Document: EC 2010/62/W.P.2
Agenda: 3
Date: 16 March 2010
Distribution: Public
Original: English

**E**

Enabling poor rural people
to overcome poverty

# Peer Review of IFAD's Office of Evaluation and Evaluation Function

Evaluation Committee — Sixty-second Session
Rome, 1 April 2010

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. In this regard, kindly address your queries to the chairperson of the Evaluation Cooperation Group with a copy to the vice-chairperson and chairperson of the Peer Review Panel:

**Fredrik Korfker**
Chief Evaluator, European Bank for Reconstruction and Development and Chairperson of the Evaluation Cooperation Group
e-mail: korfkerf@ebrd.com

**Bruce Murray**
Chairperson of the Peer Review Panel and former Director General, Operations Evaluation Department, Asian Development Bank
e-mail: bmurray.xadb@gmail.com

Queries regarding the dispatch of documentation for this session should be addressed to:

**Deirdre McGrenra**
Governing Bodies Officer
telephone: +39 06 5459 2374
e-mail: d.mcgrenra@ifad.org

# Contents

**European Bank**
**for Reconstruction and Development**

**Fredrik Korfker**
**Chief Evaluator**

President Kanayo Nwanze
Chairperson
Executive Board
International Fund for Agricultural Development
Via Paolo di Dono, 44
00142 Rome
Italy

London, 24 February 2010

Dear Mr. President,

RE: Peer Review of IFAD's Office of Evaluation and Evaluation Function

I am pleased to attach the final report of the Evaluation Cooperation Group's independent Peer Review of IFAD's Office of Evaluation and evaluation function. The Peer Review covers the Office of Evaluation (OE), the IFAD Evaluation Policy, management's self-evaluation system and the oversight function of the Evaluation Committee. The goal of the Peer Review was to help IFAD improve its evaluation policy, adopt best practices, and comply with established evaluation standards and principles, with the aim of strengthening the contribution of evaluation to IFAD's development effectiveness.

The Evaluation Cooperation Group is impressed that the Panel found much good news to report since IFAD's Evaluation Policy was approved in April 2003 and the Office of Evaluation became independent. The Evaluation Policy provides a sound framework for an effective, independent evaluation function. It is commendable that in a relatively short period of time broad support for an independent evaluation function has developed throughout IFAD. It is clear that a number of evaluation products, including the Independent External Evaluation of IFAD and corporate evaluations such as the direct supervision, country presence and rural finance evaluations, have had strategic impacts at the corporate level. The country programme evaluations and the Annual Report on Results and Impact of IFAD Operations are widely viewed as useful products.

Good progress has also been made on strengthening the self-evaluation system. Better quality Project Completion Reports are now produced, the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions is a good document and the system for tracking the action taken on evaluation recommendations within the framework of the well-established Agreement at Completion Point process is fully in place.



One Exchange Square, London EC2A 2JN, United Kingdom
Tel: +44 20 7338 6000 *or* +44 20 7496 6000 Fax: +44 20 7338 6100 *or* +44 20 7496 6100 Telex: 8812161 EBRD L G www.ebrd.com

Despite these achievements, the Panel also found that greater than normal tensions have developed at IFAD around the interpretation and application of the independence, governance and accountability of the Office of Evaluation, human resource management and the approval of waivers for consultants' rates. These issues entail risks for the independence of the evaluation function.

All in all, since the Evaluation Policy was approved, IFAD has made commendable progress in implementing far-reaching institutional changes to improve its development effectiveness. Some of these corporate changes have implications for the way that the Office of Evaluation undertakes its work. At the same time, the above-mentioned tensions need to be resolved. For these reasons it was timely to undertake the Peer Review

The Evaluation Cooperation Group supports the analysis and findings included in the report and endorses the seven recommendations. The Evaluation Cooperation Group believes that is it particularly important for the Executive Board to reaffirm the independence of the Office of Evaluation, particularly in the areas contested by management. I would like to highlight five conclusions of the Peer Review that the Evaluation Cooperation Group strongly supports:

1. **Oversight of the Office of Evaluation**: As the report states, independence does not mean a lack of accountability. Addressing this issue requires strengthened oversight of the Office of Evaluation by the Executive Board with enhanced support from the Evaluation Committee, particularly its focus on strategic and policy issues emerging from the evaluation process as well as the scrutiny of OE's budget and financial management.
2. **Appointment, Dismissal and Annual Performance Review of the Director of the Office of Evaluation**: To enhance the independence of the Office of Evaluation, the Executive Board, supported by the Evaluation Committee, should play the lead role in all matters related to the recruitment and dismissal of the Director of the Office of Evaluation and the annual review of his/her performance. While the President and other members of IFAD's senior management team should be consulted during these processes, they should be led by the Evaluation Committee on behalf of the Executive Board.
3. **Personnel Decisions for the Office of Evaluation**: Questions have been raised about the legal interpretation of certain clauses in the Evaluation Policy concerning the delegation of powers to Director of the Office of Evaluation to make all personnel decisions related to OE staff. The Evaluation Cooperation Group believes that good practice requires the head of the evaluation unit, not management, to have the final say on all decisions related to the recruitment, appointment, dismissal and promotion of the staff of the Office of Evaluation. This is an essential pre-requisite for an independent evaluation function. At the same time, the Office of Evaluation should be subject to the same standards of merit and transparency as the rest of IFAD and generally follow IFAD's human resource policies and procedures. The Panel has identified some changes in the procedures that the Office of Evaluation currently follows in this area to bring those more into line with IFAD's policies and procedures. The current provision in the Evaluation Policy of the delegation of powers to the Director of the Evaluation Office to make all personnel decisions related to the staff of the office is sound and should remain as it is. Any possible legal incompatibilities between the Evaluation Policy and the Agreement Establishing IFAD should be resolved in a way that fully respects the wishes of the shareholders for an independent evaluation function, as expressed under the 6th Replenishment. The institutional and

behavioural independence of the Office of Evaluation must be safeguarded and not compromised

4. **Cost Efficiency:** IFAD spends a larger proportion of its administrative budget on independent evaluation than do members of the Evaluation Cooperation Group. While some of this may relate to economies of scale, there are opportunities for the Office of Evaluation to improve cost efficiency. As stated in the report, efficiency gains will come from doing things differently to achieve similar outcomes.
5. **Validating Project Completion Reports:** The synergy between the Office of Evaluation and the Programme Management Department should be strengthened by a rapid transition to validation of Project Completion Reports and giving even greater weight to higher-level evaluations. While a transition period for this will be needed, this process should begin immediately. Adopting this approach should result in a more cost effective approach to evaluation and generate some cost savings.

I do hope that IFAD finds the work of the Panel useful in suggesting ways to strengthen the Evaluation Committee, improve the Evaluation Policy and the associated President's Bulletin and strengthen the Office of Evaluation and the self-evaluation system. I look forward to attending the 21/22 April 2010 meeting of the Executive Board to learn first-hand the views on the report and the guidance by the Executive Board on the Panel's findings and recommendations and the next steps to be taken to translate them into even greater development effectiveness of IFAD.

In closing I would like to record the Evaluation Cooperation Group's appreciation of the guidance provided by the Evaluation Committee during the Peer Review, the time that you and other senior members of the management team took to meet with the Peer Review Panel and the work of the Director of the Office of Evaluation and the Associate Vice President of Programmes and their staff in supporting the Peer Review.

Yours Sincerely,

Fredrik Korfker
Chairman
Evaluation Cooperation Group (ECG)

cc Dr. Abd El-Aziz M. Hosni
Chairman
Evaluation Committee

**Evaluation Cooperation Group**

# Peer Review of IFAD's Office of Evaluation and Evaluation Function

## Final Report

**Peer Review Panel**
**Bruce Murray, Chairperson**
**Cheryl Gray**
**Saraswathi Menon**
**Satish Rao**
**Pieter Stek**

**Consultants**
**Burt Perrin**
**Paul Balogun**

**15 February 2010**

# Contents

**Annex**



**Appendices**

# Abbreviations and acronyms

| | |
|---|---|
| ACP | agreement at completion point |
| AfDB | African Development Bank |
| ARRI | Annual Report on Results and Impact of IFAD Operations |
| AsDB | Asian Development Bank |
| CED | Central Evaluation Department |
| CLE | corporate level evaluations |
| COSOP | country strategic opportunities programme |
| CPE | country programme evaluation |
| CPM | country programme manager |
| EBRD | European Bank for Reconstruction and Development |
| EC | Evaluation Committee |
| ECG | Evaluation Cooperation Group |
| FAO | Food and Agriculture Organization of the United Nations |
| GPS | Good Practice Standard |
| IDB | Inter-American Development Bank |
| IEE | Independent External Evaluation |
| KM | knowledge management |
| MDB | multilateral development bank |
| M&E | monitoring and evaluation |
| MRF | Management Results Framework |
| OE | Office of Evaluation |
| OECD-DAC | Organisation for Economic Co-operation and Development – Development Assistance Committee |
| PCR | project completion report |
| PDFF | Project Development Financing Facility |
| PMD | Programme Management Department |
| PRISMA | President's Report on the Implementation Status of Evaluation Recommendations and Management Actions |
| PSR | project status reports |
| QA | quality assurance |
| QE | quality enhancement |
| RIMS | Results and Impact Management System |
| RIDE | Report on IFAD's Development Effectiveness |
| UNEG | United Nations Evaluation Group |
| WBG | World Bank Group |
| WFP | World Food Programme |

# Peer Review of IFAD's Office of Evaluation and Evaluation Function

## Executive Summary

1. This Peer Review, the first ever done by the Evaluation Cooperation Group (ECG) of the multilateral development banks (MDBs), was requested by the Executive Board of the International Fund for Agricultural Development (IFAD). It takes an in-depth look at IFAD's evaluation system. The ECG approach was adapted to the requirements of IFAD and the fact that it is both a United Nations agency and an international financial institution. The approach also benefited from the experience of the peer-review framework that has now been applied to six multilateral organizations in the United Nations system.

2. IFAD adopted an independent evaluation function to promote accountability and learning as a means of improving the performance of its operations and policies. Since the Evaluation Policy was approved in 2003 and the Office of Evaluation (OE) became independent, many things have gone well. The terms of reference for the Evaluation Committee (EC) were broadened in 2004 to include coverage of the self-evaluation system and new policies in addition to OE products. A credible, independent evaluation function has been successfully created and a comprehensive Evaluation Manual has been prepared. Independent evaluation is supported and valued in IFAD, with the recognition that this brings more credibility than if operations was the sole evaluator of its own work. There has been some notable use of evaluations, with some affecting IFAD corporate policies and country strategies. There has been a significant strengthening of self-evaluation, including developing a functioning project completion report (PCR) system and a fully functional tracking system that monitors action taken on agreed evaluation recommendations and reports the results to the Executive Board. The Agreement at Completion Point (ACP) is unique among MDBs in that written commitments are obtained from both Management and the partner country to take action on the agreed evaluation recommendations. IFAD is now different in many material respects than it was six years ago (e.g. progress in developing the self-evaluation system; introduction of direct supervision; increasing in-country presence). These changes have implications for the way OE undertakes its work.

3. Despite these positive findings, greater than normal tensions have developed around the interpretation of OE independence and its governance and accountability. The tensions have manifested themselves in a number of ways, including legal questions raised about the consistency between the Agreement Establishing IFAD and the interpretation of the delegation of authority to the Director of OE to make all personnel decisions related to OE staff following IFAD procedures. To the Peer Review Panel, this is tantamount to questioning the validity of this key portion of the Evaluation Policy. In addition, tensions in interpersonal relationships and perceptions about OE's approach, style, and cost efficiency are areas of concern.

4. Given the developments since 2003, it is timely to take stock and identify next steps to develop further IFAD's evaluation system. Drawing on the lessons learned in IFAD and the wider experience of ECG members, the Panel identified ways to enhance the contributions of the independent and self-evaluation systems to improving IFAD's effectiveness and to deal with current tensions. The Panel's findings and areas where improvements should be made are discussed in the text under the headings of independence, governance/accountability, coverage of the independent and self-evaluation systems, use and influence, quality of approaches and methodologies, and management and efficiency.

**Independence and governance**

5. Independence is essential for an organization to gain the maximum benefits from its evaluation system. There are four principles to bear in mind when considering independence: (i) independence is needed to protect impartiality and the evaluators' ability to provide credible reports; (ii) independence does not mean isolation, as both operations and evaluation activities are enriched through cross-fertilization of knowledge and experience; (iii) independence does not imply any particular approach to evaluation or that evaluators should focus on accountability relative to learning; and (iv) independence does not mean a lack of accountability.

6. OE's independence was assessed using ECG's four dimensions of independence: (i) organizational independence; (ii) behavioural independence; (iii) protection from outside interference; and (iv) avoidance of conflicts of interest. The Evaluation Policy established a sound framework for the independent evaluation function. The main provisions of the Evaluation Policy and President's Bulletin regarding independence are appropriate and well aligned with good ECG practice (e.g. OE reports to the Executive Board through the EC; OE develops its own work programme and its budget is separate from IFAD's administrative budget; the Director OE is empowered to make recruitment and promotion decisions without Management interference; the Director OE approves reports at his sole discretion on timing and content; all evaluation reports are publicly disclosed; Management is accountable for taking action on agreed recommendations). Based on an examination of peer reviews of United Nations agencies, the IFAD evaluation system is arguably the most independent of all United Nations agencies. While the Evaluation Policy provides a sound framework for an independent evaluation function, some updating and clarifications are needed as indicated in the text (see particularly sections A and B in chapter II, annex I and recommendations 1 and 2). In particular, steps need to be taken to guard the behavioural independence of the Director OE and provide more protection from outside interference by fully elaborating good ECG practice in areas related to the recruitment and the dismissal of the Director OE and his/her annual performance review.

7. Many of the tensions that have arisen could be resolved by more closely harmonizing OE and IFAD procedures in the areas of human resource management, the approval of waivers for consultant fees, and the procurement of goods and services in ways that do not undermine OE's independence. Resolving these issues should be done by clarifying procedures in the President's Bulletin rather than changing the basic principle of delegated authority to Director OE in the Evaluation Policy. The latter is necessary to ensure OE's independence and is consistent with good ECG practice. However, ways should be found to align OE practices in these areas more closely with the related corporate policies (as is also stipulated in the Evaluation Policy) to enhance transparency and accountability, subject to protecting OE's independence (see section A in chapter II and recommendation 2).

8. ECG experience is that for evaluation to contribute fully to an organization's effectiveness, three parties must play a constructive role – the independent evaluation function, management and the governing body. Boards in ECG members are strong advocates for independent evaluation and protect the independence when required. Effective governance and board oversight are cornerstones of a constructive working relationship between independent evaluation departments and management in development institutions. In the case of IFAD, the EC plays the lead role in supporting the Executive Board in this area. The December 2004 change to the EC's terms of reference was a positive development, broadening its role and bringing its mandate closer to good ECG practice. Despite this progress, the Panel has concluded that the EC/Executive Board should put in place stronger systems to ensure that the Executive Board provides better oversight of OE to make it more accountable, including in the area of financial management, and to address issues related to OE´s relationship with Management. Ways also need to be found to

strengthen the Executive Board's efforts to promote the use of evaluation findings to facilitate learning and accountability (see section B in chapter II, annex I and recommendation 2).

**The approach to evaluation in IFAD**

9. To implement the ECG approach to evaluation fully, an organization must have in place a functioning self-evaluation system, in addition to a strong and independent central evaluation office. This is because the ECG approach achieves significant benefits in terms of coverage, efficiency, and robustness of evaluation findings by drawing on evidence from the self-evaluation systems that has been validated by the independent evaluation office. When the Evaluation Policy was adopted, it was not possible to implement the full ECG approach in IFAD because the self-evaluation systems were not in place.

10. Management has made significant efforts to put in place the processes found in the self-evaluation systems of most ECG members. IFAD now has a functioning self-evaluation system, which is designed to assess the performance of projects and country programmes at entry, during implementation and at completion and to track the implementation of evaluation recommendations agreed in the ACP process. While weaknesses remain to be addressed, given the progress that has been made in improving the PCRs, OE now should move towards validating the PCRs and base its portfolio analysis on both project evaluations and validated PCRs (see sections A and C in chapter III and recommendation 3). Adopting the ECG approach of validating PCRs should improve cost efficiency by allowing OE to undertake lighter project evaluations, thus freeing up resources. This would allow OE to undertake more strategic evaluations of portfolio performance, which, in turn, would contribute to increasing the effectiveness and use of evaluation findings.

**Use and influence**

11. It is primarily the responsibility of Management and Programme Management Department (PMD) staff to learn from evaluation findings to improve IFAD's development effectiveness. OE's role is to provide good quality, digestible material in a timely manner to help them to do so. The Panel found clear evidence that evaluation products are used. The Independent External Evaluation of IFAD triggered many strategic changes that have had far-reaching positive impacts on the institution. Some corporate level evaluations have been influential and contributed to changes that had a strategic impact on IFAD at the corporate level (e. g. country presence; direct supervision; rural finance). The Annual Report on Results and Impact is used by Management and the EC and country programme evaluations to provide important inputs into the formulation of the subsequent country strategic opportunities programmes. Although project evaluations are used by operational-level staff if there is a follow-on project in the same country, such evaluations are of limited interest to Senior Management and many operational staff. The Panel identified a number of areas where changes have the potential to result in still greater use of evaluation findings and to strengthen the feedback loop and learning (see section B in chapter III and recommendation 4).

**Evaluation approach and methodology**

12. This dimension of the quality of OE's evaluations can be viewed as satisfactory but mixed as it varies from evaluation to evaluation. There are a variety of systemic and methodological considerations that, if addressed, would improve the rigour of OE evaluations and move quality closer to what would be seen as good evaluation practice by the wider evaluation community. OE's approach is consistent with some, but not all, of the ECG good practice standards (GPS) for public sector project and country evaluations and United Nations Evaluation Group's Norms and Standards. A major difference between good ECG practice and IFAD practice is OE's limited connection to the self-evaluation system. OE reports are generally well written, and evaluations cite evidence from a variety of sources to validate conclusions.

Although OE's quality assurance practices have some positive features, overall the approach used should be less prescriptive regarding the evaluation approach defined in the Evaluation Manual and focus more on whether the most appropriate evaluation methodology for a particular situation has been selected and correctly implemented (see section C in chapter III, appendix G and recommendation 5).

**Quality issues in the self-evaluation system**

13. Most components of the self-evaluation system have been put in place or significantly strengthened since 2006, a development that represents a major accomplishment. Key strengths of the current self-evaluation system are its comprehensive coverage, increased results orientation, updated guidelines and use of ratings that are mostly harmonized between OE and PMD. However, the quality of the components of the self-evaluation system is uneven: (i) the quality of the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) has improved over time and is now more of a learning document to complement its accountability function; (ii) the quality of the PCRs has improved, nearly all required PCRs are submitted, there is broad agreement between PMD and OE ratings on portfolio performance, and the quality of about 60 per cent of the PCRs is assessed as satisfactory. Continued efforts are needed to improve PCR quality by addressing issues related to inconsistencies and contradictions in the conclusions drawn from the results, difficulties in reaching clear conclusions, and a lack of empirical data to substantiate the findings; (iii) it will be several years before the Results and Impact Management System (RIMS) becomes a significant source of evaluation evidence, and there are issues that need to be addressed to harmonize RIMS and PMD/OE criteria; and (iv) project level monitoring and evaluation (M&E) systems are weak (see section C in chapter III and recommendation 6).

**Cost effectiveness and efficiency gains**

14. Since it became independent OE's budget has grown more slowly than IFAD's administrative budget, at slightly over half the rate of IFAD's budget since 2005. However, OE's budget still accounts for a larger proportion of IFAD's administrative budget than is the case in other ECG members. In comparison with other ECG members the number of OE evaluations completed per year per professional staff member seems low. OE's ratio of administrative to professional staff appears high compared to both other ECG and United Nations Evaluation Group (UNEG) members, although not out of line with the corresponding IFAD ratio. The costs of the project and country evaluations also seem high relative to the actual scope of these evaluations in the experience of the Panel members. This reflects, in part, the original situation where IFAD's country presence was minimal and the self-evaluation system not in place, which triggered an approach to evaluation with a greater number of missions, more time spent in the field and greater expenditures on evaluation consultants, with significant investment in the ACP process, than is the norm found elsewhere. In addition, OE has been funding country visits of the EC, which is not the practice elsewhere. These were all embodied in OE's approach since it was developed at a time when IFAD's self-evaluation systems were not functioning and IFAD did not have country presence nor did it supervise projects directly. Also, OE has not made use of the wider range of evaluation techniques and methodologies available, which would have allowed them to produce the same or better quality evaluations at lower costs.

15. The positive developments in IFAD during the past few years present opportunities for OE to change some of its practices to become more efficient. In particular, a shift to validating PCRs and bringing OE's approaches closer to those used in ECG members has the potential to generate efficiency gains. Examples are identified in section D of chapter III. IFAD is under pressure to improve resource use, both financial and human, an institutional context that cannot be ignored in considering OE's budget. OE processes, procedures and costs should be scrutinized to identify

specific opportunities to improve efficiency and save costs. OE should aggregate and analyze available financial information and use this information as a management tool to focus on improving cost efficiency. The recent allocation of half time of a professional staff to strengthen OE's administrative, financial, contracting and document management system by overseeing OE's activities in these areas is therefore welcome. Providing such data, including detailed budget information about each proposed activity, to the EC would also facilitate oversight and improve transparency on the use of available financial resources. These measures should free up resources for some of the other tasks and products that have been identified by the Panel (see section D of chapter III and recommendation 7).

**Recommendations**

16. The Panel makes seven recommendations, which focus on the major issues and do not attempt to cover all of the detailed suggestions included in the report.

