG"*. This is nothing new and it would be appropriate for the report to recognize that this is a systemic issue across IFAD, and that OE does not have a higher ratio than other similar IFAD divisions (e.g. PMD). Furthermore, OE is currently reducing the ratio and will make further efforts in the same direction in the future (for example, in December 2009, the Board agreed to shift a part-time position from the General Service to Professional category). Therefore, benchmarking OE's ratio against that of the MDBs is not sufficient, given that this is a systemic issue within the Fund. In sum, while we agree to reduce further the ratio of OE General Service to Professional staff in the future, the final report could acknowledge in paragraph 89 and in paragraph 13 of the executive summary that: (i) the high ratio of General Service to Professional staff is not OE-specific, but a systemic issue within IFAD; and (ii) OE has already made some effort to improve the ratio (i.e. reducing the number of staff posts in the General Service category).
46. **(iii) Staff background and experience.** In table 2, the draft report states that *"most OE staff do not have strong backgrounds in evaluation methodologies and their use.....The lack of staff with operational experience and skills in the broader evaluation methodologies has implications for OE's evaluation model"*. OE recognizes that there is room for improvement in its staff composition, especially by having more senior evaluation officers and staff with operations experience. However, the following issues should be considered by the Peer Review Panel while preparing the final report: (i) OE has a good mix of staff with long IFAD experience and others who were engaged with operations and evaluation experience from outside IFAD; (ii) of the 9.5 professional staff positions currently filled, 5 are occupied by people with close to or more than ten years of experience in evaluation and 2 of the staff have many years of recent operations experience in project design and supervision in IFAD; (iii) OE staff have all followed internationally recognized specialized training courses in evaluation methodology and process (e.g. International Programme for Development Evaluation Training, UNEG training at the United Nations System Staff College, The Evaluators' Institute in Washington, D.C., Randomized Control Trials at Massachusetts Institute of Technology, etc.); (iv) tailored training sessions have been organized by OE on the evaluation manual and on specific aspects of evaluation methodology (e.g. efficiency analysis); and (v) participation in internal peer review discussions and evaluation missions, and mentoring of more junior staff by senior evaluators are some examples of valuable opportunities for on-the-job training.
47. Nevertheless, in the future, OE plans to ensure a better balance in its professional cadre with people who: (i) are professional/career evaluators (especially senior evaluators); and (ii) have strong operations experience, but whose evaluation skills need development once they come to the division. It will also ensure a better gender balance. In conclusion, the statements under "Addressing Human Resource

Issues" in table 2 of the draft report need to be appropriately amended to reflect the actual mix of skills and experience of OE's current staff.

### **Administrative, management and financial systems**

48. We appreciate and agree with the recommendations contained in the draft report on the need to strengthen financial and administrative management within OE. Recognizing the importance of the topic, OE has already for the time being been allocated half the time of an existing professional staff member with a background in finance to fulfil the functions of finance/procurement/budget officer. It is therefore appropriate if certain qualifications are made in the final report related to the financial and administrative management of OE.
49. **Financial records.** The draft report notes in paragraph 101 that "*OE does not maintain records on budget information for even fairly recent evaluations....and there do not appear to be budget breakdowns for the various cost items of evaluations and other OE activities*". It is essential to recognize that OE is an IFAD division that uses the same tools (including software) as other divisions, and thus faces similar opportunities and challenges in financial and administrative matters. For instance, IFAD (including OE) uses PeopleSoft as its financial system. Therefore, possible shortcomings in financial management are not merely an OE matter, but rather represent a systemic concern within IFAD. However, PeopleSoft allows OE to have access to the same type and level of financial data as all other divisions. Hence, the statement that OE does not maintain budget information (e.g. commitments and expenditures) even for fairly recent evaluations is incorrect, because PeopleSoft maintains such records. All commitments and disbursements by evaluation can be found in chronological order in the PeopleSoft system. However, it should be noted that, depending on the detailed nature of the request for a specific report, this may only be achieved by producing an excel table or graph/charts developed from the data extracted through generating various PeopleSoft reports. This course of action is time-consuming and laborious. It would be appropriate if the final report were to contain the necessary corrections in paragraph 101 of the main report and paragraph 13 of the executive summary in line with these clarifications.
50. **Delays and lack of controls.** Paragraph 96 states that "*it has been challenging for OE to carry out administrative tasks, such as processing contracts on a timely and accurate basis*". And, paragraph 100 notes that "*the Panel is aware of two cases in which a lack of controls resulted in contracts being issued although there were insufficient funds in the budget to cover the full amounts committed in the contracts*". OE is not aware of the Peer Review Panel having conducted a detailed inquiry into its contract preparation capabilities and financial processes such that would enable the Panel to draw general conclusions in the draft report about the division's performance in these areas. This is an example of an issue on which generalizations have been made without due evidence. In any event, the statement in paragraph 96 is based on unavoidable delays in contract issuance related to the peer review, caused by the fact that OE must follow all IFAD rules and regulations concerning the procurement of consultancy services. In the quoted example in the draft report, delays occurred as IFAD's human resources division would not issue the contract to one Peer Review Panel member until a full medical examination had been conducted and certificate submitted. On the statement in paragraph 100, it must be highlighted that PeopleSoft will not allow a contract to be processed if the corresponding funds are not available. It is to be further underlined that OE made commitments, requested consultancy contracts, and authorized payments only based on the directions of the Chairman of the Peer Review Panel, who was responsible for managing the peer review budget, supervising the consultants, and monitoring the overall process. OE remained at a distance to safeguard the independence of the peer review process. Therefore, the statements in paragraphs 96 and 100 are not correct and should be accordingly amended in the final report.