**Recommendation 1: The Executive Board reaffirms its commitment to the principles of IFAD's independent evaluation function and asks the General Counsel to prepare a paper for its consideration that identifies options for the necessary changes to resolve any possible legal incompatibilities between the Evaluation Policy and the Agreement Establishing IFAD in a way that fully respects the wishes of the shareholders for an independent evaluation function, as expressed under the Sixth Replenishment.** The institutional and behavioural independence of OE must be safeguarded by the Executive Board and not compromised. The Executive Board must ensure that Management does not create a perception of undermining OE's independence by raising questions about the legal interpretation of certain clauses in the Evaluation Policy concerning the delegation of powers to Director OE to make all personnel decisions related to OE staff. Also, the Executive Board must ensure that OE recognizes that independence requires the transparent and responsible application of the IFAD's internal control framework.

**Recommendation 2: The Executive Board, through the Evaluation Committee, strengthens the oversight and accountability of the Office of Evaluation and its independence from Management.** This will involve: (i) the Executive Board, actively supported by the Evaluation Committee, being responsible for all procedures related to appointing, dismissing and supervising Director OE; (ii) strengthening the Evaluation Committee and its role in the governance and oversight of OE, including having only Executive Board members and alternates as formal members of the Committee; (iii) more active Evaluation Committee scrutiny of OE's budget request and financial management; (iv) requiring consultation with the Evaluation Committee for any proposed audit of OE and empowering it, in consultation with the chair of the Audit Committee, to agree to the audit proposal, prescribe an external audit or veto the proposed audit; and (v) harmonizing OE and IFAD practices regarding staff recruitment, appointment and promotion, approval of waivers for consultant fees and procurement, while retaining the delegation of the President's powers to Director OE in these areas and ensuring that any changes do not impinge adversely on OE's independence. The related proposals of the Panel are given in chapter II and annex I.

**Recommendation 3: OE harmonizes its approach to evaluation with that of Evaluation Cooperation Group good practice by basing OE's portfolio and project assessments more heavily on evidence drawn from validated project completion reports.** The transition process and approach to validating PCRs are described in chapter III. This process should begin immediately with a target date to base the portfolio analysis in the 2011 Annual Report on Results and Impact of IFAD Operations (ARRI) on both validated PCRs and OE's project evaluations. Consistent with the ECG approach, Management would take the lead for the ACP process with strong input from OE.

**Recommendation 4: IFAD further strengthens the use of evaluation findings, learning and the feedback loop.** This will involve: (i) the Executive Board developing a strategy to use evaluation results better to support accountability and learning; (ii) Management developing incentives for IFAD to become a learning organization, so that staff use evaluation findings to improve future operations and IFAD's development effectiveness; and (iii) OE contributing more actively to current IFAD work on knowledge management. Chapter III and appendix D include specific examples of what could be done to enhance further the use of evaluation findings. Examples include placing more emphasis on knowledge management, greater OE engagement in existing IFAD mechanisms, producing more evaluation syntheses, extracting information from the PCRs and the self-evaluation system, and broadening the forums used to disseminate evaluation findings.

**Recommendation 5: OE identifies ways to improve further the quality through use of a broader range of evaluation approaches and methodologies.** As discussed in chapter III and appendix G, issues to be addressed include: (i) changing the product mix to devote proportionately more resources to higher-order evaluations, including those covering aspects of operational corporate management and institutional support for corporate management; (ii) avoiding an overly standardized evaluation approach; (iii) placing greater reliance on validated information generated by the self-evaluation system; (iv) addressing issues related to ratings and measuring impact; (v) continuing efforts to address better the "why" question, i.e. why the performance was as it was?; (vi) consistent with the move toward the UNEG Norms and Standards and ECG practices, strengthening OE's human resources in the areas of both evaluation expertise and operational experience through recruitment when vacancies arise, including encouraging the transfer of operational staff to OE, and through training and professional development of the current staff; (vii) strengthening the hybrid model through more effective management and use of consultants; and (viii) addressing various methodological issues.

**Recommendation 6: Management prepares a costed action plan covering the next five years, which establishes priorities and makes the case for additional funding and more staff time within a feasible resource envelope to strengthen the self-evaluation system, so that it is increasingly used to help achieve development results.** As stated in chapter III, such a strategy would involve: (i) identifying ways to extract knowledge systematically to make the self-evaluation system more useful in supporting new strategies, policies, COSOPs and projects; (ii) continuing to take measures to improve the quality and use of PCRs; (iii) harmonizing RIMS with the approaches used in the self evaluation and independent evaluation systems; (iv) developing practical ways to improve project level M&E, recognizing that this will be a long-term endeavour, including considering whether it is feasible and necessary to undertake three surveys for every project as is envisioned in the design of RIMS; and (v) identifying the priorities and sequencing to request OE to evaluate systematically the various components of the self-evaluation system, using focused real-time evaluations.

**Recommendation 7: OE improves its efficiency by using more cost efficient approaches, while enhancing quality and effectiveness, in carrying out its programme of work and more efficient ways of undertaking its work.** Efficiency gains for the most part will come from doing things differently to achieve similar outcomes. Chapter III identifies some cost saving measures (e.g. validating PCRs; shifting support for the Evaluation Committee and for Executive Board field visits to the Office of the Secretary; shifting responsibility for the ACP process to PMD). Other measures include changes in the use of the hybrid model, using lighter evaluations when possible, streamlining evaluation processes and strengthening OE's internal management and administrative processes. At least some of these

savings should be redeployed to other forms of evaluation activities that were identified in chapter III such as strengthening the feedback and learning loop, validating PCRs, preparing evaluation syntheses, and undertaking a greater number of lighter evaluations of a variety of policy issues and project assessments.

# Peer Review of IFAD's Office of Evaluation and Evaluation Function

# I. Introduction

## A. Background for the peer review

1. In December 2008, the Executive Board of the International Fund for Agricultural Development (IFAD) instructed the Office of Evaluation (OE) to plan for an external peer review of its effectiveness and usefulness. The Executive Board decided that the peer review would also examine the IFAD Evaluation Policy, Management's self-evaluation systems and the oversight function of the Evaluation Committee (EC). While recognizing the hybrid nature of IFAD, as both an international financial institution and a United Nations specialized agency, the Executive Board requested the Evaluation Cooperation Group (ECG)[1] to undertake the review. This Peer Review, the first ever done by ECG, followed the approach described in ECG's Review Framework for the Evaluation Function in multilateral development banks (MDBs).[2] The ECG approach was adapted to the requirements of IFAD and the fact that IFAD is a United Nations specialized agency.[3] The approach taken also benefited from the experience of the peer-review framework,[4] which has now been applied to six multilateral organizations in the United Nations system.

2. With the approval of IFAD's Evaluation Policy in April 2003,[5] OE became independent, reporting to the Executive Board rather than to the President.[6] In December 2004, the Executive Board approved new Terms of Reference and Rules of Procedure for the EC of the Executive Board to bring them into line with the Evaluation Policy and broadening the terms of reference for the EC to include coverage of the self-evaluation system and new policies in addition to OE products. IFAD's self-evaluation function evolved following approval of the Evaluation Policy, especially after conclusion of the April 2006 harmonization agreement between OE and the Programme Management Department (PMD). Because implementation of the new evaluation system took time to develop, the peer review focuses mostly on the period from 1 January 2005 to the present.

3. The Evaluation Policy noted that because of IFAD's lack of an effective self-evaluation system, the absence of a country presence, and the limited resources available for project supervision and learning from operations, OE was required to ground its evaluations in extensive fieldwork and generate much of the knowledge that IFAD needed to learn from past operational experiences. Unlike most MDBs, IFAD was a largely project-oriented institution – traditionally little broad strategic policy dialogue was undertaken and considering countries as the unit of account is a relatively new development. Also, given its origins, partner governments took the

---

[1] The ECG was established in 1996 by the evaluation departments of the MDBs in response to a call for the harmonization of evaluation methodologies, performance indicators and criteria. Representatives of the Organisation for Economic Co-operation and Development's Evaluation Network of the Development Assistance Committee (OECD-DAC) and the United Nations Evaluation Group (UNEG) attend as observers. IFAD, through OE, was admitted to the ECG with observer status in April 2008, pending consideration as a full member in the future.

[2] See document on ECGnet.org at www.ecgnet.org/documents/review-framework-Mar09. Because this is the first application of the ECG framework it represents a valuable learning opportunity for the ECG. The experience gained from the IFAD Peer Review will contribute to modifying and improving the ECG framework.

[3] Among other things, the chairperson of UNEG was included on the Panel, UNEG norms and standards were used when appropriate and particular attention was given to the fact that IFAD's EB is a non-resident board.

[4] Framework for Professional Peer Reviews of Evaluation Functions in Multilateral Organizations.

[5] The IFAD Evaluation Policy (EB 2003/78/R.17/Rev.1) was brought into effect by means of a President's Bulletin issued in December 2003, which established the operational arrangements for implementing the policy. The President's Bulletin is considered to be an integral part of the policy.

[6] While all members of the ECG have independent evaluation departments, IFAD is unique among United Nations agencies in having an independent evaluation office reporting to its EB.

lead and IFAD was less involved in identifying and implementing projects than was typically the case in MDBs. IFAD prides itself on full involvement of borrowing countries in its business processes. OE therefore developed an approach to evaluation that diverged from that found in ECG members in a number of key respects:

(i) **Focusing on project evaluations that were based on extensive field work**: At the time there was no adequate self-evaluation system and IFAD's knowledge of developments at the project level and their effects on beneficiaries was rudimentary. Because of the extensive time OE staff and its consultants spent in the field during the evaluation process, OE often had more field-level knowledge than did PMD staff.

(ii) **Developing the Agreement at Completion Point (ACP) process**: The OE-led ACP process helped to bring about consensus among government officials, PMD staff and other stakeholders on the action to be taken on evaluation recommendations. In 2002 the necessary organization for this purpose was not in place. The ACP is unique in ECG in that OE is the only evaluation department that goes beyond the usual organizational management response process to get commitments from partner governments to take action on agreed evaluation recommendations.[7]

(iii) **Investing in workshops and learning events**: OE invested considerable resources in in-country workshops involving many government officials and civil society representatives and other donors to learn from the evaluation.

(iv) **Organizing and budgeting for country visits by EC members**: While there is a case to be made for Executive Board members having exposure to IFAD operations in the field, it was not IFAD's practice to organize such country visits in 2002 other than by OE for the EC.

(v) **Providing support for the EC**: Partly because of the non-resident nature of the Executive Board, OE provided more support to the EC than is common in ECG members.

4. In the six years since the Evaluation Policy was approved, many things have gone well. A well-established and credible independent evaluation function has been built up and the Executive Board and Management believe that independent evaluation has had a positive influence in IFAD. There is clear evidence that evaluations are used and some of them have contributed to strategic changes at the institutional level (see chapter III A). In the areas identified above, OE has demonstrated leadership in filling the voids, for which it should be commended. It is, however, noteworthy that since the Evaluation Policy was prepared there has been significant progress in important areas in IFAD (e.g. significant strengthening of the self-evaluation system; introducing country presence and direct supervision and implementation support; paying more attention to learning; broad support for the concept of independent evaluation across IFAD; operationalizing the ACP process). IFAD is in many ways a different and stronger organization than it was before. The implications of these developments for the way OE does its work must be examined to see if changes are warranted.

5. In the initial phase, establishing an independent evaluation function in an organization often leads to tensions and misunderstandings. Notwithstanding the commendable progress in establishing an independent evaluation function, the Panel found that greater than normal tensions have developed at IFAD around the interpretation and application of OE independence and OE's governance and accountability. The recent legal opinion stating that the President, not the Director OE, has the final appointing authority for OE staff and questions over OE's approach, style and cost efficiency can all be seen as manifestations of this. The evolution of the roles and attitudes of the players involved requires assessment.

[7] UNEG's ongoing review of practices in management responses is learning from the ACP process.

6. Given these developments, it is timely[8] to take stock and identify next steps to develop further the evaluation system. By drawing on the lessons learned from experiences to date in IFAD and the wider ECG experience, the Panel identified ways to enhance the contributions of the independent and self-evaluation systems to improving IFAD's effectiveness and to deal with current tensions. The challenge is not to alter the relationships fundamentally but to make them more productive by dealing with the frictions that have arisen. Unless addressed, there is a risk that tensions that are now controllable will escalate to a point that the independent evaluation function might be threatened.

## B. Peer review objectives, approach and methodology

7. The goal of evaluation peer reviews is to help an institution to improve its evaluation policy making, adopt best practices, and comply with established evaluation standards and principles, with the aim of strengthening the contribution of evaluation to the organization's development effectiveness. The Review Approach Paper, which was approved by the Executive Board in September 2009, defines the objectives, approach, methodology, budget and timeline for the Peer Review.[9] The scope of the review covers:

   (i) Assessing the content and application of the Evaluation Policy and the corresponding President's Bulletin;

   (ii) Assessing OE's performance, including the quality of evaluation products, methodology, processes, recommendations and resulting decisions based on OE's work;

   (iii) Reviewing how effectively the EC has discharged its responsibilities, as captured in its terms of reference;

   (iv) Assessing the self-evaluation system maintained by Management, including the quality of its products, methodology, processes, recommendations and resulting decisions based on the outputs of the self-evaluation system; and

   (v) Formulating a set of recommendations related to the Evaluation Policy, the EC, OE, the self-evaluation system and Management, to be considered by the Executive Board after review by the EC.

8. The approach and methodology used for the Peer Review are summarized in appendix A. As the initial step, Management and OE were requested to prepare extensive self assessments. These self assessments responded to the ECG framework for peer reviews, which groups a large number of questions under eight headings:[10] (i) evaluation policy: role, responsibility and objectives of the evaluation department; (ii) impartiality, transparency and independence; (iii) resources and staff; (iv) evaluation partnerships and capacity building; (v) quality of evaluation products; (vi) planning, coordination and harmonization; (vii) dissemination, feedback, knowledge management (KM) and learning; and (viii) evaluation use. Some questions were added to the ECG list that were specific to IFAD and/or reflected feedback from the EC, OE and IFAD Management during the preparation of the Review Approach Paper. United Nations Evaluation Group's (UNEG) Norms and Standards[11] were also considered where appropriate in refining the ECG questionnaire. Management's self assessment drew on the results of a working group the President set up on 16 March 2009 to review, from an institutional perspective, the Evaluation Policy and President's Bulletin and identify any required revisions and/or amendments.[12] These self assessments provided a comprehensive briefing and helped to focus the work of the Panel by identifying

[8] The President's Bulletin states that it would be reviewed in the light of experience two years from the date on which it took effect (December 2003). However, such a review never took place.
[9] See http//IFAD.org/gbdocs/eb/ec/e/58/EC-2009-58-W-P-2.pdf
[10] Similar headings are used in the OECD-DAC guidelines for peer reviews.
[11] UNEG norms and standards are available at http://www.uneval.org/normsandstandards/index.jsp.
[12] At its ninety-fourth session, the EB asked for the views of management on institutional issues related to the implementation of the evaluation policy.

areas of commonality and areas where differences of opinion existed. Other major sources of information that the Panel drew on included: (i) interviews with members of the EC, other Executive Board members, the President and other members of Senior Management, key operational, policy and administration staff and OE staff and consultants; (iii) a review of a large number of documents; (iv) ECG comparative material (see appendix B) and relevant ECG Good Practice Standards (GPSs); and (v) country visits to Brazil and Mali.[13]

## C. Structure of the report

9. The remainder of the report[14] is organized into three chapters: (i) Independence and governance; (ii) Effectiveness and quality, covering use and influence, quality of approaches and methodologies and management and efficiency; and (iii) Recommendations and suggested next steps, supported by one Annex and several appendixes. The report is structured to focus on the major issues, identifying areas in which there is alignment with good ECG practice and areas where changes and improvements are needed.

# II. Independence and governance

## A. Independence of the evaluation function

### 1. Definition of independent evaluation

10. Independent evaluation is widely recognized as essential, indeed a prerequisite, for the evaluation system to produce products that are perceived to be credible and useful. OECD defines independent evaluation as:

> "An evaluation carried out by entities and persons free of control of those responsible for the design and implementation of the development intervention.
>
> Note: The credibility of an evaluation depends in part on how independently it has been carried out. Independence implies freedom from political influence and organizational pressure. It is characterized by full access to information and full autonomy in carrying out investigations and reporting findings." [15]

11. While the Panel believes that independence is essential for IFAD to maximize the benefits from its evaluation system, the *raison d'être* of independence is not for its own sake, but to provide for impartial, credible evaluation as a means to help improve the performance of an organization. Four principles should be borne in mind when considering independence:

(i) The rationale for independence in its various dimensions is to provide for, and to protect, the impartiality of evaluations and to ensure that the ability of the evaluators to provide credible reports and advice is not compromised.

(ii) Independence does not mean isolation, as both operations and evaluation activities are enriched through cross-fertilization of knowledge and experience and evaluators can help to introduce good practice and innovations by being aware of relevant developments outside IFAD. This has implications for evaluation work processes and issues such as the rotation of OE staff to and from other parts of IFAD and the mix of OE staff with experience inside and outside IFAD.

[13] Because of time constraints, the planned India country visit was replaced by telephone interviews.
[14] The EB is the main client for the review and the recipient of the final report.
[15] Glossary of Key Terms in Evaluation and Results Based Management, page 24. DAC Working Group on Aid Evaluation. 2002.

(iii) Independence does not imply any particular approach to evaluation. In particular, independence does not mean that evaluators should focus more on accountability[16] than on learning.

(iv) Independence does not mean lack of accountability and responsibility or that OE is exempt from the same degree of transparency as any other part of IFAD. OE is expected to support the objectives and mission of IFAD, the difference being that it reports to the Executive Board through the EC rather than to Management. The mechanisms used to ensure adequate levels of accountability for the evaluators are somewhat different from, independent from, the mechanisms for the parts of the organization reporting to Management.

12. ECG's template for assessing the independence of evaluation organizations (see appendix C) groups the issues related to independence into four areas:[17]

(i) **Organizational independence**, which ensures that: (i) the evaluation unit is beyond the control of decision makers whose activities are being evaluated; (ii) the scope of evaluation covers all relevant aspects of the organization; and (iii) that the evaluation unit and its staff have access to all necessary information;

(ii) **Behavioural independence**, which reflects the ability and willingness of the evaluation unit to issue candid reports, the absence of management-imposed restrictions that limit transparency in the disclosure of evaluation findings and no management-imposed constraints (including both budget and human resources) in undertaking evaluations;

(iii) **Protection from outside interference**, which covers: (i) the evaluation unit's ability to decide on the design, conduct, and content of evaluations without interference; (ii) ensuring that the content and recommendations of the evaluations cannot be changed by an outside authority; (iii) access to adequate resources to carry out the mandated responsibilities effectively; (iv) ensuring that the head of evaluation should not be threatened by real or perceived interference by Management concerning his/her appointment or renewal, annual performance appraisal, or compensation; and (v) making sure that the head of evaluation has final authority over personnel matters subject to following the principles of the human resource policies in the organization; and

(iv) **Avoidance of conflicts of interest**, which is designed to ensure that past, current, or immediate future employment and financial considerations, or prior professional or personal relationships and considerations, do not interfere with the objectivity, or perceived objectivity, of evaluators.

13. Work is ongoing in ECG to develop a GPS on governance and independence within this framework. The ECG template and draft GPS were used to structure the Panel's assessment of the independence of IFAD's evaluation function. The discussion of independence does not apply to IFAD's self-evaluation function, as the latter is defined as "an evaluation carried out by those who are entrusted with the design and delivery of a development intervention".[18]

## 2. Organizational independence

14. In the Panel's opinion the coverage of the issues related to organizational independence in the Evaluation Policy and President's Bulletin is broadly

[16] Accountability refers to the attribution of responsibility for developmental results and for the impact of development assistance as distinct from accountability for the use of public funds in an accounting and legal sense, responsibility for which is usually assigned to an audit office.

[17] The Template is a precursor to an ECG GPS in this area and has previously been used in reviews of independence at the Asian Development Bank and the African Development Bank.

[18] Glossary of Key Terms in Evaluation and Results Based Management, page 35. DAC Working Group on Aid Evaluation. 2002.

appropriate and for the most part well aligned with ECG's good practices. OE's independence from Management is stated in the Evaluation Policy.

### a. Operational mandate

15. OE operates under an Executive Board-approved mandate which specifies its mission, scope of responsibilities, reporting structure and key operating principles. OE's scope of activities can extend to all IFAD operations and its reporting line, staff and budget are organizationally independent from Management. By ensuring OE's organizational independence, these arrangements protect OE from outside interference, and ensure its relevance to IFAD's mission and its ability to contribute to IFAD's corporate accountability and learning.

16. The Evaluation Policy is closely aligned with the wording in the Sixth Replenishment Resolution approved by the Governing Council.[19] Management has sought legal interpretations on various provisions in the Evaluation Policy,[20] especially concerning the meaning of the passage stating that "The President will delegate to the OE Director authority to make all personnel and operational decisions concerning OE staff and consultants in accordance with IFAD rules and procedures." (underscoring added). In particular, the legal opinion of 17 March 2009 indicates that although all OE personnel decisions are delegated to the Director OE, "…the appointment and dismissal of OE staff remain the prerogative of the President as those functions cannot be removed, without an amendment of the Agreement Establishing IFAD (the Agreement)." The Panel does not include the legal expertise that would be necessary to give an authoritative legal opinion on consistency between the Agreement and the wishes of the shareholders as expressed in the Report of the Consultation on the Sixth Replenishment, which led to the establishment of an independent evaluation function. However, we believe that this legal interpretation, regardless of the intention, undermines the perception of OE's organizational and behavioural independence, since the implication is that the President, not Director OE, has the ultimate authority to decide who works, or does not work, in OE.

17. The Panel is of the view that the legal framework should support the organizational and managerial structure that is seen by shareholders as best suited to achieving IFAD's goals. The Sixth Replenishment Resolution, which included a commitment to establish an independent office of evaluation, was adopted by all IFAD member states at the February 2003 Governing Council. The Governing Council is IFAD's supreme governing body, which has in the past made amendments to the Agreement. Replenishment resolutions are generally viewed as binding commitments on the institution in return for financial support. Legal arguments should not be used to undermine the legitimacy of the Evaluation Policy or to change its application unilaterally without reference to the Executive Board, thus risking a violation of the shareholder's intentions when they decided on the Sixth Replenishment. Rather than appearing to undermine the legitimacy of a key provision in 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 Sixth Replenishment. The Panel notes that all MDBs were established well before their evaluation departments became independent and Panel members are not aware of any MDB that found it necessary to amend the articles of agreement because of the establishment of an independent evaluation function.

18. Given that many of the tensions that have arisen relate to the President's delegation of powers to Director OE, it might be possible to resolve this at the

[19] Governing Council Twenty-Fifth Anniversary Session, Rome, 19-20 February 2003. Enabling the Rural Poor to Overcome their Poverty: Report of the Consultation on the Sixth Replenishment of IFAD's Resources (2004-2006). Paras 95 to 98.

[20] Seven of the eight opinions were issued between mid-2008 and mid-2009, four of which were related to the process for the recruitment of the deputy director OE.

Executive Board level since section 8(d) of the Agreement states: "The President shall head the staff and, under the control and direction of the Governing Council and the Executive Board, shall be responsible for conducting the business of the Fund. The President shall organize the staff and shall appoint and dismiss members of the staff in accordance with regulations adopted by the Executive Board." (underscoring added). Although the Agreement clearly did not foresee an independent OE reporting to the Executive Board, given the last phrase in section 8 (d), it seems clear that the Executive Board could adopt regulations under which the President delegates some of his powers to Director OE. Indeed, the Executive Board already made that decision when it approved the Evaluation Policy. Organizational and behavioural independence are determined by both the reality and perception of independence. The legal arguments that have been made have the potential to undermine the real or perceived independence of the evaluation function. Instead, the issues raised should be addressed by seeking constructive solutions that enhance and support OE's independence.[21] The EC should request the General Counsel to draft an appropriate paper for the Executive Board's consideration clarifying the issues and identifying options that are consistent with the language, spirit and provisions in the Evaluation Policy, in particular ensuring that Director OE has the ultimate decision-making authority for the recruitment, appointment, promotion and dismissal of OE staff in a manner that is consistent with the principles of the associated IFAD policies and procedures.

### b. Reporting relationship

19. Consistent with good practice, OE reports to the Executive Board through the EC, is located organizationally outside the line and staff management function, and is independent of IFAD's operational, policy, and strategy departments and related decision-making. While these governance arrangements are appropriate, the Panel did identify some areas in which the EC could be strengthened to improve the governance and accountability of the evaluation function. These issues are discussed in section II B below.

### c. Access to information

20. Consistent with good ECG practice, the Evaluation Policy has provisions requiring Management to provide promptly all documents and other information required by OE and to participate and cooperate actively in evaluation processes. The Panel is not aware of any instances in which OE has had difficulty obtaining pertinent information held by IFAD, except for instances related to weaknesses in IFAD's filing and document retrieval systems.

21. Consistent with good practice, OE routinely contacts both internal[22] and external[23] stakeholders to gather the information necessary to undertake evaluations. The Evaluation Policy and President's Bulletin do not, however, explicitly provide for unfettered access to information and contacts in countries in which projects are implemented. This needs to be clarified, as Management has raised issues about whether OE should be able to contact heads of state on the basis of the section in the Agreement defining the President as "the legal representative of the Fund". OE's past direct contacts with heads of state were not acceptable to the former President, even though members of Management and members of the EC were

[21] EBRD's staff handbook is clear that the chief evaluator recommends the appointments and the president accepts the recommendations.

[22] Internal stakeholders include: (i) the EB; (ii) Management; (iii) operations staff; and (iv) other IFAD staff concerned with policies, knowledge management, dissemination of evaluation findings, lessons and recommendations, and evaluation-capacity development.

[23] External stakeholders include: (i) governments, executing agencies and institutions responsible for implementing IFAD-supported projects; (ii) beneficiaries and targeted populations directly affected by IFAD support; (iii) cofinanciers and other partner institutions, including civil-society organizations, development research centres and evaluation networks, that are engaged in IFAD-financed operations; (iv) multilateral and bilateral institutions concerned with harmonizing evaluation methods and practices, and (v) development partners with whom OE may undertake joint evaluations and organize evaluation seminars and workshops.

present and the Director OE explained that his area of responsibility was evaluation and that he did not represent IFAD on operational matters. In the Panel's experience, it should generally not be necessary for the Director OE to meet with heads of state for evaluations. Nonetheless, the Evaluation Policy should not explicitly prohibit this. Possible confusion resulting from such meetings could be addressed by better sharing of information, which could be codified in the President's Bulletin.[24]

## 3. Behavioural independence

22. For behavioural independence, the Evaluation Policy and President's Bulletin are broadly appropriate and well aligned with ECG practices, although some clarifications and modifications are needed.

### a. Issuing candid evaluation reports

23. To ensure that evaluation units have the ability to report candidly, ECG good practice requires that independent evaluation offices transmit evaluation products to the Executive Board, normally after review and comment by Management, but without any Management-imposed restrictions on the scope and content of the products. The Evaluation Policy is fully aligned with this dimension of behavioural independence. The Panel is not aware of any instances when Management attempted to "censor" or hold back an OE report.[25]

24. The draft ECG GPS on independence states that Management is responsible for implementing evaluation recommendations and the evaluation department is responsible for commenting on Management's record of responding to OE recommendations. IFAD is fully aligned with this approach. Management is responsible for taking action on recommendations and reporting the implementation status to the EC and the Executive Board through the President's Report on the Status of Evaluation Recommendations and Management Actions (PRISMA) and OE comments on the PRISMA.

### b. Transparency and disclosure of evaluation reports

25. Disclosure of evaluation findings is an important component of MDB accountability to stakeholders and of behavioural independence of evaluation offices. The Evaluation Policy empowers Director OE to convey completed evaluation reports simultaneously to the Executive Board, the President and, whenever applicable, the concerned borrowing-country authorities, the implementing agencies and cooperating institutions. Consistent with good practice, the Evaluation Policy also calls for disclosing all completed evaluation reports to the public and widely disseminating them in the print and electronic media in accordance with IFAD's disclosure policy.

26. IFAD's 2006 Disclosure Policy explicitly states that all evaluation reports and documents submitted to the EC are to be disclosed to the public on the Internet at the time that they are made available to the Directors and Governors on IFAD's restricted website. IFAD is fully aligned with the ECG's good practices in the area of

[24] This might involve: (i) making it clear during meetings with heads of state, should they take place, that there is one IFAD and that Director OE does not legally represent IFAD in the sense defined in the Agreement, defining OE's role and making it clear that OE cannot commit IFAD on operational issues; (ii) OE should share with Management and the Office of the President in advance any plans to contact a head of state; (iii) standard wording should be worked out jointly by OE and Management for e-mails/faxes requesting such meetings; (iv) continuing present practice of senior IFAD staff accompanying OE to such meetings; and (v) as IFAD establishes more country offices, OE could request their assistance in setting up appointments. If an exceptional case arises and Director OE meets with a head of state, the President should be briefed on the meeting.

[25] Of course, when Management reviews draft OE reports it may contest some of OE's data, analysis, interpretations, conclusions and recommendations. This is a normal part of evaluation practice in ECG members and a vigorous exchange of views contributes to better quality of evaluations. OE makes the final decision on which of management's views to accept and which to reject and determines the final content and tone of its report. This process is consistent with the principles of behavioural independence.

disclosure. The April 2010 Executive Board meeting will consider a new disclosure policy. Care should be exercised in drafting the new policy to ensure that IFAD continues to follow best practice in disclosing evaluation documents and ensuring complete harmonization with the Evaluation Policy. The latter seems important in the light of legal issues raised at the April 2009 EC meeting questioning the public disclosure of evaluation reports. It should be made explicit that, within the limitations of the disclosure policy, the Director OE determines how and to what extent to disseminate evaluation reports and other evaluation products, without Management approval or interference. In section II A 4 on protection from outside interference the Panel concludes that the Executive Board supported by the EC should play the lead role in recruitment, renewal and dismissal of Director OE, assessing his/her performance and determining salary increases. If the Panel's recommendations in this area are accepted, a narrowly defined exception to the public disclosure of documents submitted to the EC related to personnel and salary documents would be required in the new disclosure policy.

### c. Evaluation work programme

27. An important dimension of OE's behavioural independence is its ability to develop its own work plan. Under the Evaluation Policy, OE's scope of operations extends, without restriction, to all the determinants of IFAD's operational results. This dimension of independence does not mean that there is no consultation with other stakeholders in formulating the work plan. Indeed ECG good practice requires OE to consult with IFAD staff and Management, as well as the Executive Board and possibly outside organizations or experts in formulating its work programme. Such consultation is necessary to help ensure that OE's work responds to IFAD's needs for information to guide policy and operational decisions, ensure that evaluation results are provided in a timely manner, and are used to help IFAD improve the achievement of development results.

28. The process used to formulate OE's work programme, both as described in the Evaluation Policy and as carried out in practice, is broadly consistent with good ECG practice. A three-year rolling work programme has been introduced and is discussed twice by the EC. It is then transmitted to the President, who submits it unchanged to the Executive Board and Governing Council for approval together with, but as a separate submission to, IFAD's annual work programme and budget. Although there is consultation[26] during its preparation, OE makes the final recommendation as to the composition of its work programme. Generally this process is working well. OE's capacity to produce evaluations is constrained by the time available and its human and financial resources. As the number of evaluations requested exceeds OE's capacity, priorities must be set and trade-offs made. While this should be the decision of Director OE, transparency would be increased if, during the discussions of the work plan with the EC, an appendix was included in the documentation providing the criteria used to set priorities for inclusion of evaluations in the work programme, listing the requested evaluations that were not included, and evaluations included in the previous work programme approved by the Executive Board that were dropped or deferred.

### d. Budget for evaluation

29. Behavioural independence requires protection of budget sources for evaluation. The process for the formulation, approval and management of OE's budget are consistent with good ECG practice. The budget is formulated by Director OE independently of Management but, as required by the President's Bulletin, OE adheres to all Senior Management directives that pertain to the structure and layout of the budget, and uses standard costing parameters in accordance with

[26] OE consults with the President, Associate Vice-President, Programmes, all PMD divisions and other concerned parties. However, there appears scope for greater informal consultation with members of the EC and EB to identify and to prioritize issues of strategic interest to Executive Directors.

IFAD's planning and budgeting system.[27] OE's budget is reviewed twice by the EC and by the Audit Committee before it is transmitted to the President, who submits it unchanged to the Executive Board and Governing Council for approval.[28] During the budget-formulation process, similar to the practice in other ECG members, Management has an opportunity to comment at the meetings of the Evaluation and Audit Committees. In practice, the EC plays the lead role in reviewing OE's budget. The levels of the OE budget and the main IFAD budget are determined independently of each other and Management cannot reallocate OE's budget to other priorities. Issues related to the EC's review of OE's budget are discussed in section II B and issues related to the size of OE's budget and cost efficiency are examined in section III D.

### 4. Protection from outside interference

30. Protection from outside interference is a key pillar of independence and helps to ensure that OE issues candid reports. The discussion above under organizational and behavioural independence makes it clear that IFAD is aligned with ECG good practice in protecting OE from outside interference in three important areas: (i) OE determines the design, scope, timing and conduct of evaluations without Management interference; (ii) OE has unimpeded access to the funds or other resources approved in its work programme and budget; and (iii) the judgment as to the appropriate content of evaluation reports is not subject to overruling or interference by Management. However, tensions between Management and OE were brought to the attention of the Panel in areas that are directly related to protection from outside interference. The Panel's opinions on these matters are summarized below.

#### a. Appointment, dismissal and annual performance review of Director OE

31. The Director OE is the key person in IFAD's independent evaluation system and sets the tone for OE by providing leadership, strategic vision, support for a strong, independent evaluation function, recruiting well-qualified staff and certifying the quality of OE products. A key principle of ECG good practice is that the procedures for the hiring, dismissing, reviewing of annual performance and determination of the level or grade of the post, term of office and compensation of the evaluation unit head are independent from Management. These are duties of the Executive Board with the support and advice of the EC. In other ECG members only boards may appoint or dismiss[29] heads of evaluation. IFAD's Evaluation Policy states that: (i) the President will nominate a candidate for the position of Director of OE to the Executive Board for endorsement, as recorded in the Executive Board minutes, whereupon the President will appoint the Director for a fixed term of five years, which may be renewed only once; and (ii) the President may remove the OE Director upon and only upon the endorsement of the Executive Board, as recorded in the Executive Board minutes. No role for the EC is envisioned in the Evaluation Policy or the President's Bulletin. The lack of involvement of the EC and the lead role of the President in the selection and removal of Director OE are not consistent with ECG good practice and the procedures used in other ECG members (see appendix B).

32. Consistent with ECG good practice, the EC should be empowered to support the Executive Board actively in all matters related to the selection, dismissal and annual performance review of the Director OE. The Panel's recommendations regarding the various issues are as follows:

[27] For example standard costing of staff, the US dollar/Euro exchange rate and the non-staff cost inflation rate.

[28] Although IFAD's administrative budget is not reviewed by the EC, it is reviewed by central units and all levels of Management. OE's budget lacks such scrutiny other than by the EC.

[29] Dismissal must be for cause, based on performance or conduct grounds. ECG good practice requires a termination policy to be in place.

(i) The terms of the heads of evaluation vary in ECG members.[30] The Panel is of the opinion that a single six-year, non-renewable term would be the most appropriate for IFAD. In reaching this consensus the Panel weighed the merits of a five-year renewable term versus one non-renewable term and concluded that ten years is a very long time for one person to be in a position – innovation and dynamism will often be strongest in the first few years. A six-year term should be of sufficient length to attract well-qualified candidates and for them to make an impact on OE and IFAD.

(ii) The EC, not the President, should play the lead role in supporting the Executive Board in all matters related to the recruitment of Director OE. While the President should be consulted during the process, he should not have a formal decision-making role. The Panel's suggestions for the recruitment process, composition of the search panel and so on are given in annex I.

(iii) The Evaluation Policy should be revised to make it clear that only the Executive Board may terminate the Director OE on the advice of the EC. An appropriate dismissal policy needs to be developed. Any such termination should be for cause, based on a loss of confidence in the Director OE because of poor performance or misconduct.[31] The EC should play the leading role in supporting the Executive Board in all matters related to the dismissal of the Director OE. The Panel's suggestions related to the dismissal of Director OE are given in annex I.

(iv) In the past the President has undertaken the annual performance review of the Director OE. This is inconsistent with the principle of protection of independent evaluation from outside interference. The Chair of the EC should be responsible for conducting the annual performance review of Director OE. Suggestions for the principles to be followed are given in annex I.

(v) IFAD should continue to follow the good practice of preserving independence by ensuring that after completion of service, the Director OE is not eligible for other staff positions in IFAD. This restriction should not apply to other OE staff.

33. According to ECG good practice, the Director OE should hold a grade-rank at least equal to that of operational department directors, with commensurate compensation. The key person whom Director OE interacts with is the Associate Vice–President, Programmes who outranks Director OE. However, the Panel notes that in the United Nations system, all positions above D-2,[32] the current rank of the Director OE, are considered political appointments.[33] The Panel strongly believes that competence, experience and qualifications should be the only considerations for the selection. In the United Nations system, there is no natural progression of promotion from a D-2 to a higher level. D-2 is the most senior civil-service level. In the Panel's view, the access of Director OE to Senior Management, including the President, and the EC and his/her influence in IFAD and behavioural independence are more important than grade.

[30] The heads of the evaluation departments in the World Bank Group, European Bank for Reconstruction and Development, the Inter American Development Bank and the African Development Bank are, as is current practice in IFAD, generally appointed for five-year terms which can be renewed once. At the Asian Development Bank the appointment is for a five-year non-renewable term.

[31] Director OE and all OE staff would be subject to the same integrity standards and associated investigative procedures as all IFAD staff.

[32] The FAO director of evaluation recently became a D-2 position and the WFP director of evaluation is a D-1 level position.

[33] That being said, Management has advised that recruitment for positions at this level is based strictly on merit and that political considerations such as the country of origin of candidates are not a major decision-making determinant.

### b. Management of human resources in the office of evaluation

34. To ensure protection from outside interference, good ECG practice requires that the evaluation head has control over staff hiring, promotion, pay increases, and firing, within a merit system defined by the personnel policies of the organization. Good practice also requires that evaluators and their career paths are not disadvantaged because of the judgments and findings they report. To ensure this, ECG believes that policies may permit (but not necessarily require) the use of separate processes for assessing evaluation staff for changes in compensation, promotions, and job tenure, and for handling human resource issues.

35. The Evaluation Policy states that: "The President will delegate to the OE Director authority to make all personnel and operational decisions concerning OE staff and consultants in accordance with IFAD rules and procedures." (underscoring added). The delegation of human resource management powers to Director OE is fully aligned with good ECG practice and should continue. Director OE should ensure that staff are selected transparently and meet the competencies for evaluators adopted by UNEG and the requirements specified in the position description. However, in 2009 tensions arose between Management and Director OE over inconsistencies between OE procedures, which had been followed for six years without incident, and IFAD policies and procedures. This resulted in a legal opinion that, despite the provision in the Evaluation Policy delegating the President's powers to Director OE, stated that: "the appointment and dismissal of OE staff was the prerogative of the President as those functions cannot be removed, without an amendment of the Agreement Establishing IFAD". In the Panel's view this is tantamount to saying that provision in the Evaluation Policy that the President will delegate to Director OE the authority to make all personnel decisions for OE staff which would include appointment, was inconsistent with section 8 (d) of the Agreement[34] and was thus invalid. This process culminated in the President's decision to overrule and nullify Director OE's selection[35] of a candidate for the vacant deputy director position.[36] In the Panel's view, the use of the word all in this section of the Evaluation Policy would include the power of Director OE to make the final appointment decision.

36. All OE staff are IFAD staff members and are covered by IFAD's personnel policies and practices. IFAD's human resource policies reflect the principles that recruitment and promotion are based on merit. Because IFAD is a United Nations agency, compensation and salary increases reflect the decisions of the International Civil Service Commission. OE's human resources decisions related to recruitment, promotion and performance assessment must be transparent and based on merit and integrity. The standards in OE should be the same as elsewhere in IFAD. The Panel compared IFAD's standard approach to recruitment and promotion with that used in OE and found that there was broad consistency in most areas.[37] There are, however, two material differences: (i) the composition of the OE interviewing panel; and (ii) the dual role of Director OE.

---

[34] "The President shall head the staff and, under the control and direction of the Governing Council and the EB, shall be responsible for conducting the business of the Fund. The President shall organize the staff and shall appoint and dismiss members of the staff in accordance with regulations adopted by the EB." (underscoring added).

[35] The candidate was provided an appointment letter by IFAD's Director of Human Resources, the candidate accepted the offer and the appointment was announced to all IFAD staff. However, subsequently his appointment was reversed by the President.

[36] The issues that led to this decision are complex as they involved integrity issues and extend beyond the issues related to the independence of OE. The case was poorly handled from a human resource management perspective and put the President in a difficult position. However, the lessons from this experience highlight the need to define agreed procedures to prevent that type of incident from being repeated.

[37] Covering issues such as advertising vacancies, long-listing and short-listing procedures, panel interviews and methods used to assess candidates, meetings with OE staff and contacting of references.

37. The President's Bulletin states that for the recruitment and promotion of OE staff, an ad-hoc panel will be chaired by the Director OE and will include representatives from the Human Resources Division, the Staff Association and a senior female staff member. The use of special procedures is provided for in ECG good practice and may have been necessary to protect the newly independent OE. The Panel understands that a decision was taken to exclude operational staff from the interview panel to avoid potential conflicts of interest, in that their activities would be evaluated, and to protect the careers of evaluators from being adversely affected by writing candid evaluation reports. Since OE's independence is now firmly established, the Panel believes that it would be timely to abolish the ad-hoc panel and establish something that is closer to the composition of IFAD's standard interview panels. The Panel supports the rotation of OE staff to other parts of IFAD, making it reasonable to expect the skill set of candidates to be assessed more broadly than only for OE. To do so, the Associate Vice-President, Programmes or his/her designee should be on the panel. Other ECG members value the feedback from operational staff on potential candidates. The provision in the President's Bulletin that states that members of recruitment/promotion panels shall only serve if they do not have any potential direct conflicts of interest with the OE positions to be discussed by the Panel should be retained, and it should be clearly stated that the careers of OE staff should not be adversely affected if they write critical and candid evaluations. These provisions should be sufficient to protect OE staff and OE's independence. The Panel believes that it would also be desirable to strengthen the OE interview panel with an outside evaluation expert who has knowledge of the skills required by evaluators.

38. To ensure transparency and accountability, the roles of the chairperson of the interview panel and the appointing authority are separated in IFAD's personnel policies and procedures. The Appointments Board, chaired by the President or his representative, reviews the conclusions of the interview panel and makes the final appointment decision. For OE, the chair of the interview panel and the appointing authority are the same person – Director OE. Given ECG's good practices, it would not be appropriate for the President or any member of Management to be the appointing authority for OE staff. It should be relatively easy to separate these two roles by designating the Deputy Director OE as chair of the interview panel and Director OE as the appointing authority. The problem at present is that the Deputy Director position has been vacant for two years. Filling that position is necessary before the issue of the dual roles of Director OE can be satisfactorily addressed.