Similarly, this applies to paragraphs 8 and 13 in the executive summary, which includes a misleading reference to financial management in OE.

51. **Centralized structure.** The statement in paragraph 98 that *"some of the delays [in the production of evaluation reports] may be at least partly related to a highly centralized OE structure with limited delegation of authority..."*. On the perceived centralization, it is important to note that the full management of evaluations and their budgets is delegated to evaluation officers, the choice of consultants is left to the officers within a system that ensures the most qualified person is recruited for the task, and OE is probably the only division in IFAD with full budget decentralization to the level of the evaluation assistant (who also functions as budget assistant, which is not the case in other divisions). Moreover, only three professional staff report directly to the Director of OE. These are merely some examples of delegation of authority and the decentralized approach to the management of the division. Having said that, there is a rigorous process for quality assurance<sup>5</sup> of OE products and deliverables, which includes a role for the OE Director. Therefore, the reference to evaluation reports being delayed due to a highly centralized OE structure is incorrect and appears to be based on superficial analysis of the topic. The Peer Review Panel is invited to make the necessary adjustments to paragraph 98 to reflect the high decentralized structure in OE with appropriate delegation of authority and oversight mechanisms.
52. **Storage and retrieval of evaluation documents and information.** The report notes in paragraph 99 that *"While OE has an electronic system for maintaining all documents, the Panel was told that this system has not been working for some time and is not being used systematically....Much of the information that was provided to the Panel has been kept in the personal files of OE evaluation officers rather than a central departmental repository"*. As recognized in the same paragraph, storage and retrieval of documents is an IFAD-wide challenge. While OE acknowledges the need to make further improvements in this area, it is important to note that all evaluation reports and related deliverables are in fact currently posted and made available electronically to internal and external audiences through the corporate website, which includes a search engine to allow for easy retrieval of evaluation material by region, country, type of product, date of evaluation and other criteria. In addition, as is the case for some other divisions, OE maintains and makes available many of its documents (e.g. back-to-office reports, PowerPoint presentations, reference documents related to IFAD procedures and processes, etc) on a restricted internal IT platform known as "xDesk", which is the central documents repository of the division.
53. Moreover, in the past, OE had a computerized system known as the Evaluation Processes Tracking System (EPTS),<sup>6</sup> which served as a monitoring, management and knowledge sharing tool. However, as the IFAD information technology platform was upgraded, the EPTS could no longer function in the new operating environment without a major system reprogramming. In any event, OE plans to re-establish the EPTS in the near future. Therefore, the corresponding statements in paragraph 99 of the draft main report and paragraph 13 of the executive summary should be reconsidered accordingly.

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<sup>5</sup> In 2009 OE introduced a rigorous process for internal peer reviews, which have added significant value in terms of enhancing quality and knowledge sharing, even though they require time investment by OE staff.

<sup>6</sup> A computerized system specifically developed for this purpose by the Evaluation Communication Unit.