39. An ad-hoc procedure would need to be developed to fill the Deputy Director position. Director OE should be the appointing authority. In that case it is not clear who should chair the interview panel, since all other OE staff would be junior to the people being interviewed. However, it would not be reasonable if no one with evaluation expertise representing the user department were on the interview panel. Several options could be considered: (i) as an exceptional case, the EC Chairperson could both chair the interview panel, which would include one or two outside evaluation experts; ; (ii) include on the interview panel the two most senior evaluation officers who did not apply for the position; (iii) as an exceptional case, Director OE could both chair the interview panel and be the appointing authority; or (iv) include two recognized outside evaluation experts on the interview panel, one of whom would be the chairperson. Before making the appointment decision, Director OE should consult, at his discretion, with any member of Management, including the President, to seek their views on the candidates, particularly ones from within IFAD. After Director OE makes the appointment or promotional decision, the Human Resources Division would ensure that the standard administrative procedures are undertaken to implement the decision. If necessary, the Agreement and IFAD's human resource policies and procedures should be changed to provide for the delegation of the President's appointment authority to Director OE for OE staff.

40. ECG evaluation departments have complete autonomy to formulate terms of reference for consultants, identify the most suitable consultants and to supervise their work. OE practices are consistent with this principle. Most ECG evaluation departments also use standard institutional procedures related to the administrative aspects of the contractual arrangements and the determination of the consultants' rates. The Evaluation Policy contains a similar provision. Contracts for OE consultants are signed by the Human Resources Division and include standard IFAD provisions. In practice, OE follows similar procedures to the rest of IFAD when contracting consultants except for the approval of waivers for consultant rates. IFAD has defined limits on consultant remuneration in US dollars per day equivalent, above which waivers are required (US$487 per day for individuals and US$650 per day for consultants from a firm).[38, 39] Director OE approves waivers for OE consultants on the recommendation of a senior evaluation officer, while approval of waivers is given by the Chief Finance and Administrative Officer for the rest of IFAD. In both cases signed contracts from other clients for similar assignments are needed to provide a market-based justification for the rate.

41. Management has raised questions about fees paid by OE for consultants. For complex corporate, policy, thematic and country evaluations, OE requires the support of experienced, senior evaluators who can lead such evaluations. Also, to improve the quality of the complex evaluations OE employs senior independent advisors for all corporate level and country programme evaluations (CPE).[40] OE accounted for about 30 per cent of all waivers in IFAD, and the average daily rate paid to OE consultants is among the highest for IFAD departments. The Panel notes that fees paid by OE for senior evaluators are broadly in line with other MDBs. Given its understanding of the market rates commanded by various types of consultants, the Panel is not surprised that waivers are the norm for senior evaluators. The rates paid by two ECG members, for which data were available, for senior evaluators capable of leading complex evaluations was about US$850 per day.[41] Given the limited evaluation expertise of some of OE's evaluation officers, it would seem especially important that OE engage competent consultants with sound evaluation backgrounds. Expertise and experience, not cost, should be the main driving force behind OE's consultant recruitment decisions. In the view of the Panel, it is appropriate for OE to seek waivers to pay market rates, provided that these can be documented and are verified using the same procedures as used elsewhere in IFAD.

42. To enhance OE's credibility, the Chief Finance and Administration Officer, rather than Director OE, should approve OE's waivers, as long as this approval power is not used to undermine OE's ability to recruit the consultants that it believes are needed to undertake high quality evaluations. The role of the Chief Finance and Administration Officer would be to certify that OE has provided adequate documentation to justify the rate rather than to question whether OE could find a different or cheaper consultant. OE should also be subject to IFAD's rules and procedures concerning the procurement of goods and services, including making required presentations to the Contracts Committee. Based on the experience of ECG members, following such procedures does not result in an infringement of the independence of the evaluators.

[38] While IFAD makes adjustments to the staff budget in accordance with the Euro/US$ exchange rate, no such adjustments have been made to the ceiling for consultant fees before waivers are required, despite a change of 60 per cent over the last six years.

[39] The rates above which waivers are required vary across United Nations agencies. It is US$750 per day for United Nations Development Programme.

[40] Senior independent advisors were used on an ad-hoc basis until 2009 when they were systematically used for all higher plane evaluations.

[41] The rate that ECG members paid for rural development and agriculture experts was considerably lower.

43. The annual performance assessment of all OE staff should be carried out using the same tools and procedures that are used for all IFAD staff, including the 360° assessment. Following the corresponding institutional procedures is the practice of ECG members and it has not undermined independence. OE staff should be held to the same integrity standards as all other IFAD staff and be subject to integrity investigations if the need arises. The Panel endorses the statement in the President's Bulletin that nothing "… prevents the President from exercising his authority to initiate investigations through the Oversight Committee of the activities or conduct of the Director of OE or the staff of OE."

### 5. Avoidance of conflict of interest

44. ECG good practice requires independent evaluation offices to have policies and procedures to ensure against conflicts of interest of evaluation staff. The Evaluation Policy states that: (i) OE will make certain that the engagement of any individual in an evaluation exercise will not generate a conflict of interest; (ii) an evaluation will not be entrusted to an OE staff member who has been responsible in the past for the design, implementation and supervision of the project, programme or policy to be evaluated; and (iii) a consultant who has worked previously on the design or implementation of a project, programme or policy may be engaged as a resource person for providing information to the evaluation team but not as a consultant entrusted with the conduct of the evaluation analysis and the preparation of the evaluation report. However, OE does not have written conflict-of-interest guidelines that elaborate this passage in the Evaluation Policy for OE staff. When developing the written conflict-of-interest guidelines, in addition to referring to the provisions of the Evaluation Policy reference should be made to relevant provisions in the IFAD Code of Conduct.[42] In practice, when managing evaluations, OE does ensure that staff do not have a conflict of interest in terms of evaluating operations that they were previously involved in. While the policy and practice are an adequate response to the first element of good ECG practice, they do not cover the second point about avoiding conflicts of interest in staff movements within IFAD. This should be addressed.

45. OE has stringent conflict-of-interest guidelines for consultants, which are included as an attachment to the Evaluation Manual.[43] In addition to the provision in the Evaluation Policy, the conflict-of-interest guidelines for consultants set a ceiling to the percentage of work that a consultant can perform for IFAD and place some restrictions on concurrent and future employment. Issues of conflicts of interest for consultants are dealt with during the contracting process and consultants are required to sign a declaration. OE's conflict-of-interest guidelines and practices for consultants meet or exceed the standards typically adopted by ECG members. The Panel questions the prohibition of employing consultants who have worked for more than 25 per cent of their time with IFAD. No other ECG member has such a provision. The Panel feels that it may exclude some experienced and attractive consultants from being employed by OE.

## B. Governance and accountability

### 1. Introduction

46. Effective governance and Executive Board oversight is the cornerstone of a constructive working relationship between an independent evaluation department and management in a development institution like IFAD. All three actors have responsibilities for this relationship, but this section focuses on the binding role of governance and the corporate bodies responsible for it – the Executive Board and the EC. Effective oversight of OE is important as otherwise OE would be

[42] Code of Conduct. Chapter 8. Human Resources Procedures Manual.
[43] IFAD. Office of Evaluation. Evaluation Manual Methodology and Processes. Appendix 6, pages 74 to 75. April 2009.

independent in the wrong sense – divorced from effective oversight and coherent governance.

47. The governance structure of IFAD is relatively straightforward. There are (end-2008) 165 member states. Each member state appoints a governor and an alternate governor at the ministerial level, who form the Governing Council. The Governing Council meets once a year and decides on major issues such as amendments to the Agreement and approval of the budget. The Governing Council elects the 18 members of the Executive Board (and up to 18 alternates) for three-year terms in accordance with a schedule for rotation between member states, equally distributed (6 each) over List A (developed donor countries), List B (oil-producing donor countries, some of which may also borrow) and List C (developing borrowing member countries). The Executive Board is responsible for the conduct of IFAD's general operations, except for a few powers that are reserved by the Agreement for the Governors. As is common throughout the United Nations system, Executive Board members are not remunerated by IFAD, a practice that differs from ECG members. In ECG members, boards are resident and board members are officials of their institutions and are paid accordingly. Theoretically the Executive Board can meet as often as required but in practice does so three times a year.

48. As in the MDBs, the President of IFAD chairs the Executive Board, without the right to vote. The President is responsible for conducting IFAD's business under the control and direction of the governing bodies. He is appointed by the Governing Council for four years, renewable once.

49. IFAD is funded by the member states in tri-annual replenishments. The negotiations that precede replenishment are the major determinants of policies and strategies for the period covered by the replenishment and for IFAD as an organization, as evidenced by the establishment of an independent evaluation function because of agreements made during the Sixth Replenishment.

50. The Executive Board is supported by two standing committees, the EC and the Audit Committee. Consistent with MDB practice, they have no decision-making authority but advise the Executive Board. Each has nine members and a rotation system related to that of the Executive Board. Committee members are appointed by the individual governors and, in fact, in many cases are Rome-based embassy personnel of varying levels, from Permanent Representatives to IFAD, the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) to third secretaries. Their backgrounds and expertise are varied, ranging from agriculture and development to ministry of finance and diplomacy. In keeping with good practice, the chairs are elected by the Committee members, rather than being appointed by the Executive Board chairperson. The current EC chair is his country's Executive Director to IFAD, but in the past this has not always been the case. Many members of the EC also represent their countries at the two other related Rome-based agencies, FAO and WFP. Thus their attention is divided and is not focused full time on IFAD, something that will not change for the foreseeable future.

51. The major differences from the MDBs are: (i) the Executive Board is non-resident; (ii) Executive Board members are paid by their countries and not by IFAD; (iii) unlike the executive directors at MDBs, IFAD's do not have well-qualified, full-time advisors that can help them in their work, thus necessitating more support for the EC from IFAD than is normal in ECG members; and (iv) IFAD is dependent on donor countries for funding and not on the financial markets. These elements are typical for United Nations organizations. Because IFAD is both a United Nations agency and a financial institution, it is frequently called a hybrid institution.

52. During the consultations for the Sixth Replenishment, it was decided that an Independent External Evaluation (IEE) would be undertaken to "determine IFAD's

contribution to rural poverty reduction, the results and impact it has achieved in this area and the relevance of the organization within the international development community." The IEE, which was quite critical of IFAD, was very wide-ranging and covered many strategic issues. In commenting on the Executive Board, the IEE made the following points, many of which still apply: (i) a crowded agenda and infrequent meetings limit effective decision making; (ii) the agenda includes large volumes of written material, so that Executive Board members have to prioritize the issues they wish to concentrate on; (iii) some Executive Board members rely on the skills of their colleagues in technical areas such as finance or audit and some seek guidance from their governments, but few have substantial resources to call on for support to review documents; (iv) Executive Board members differ in the experience, skills and training that they bring to the role and there are no terms of reference for the post; and (v) experience with other boards of directors, to the extent that they have it, is more likely to be connected with United Nations organizations than with MDBs, which suggests that few are familiar with how other MDBs measure performance and act to improve development effectiveness. These IEE observations provide a context for some of the Panel's comments on governance and the roles of the Executive Board and EC.

53. In assessing the EC, the IEE highlighted some weaknesses: (i) the EC examined OE's outputs but prior to December 2004 did not review IFAD's policies or self-evaluation products; (ii) the role of the EC needed to be expanded to address the significant gaps in its coverage;[44] (iii) while the EC formally scrutinized OE's reports, it did not consider other aspects of development effectiveness;[45] and (iv) all self evaluation was outside the scope of the EC. With the December 2004 revision of the EC's terms of reference and rules of procedure, many of these issues were addressed. The EC's mandate was broadened to be more consistent with the corresponding committees in the MDBs. The EC now reviews selected new operational policies to ensure that lessons from OE are reflected in policies, and reviews some of the key self-evaluation reports. Despite this progress, in the following sections the Panel identifies a number of areas where the role and functioning of the EC should be further strengthened.

54. Based on an examination of the approach used in ECG members and the Panel's knowledge of the literature, several key roles were identified for the EC. These included: (i) acting as the Executive Board's advisor on issues relating to oversight of the evaluation function; (ii) providing oversight of the evaluation function, including taking responsibility for oversight and, where applicable, assuming a direct[46] role in administrative areas, such as human resources and financial oversight, delegated to OE that otherwise would be dealt with through normal management mechanisms; (iii) helping the Executive Board to assess the effectiveness of evaluation as measured by its contribution to accountability and learning and the efficiency of the evaluation system; (iv) being a supporter, and if need be a protector, of independent evaluation; (v) advocating for effective use of evaluation; (vi) reviewing and contributing to OE's draft work programme and budget, liaising as appropriate with the Audit Committee and making a recommendation to the Executive Board; (vii) reporting to the Executive Board on the interaction between OE and the rest of IFAD, including the areas of consultation on the work programme, budget and human resources; (viii) reviewing and commenting upon the adequacy of Management's actions in response to evaluation; and (ix) identifying the broad implications arising from

[44] A proposal was being developed when the IEE was being undertaken to expand the role of the EC.
[45] The IEE defined development effectiveness as covering the efficiency of development, formulation of new loans, grants, policies and other instruments, the effectiveness of their implementation, and their development outcomes.
[46] This would include the Chairperson of the EC chairing the selection panel for a next Director OE and reporting on the EC's preference to the EB, advising the EB on matters related to the renewal of the term of Director OE or termination and conducting the annual performance review of Director OE.

evaluation for strategy and policy and for how IFAD's development effectiveness can be improved. Many, but not all, of these issues are covered in the EC's terms of reference. In addition to the issues discussed in section II A on independence, the Panel highlights a number of issues in this section related to governance and accountability.

### 2. The Executive Board as the defender of independent evaluation

55. MDB boards are responsible for protecting the independence of their evaluation departments when it is under threat. In IFAD there are tensions, misunderstandings and mistrust related to OE which, if not addressed, may undermine its independence. Thus, it is timely to review the roles, attitudes and behaviour of the key players. The challenge for the Executive Board is to oversee these relationships and to ensure that tensions are resolved as they come up in ways that do not undermine the essential elements of OE's independence from Management. OE's independence was instituted at the wish of shareholders under the Sixth Replenishment. It is the Executive Board's responsibility to prevent an erosion of OE's independence and to see to it that the wishes of shareholders in this area are fully respected. The Executive Board, supported by the EC, must ensure that issues related to improving governance and oversight of OE are addressed in ways that do not impinge on OE's independence. Part of the solution lies in better communication between OE and Management[47] and the Executive Board must ensure that such constructive dialogue takes place.

### 3. Governance and oversight

#### a. Promoting financial transparency and accountability

56. The formulation and approval of OE's budget are consistent with good ECG practice. The EC plays the lead role in scrutinizing OE's budget. Although questions have been raised about the amount of information disclosed in OE's budget submissions, the President's Bulletin states that OE duty travel, hospitality and other expense-type budgets will be integrated into the overall OE budget, and will no longer be shown as stand-alone budget sub-items. 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 cost. Although OE follows the prescribed budget format, in practice, the EC's oversight is hampered by the limited provision of supporting data for the budget, both historical expenditures and the future budget. When discussing the preview of the 2010 work programme and budget in July 2009, several EC members requested a more detailed breakdown of expenditures to show the cost of producing various OE products. The additional data provided at the October meeting was appreciated. However, the Panel feels that more can and should be done in this area to facilitate more informed decision making by the EC. Providing detailed breakdowns than would be included in the final budget submission to the Executive Board to support the budget submissions to the EC would be consistent with the practice followed in ECG members. The Panel notes that IFAD's financial systems[48] can be used to generate considerable data[49] to show historical trends in expenditures by various categories, which can be used to provide a framework to assess OE's budget request and the efficiency with which financial resources are being used.

57. IFAD's budget has been results-based since 2008. This principle should apply to OE too and, indeed, OE is expected to prepare a results-based budget for 2011. The 2010 Work Programme and Budget documents present OE's Work Programme in four priority categories: (i) conducting of selected corporate-level, country-

[47] The President's Bulletin states that the Office of the President, Vice President and Director OE will hold quarterly meetings to discuss and exchange views on evaluation issues. This mechanism is no longer being used. Consideration should be given to reviving it.

[48] The financial system uses software called PeopleSoft. OE has access to detailed information on a commitment basis while actuals are available from the Financial Services Division.

[49] See section D on efficiency in chapter III and appendix I.

programme and project evaluations; (ii) specific evaluation work required by the Evaluation Policy and the terms of reference of the EC; (iii) evaluation outreach and partnerships; and (iv) evaluation methodology and effectiveness of OE. In 2010, OE linked each of these priority categories to the IFAD Corporate Management Results indicators which it supported. For the 2011 Work Programme and Budget document, OE plans on changing the definition of each of the categories to reflect a results orientation. In addition to the conventional format, the budget will also be presented in a separate table according to the four results categories. The EC should ask OE and the Finance and Administration Department to develop a joint proposal for consideration identifying how the wealth of detailed data available in IFAD's financial systems could best be analyzed in the context of a results-based budget to strengthen its financial oversight of OE.

58. In fulfilling its oversight task, the EC, on the basis of certification by Director OE and the Chief Finance and Administration Officer, should also satisfy itself that OE has followed the mandatory consultation and coordination procedures, described in the President's Bulletin, and its budget is in conformity with IFAD's rules for budget structure and layout.

**b. Audit**

59. The President's Bulletin states that the Controller will continue to provide required reports and information to the Executive Board on OE financial matters during the same Executive Board session(s) and together with the standard reporting on IFAD financial matters. Although OE's budget is approved and managed separately from the IFAD administrative budget, it is not reported separately in IFAD's financial statements, nor is it subject to an external audit other than the general annual external audit of IFAD's accounts. At the request of the President, two special audits were undertaken in 2009 of OE, respectively on the recruitment and appointment of OE staff and on OE costs, as part of Management's preparation for the Peer Review. Although this was consistent with the statement in the Evaluation Policy that OE processes are subject to internal audit by IFAD, the process used was not consistent with the statement in the President's Bulletin that "such audits are to be decided in consultation with the Director OE". Although OE was informed of the audits, the decisions to undertake the audits were not made in consultation with Director OE.[50] The Panel is not aware of Management unilaterally requesting any special audits of the independent evaluation offices in ECG members. While the Panel acknowledges that the audits were helpful in examining some contentious issues, Management having the de facto power to order special audits of OE unilaterally could be perceived as a threat to OE's independence, even if that is not what is intended.

60. OE should not be perceived as being "above the law" with respect to audit and accountability. The Panel is of the opinion that the provision in the President's Bulletin requiring consultation with Director OE is wrong and should be revised. This is because the subject of audit should not determine if and when an audit takes place. However, consistent with good ECG practice, neither the audit office nor Management should be able to act on their own regarding special audits of OE (though including OE in routine IFAD-wide internal audits of compliance with prescribed processes and practices is acceptable). A solution is to require consultation with the Evaluation Committee for any proposed audit of OE and empowering it, in consultation with the chair of the Audit Committee, to agree to the proposed audit, veto the proposed audit or to prescribe an external audit in lieu of an audit undertaken by the Office of Audit and Oversight. The President should be able to appeal to the Executive Board if Management's proposal is rejected.[51]

[50] Since these audits were not included in the annual work programme of the Office of Audit and Oversight, they were not discussed when the Audit Committee considered the annual work programme.
[51] The President's Bulletin states that the President has unrestricted authority to report to the EB at any time on any aspect of OE's and the Director of OE's work.

This consultation safeguard is necessary to address even the perception that Management would use audit as a weapon against OE, thus undermining its independence.

61. The EC should consider adopting World Bank Group practice in this area where the evaluation department had its own internal budget review for the past two years, and the equivalent of the EC sponsored an external budget review in 2008.[52] Periodically OE's stewardship of financial resources and compliance with various IFAD policies and procedures (e.g. human resources; consultant recruitment) in areas where more authority has been delegated to Director OE than other department heads should be independently examined. This would help to ensure that OE is fully accountable for its use of financial resources and for following procedures. The Panel suggests that such regular examinations be undertaken every two years and ad-hoc audits whenever either committee chairperson requests one or both of them approve a Management request.

## 4. The Executive Board and the Evaluation Committee

62. The Panel considered the non-resident nature of the Executive Board in its recommendations. To be effective the Executive Board needs to concentrate on the issues of strategic importance to IFAD and its development effectiveness. The EC also needs to be more effective in preparing the Executive Board for decision taking in areas related to evaluation and self evaluation.

63. The Panel favours a strong role for the Executive Board in exercising oversight of IFAD as a whole and of the effective use of the evaluation and self-evaluation functions in particular. It needs to monitor, albeit at a healthy distance, the relationships between OE and Management. However, some separation between OE and the Executive Board/EC is needed for the governance/accountability mechanism to function efficiently. The Panel learned that in the past, there have been instances of Executive Board members applying for vacancies in OE. This undermines the ability of the Executive Board, or at least the concerned members, to exercise impartial oversight functions. The Panel understands that as part of efforts to develop a code of conduct for the Executive Board consideration is being given to the need for a cooling-off period before Executive Board members can apply for any positions in IFAD.[53] If approval of the code of conduct is delayed, the revised Evaluation Policy should include a provision that prohibits Executive Board members and other members of the EC from being considered for a position in OE until a suitable cooling-off period has elapsed.

64. Procedures should be put in place to make optimal use of the EC. In the foregoing, a major role has been set out for the EC in preparing the Executive Board for more active decision making in selecting the next Director OE and scrutinizing an activity-based budget for OE.[54] The EC should also discuss any proposals for more intensive and effective relations between OE and the relevant departments when OE is required, by the Evaluation Policy, to follow standard IFAD procedures and provide its advice through the Chair to the Executive Board. There is also a structural need for the EC to adjust its own focus. An expanded and intensified role of the EC should be reflected in altered terms of reference. The terms of reference of sister committees in the ECG membership provide useful pointers in the desired direction. Changes to the terms of reference of the EC should include: (i) focusing on strategic issues rather than the details, including bring to the attention of the

[52] The World Bank's office of internal audit was not involved.

[53] In its September 2009 session, the EB decided that the Audit Committee should proceed with the development of a code of conduct for EB members. Some ECG members (E.g. World Bank Group; Asian Development Bank; European Bank for Reconstruction and Development) have mandatory cooling off periods before Board members can apply for positions in the organization.

[54] This should not require more meetings but would involve a more thorough and informed scrutiny based on a review of data and information.

Executive Board policy and strategic implications arising from evaluations;[55] (ii) refocusing its mandate from the evaluation of operations to enhancing the development effectiveness of IFAD by preparing the Executive Board for its task of overseeing and nurturing the synergies between operational activities and evaluation; and (iii) focusing more on synergies between accountability and learning, the recommendations included in the reports and the proposed follow-up action.

65. The interaction between OE and the EC has intensified since the creation of the independent evaluation function. The number of meetings in 2009 was more than double the four meetings mentioned in the Rules of Procedure. Experience gained with the EC's enhanced role after its terms of reference were amended in late 2004 shows that the EC, and particularly the Chair, needed more support than the narrowly defined services to be provided by the Office of the Secretary in the President's Bulletin. OE, rather than the Office of the Secretary, has provided support to the Chair by briefing and helping him/her to prepare for the meetings (e.g. drafting opening and closing statements) and providing support by drafting the minutes and the Chair's summary. Members of the EC indicated that this OE support contributed to the functioning of the EC.

66. Nevertheless, the Panel believes that for the EC to provide impartial oversight, the relationship between it and OE requires greater distance than has evolved in practice. Indeed, some people interviewed by the Panel, including some Executive Board members, were concerned about the perception of capture of the EC by OE. While this may not actually be true, this perception must be dealt with if the EC is to play its role in strengthening the governance and accountability of OE. The practice in ECG is that the offices of the secretary, not evaluation departments, provide support to the corresponding committees. Indeed, the President's Bulletin states that the Office of the Secretary will provide support to the EC. The Office of the Secretary will need to develop the necessary capacity and experience to take on these tasks and it would be desirable if the designated staff had some exposure to operations. A switch from OE to the Office of the Secretary in providing this support will require preparation and for some time a continued role for OE will be necessary to avoid a deterioration of service to the EC. In this context 2010 should be considered as a transition and handover period following which the Office of the Secretary would assume full responsibility for supporting the EC.

67. A further recommendation with the same purpose is that the practice of OE organizing country visits for the EC, and paying for them from its budget, should come to an end. The Panel recognizes that country visits by the EC organized by OE were felt to be useful by the participants. Positive views of government officials about the EC country visits were confirmed during the field work undertaken during the Peer Review. Government officials said that the presence of EC members raised the profile of evaluation and opened up access to senior government officials. The Panel concurs that there may be value for Executive Board members in visiting countries, receiving feedback directly from stakeholders and viewing IFAD projects on the ground. However, no ECG evaluation department organizes country visits for its committee and their evaluation committees do not participate in in-country meetings or workshops organized by the evaluation department as part of the process of finalizing reports that are subsequently reviewed at the evaluation committee. Rather, board country visits are organized by the Office of the Secretary. The Panel believes IFAD should adopt a similar practice, with any country visits for the Executive Board members organized by the Office of the Secretary and the related costs charged to the Executive Board budget. This will

[55] At some ECG members, such as the World Bank, the African Development Bank and the Asian Development Bank, the mandate of the corresponding committee focuses on how the development effectiveness of the organization can be improved, drawing upon findings and implications arising from evaluation. The name of these committees reflects this scope of responsibility.

help to ensure both the appearance and reality of separation of the EC from OE, something that is desirable for the EC to be able to fulfil its impartial oversight role.

68. The increased responsibilities for the EC and its Chair resulting from the implementation of the Panel's recommendations make it advisable to consider ways of strengthening the Committee. A number of suggestions are presented below for consideration:

(i) Only the elected members and alternate members of the Executive Board should be members of the EC.

(ii) Orientation in evaluation theory and practice is needed. The Secretary, with the help of OE, should organize this. It is worth consulting with FAO and WFP to determine whether a joint orientation programme for the Rome-based agencies could be developed and implemented.

(iii) Orientation on MDB governance structures and processes would also be helpful.[56] Such a service should be made available to the whole Executive Board, but of course will be mainly used by Rome-based committee members. The Secretary may be able to establish a network that keeps him acquainted with visits to Rome of experienced officials from operations and the evaluation departments of ECG members and other United Nations agencies so that he can invite them to give guest lectures.

(iv) IFAD should make office space and secretarial assistance available to the Chairs of the Evaluation and Audit Committees on a sharing basis, so that they will not be impeded in seeking contacts with Management and OE on topics relevant to their functions.

(v) The possibility of appointing a deputy chairperson for the EC should be discussed to determine whether this merits further consideration.[57]

(vi) The EC might consider instituting a practice of designating lead speakers from the members for important topics to make the discussion more efficient. The EC Chair would make the choice in consultation with the concerned member.

(vii) The EC and subsequently the Executive Board should review evaluations and the response of Management including areas of disagreement and then provide direction to IFAD on programmes, strategy, projects and so on.

## 5. Accountability and learning

69. The Evaluation Policy states:

> "The main purpose of the independent evaluation function at IFAD is to promote accountability and learning in order to improve the performance of the Fund's operations and policies."

70. Independence is a condition for impartiality and credibility of evaluation products. Impartiality and credibility, in turn, are conditions for accountability and for the potential to learn from evaluation. The Evaluation Policy gives the following definition: "Accountability in this context refers to the assessment of developmental results, the impact of development assistance and the performance of the parties involved." A bit further on the Policy states: "IFAD considers accountability as a necessary first step in the learning process." In the years since OE's independence was established significant steps have been taken to enhance accountability, particularly the assessment of developmental results. The Executive Board, through the EC, exercises oversight to establish accountability in the sense described above. Executive Board and EC discussions, as well as Management

[56] Although the induction sessions for EB members organized by the Office of the Secretary include an overview of the governance structure and processes particular to IFAD, the Panel believes more comprehensive coverage of issues that will or are likely to be faced by the EC is warranted.

[57] The Panel raised this possibility as a way of providing support for the EC Chairperson as the volume of work is expected to increase. However, the Panel is aware that this is a complex issue and there are varying views of its merit. Given this, the issues involved should be considered and discussed in the EC before a decision is made on whether or not to proceed with this idea.

reactions, including reactions to its own self assessments, have led to process improvements that have contributed to better outputs and outcomes of projects and programmes (see chapter III).

71. Management holds the view that OE's emphasis on accountability has to some extent been at the expense of learning.[58] The Panel shares the view expressed in the Evaluation Policy that accountability as appropriately understood supports learning. UNEG Norms also highlight the need for evaluation to contribute to building knowledge and to organizational learning. The Executive Board should use its oversight function to stimulate this. Crucial to lesson learning is that: (i) OE and Management are explicit about possible lessons respectively in evaluations and responses to them; (ii) the EC engages in discussions on these issues at its meetings; and (iii) the Committee's advice is presented clearly to the Executive Board in the Chairperson's report and the minutes.

# III. Effectiveness and quality

72. The Panel examined four dimensions of effectiveness and quality: (i) coverage of the independent and self-evaluation sections; (ii) use and influence of evaluations; (iii) quality of approaches and methodologies and; (iv) management and efficiency. Quality of evaluation is sometimes defined primarily in terms of research methodology and technical quality of the technical report, judged primarily on technical criteria. But increasingly, such as in numerous statements of evaluation principles and standards from around the world, this is seen as just one among several criteria that define quality including, for example, relevance and use. Today, it is generally recognized that quality and effectiveness are multi-dimensional. Also, given that evaluation is supposed to be a practical undertaking and can be carried out for a variety of reasons, it is accepted that evaluation quality is not an absolute, but needs to take into consideration the intended use of the evaluation, its scope and efficiency of resource use and other factors. Nevertheless, without an appropriate level of methodological rigour, meaningful use of evaluation can be challenging, with a danger of misuse.

## A. Coverage of the independent and self-evaluation systems

73. When the Evaluation Policy was adopted, it was not possible to implement the full ECG approach because the self-evaluation systems were not in place. Thus when it became independent, OE had to fill gaps that in ECG members would normally be covered by the self-evaluation system. This included developing an approach to evaluation which included greater investment in extensive fieldwork than is the norm for the ECG members. There were corresponding implications for resource requirements, which are discussed in section III D on efficiency. Although some gaps remain, OE has implemented mostly other aspects of the ECG's approach to the evaluation of projects and country programmes (see appendix F and appendix H).[59]

74. The low base of IFAD's self-evaluation system in 2004 is evident from the following quotations taken from comments by a senior operational staff member when reviewing the draft terms of reference for the EC:

> "IFAD's self-evaluation ended when the Office of Evaluation became an independent entity under the new Evaluation Policy. And, therefore the self-evaluation referred to in the draft terms of reference of the EC refers to an activity that IFAD units (apart from the independent Office of Evaluation) do not carry out."

[58] Although OE has made efforts during the past three years or so to enhance learning (e.g. through a revised ARRI produced in 2007 onwards, the emphasis to the "why" question in the Evaluation Manual and so on), more can be done in this area (see section III B).

[59] Formal ECG benchmarking exercises need to be undertaken to assess OE's detailed compliance with the ECG GPSs.

> "… in particular, project mid-term reviews and project completion reports are not produced by IFAD, but are produced under the responsibility of the borrower. *They are neither evaluations in any proper sense, nor are they performed by IFAD*." (emphasis added)

75. Since the Evaluation Policy was adopted, Management has put in place a self-evaluation system that is designed to assess the performance of projects and country programmes at entry, during implementation and at completion and to track the implementation of OE recommendations agreed in the ACPs.[60] The main elements of the self-evaluation system include:
    (i) The annual Report on IFAD's Development Effectiveness (RIDE) – which draws on information for both OE and the self-evaluation system; the format of the RIDE was enhanced in 2008, incorporating the main results from the Portfolio Performance Report produced by PMD and previously circulated to the Executive Board;
    (ii) Quality Enhancement (QE), undertaken by PMD's Technical Division, and arms-length Quality Assurance (QA), managed by the Office of the Vice-President; these processes are prior to approval and became fully operational in 2008;
    (iii) A portfolio review process, which assesses project and programme performance during implementation based on project supervision, project status reports (PSRs), results-based COSOPs, annual reviews, mid-term reviews, and other review processes; this internally focused process was put in place in 2005 and has developed over time;
    (iv) A review of projects and programmes at completion through project completion reports (PCRs); a parallel process is envisaged for results-based COSOPs once the new instruments have reached completion point;
    (v) The Results and Impact Management System (RIMS): development of this aggregate database of project outputs and outcomes was triggered as part of the Sixth Replenishment and implemented from 2006; and
    (vi) The President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA): a review of action taken on OE recommendations agreed by the governments and IFAD Management in the ACP.

76. The design and coverage of the self-evaluation system is moving towards that used in other ECG members, although quality issues remain (see section III C). Compared to when OE became independent, this represents substantial progress. During the course of its work the Panel considered the degree to which this progress in developing the self-evaluation system should affect how OE operates in the future. The Panel's detailed assessments focused on those parts of the self-evaluation system that are or should be closest to the independent evaluation system – PCRs and the PRISMA.

77. The coverage of IFAD's independent evaluation system is reflected by OE's major written products. These include: (i) the Annual Report on Results and Impact of IFAD Operations (ARRI); (ii) corporate level evaluations (CLEs);[61] (iii) thematic evaluations;[62] (iii) CPEs;[63] (iv) project evaluations for both completed projects and

[60] Although the development of the self-evaluation system has largely been a management-led initiative, OE made some contributions (e.g. developing the 2006 harmonization agreement between PMD and OE; providing comments on the structure, methods and contents of the Portfolio Performance Report and the RIDE; involvement in the corporate working group for the development of the results framework for the 2007-2010 strategic framework; commenting on the PRISMAs).
[61] Between one and three CLEs have been completed per year since 2005.
[62] Since 2005 four such evaluations have been completed, two in 2005 and two in 2008.
[63] Between two and four CPEs have been completed per year since 2005.

projects moving into a new phase;[64] and (v) Profiles and Insights.[65] Broadly, the types of evaluations undertaken by OE are similar to those undertaken by the evaluation departments in most ECG members, allowing for differences in IFAD's operations.[66] The Panel has two major observations on OE's work programme as compared with that of other ECG members.

78. **Validation of PCRs**: ECG's GPS on Public Sector Investment Projects states that it is good practice for the independent evaluation office to validate PCRs, something that is done by all ECG peers. When OE became independent, PCRs were not always submitted and were of highly variable quality. In such circumstances, it was appropriate for OE not to validate PCRs. However, with the progress that has been made to improve the quality and coverage, OE should begin to validate PCRs. The ECG GPS also states that the evaluation department prepares an annual review addressed to the MDB's management, staff and board, the scope of which includes a synthesis of the validated findings from completion reports and its own full performance evaluation reports. The ratings criteria used in these evaluations should be clearly spelled out. All ratings reported are those from the evaluation department and where there are differences from those given in the PCRs these should be disclosed. This has implications for the ARRI, which currently assesses trends in portfolio performance based on OE project ratings, and the RIDE, which grounds its portfolio analysis on ratings based on the PCRs. The goal should be to merge the sections of these two reports eventually into one consolidated report produced by OE and based on OE ratings, but identifying where these ratings differ from those produced by PMD.

79. An important recommendation of the Panel is that OE should move to a scenario in which evaluation of the core operations portfolio is based on validated evidence from PCRs and OE's Project Performance Assessments.[67] Given that the quality of about 40 per cent of PCRs is not yet considered fully acceptable,[68] a transition period to the ECG model, which is based on sound PCRs, will be necessary. Nevertheless, the Panel believes that this transition should begin immediately. The transition would involve someone with experience in the PCR validation system training OE staff, defining procedures, identifying and contracting a group of well-qualified consultants who could undertake this work on a retainer basis from their home offices and validating as many PCRs as possible in 2010.[69] OE should take a constructive approach to assist in this transition, providing feedback to PMD about those areas where it feels that the quality of PCRs may need to be improved along with concrete suggestions how to do this. Where the validation process identifies difficulties, OE still retains the authority to undertake a separate project evaluation.

80. The aim should be to base the portfolio analysis in the 2011 ARRI on both those PCRs that have been validated and Project Performance Assessments. In implementing this recommendation, IFAD should consider the following: (a) PMD

[64] The number of these types of completed evaluations averaged about seven per year since 2005. The corresponding figure for 2002 to 2004 was ten, which indicates that, consistent with some ECG evaluation departments, OE has shifted some resources from project-level to higher-level evaluations.

[65] Profiles provide a user-friendly overview of the main evaluation conclusions and recommendations. Insights, which are prepared only for higher-order evaluations and contain one learning theme from the evaluation, are designed to stimulate discussion among practitioners on the issue.

[66] Because IFAD does not provide budget support, policy based lending or non-sovereign private sector loans, OE's work programme does not include these types of evaluation products. Unlike ECG members, IFAD's evaluation products cover only agriculture/rural development.

[67] Project Performance Assessments differ from the present OE project evaluations in that they require far less investment. ECG members complete such Project Performance Assessments in three months time, including the field visit, and at substantially lower cost than OE incurs for its present project evaluations. Generally, good quality PCRs are an important reference document for MDB project evaluations.

[68] Nevertheless, there is a strong correspondence between ratings obtained through self-evaluations and those through OE evaluations.

[69] If it is not possible to validate all 30 or so PCRs that will be issued in 2010, those that are validated should be selected on a random basis.

and OE should agree on the process for managing the transition in 2010 and 2011 and ensure that the "Agreement Between PMD and OE on the Harmonization of Self-Evaluation and Independent Evaluation Systems of IFAD" is amended to reflect the new roles and responsibilities; (b) PMD and OE should ensure full harmonization of their approach to ratings, particularly aligning the poverty criteria and their definitions and the interpretations used for rating impact and in the area of partner performance; (c) the transition could be phased in over a period of two years; initially a random sample of PCRs could be selected for validation to develop and test the approach and methodologies to be used and the resource implications,[70] but the target would be for OE to validate some PCR ratings in 2010; (d) OE should publicly recognize countries that have produced outstanding PCRs to reward and celebrate good performance; (e) OE should carry out Project Performance Assessments on a sample of the completed projects for which the PCRs have been validated as part of the quality-enhancement process;[71] (f) OE should monitor compliance of the requirement to complete PCRs within the mandated period after project closure and report the compliance rate in ARRIs; (g) the project evaluation section of the Evaluation Manual should be amended to reflect the PCR validation process and the Project Performance Assessment process, and (h) as experience is gained with the validation process, OE should provide feedback and training to PMD staff to ensure greater compliance with PCR guidelines to improve PCR quality. This approach should make it possible to shift resources to higher-level evaluations and allow OE to undertake more strategic evaluations of portfolio performance which, in turn, would contribute to increasing the effectiveness and use of evaluation findings.

81. **Interim Evaluations**: The Evaluation Policy includes a mandatory requirement to undertake interim evaluations for all projects for which there is a follow-on project. ECG members do not make such interim evaluations mandatory. In the view of the Panel this provision in the Evaluation Policy should be deleted because: (i) OE does not have the capacity to undertake all of the interim evaluations required;[72] (ii) by clever drafting, PMD can avoid the need for an interim evaluation by claiming that a subsequent project is not a second phase but rather a completely new project; and (iii) the mandatory requirement for interim evaluations imposes undue rigidity on OE's ability to allocate its resources most effectively. The mandatory requirement for an interim evaluation was appropriate when IFAD had few follow-on projects, had no country presence and did not undertake direct supervision. IFAD has changed in these areas and thus it is time to reconsider the mandatory requirement. That being said, the experience gained from an earlier project can help to improve the design of a follow-on project. PMD needs to develop a system to capture such information on a systematic basis and consider making PCRs a mandatory input for processing a follow-on project.

## B. Use and influence

82. People in different positions will have different views on the value and use of the same evaluation. Generally, the higher one is in an organization, the more importance one attaches to higher-level evaluations and the less to individual project evaluations. While all stakeholders expressed appreciation for OE's range of products, the EC members and Senior Management placed the highest importance on ARRIs and CLEs. While these groups also regarded CPEs as important, they

[70] ECG experience suggests that much of this could be outsourced. Material could be sent electronically to consultants working in their home offices, who would be given about three days to complete the validation form for reasonably well-done PCRs. Weaker PCRs may require two more days of input on average.

[71] ECG members complete such Project Performance Assessments in three months time, including the field visit, and at substantially lower cost than OE incurs for its present project evaluations. Under this scenario, OE's project evaluations, as currently carried out, should cease in 2011 and be replaced by lighter Project Performance Assessments.

[72] Waivers can be granted by the EC.

placed less value on individual project evaluations. Conversely, operational staff viewed CPEs and project evaluations as important for day-to-day work and designing new COSOPs and projects. Borrowing member states felt CPEs and project evaluations in their countries were important, as such results were directly relevant to in-country stakeholders.

83. Two factors having a direct impact on the usefulness of evaluations must be considered when evaluation units formulate their work programmes: (i) selecting the right topic – topics that are of strategic importance to the organization and are of interest to the Executive Board or Management; and (ii) getting the timing right – evaluation evidence must be presented at a time when decision makers can use the results to inform their decisions. Technically excellent evaluations that are on topics for which there is no resonance in the organization or are produced after major decisions have been made are not useful and the reports gather dust on bookshelves.

### 1. Monitoring action taken on evaluation recommendations

84. One indicator of the use of evaluation findings is the action taken by Management to address recommendations agreed at the completion point as reported in the PRISMAs. The Panel observes that the focus and quality of evaluation recommendations have improved over time. The number of recommendations tracked in the PRISMAs declined from 377 in 2006 to 92 in 2009. While recommendations in some project evaluations have been overly technical or overly broad and difficult or impossible to apply in other contexts, the Panel has found that recommendations in recent CLEs and CPEs are generally focused and well thought out. This has helped to lead to significant use of these evaluations. About two thirds of the recommendations agreed in the ACPs for OE reports issued from 2004 to 2007 directed at IFAD were classified in the 2009 PRISMA as fully followed up. However, the response rate for recommendations directed at governments was less than 50 per cent. The evaluation units in most ECG members view their institutions as their main client and user of evaluation findings and either limit the number of recommendations addressed to governments or use an indirect approach of recommending that operational staff follow up with government officials on specific issues. IFAD uses a more direct approach in engaging partner governments. The EC, Management and OE all stressed that IFAD does, and should, place a high priority on involving borrowing countries to the maximum extent in all phases of the project cycle, including evaluation, and in business processes that directly affect them. Therefore, in some respects IFAD differs from ECG members in this area. This is widely viewed as a positive throughout IFAD.

85. The ACP process extends the typical ECG concept of evaluation response beyond Management to include partner countries, as it is an agreement signed by both the concerned government and the Associate Vice-President, Programmes. The Panel views this as a positive innovation. The ACP is designed to: (i) develop a clear understanding of the evaluation recommendations among all parties; (ii) increase the likelihood that action will be taken on the findings and recommendations; and (iii) develop an action plan that assigns responsibilities to the various parties to take action to implement the recommendations. OE has been effective in showing leadership in the ACP process, resulting in meaningful responses to evaluations from Management and, where applicable, from country partners.

86. An external assessment[73] of the ACP process and IFAD's Management response system found that the ACP process has been implemented effectively in terms of outputs and achieves most of its objectives at the outcome level and that the purpose of the ACP system has been largely achieved. The commitment to taking action on OE recommendations was found to be stronger for IFAD Management

[73] IFAD's Management Response System. The Agreement At Completion Point Process. Sara Bandstein and Erik Hedblom. 2008.

than for partner governments. The ACP process has helped to create a commitment to acting upon evaluation findings and implications, on the part of both IFAD and partners, something that is consistent with the spirit of the Paris Declaration. This by itself, however, is often not sufficient to result in subsequent action at the country level. The external assessment found that while the workshops were important in bringing relevant stakeholders together, the contents of the ACP were often determined in advance and workshops contributed to increased consensus only in a minority of cases. The assessment also found that sometimes OE had too much control over the formulation of the ACPs and that stakeholder commitment would increase if more responsibility to formulate the ACPs was delegated to IFAD Management and the partner country. In many cases developing the necessary degree of ownership further requires a longer period of engagement, likely in the context of ongoing IFAD operations in a country. If there are no follow-on operations in the country, the probability that action will be taken on evaluation recommendations is low. The sustained follow-up necessary to support the implementation of OE recommendations at the country level needs to be undertaken by PMD, not OE. Because of this, the Panel believes that it is time to transfer responsibility for the ACP process from OE to PMD.

87. The Panel would like to emphasize that the above is *not* meant to suggest that there is no role for OE in the ACP process. For example, while PMD should be taking the lead on developing a Management response to CPEs in the plan for the next COSOP, there should be a prominent place for OE at the COSOP design workshops to present the main conclusions and recommendations of the evaluation and to contribute to the conversation. PMD should continue to be accountable to the Executive Board, through the EC, with respect to its response to evaluation recommendations. PMD should not be required to accept all evaluation recommendations, but it should be required to provide a rationale for taking a different approach where Management disagrees with OE. Disagreements, if any, should be considered by the EC, which should then make its own recommendation as need be to the Executive Board. Action with respect to Management plans should continue to be monitored via the PRISMAs. This approach implies a more active role for the EC than at present in monitoring how Management acts on, and responds to, evaluation information.

88. Undertaking evaluations jointly with the concerned governments can assist in building local evaluation capacity and would be consistent with the principles of the Paris Declaration and the Accra Agenda for Action. However, the Panel suggests that OE proceed cautiously in its attempts to help build local evaluation capacity. The following approach is suggested: (i) for each project or country evaluation OE would try to identify a suitable local evaluation unit and invite them to partner in the evaluation and involve them in all stages of the evaluation process; (ii) OE would transfer knowledge and skills to the local institution during the evaluation, thus helping to build their capacity; (iii) OE would only consider contributing to capacity building on a larger scale in a country if such assistance was explicitly requested in a COSOP; and (iv) OE would continue to participate selectively in regional training courses, as it currently does with SHIPDET, and respond to requests for presentations to be made at meetings of local evaluation associations if such requests can be accommodated within OE's available human and financial resource envelope and linked to planned evaluation missions that would be visiting the area.

### 2. Use and influence of evaluation products

89. The Panel's evidence on the use of evaluations was obtained from interviews of key informants, a review of selected ARRIs, CLEs, CPEs and project evaluations and

feedback obtained from focus groups[74] with selected PMD and OE staff. The main findings are summarized in table 1 and more detail is provided in appendix D.

[74] These focus groups were undertaken as part of an Appreciative Enquiry on Strengthening Relationships and Communications between OE and PMD. The Panel provided questions covering its areas of interest to the consultant undertaking this work. This enquiry covered the Associate Vice-President, Programmes, four PMD directors, 10 CPMs, four PT staff and Director OE and OE staff.

Table 1
**Use and influence of evaluation products**

| | |
|---|---|
| **Independent External Evaluation** | The IEE was very wide-ranging and covered many strategic issues. Management implemented a comprehensive Action Plan to respond to the IEE findings covering: (i) strategic planning and guidance; (ii) project quality and impact; and (iii) KM and innovation. The IEE had a major strategic impact on IFAD in many areas of its operations. By 2008 the resulting changes and reforms were starting to transform IFAD for the better. Examples of the major reforms triggered in part by the IEE include: (i) developing IFAD's Strategic Framework 2007-2010; (ii) developing mechanisms to improve country and project level operations (e.g. results-based COSOPs, guidelines for project design, a new QE system, an arms-length QA system, and guidelines for project supervision); (iii) increasing field presence; (iv) developing new policies related to innovation, targeting and knowledge management; (v) aligning financial and human resources with IFAD's objectives; and (vi) developing new tools to report on the progress being achieved (e.g. the RIDE). The IEE was instrumental in catalysing change in IFAD, although effective implementation of some of the desired reforms remains unfinished (e.g. modernizing knowledge and human resource management). |
| **Annual Report on the Results and Impact of IFAD Operations** | The ARRI is used widely and appreciated by the Executive Board, EC and Management to promote accountability and learning and promote a results orientation and culture in IFAD. The usefulness of the ARRI as an accountability mechanism would be enhanced if its portfolio performance analysis was based on an integrated database of OE and validated PCR ratings. The usefulness of the ARRIs at the strategic level should increase further as it will be the major means of verifying IFAD's corporate level results framework. ARRI's use as a learning tool has improved over time. Beginning in 2007, the ARRIs have included learning sections on such topics as sustainability, innovation, the country context, project level monitoring, market access and the environment and natural resources. By 2009 workshops were held on learning papers prepared on thematic topics during the preparation of the ARRI. |
| **Report on IFAD's Development Effectiveness** | The RIDE draws on the outputs of OE and the self-evaluation system, particularly for its relevance and development effectiveness parts. Many OE reports discuss issues covered under operational corporate management (e.g. better country programme management; better design of COSOPs and projects) and two evaluations (e.g. field presence; direct supervision) covered aspects of operational corporate management. OE products do not cover any of the issues related to institutional support for corporate management (e.g. improved resource mobilization and management; improved human resource management; improved risk management; increased administrative efficiency). OE should consider including such evaluations in its work programme as such issues may reflect IFAD's binding constraints. |
| **Corporate level evaluations** | The Direct Supervision Pilot Programme, Field Presence Pilot Programme and Rural Finance CLEs were all influential and had positive strategic impacts on IFAD at the corporate level. The Direct Supervision and Field Presence evaluations contributed to transforming IFAD into a full-fledged development agency and to substantial changes in the way IFAD operates. The Rural Finance Evaluation was a useful and influential in helping IFAD to adopt a new rural finance policy in 2009. These CLEs illustrate a general lesson that enhances the probability that CLEs will have a major impact – select the right topics and produce good quality evaluations in a timely manner, so that the results are available when they can be used to influence the decision-making process. While the CLEs reviewed clearly had a high value, not all CLEs and thematic evaluations were so useful (e.g. two regional studies were not used). It is too early to assess the use of the joint evaluation of the Agriculture and Rural Development Policies and Operations in Africa of the African Development Bank and IFAD, which was undertaken jointly with the African Development Bank and was a major and costly evaluation. |
| **Country programme evaluations** | The detailed analysis of Nigeria, Brazil and Mali CPEs found that they were all well received by PMD staff, were of good quality and were useful in guiding the direction of future COSOPs. Stakeholders interviewed acknowledge that feedback from a disinterested source makes CPEs particularly valuable and useful. CPEs as a rule have been found to be helpful as an input to the formulation of the subsequent COSOP. A review of the material in the 2005 PRISMA shows that the older CPEs for Benin, Indonesia, Senegal and Tunisia also influenced the preparation of the subsequent COSOPs. The CPEs have helped to move IFAD in the direction of considering countries as the unit of account rather than focusing almost exclusively on projects. |
| **Project evaluations** | As a rule, project evaluations were not effective in terms of learning, except for some interim evaluations. This is because project evaluations are narrowly focused and it cannot |

be assumed that findings and recommendations can be generalized across time or geography. It is rare that a country programme manager (CPM) in one country would look for lessons by reading project evaluations in other countries. The lessons needed to improve the design for future projects should come from (i) Management improving learning in the PCR process; and (ii) greater synthesis of lessons across project evaluations and PCRs. Project evaluations are used as the building blocks for portfolio performance analysis and as part of the evidence base for CPEs. By doing lighter project evaluations as part of CPEs, OE is now less dependent on full-fledged project evaluations than before.

Note: For details, see appendix D.

90. It is clear that evaluation products are generally used and some have had a strategic impact at the corporate level (e.g. IEE; Direct Supervision Pilot Programme, Field Presence Pilot Programme and Rural Finance CLEs). The EC and Management view the ARRI as useful to them, and CPEs are an important input into the subsequent COSOP. These are significant, positive findings. In addition to the use of individual evaluations, the Panel found an appreciation of the value of impartial, independent evaluation. Management, various PMD managers and staff indicated, independently, that it was valuable for IFAD to have an independent evaluation function that produced impartial evaluations. These positive findings, of course, do not mean universal support for evaluation, or that negative findings are always accepted without question. Indeed, sometimes PMD has vigorously and passionately challenged less than positive evaluations. This is normal and is experienced in all ECG members. Such cases do not diminish the broad appreciation of the value of independent evaluation. In the view of the Panel, the support for, and use of, evaluation within IFAD is at least on a par with, if not stronger than, in many similar aid agencies. That being said, the Panel did identify steps that should be taken by both Management and OE to strengthen the learning loop (see section III B 4).

### 3. Use of self-evaluation products

91. Management's self assessment of the self-evaluation system states that: "A weak link between the self and independent evaluation systems also affects knowledge capture; and here improvement is needed. IFAD also needs to place more emphasis on 'learning accountability' and the inculcation of attitudes conducive to self assessment within each unit. In essence, IFAD needs to start meeting the requirements of being a learning organization. OE could contribute better to this agenda, through: (i) earlier and more proactive use of in-country stakeholders' evaluation workshops; (ii) improved and broader dissemination of evaluation findings; and (iii) strictly enforce the Core Learning Partnership process." As part of the portfolio analysis presented in the RIDE, lessons were identified, but the linkage back into operations was weak. If lessons are being learned, it is as part of the Divisional Portfolio Performance Report process, which is based on evidence drawn from the PSRs and PCRs, but does not use ratings from PCRs (as the number of projects rated per division has been too low to date). To strengthen the learning loop for the self-evaluation system, Management expects to post about 80 PCR digests on PMD's Intranet by March 2010.

### 4. Opportunities to strengthen the learning loop

92. Management believes that more can be learned from evaluation and has expressed a desire for a stronger feedback loop, with more support from OE. The Panel has identified a number of ways to strengthen the learning loop and areas where there is potential for still greater use of evaluation findings. The key suggestions include:

(i) **More emphasis on knowledge management** (KM): The challenge is to organize and package information and knowledge in a relevant and digestible form that is available when it is needed. OE has invested modest resources in KM. The evaluation *Insights* and *Profiles* appear, as a rule, to be excellent, although it is not clear how they have been used. A major challenge for Management is to turn IFAD into a learning organization in which genuine

value is attached to sharing of lessons, information and experience to identify what can be done differently or better in the future. KM involves three key components: (a) identification of knowledge that could be useful to others (e.g. knowledge input); (b) some mechanism of sorting and storing this information; and (c) mechanisms for facilitating sharing and use of the knowledge (knowledge outputs). OE should develop a formal KM strategy in the context of IFAD's approach to KM.[75]

(ii) **Greater OE engagement in existing IFAD mechanisms**: OE participates selectively in IFAD meetings to encourage the use of evaluation findings, but the level of participation is below that typically found in ECG members. OE should do more of this, placing priority on those meetings that are discussing topics for which its evaluation evidence is directly relevant.

(iii) **Greater operational staff participation in the OE evaluation processes**: To improve learning and allow for a more collaborative approach to evaluation, Management needs to ensure that operational staff devote adequate time and resources to participate in OE evaluation processes. During the participatory assessment exercise, PMD staff revealed that they were unaware of the opportunities they had to participate in the various phases of these processes.[76]

(iv) **Producing more syntheses**: Syntheses can facilitate learning and use of evaluation findings by identifying and capturing accumulated knowledge on common themes and findings across a variety of situations. Synthesizing existing evaluation material can be done quickly and inexpensively and is a tool that allows evaluation evidence to be packaged and fed into the decision-making process when neither the time nor resources are available to undertake a full-fledged evaluation. Distilling information included in both evaluation and self-evaluation reports and extracting the lessons learned could strengthen the QE process operated by PMD's Technical Division.

93. Additional suggestions related to getting the timing right, extracting information from the PCRs, introducing new evaluation products, strengthening the selection of CLEs and the planning for the evaluation of these topics ahead of time and broadening the forums used to disseminate evaluation findings, are summarized in table 2 and more details are provided in appendix D.

[75] UNEG's Standard 1.1 and Norm 13 cover the contribution of evaluation offices to building knowledge. In particular, UNEG Norm 13.2 states that: "Evaluation findings and lessons drawn from evaluations should be accessible to target audiences in a user-friendly way. A repository of evaluation could be used to distil lessons that contribute to peer learning and the development of structured briefing material for the training of staff. This should be done in a way that facilitates the sharing of learning among stakeholders, including the organizations of the United Nations system, through a clear dissemination policy and contribution to knowledge networks."

[76] An Appreciative Enquiry on Strengthening Relationships and Communication Between the Office of Evaluation and the Programme Management Department. Rathindra N. Roy. November 2009.

Table 2
**Ways to improve the influence and use of evaluation products**

| | |
|---|---|
| **Getting the timing right** | CPEs are generally completed before the next COSOP is formulated. If OE has evaluated a policy or thematic area, the results are available in time to help guide the formulation of the new policy. However, if no evaluation is available, OE's comments at the EC are unlikely to have an impact. In such cases a new type of evaluation is needed so that evaluation material, even if limited in scope, is available more upstream and can be used in the formulation of the new policy. In such cases, front-loading OE's contribution by moving away from the practice of providing comments on IFAD documents at the time of dispatch of the document and engaging earlier in the process would be beneficial. |
| **Extracting information from the PCRs** | Although aggregate information from its self-evaluation system is reported to Management to assess portfolio performance and managing-for-development results, in contrast to OE, no systematic means is in place to extract and package knowledge in the PCRs, make the lessons readily available to support the design of future projects, COSOPs or the QE/QA processes or to track the implementation of recommendations in PCRs. Management should address these issues. |
| **Introducing new evaluation products** | To support learning and use of information gained from evaluation, in appropriate circumstances OE should use the following alternative models of evaluation: (i) ex-ante evaluations; (ii) formative evaluations of ongoing activities to provide real-time feedback; (iii) shorter, lighter evaluations which in some cases could be carried out in as little as 3-4 months; (iv) alternative evaluation methodologies in some situations; and (v) identifying lessons of successful approaches to rural development and comparing successful outcomes to less than successful cases to identify the factors that contributed to both outcomes. |
| **Selecting topics for CLEs ahead of time** | To enhance the already impressive results achieved by CLEs, consideration could be given to increased OE contributions to identifying institutional policies and business processes that constrain IFAD's development effectiveness. Failure to undertake some upfront evaluation planning in selecting topics for CLEs is a missed opportunity and probably results in increased costs when the evaluations are actually undertaken. |
| **Broadening dissemination forums** | OE should seek opportunities to present evaluation findings in various forums organized by others (ranging from small workshops to large-scale conferences and other events). |

94. In many cases, OE is taking steps in these areas. The Panel would encourage a continuation and expansion of these efforts. Some of the suggestions will require resources, particularly staff time. However, if steps are taken to address the efficiency issues discussed in section III D, some resources should be freed up for these tasks.

95. While OE has an important role to play in helping IFAD to learn from evaluation findings,[77] the main responsibility for this does not rest with OE. It is Management's task to motivate and incentivize IFAD staff to use evaluation and self-evaluation findings to learn and to improve IFAD's development effectiveness. The literature suggests that a culture of learning and continuous improvement only establishes itself with strong encouragement from Senior Management. Operational staff have to be willing to prioritize their own time to participate in learning events and interact with OE staff during and after an evaluation. The Appreciative Enquiry[78] found that PTs believed PMD is in a better position to bring in learning from other countries and regions to cross-fertilize evaluations than OE, but that PMD must manage its knowledge better to inform evaluations with it. PMD staff also recognized that improving evaluation processes and the quality of evaluations requires them to commit scarce time and resources to take advantage of the opportunities that OE processes provide for interaction with PMD.

96. The Evaluation Policy recognizes that establishing a constructive partnership between OE and other relevant stakeholders is essential both for generating sound

[77] Sharing findings even as evaluations unfold can enhance quality, develop better buy-in for evaluation findings and make the outcomes easier to absorb and digest.
[78] An Appreciative Enquiry on Strengthening Relationships and Communication Between the Office of Evaluation and the Programme Management Department. Rathindra N. Roy. November 2009.

evaluation recommendations and for ensuring their use. To foster this, a Core Learning Partnership (CLP) was to be established among the main users of each evaluation. However, in practice, the CLPs have not been fully functional and, in some cases, exist largely on paper. Although OE's evaluation processes provide multiple opportunities for PMD staff to be engaged in evaluations, in practice such participation was often limited to commenting on the approach papers and draft reports and then participating in the ACP process. Because of limited engagement, sometimes opportunities were missed to deepen the evaluation process and to increase the learning and use by operational staff. The Swedish Agency for Development Evaluation comparative study indicated that the limited engagement of stakeholders during the evaluation process has made achieving consensus and commitment to action problematic.[79]

97. OE and PMD should work together to strengthen the CLP process. The Panel's suggestions in this area include: (i) actual meetings must take place in some form: there are a variety of alternatives to face-to-face meetings that other organizations use to facilitate "gatherings" of people who are geographically dispersed;[80] (ii) limit the size of the group to a manageable number of people who are expected to be seriously involved in the evaluation – this would not preclude consulting with a larger group at various stages throughout the evaluation process; (iii) provide for meaningful input prior to preparation of drafts;[81] the Panel would emphasize that this input is advisory in nature and does not restrict the ability of the evaluator to make independent decisions; and (iv) increase the transparency about CLPs in evaluation reports by listing the names of participants who made significant contributions in an acknowledgement section of the reports.

## C. Quality of approaches and methodologies

98. The Panel drew on the ECG GPSs for public sector projects and country evaluations and the UNEG Quality Norm to identify factors against which the quality of OE's approaches and methodologies were assessed:

    (i) Each evaluation should employ design, planning and implementation processes that are inherently quality-oriented, covering appropriate methodologies for data collection, analysis and interpretation.

    (ii) Evaluation reports must present in a complete and balanced way the evidence, findings, conclusions and recommendations. They must be brief, to the point and easy to understand. They must explain the methodology followed, highlight the methodological limitations of the evaluation, key concerns and evidence-based findings, dissenting views and consequent conclusions, recommendations and lessons. They must have an executive summary that encapsulates the essence of the information contained in the report, and a system must be in place to facilitate dissemination and distillation of lessons.

99. Assessing quality in this Peer Review was complicated by the need to assess the quality of products in the self-evaluation system, since no internationally agreed norms or standards have been adopted in this area. Within this context, the Panel focused on assessing whether the evidence derived from the self-evaluation system is of sufficient quality to allow its use in the independent evaluations. This approach was adopted because to implement fully the ECG approach to evaluation, an organization must have in place a functioning self-evaluation system, in addition

[79] Swedish Agency for Development Evaluation. Management Response Systems In Aid Organizations; Case Studies Of SIDA, IFAD And EUROPEAID. Sara Bandstein and Erik Hedblom. 2008.

[80] Such as videoconferences, teleconferences and various forms of virtual meetings (e.g. via message-sharing software; Yahoo Groups).

[81] This could include, for example, the identification of key issues and questions for the evaluation before the draft of the approach paper is prepared and providing an opportunity to react to interim findings and to consider potential implications before a draft report is prepared.

to a strong and independent central evaluation office. The ECG approach achieves significant benefits in terms of coverage, efficiency, and robustness of evaluation findings by drawing on evidence from the self evaluations that has been validated by the independent evaluation office.

## 1. Quality of the evaluation approaches and methodologies

### a. Methodological quality of evaluation reports

100. The Panel's assessment of the quality of OE's approaches and methodologies, as opposed to use and influence, which are discussed in section III B, is summarized in table 3 and detailed in appendix G. The Panel's conclusion is that, overall, this dimension of quality can be viewed as satisfactory, although mixed as it varies from evaluation to evaluation. There are a variety of systemic and methodological issues that, if addressed, would improve the rigour of evaluations and move their quality closer to what would be seen as good evaluation practice by the wider evaluation community. Reports are generally well written and the evaluations cite evidence from a variety of sources to validate conclusions. With the major exception of a strong linkage to the self-evaluation system, OE's approach is consistent with most, but not all, of the ECG GPSs for public sector project and country evaluations and UNEG's Norms and Standards. In a number of areas, OE's approach does not reflect current developments in the international evaluation community. The Panel identified opportunities to enhance quality by addressing some process and methodological issues. The Panel believes that various changes to OE's approaches to evaluation can improve the quality and usefulness of its evaluations and result in increased cost efficiency.

Table 3
**Quality of the approaches and methodologies used to produce evaluation products**

| | |
|---|---|
| **Annual Report on the Results and Impact of IFAD Operations** | The ARRIs aggregate results and identify systemic issues and lessons learned at the corporate level. While the ARRI improved between 2005 and 2009, there are areas for further improvement. Despite OE's efforts to strengthen the ARRI's portfolio performance analysis by basing it on the total population of project evaluations and using a three-year moving average of project ratings, the sample of projects on which assessment of changes in portfolio performance is based is not selected randomly, leaving open the question of potential bias, a methodological issue that is acknowledged in the ARRIs. The view of the Panel is that, while ratings are useful, caution should be exercised in using variations in the ratings for a small number of evaluations completed in a year as *prima facie* evidence of changes in portfolio performance. It is now time for OE to move toward adopting ECG good practice and base its analysis of portfolio performance on an integrated database of OE project ratings and validated PCR ratings. OE has responded positively to requests to make the ARRI more of a learning document and learning themes are now included in the ARRIs. |
| **Corporate level evaluations** | As of 2009, OE has consistently used senior independent advisors to provide methodological advice and to review the quality of CLEs. This is a good initiative. For the three CLEs reviewed in detail (Field Presence, Direct Supervision, and Rural Finance), there were mixed findings regarding the evaluation methodology, and hence this dimension of quality. While the methodologies used had some strengths, including the use of mixed methods and collecting data directly from the field, there were also weaknesses, for example confusion about control and comparison groups and on occasion drawing conclusions based on differences in ratings that were not methodologically sound. With the benefit of hindsight, alternative evaluation approaches might have been more effective and less costly in some cases.[82] In addition, ex-post designs were used without evaluability assessments or other forms of evaluation preplanning, including (i) the development of intervention logic; or (ii) building evaluation more into the monitoring process, even where the need for the evaluation was identified some years earlier, as in the case of both the direct-supervision and field-presence evaluations. However, despite these concerns, these CLEs are widely viewed as being relevant and useful and they had major strategic impacts on IFAD. |
| **Country programme evaluations** | The quality of the approach and methodology used to produce CPEs was generally acceptable and was aligned with the ECG GPS for country-strategy programme evaluations. Factors contributing to the quality of the CPEs include extensive fieldwork, extensive contact with CPMs and other PMD staff and the recruitment of well-qualified consultants. However, evaluation approaches for CPEs sometimes represent missed opportunities for starting the evaluation planning process earlier. Despite some disagreements, which are an inevitable part of the evaluation process, and some variations in quality, CPEs are generally viewed as good quality documents, which have been used in the formulation of the subsequent COSOPs. |
| **Project evaluations** | All project evaluations focus on the same four broad areas: (i) the performance of the project measured in terms of relevance, effectiveness and efficiency; (ii) the impact of the project on rural poverty; (iii) other performance criteria (i.e. sustainability and innovation, replication and up-scaling); and (iv) the performance of the partners. While quality is assessed as acceptable in terms of evaluating project performance, overall quality of project evaluations is mixed, reflecting a number of problems observed across most project evaluations reviewed. While the project evaluations were generally well written, they suffered from a number of problems including: (i) an overly rigid application of the approach and methodology laid out in the manual; (ii) inappropriate use of approaches to the evaluation of project impact; and (iii) a need to do more to identify the causes of poor performance (identified as the "why" question in the Evaluation Manual). Lessons were useful when there was a follow-on project. |

Note: For details, see appendix G

[82] The Direct Supervision and Field Presence evaluations were sensitive as the EB was split on whether IFAD should engage in these areas. Because of the highly strategic nature of these evaluations, OE felt that very extensive field work was needed to support the evaluation findings and to ensure that these evaluations were viewed as credible.

### b. Methodologies and processes

101. OE has put in place systems and practices to support the quality of its products, including:

(i) The Evaluation Manual which clearly specifies what is expected during the evaluation process and what final evaluation reports should cover.

(ii) The use of an internal peer review process and, for CPEs and CLEs, senior independent advisors – their reports will be included as an annex in the corresponding evaluation report for evaluations started in 2009, which will improve transparency.[83]

(iii) Evaluation processes that are designed to include significant engagement with stakeholders during the evaluation process and the preparation of an audit trail for the comments received on draft reports.

(iv) Particularly for CPEs and CLEs, using credible lead consultants with a proven track record in evaluation.

102. The Director OE signs off on every evaluation for the purpose of ensuring quality. The challenge is how to manage the quality-control process so that it meets the desired objective in a timely and efficient way. OE introduced a more systematic internal peer review process in 2009, which may contribute to improving quality and knowledge sharing, although there are opportunities to streamline the procedures. The QA processes face three challenges: (i) at the Approach Paper stage, focusing on ensuring a methodologically sound, cost-effective process; (ii) ensuring that the QA processes do not unduly delay completing evaluations; and (iii) ensuring that possible perceptions of bias and changes in ratings resulting from extensive internal editing/rewriting of OE reports are clearly, effectively and transparently addressed. While ultimately it is the Director OE's responsibility to ensure that the evaluations meet agreed quality standards and reflect an appropriate tone, examining these issues should be included in the terms of reference for the senior independent advisors and discussed in their reports. OE should consider these suggestions when it takes stock of its experiences and fine-tunes the internal quality control process, which is planned for 2010.

103. OE has put in considerable effort into standardizing its approach to evaluation. Its Evaluation Manual[84] (i) codifies and outlines OE's approach to various methodological issues; (ii) provides detailed guidance for undertaking CPEs and project evaluations and provides formats, templates and good practice for key evaluation deliverables; and (iii) outlines OE's protocols for internal and external communication at different stages of the evaluation process, a template for the ACP and good practice guidelines for organizing workshops. Overall, the Evaluation Manual is a comprehensive and useful document and is generally aligned with ECG good practice.[85] The Manual promotes consistency across evaluations and helps clarify expectations and orient OE staff and consultants. The Panel found that the Manual helped to reduce the number of times staff have to consult with senior OE personnel and the number of times inconsistent feed back was received. There are, however, several areas where improvements could be made. Some relate to methodology and some to the application of the methodology and processes. The Panel's suggestions are summarized in table 4 under six headings: (i) overly standardized approach; (ii) forward planning for evaluation; (iii) more use of information in the self-evaluation system; (iv) deriving and using ratings;

[83] Prior to the December 2008 EB decision to require the use of senior independent advisors for all higher- level evaluations, such advisers were used on a case-by-case basis. Sometimes their reports were included in the evaluation report and sometimes they were not.

[84] The Evaluation Manual was updated in April 2009. Two members of the Peer Review Panel were among the seven-person international experts panel of senior independent advisers who provided advice and guidance on the Evaluation Manual. These Panel Members recused themselves from providing detailed comments on the Evaluation Manual.

[85] There are few, if any, examples of such manuals in ECG and UNEG members in which approaches and methodologies are set out in one document.

(v) measuring impact; and (vi) addressing the "why" question (see appendix G for details).

Table 4
**Opportunities to improve the quality of evaluation approaches and methodologies[86]**

| | |
|---|---|
| **Overly standardized approach** | OE's evaluation approach is laid out in the Evaluation Manual. OE's approach and methodology is mostly aligned with the ECG GPSs for public sector project evaluations and CPEs, although there are some concerns related to their application. A core level of consistency is needed over what is evaluated, especially the evaluation evidence used to justify the performance ratings. But in some cases this approach has been applied too rigidly. There is a modest level of adaptation of the prescribed questions in response to differences between countries, but little adjustment in terms of the prescriptions on report structure or page lengths. An overly standardized approach has resulted in some evaluations that are more intensive or costly than necessary. Good practice is that evaluators should start by analyzing the context for evaluation, and then develop an evaluation strategy appropriate for the situation. If OE moves to validation of PCRs and dropping the intensive project evaluations, this will become less of an issue. However, OE should still identify opportunities to improve quality and reduce costs by applying evaluation approaches more flexibly and tailored to the context and available data for future CLEs and CPEs. Since it only became fully operational in 2009, it is too early to assess the effect of the new Manual on improving OE's approaches and methodologies. But in future, OE's internal QA processes must focus more on quality and less on strict compliance with the Manual. |
| **Forward planning** | The value of planning evaluations as far in advance as possible, in contrast to waiting until an intervention is finished or has run for some time, is widely recognized in the evaluation literature. Indeed some might say that without initial consideration of evaluation when strategies, plans, and programmes are being created or modified, meaningful, high-quality evaluation will be impossible. Techniques such as evaluability assessments and articulation of the programme logic,[87] which form part of the ECG GPS for Country Strategy Programme Evaluations, and undertaking evaluability[88] assessments for policies in the design phase to help focus later evaluation efforts can also help in focusing evaluations and identifying what evaluation strategies may be most appropriate for the situation. Advance planning and data collection greatly facilitates efforts to measure and report on impacts in evaluation reports. Because such approaches are rarely applied in OE evaluations, they are almost always ex-post in nature. |
| **Alignment with the self-evaluation system** | OE's approach is based on the assumption that in the absence of self-evaluation systems OE must ground its evaluations in extensive fieldwork. Fieldwork has clear value in contextualizing evaluation findings, although instances were identified when there were weaknesses in application of the evaluation methodologies. With the development of the self-evaluation system, evaluators can increasingly rely on data drawn from it, as the Panel observed is happening in practice. OE's Evaluation Manual needs to be revised to reflect this emerging reality, and the opportunity to scale back investment in fieldwork used. |
| **Deriving and using ratings** | OE's rating scale and definitions are aligned with ECG good practice. Numerical ratings should be used as a framework to make judgements transparent and to increase comparability across evaluations. ECG members focus on descriptors in their write-ups rather than the absolute number. OE's aggregation methodology provides insufficient guidance on the cut off points for the descriptors to apply to the overall rating. Providing such guidance would increase transparency and allow for a greater focus on the overall conclusion rather than on the specific number in the rating table. To avoid perceptions of bias and arbitrariness in assigning the ratings, OE must consistently and transparently apply standards to guide staff, consultants and reviewers and ensure that clear, robust evidence is included in reports to support the ratings. Although the ECG GPS for project evaluations calls for weighing the relative importance of all effects in a transparent fashion when developing an aggregate project performance indicator, OE considered and rejected the use of weights.[89] |
| **Measuring impact** | 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 line |

[86] Opportunities to improve the lesson-learning dimension of quality are discussed in section III B.
[87] Frequently referred to as "intervention logic" or "theory of change".
[88] UNEG's Norm 7 calls for evaluability assessments.
[89] The use of weights was experimented with in the 2004 ARRI, but it was found that the overall results did not differ significantly whether or not weights were used.

with the definition developed by the Network of Networks for Impact Evaluation, of which OE is a member. While the Panel acknowledges the value of field visits and interaction with beneficiaries to learn how they were affected by IFAD-funded interventions and to contextualize evaluation findings, the analysis of the data collected though rapid assessments should not be labelled as impact analysis. This type of pragmatic analysis, while useful, might be more appropriately labelled as assessing the outcomes rather than impact of the project.[90] OE will be better positioned to undertake impact evaluations when data is available in the RIMS but this will be several years in the future.

**Addressing the "why" question[91]** Current practice mostly focuses on outcome indicators and is generally weak in evaluating lower levels of the results chain (i.e. outputs and activities). As a result, the question of why the performance was as it was is often not adequately addressed. Use of an intervention logic/theory of change that takes into account complexities arising from contextual factors and the interventions of other actors besides IFAD could help both in focusing evaluations better and also in providing more of a basis for analyzing factors related to observed outcomes. OE acknowledges that more needs to be done to address the "why" question, something that is explicitly noted in the Evaluation Manual.

Note: For details, see appendix G

### c. Human resource implications

104. Producing good quality evaluations is directly related to the skill profile and quality of OE's human resources. Although ECG does not have a GPS specifying the skills needed by evaluators, this issue is covered in UNEG's Standards 2.1 to 2.4, which state that: (i) persons engaged in designing, conducting and managing evaluation activities should possess core evaluation competencies; (ii) evaluators should have relevant educational background, qualification and training in evaluation; (iii) evaluators should have professional work experience relevant to evaluation; and (iv) evaluators need to have specific technical knowledge of, and be familiar with, the methodology or approach that will be needed for the specific evaluation to be undertaken, as well as certain managerial and personal skills. The suggested changes in the mix of evaluation products will increase the demand for OE staff with a sound knowledge of evaluation methodologies and with the ability to conceptualize, plan and manage the implementation of higher order evaluations. Many OE staff do not have strong backgrounds in evaluation methodologies and few have recent operational experience in IFAD, though on-the-job training is provided through mentoring of junior staff by senior staff and the internal peer review process. Changing the skill profile will take time and will involve both recruiting[92] people with the right expertise and investing further in skills development and training for the current staff.[93] The lack of staff with operational experience and skills in the broader evaluation methodologies has implications for OE's evaluation model. OE is more reliant on consultants than typical ECG

---

[90] IFAD, ECG and UNEG are members of the Network of Networks for Impact Evaluation, which produced a guidance note on impact evaluations and development in 2009. The guidance note states that no single method is best in all impact evaluations cases. Depending on the circumstances, experimental, quasi-experimental and regression-based techniques may be the most appropriate. However, whatever methodology is adopted, it must (i) attribute impacts to interventions, rather than just assessing what happened; and (ii) attempt to gauge what would have occurred in the absence of the intervention and make a comparison with what has occurred with the intervention implemented, which involves comparing groups that participated in the project with people with similar characteristics that did not. Impact evaluations undertaken by the World Bank and the Asian Development Bank are major studies that involve the collection and rigorous analysis of considerable amounts of data. While those organizations do not attempt to assess impact in individual project evaluations, the Inter American Development Bank does so.

[91] UNEG's Norm 1.1 states that among other things, the "purposes of evaluation include understanding why and the extent to which intended and unintended results are achieved ..."

[92] IFAD's salaries are lower than for most ECG members, a fact that increases the challenges of recruiting experienced evaluators.

[93] OE has sent some staff to specialized training courses on evaluation methodologies and processes (e.g. the International Programme for Development Evaluation Training course; UNEG training at the United Nations System Staff College, Evaluators Institute and on randomized control trails at the Massachusetts Institute of Technology). In addition tailored training courses have been organized by OE on the Evaluation Manual and specific aspects of evaluation methodology.

members and recruits lead consultants who have the necessary skills. To ensure good report quality, OE must therefore be able to recruit such senior evaluation experts and they should have a significant role in developing the methodology agreed in the approach papers. The Panel also notes that efforts are needed to improve the gender balance among OE professional staff.

105. In addition to strengthening the skill sets of OE staff, two other human resource issues need to be addressed. First, the long vacant deputy director OE position needs to be filled as soon as possible. OE needs a deputy director, as is provided for in OE's staff complement,[94] to: (i) address the current dual role of Director OE as the chair of the recruitment panel and the appointing authority (see section II A); (ii) address some organizational and Management issues to improve efficiency (see section III D); (iii) allow for more high-level guidance, supervision and quality control for the growing number of high-level, complex evaluations; and (iv) provide for continuity and institutional knowledge in the likely event that the next Director OE is from outside IFAD. The deputy director should be responsible for the day-to-day running of the office, coaching and mentoring of staff, QA of OE products and methodological oversight. The Director OE should focus on strategic planning, the work programme and budget, strengthening OE's human resources, increasing cost efficiency, managing relationships with the Executive Board, EC, Management and the international evaluation community, harmonizing the evaluation and self-evaluation systems, having ultimate responsibility for certifying the quality of OE's work and fostering a culture of evaluation excellence.

106. Second, the Panel observes that OE's ratio of general service to professional staff (8.5 to 11 at full complement, or a ratio of 0.77:1) is high in comparison with MDBs and UNEG members.[95] This is a systemic issue in IFAD and the institutional ratio of general service to professional staff is 0.90:1, higher than the OE ratio.[96] While OE has made some efforts to reduce this ratio,[97] further progress is needed.

### 2. Quality of self-evaluation products

107. The quality of self-evaluation products is detailed in appendix G.

(i) **PRISMA:** Consistent with ECG good practice, IFAD has a sound system in place to develop a Management response and to follow up on every evaluation recommendation agreed through the ACP process. The ACP process and related monitoring of the status of implementation through the PRISMAs promote the use of evaluation findings and make it difficult for evaluations to be ignored. The PRISMA provides information to help the EC and the Executive Board hold Management accountable for the achievement of development results. The quality of the PRISMAs improved between 2005 and 2009 and the greater depth of coverage in 2009 enhanced the institutional learning potential of the PRISMA.

(ii) **Project completion reports**: Unlike most ECG members, governments rather than IFAD staff are responsible for preparing PCRs, although IFAD provides some technical support. Most PCRs, between 25 and 30 per year, for completed projects are now submitted. Following the PMD/OE harmonization agreement, the PCR and project evaluation rating criteria are generally the same, although there are minor differences. PCR ratings are handled separately from the actual PCR preparation and are used in PMD's portfolio

[94] While ECG members typically have one or more deputies, those evaluation departments are larger than OE. However, several United Nations evaluation units (e.g. UNDP; UNESCO; UNPA) and the Global Environment Facility have deputies. The Panel notes that the Global Mechanism of the United Nations Convention to Combat Desertification, which is hosted at IFAD and is roughly the same size as OE, has both a managing director (D-2) and director (D-1).

[95] See the ECG Comparison Matrix in appendix B.

[96] With determined action and a freeze on the recruitment on general service staff, PMD succeeded in reducing its ratio to 0.56:1 in 2009.

[97] For example, in December 2009 the EB agreed to shift a part-time General Service position to the Professional category.

analysis in the RIDE. PMD's assessment of the quality of PCRs found an improvement in PCR contents over the past three to four years, with 60 per cent now being rated as satisfactory. The following challenges related to PCR quality were identified: (i) inconsistencies and contradictions in the conclusions drawn from the results; (ii) difficulties in reaching clear conclusions; and (iii) a lack of empirical data to substantiate the findings. The Panel's review of selected PCRs found that quality is mixed but has improved over time from a very low base. The ratings for all 30 projects with both OE and PCR ratings were compared. While there were some differences for individual projects, there were no significant differences in aggregate in the ratings or evidence of a systematic, positive bias in PCR ratings (see appendix F). A deeper treatment of the "why" question in PCRs would be desirable. Overall, the Panel believes that PCR quality is sufficient to allow IFAD to make the transition to the full approach to evaluation defined in ECG good practice, i.e. OE validates PCRs and bases its analysis of portfolio performance on a combined database of OE project ratings and validated PCR ratings. Clearly continued efforts are needed to improve the quality of PCRs. The most effective manner in which to ensure continued PCR quality enhancement is through their increased use and transparent validation by OE. The use of the data from PCRs in the independent evaluation system would provide incentives for the continued improvement of PCR quality.

(iii) **RIMS:** RIMS looks at three levels of results: (i) the first level corresponds to the project activities and outputs; (ii) the second relates to project outcomes; and (iii) the third links to project impact. There is no evidence of the use of RIMS in project evaluations done in 2009. This is not surprising as RIMS is being rolled out and it will take several years before it becomes a significant source of evaluation evidence. However, there are issues that need to be addressed. RIMS uses different criteria for rating effectiveness and sustainability than those used by PMD and OE in PSRs, PCRs and project evaluations. The RIMS and PMD/OE criteria should be harmonized, so that RIMS/PRS/PCR/OE ratings are seamless and the self-evaluation system and OE reports can readily draw on RIMS for a substantial amount of data.

(iv) **Project level monitoring and evaluation systems:** As with other ECG members, IFAD is placing an increasing focus on generating data from the field level to measure whether results are being achieved. Weaknesses in the project M&E systems are widely recognized in IFAD and have been reported by OE.[98] Less progress has been made in improving project M&E than for the other elements of the self-evaluation system. Although a project M&E manual was drafted in 2002, it is somewhat theoretical and does not focus on telling people in practical terms what needs to be in place and how to do things. Improving project M&E is a complex issue because stakeholders often have differing views on its value and importance and the appropriate level of funds to be allocated to this activity. Further, donor-driven extractive project monitoring systems risk going against the spirit of alignment with national systems advocated by the international community in Paris and Accra. While Management is committed to taking some follow-up actions in response to the 2007 ARRI, even if these actions are fully implemented, it is likely to be many years, if ever, before good project level M&E systems are the norm for IFAD-financed projects.

108. Most components of the self-evaluation system have been put in place or significantly strengthened since 2006, a development that represents a major accomplishment. Key strengths of the current self-evaluation system are its coverage, increased results orientation, updated guidelines and use of ratings that are mostly harmonized between OE and PMD. The development of a functional self-

[98] See the 2006 and 2007 ARRIs.

evaluation system has been, and continues to be, strongly driven by Management which has displayed leadership, consistent focus and has provided messages and feedback to staff on the importance of self evaluation. Management believes that this progress has been achieved in a largely resource-neutral, cost-effective way.

109. For the next few years the focus should be on consolidating, improving and fine tuning the existing self-evaluation system rather than introducing yet more major changes. Staff need more time to digest and implement the major changes that have been introduced. However, steps should be taken to build on this progress to enhance the self-evaluation system further. Elements of this approach could include: (i) continuing efforts to improve the quality and use of PCRs by identifying appropriate roles for all parties and developing a system to ensure that lessons documented in PCRs are readily available to, and used by, CPMs and CMTs in the formulation of new projects and COSOPs and are fed into the QE and QA processes; (ii) strengthening the roles of PMD and OE in improving in the self-evaluation system; (iii) further harmonizing with the new Evaluation Manual in areas such as the definition adopted by Management for relevance and the large number of impact domains covered in the self-evaluation system; (iv) while PMD should continue to rate project performance in PCRs in the short to medium term, this responsibility should eventually be transferred to the country level partners/CPMs as is the general practice in ECG – this will require providing training on how to rate and having a robust quality-control system for ratings; (v) harmonizing the internal annual portfolio review process across the divisions to ensure comparability across the regions; (vi) harmonizing RIMS with the approaches used in the self evaluation and independent evaluation systems; (vii) developing practical ways to improve project level M&E, although this will be a long-term endeavour – IFAD needs to decide at a corporate level how many resources to devote to improving project M&E;[99] (viii) training and staff development will be needed to ensure that staff have the skills needed for IFAD to benefit fully from the enhanced self-evaluation system; and (ix) examining the resource allocation for the self-evaluation system in the context of competing demands for limited resources by formulating a costed, phased action plan to achieve desired objectives within a feasible resource envelope.

110. As an input to future OE work programmes, Management should request OE to evaluate systematically the various components of the self-evaluation system (e.g. portfolio performance reports and supervision; QE/QA; RIMS; M&E systems) using focused, real-time evaluations. The sequence and priorities of the topics to be evaluated would be agreed jointly by PMD and OE.

## D. Management and efficiency

### 1. Efficiency and alternative approaches

111. The Panel recognizes that IFAD is now different in many ways than when OE became independent. As indicated earlier, upon independence OE took the initiative to clearly define and establish its independence and to fill gaps in a number of related areas, such as the ACP process, contact with partner governments, and direct contact with projects and beneficiaries in the field. However, the significant changes in the manner in which IFAD now works have implications for the most efficient approaches to evaluation, approaches that were not feasible earlier. It is now appropriate to consider if there are alternative approaches that may be more cost effective, as well as, perhaps, more appropriate, as discussed in section III C. In addition, the Panel has taken note of a variety of points suggesting that it would be appropriate to review the efficiency of OE's overall approach to evaluation. For example, since 2006 OE typically

[99] While the 2002 Project M&E Manual needs to be updated and focus more on how to set up and manage a project M&E system, this should not be the immediate focus, as there are more fundamental issues to address in this area.

completes about 13 major evaluation outputs per year with 11 professional staff,[100] which is low in comparison to other MDBs, particularly when taking into account IFAD's hybrid model, using both internal staff and consultants (reflected by the 33 per cent of budget for consultants)[101, 102] OE advised the October 2009 meeting of the EC that the variable cost – i.e. cost excluding staff time – for evaluation products are estimated by OE at about US$90,000 for project evaluations, US$200,000 – US$280,000 for CPEs and US$300,000 – US$350,000 for CLEs and about US$150,000 for the ARRI. In 2008, CLEs accounted for about 43 per cent of non-staff expenditures, CPEs for 17 per cent, project evaluations for 11 per cent, the ARRI and methodology for 4 per cent and Work Programme and Management for 20 per cent.[103] Miscellaneous expenditures accounted for the remainder (see appendix I).

112. The cost of project evaluations is higher for IFAD than ECG members. This partly reflects the fact that ECG members have higher quality PCRs and make better use of them than has been the case at IFAD. Another factor contributing to this relative cost difference is that OE uses a more field-intensive approach than do ECG members. Going forward, the Panel believes that it is possible for OE to adopt a lighter, less costly approach for project evaluations, particularly for projects for which satisfactory PCRs have been produced. The MDBs typically cover several sectors and a range of lending modalities, policy dialogue and technical assistance grants in their country evaluations. Thus the cost of such country evaluations is not directly comparable to OE country evaluations which cover only one sector. Given that IFAD covers only one sector, only has one lending modality (project lending) and is not involved in strategic policy dialogue and sector restructuring, the cost of the CPEs appears to be high in the experience of the panel members. The cost of CLEs varies widely among and within ECG members. Some CLEs of ECG members cost less than OE's range and some cost more. Despite the fact that OE produces about one CLE per year, in 2008 expenditures on this type of evaluation totalled US$1.6 million. The Audit Committee has expressed concerns about the size of OE's budget and in 2007 the Executive Board capped OE's budget at 0.9 per cent of IFAD's Annual Programme of Work.[104] Management has also raised questions about the size of the OE budget. At its September 2009 meeting, the EC reiterated that it was important that the Peer Review assess the cost effectiveness of IFAD's evaluation function.

113. IFAD also does not have a time-recording system for tracking the use of staff time. Given its hybrid model involving use of both consultants and OE staff, which varies significantly from approaches used in ECG members, as well as at other United Nations and development aid agencies, figures provided above both for individual evaluations and for the average cost of categories of evaluations (e.g. ARRIs, CLEs, CPEs, project evaluations) cover cash costs for consultants, travel, fieldwork and so on, but do not reflect the cost of OE staff time. Thus these cost estimates

[100] Two of these positions, including that of the Deputy Director, are currently vacant.
[101] These figures do not include Insights and Profiles. OE observes correctly that evaluation officers are engaged in a number of other activities (e.g. supporting the EC; participating in various IFAD meetings; participating in international evaluation forums). But this is also true of the MDBs which also validate PCRs.
[102] Appendix I shows the estimated costs for various evaluation products and other OE activities. Unless otherwise indicated, costs indicated in this section are based upon the figures in appendix I.
[103] The Panel did not examine the details of how the US$760,000 recorded under this category was spent.
[104] The Panel has some concerns about the use of this ratio to cap OE's budget and for comparison purposes with MDBs. The programme of work includes commitments for both loans and grants but not the administrative budget. ECG does not use this ratio to compare costs across evaluation departments. The volume of MDB lending, which would appear in the denominator of this ratio, is typically multiples of IFAD's lending. There is almost no relationship between the size of a loan and the cost of evaluating it. Also, IFAD's lending is expected to increase substantially and thus OE's expenditures as a proportion of IFAD's programme of work will fall significantly. This would not necessarily indicate that OE is becoming more efficient.

understate the full costs of producing various evaluation products.[105] At the request of the EC, OE provided estimates of the person days of input of professional staff time for various types of evaluation products (ARRIs: 50 person days; CLEs: 180 person days; CPEs: 130 person days; project evaluations: 60 person days). However, without a time recording system, these estimates cannot be verified. Staff costs are the largest element of OE's budget and having systems in place to examine how staff spends its time is a basic management tool. While some ECG members have time recording systems, others and most United Nations agencies do not. In ECG members, the decision on whether or not to introduce a time-recording system is taken at the corporate level.

## 2. Budget since independence

114. Consideration of OE's financial resource envelope must be put in the institutional context. IFAD is under pressure to improve resource use, both financial and human. IFAD's corporate medium-term plan (2010-2012) and the related strategic workforce plan are designed to reduce process redundancy and reallocate proportionately more resources to PMD. Because of its independence, OE budgeting takes place outside IFAD's corporate system. Although OE uses IFAD's technical budget coefficients, in line with ECG good practices to protect independence, Management cannot provide direction to OE or redeploy resources between OE and other parts of IFAD.

115. OE's budget increased from US$3.6 million in 2003 to US$6.2 million in 2010[106] (see table 5). The Panel received slightly different figures regarding OE's financial resources,[107] although the differences are not large enough to affect the Panel's major conclusions relating to the size of OE's budget and cost efficiency. Several trends in OE's financial resources are noteworthy: (i) between 2003 and 2010, OE's budget increased by 72 per cent compared to 101 per cent for IFAD's administrative budget – after 2005 OE's budget increased by 32 per cent compared to 56 per cent for IFAD; (ii) increases in staff costs, which are largely determined by the International Civil Service Commission, were the major driver of increases in OE's budget – staff costs increased by about the same rate in OE and IFAD; (iii) in contrast to IFAD, OE's non-staff costs did not increase between 2005 and 2008; and (iv) while OE's budget for 2010 increased by 5 per cent over 2009, IFAD's administrative budget increased by over 13 per cent.

[105] While specific figures from OE staff costs are not available, a rough estimate of the Panel is that staff time for some CLEs can be in the US$100,000-US$150,000 range, and for CPEs US$50,000-US$100,000.

[106] Part of this growth reflects the significant appreciation of the Euro relative to the United States dollar over this time period.

[107] The largest differences related to whether to include OE's supplementary funds from the Swiss Development Corporation and funds transferred from the African Development Bank to cover its share of the joint Africa evaluation in the comparisons. Some ECG members also have access to funds that are not shown in the budget.

Table 5
**Comparison of IFAD's administrative budget and OE's budget**
(millions of United States dollars)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Percentage increase 2003/2010 | Percentage increase 2005/2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| IFAD Administrative/ Project Development Financing Facility (PDFF) Budget | 67.5 | 75.2 | 86.8 | 91.9 | 101.3 | 113.1 | 119.4 | 135.5 | 101 | 56 |
| OE Budget | 3.6 | 4.2 | 4.7 | 4.8 | 5.7 | 5.5 | 5.9 | 6.2 | 72 | 32 |
| OE as percentage of IFAD | 5.4 | 5.6 | 5.4 | 5.2 | 5.6 | 4.8 | 4.9 | 4.6 | -15 | -15 |
| OE Budget as percentage of IFAD Programme of Work | 0.81 | 0.92 | 0.94 | 0.87 | 0.94 | 0.84 | 0.82 | 0.78 | -4 | -17 |

Source: Office of Evaluation
Notes:
a. In 2003, OE's budget was deducted from IFAD's administrative budget.
b. One-time costs for both IFAD and OE were excluded from the analysis.

116. As table 5 indicates, OE's budget just before independence was 5.4 per cent of IFAD's administrative budget. Thus, concerns about the high value of this ratio are a legacy issue that pre-dates OE's independence when the size of OE's budget was under the control of Management. The ratio of OE's budget to IFAD's administrative expenditures declined to 4.6 per cent in 2010.[108] The 2010 ratio is the lowest since 2003 and reflects efforts that OE has made to control its budget, particularly limiting increases in non-staff costs. Comparison of this ratio across ECG members is a challenge because of different definitions and economies of scale. The ratio is likely to be higher than average in relatively small institutions like IFAD. Despite this caveat, these figures appear to be high relative to ECG members, which range between 1.1 per cent and 2.8 per cent but are generally under 2 per cent (see appendix B). However, ECG does not have any norms and standards to say when the ratio is too high or too low. Since the Audit Committee imposed a cap of OE's budget equal to 0.9 per cent of IFAD's programme of work in 2007, this ratio has declined steadily and OE's budget is now well below this cap.[109]

117. In the remainder of this section, the Panel identifies a number of areas where it believes that efficiency gains are possible and where cost savings can be made. Elsewhere in this report, particularly in section III B on evaluation use, the Panel identifies the potential for OE to engage in a variety of other activities (e.g. to validate PCRs; to put greater emphasis on learning in evaluations; to contribute more to KM and sharing; to contribute more actively to various planning meetings, workshops, and the like; and to put more priority on higher-plane evaluations). Ultimately it is up to the Executive Board to decide what the appropriate budget should be for OE, e.g. the extent to which cost savings from changes identified below should be reallocated to other evaluation activities, used to reduce the overall OE budget, or for a combination of the two.

118. Efficiency gains for the most part come from doing things differently to achieve similar or, in some cases, somewhat different outcomes. This is no reflection on the

[108] Management estimates that if the supplementary expenditures were included in 2008, the ratio would have been 7.0 per cent, although that is artificially high because of the funds transferred to OE by the African Development Bank for the joint Africa evaluation – in 2009 the ratio is expected to be 5.7 per cent. OE estimates that the figure would be 3.6 per cent if it was based on actual expenses in 2008.
[109] IFAD is the only organization that Panel Members are aware of that has formally capped the budget of the evaluation office.

current workload or engagement of OE staff, who appear to be working to capacity on current assignments.[110] To a large extent, the suggested changes in approach build upon the experiences and work to date of OE and changes in IFAD since independence. In many cases OE's approaches were instituted for sound reasons and reflect approaches used by MDBs. The Panel's suggestions take into account changes in the IFAD context (e.g. improved self evaluation and moves towards more country presence and direct supervision). The potential areas for efficiency gains are related to observations elsewhere in this report with respect to evaluation quality and ways of maximizing the value and use of evaluation. They represent the Panel's views with respect to future directions and to how OE's activities can be streamlined in a way that would not compromise either its independence or the quality and effectiveness of its work. The Panel notes that OE has begun to introduce some efficiency gains through its internal team building and renewal process (e.g. in terms of consultant management, mainstreaming communication activities in each evaluation and undertaking lighter project evaluations through CPEs) but believes that more should be done to improve cost efficiency.

### 3. Administrative, management, and financial systems

119. Effective internal management and financial systems within OE are a prerequisite to effective management of both human and financial resources, and hence to efficiency. They are also a prerequisite for transparency and for enabling accountability for the use of OE's resources. While a detailed assessment of OE systems was well beyond the scope of this review, the Panel nevertheless was able to identify various areas in which these systems could be strengthened. Consistent with the Panel's findings, OE recently assigned one professional staff part time in mid-2009 to be responsible for overseeing the financial and contractual modules in PeopleSoft, IFAD's financial management system and the work of the administrative assistants in these areas (including procurement and contractual matters for consultants, and related administrative considerations). In 2010 the proportion of time that officer was to allocate to these tasks was increased to 50 per cent.

120. Some issues have arisen in interviews about the responsiveness of OE, as well as about delays in completion of some evaluations. With respect to responsiveness, which can concern both effectiveness and efficiency, the Panel identified the potential for OE to take a more flexible approach, which would allow it to be more responsive to requests for assistance. With respect to delays in carrying out and completing evaluations, some of the complaints may not be fully accurate. For example, the Panel has compared the workplans indicated in the approach papers of recent CPEs and CLEs with when the evaluations were completed, and found these generally to be in line.[111] Nevertheless, there were cases of reports being delayed, generally in the reporting phase.[112] OE introduced a more rigorous internal peer review process in 2009 to enhance quality and knowledge sharing. This process required a time investment by all concerned OE staff and, in some cases, extended the time required to complete evaluations. In the view of the Panel, some of the delays may be partly related to limited opportunities to delegate quality-control functions, particularly for higher-level evaluations, which is exacerbated by the longstanding vacancy of the deputy director position.[113]

[110] The Panel's impressions in this area are consistent with the findings of a load assessment undertaken in 2007/2008 that found that OE staff were overstretched.
[111] OE was chided by one person in an interview for being six months late in an evaluation that was in fact just two months behind the schedule in the approach paper, and this was for legitimate reasons beyond the control of OE.
[112] For example, for one CLE there was a gap of more than 12 months between the draft and final reports.
[113] Only three professional staff report directly to Director OE. Full management of evaluations and their budgets are delegated to evaluation officers as is the choice of qualified consultants.

121. OE had difficulties with timely responses to various requests from the Peer Review team for documentation. 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. The Panel received some feedback from PMD that the storage and retrieval of information was also sometimes a problem in other parts of IFAD. In addition to the public website which includes all OE reports, OE has a restricted Intranet site for maintaining documents and processes (e.g. back-to-office reports, PowerPoint presentations, reference documents related to IFAD procedures and processes, etc), called Desk. This is the central documents repository of the division. OE developed an Evaluation Processes Tracking System in 2001, which served as a monitoring, management and information-sharing tool. However, it is no longer functioning, as the software is not compatible with IFAD's new information technology platform. Thus access to historical documentation is sometimes a problem. OE has formulated a proposal to develop a new web-based document and evaluation process tracking system. This will enhance OE's tools for sharing, archiving, and preserving institutional memory at the office level as well as providing senior staff with a better tool to monitor and manage the workflow.

122. The President's Bulletin states that the Treasurer and the Controller will continue to perform their normal functions for OE (e.g. putting commitment documentation into the financial system; processing/authorizing payments; disbursing funds; performing the required accounting for OE). OE, like the rest of IFAD, uses the PeopleSoft system which has controls that are intended to make sure that commitments can only be made against available funds. Each assistant does a budget check before the contract can be sent electronically to the Human Resource Division for signature.[114]

123. Initially, OE was unable to respond to requests from the Panel during the course of the review for detailed financial information, such as budget breakdowns for specific evaluations and for other OE activities.[115] Upon further investigation it became clear that OE, through IFAD's PeopleSoft financial management system, had access to detailed expenditure information, on a commitment basis,[116] for each activity. This IFAD-wide system has basic financial controls in place (e.g. a red flag that prevents awarding of contracts unless there is adequate budget; checks and balances between administrative assistants, evaluation officers and Director OE). Late in the Peer Review process, OE coordinated with the Financial Services Division to provide the financial data requested by the Panel (see appendix I). While PeopleSoft includes a wealth of very detailed data, aggregating and analyzing the data for managerial purposes is cumbersome and requires stand-alone spreadsheets to be developed in Excel. While OE did provide a table to the EC in October 2009 that analyzed the detailed data to estimate the cost of various types of products, apparently OE does not, as a matter of routine, aggregate and analyze financial data by the various cost items of evaluations and other OE activities. Such analysis would be useful to enable OE to manage its allocation of resources better, to plan and manage activities as cost effectively as possible and to look for ways in which evaluations and other activities can be carried out more efficiently.

124. Making such information available to the EC would improve the transparency and accountability of OE's financial management. Without budget information that goes beyond showing totals for staff costs and non-staff costs, it is difficult for the EC or for OE management to consider the appropriateness of expenditures. As discussed under governance and accountability (see section II B), more transparency is

[114] Although there were issues related to two contracts for the Peer Review regarding fund availability, these appear to be related to administrative oversights rather than systemic issues.
[115] OE did provide the overall budgets of some recent evaluations to the Panel, but without documentation or further details or breakdowns.
[116] After all reconciliations have been completed, actual expenditures for the year are available from the Financial Services Division.

needed for the Executive Board, through the Audit Committee, to fulfil its oversight function and to carry out a meaningful assessment of proposed OE budgets and how these funds were used.

125. OE should commission an external review[117] of its financial and administrative systems, which would include a review of current approaches and provide recommendations for better use of available financial data and better control and functioning in the future. This should also review the division of responsibilities within OE to rationalize the administrative burdens on senior evaluation officers. In addition, this review should consider interactions between OE and IFAD-wide systems, including ways to achieve greater efficiency, while maintaining the principle of OE independence.

### 4. Support to the EC

126. In section II B on governance and accountability, suggestions were made to shift some of the support that OE has provided in the past to the EC to the Office of the Secretary (e.g. administrative support; organizing country visits). The main reason for this was to improve oversight and the effective operation of the EC. In addition, such changes can represent savings to the OE budget.[118] Moreover, OE's support for the EC requires a significant amount of senior OE staff time, which can be freed up. To be sure, OE, and particularly its Director, will still need to devote time to preparing for, and attending, EC and Executive Board meetings, including preparation of background documents or analyses and providing briefings to support discussion. Nevertheless, acting on the recommendations in section II B will realize savings to OE in terms of both staff time and non-staff expenditures.

127. Currently the EC and the Executive Board formally just review special summaries prepared specifically for this purpose rather than the actual OE evaluation reports. Preparing these summaries represents a significant cost in terms of OE staff time. This is neither necessary nor appropriate, is not a productive use of OE staff time and is not the practice in ECG members or United Nations agencies. In addition, this means that the EC does not review what OE actually publishes, thereby limiting its ability to fulfil its oversight function properly. The Panel feels that this practice should be abolished, and the EC and/or the Executive Board should review published reports. The Panel was told that the reason for this practice is that both the full Executive Board and its committees can only consider "Executive Board papers".[119] Nevertheless, we note that the Evaluation Policy specifies that the EC should review "evaluation reports", and that this is the practice at other MDBs. Knowing that the EC will consider the full reports, should generate pressures for OE to: (i) keep evaluation reports as concise as possible; (ii) ensure that the reports are clearly written; (iii) sharpen the focus of the reports; and (iv) continue to put detailed, technical material that is viewed as of interest to wider audiences in appendices/working papers which could be disclosed on IFAD´s website rather than being included in the reports. These would all be desirable developments, which would improve the readability and usefulness of OE reports in addition to generating efficiency gains. The most obvious solution to this situation would be for the Executive Board to change its rule as necessary, at least with respect to evaluation reports.[120]

---

[117] While this review should be external to OE, it should include roles for applicable IFAD departments, such as the Financial Services Division and the Office of Audit and Oversight as well as OE, to ensure consistency with overall IFAD policies and systems. The Panel does not view this as being incompatible with OE independence.

[118] As appendix I indicates, the cost for the country visit of the EC was about US$100,000. In addition, in 2008 OE spent slightly over US$25,000 on hospitality for various events.

[119] The concern appears to be the volume of paper reaching the EB. If the full reports were circulated, EC and EB members could opt to read the executive summary rather than the full report.

[120] It already makes an exception for the ARRIs, which it reviews directly. The same approach should be used for other OE products.

### 5. Moving from project evaluations to validation of self evaluations

128. In section III A the Panel has suggested that OE move to a system in which it validates PCRs, a change in approach that would bring OE's practices into alignment with those of MDBs and the ECG GPS. OE should still carry out project performance assessments on a selective basis, such as where PCRs are not adequate and/or where other questions remain, or in situations where more evidence for CPEs or CLEs is required. In such circumstances, a more flexible approach should be taken (e.g. providing for the possibility of lighter project evaluations with a smaller budget than is currently used). Such lighter evaluations are often sufficient to address the most significant questions. In any case OE is already undertaking lighter evaluations in the context of CPEs. Such assessments account for 40 per cent of projects rated by OE between 2002 and 2008. For the two projects examined during the Panel's country visits, the analysis in the Brazil and Mali CPEs seemed plausible. The overall objective should be for OE to identify ways to carry out project evaluations with somewhat different methodologies (e.g. simpler, quicker, less costly) than are currently in use.

129. Moving away from undertaking comprehensive project evaluations to lighter project assessments can result in savings of both non-staff costs and staff time.[121] However, this saving would be offset, to some extent, by validation of a larger number of completed PCRs.[122] In addition, it would be appropriate for OE to support the self-evaluation system further by identifying ways in which it can be strengthened. But these activities should require fewer resources than are currently expended on comprehensive project evaluations.

130. Management estimated that the cost of the self-evaluation system is about US$1.8 million, 1.3 per cent of IFAD's administrative budget. Self evaluation has developed significantly since 2006, largely by improving efficiency in PMD, but Management feels that the resources available for self evaluation would need to be increased to enhance the system further (e.g. knowledge capture and dissemination; better integrating the independent and self-evaluation systems). However, PMD faces a difficult balancing act in determining budgetary priorities between competing goals, all of which have a strong claim for increased resources: loan processing; country presence; direct supervision; self evaluation. It was beyond the scope of the Panel to provide firm guidance on how to manage these competing priorities. If Management feels that the self-evaluation system is under-resourced, then a review should be commissioned to develop better cost data and present them in a format that will facilitate decision-making (see section III C).

### 6. Stakeholder workshops

131. Stakeholder workshops on OE reports have been effective in disseminating evaluation findings and leading to plans for responding to evaluations. These workshops and the opportunity for extensive interaction with governments and other stakeholders to learn from evaluation findings and to discuss the recommendations are valued by the EC, Management, OE and governments. The actual cost of these events is hard to determine because it involves a mix of budget lines (e.g. consultants, travel, publications, OE staff time, and hospitality). The Panel, however, has heard that the full costs of some of these events may have been in the US$50,000-US$100,000 range.[123] The scale of OE's budget for these events is viewed by some as out of line with the resources and capabilities of other parts of IFAD (e.g. the budget of stakeholder workshops well exceeds that of PMD to prepare COSOPs). This sometimes creates resentment on the part of other IFAD staff or a perception of extravagance, which, for an agency devoted to fighting

[121] In 2009 OE spent nearly US$575,000 on project evaluations, excluding the value of staff time spent on such evaluations. In addition, a rough estimate is that OE evaluation officers spend at least 30 per cent of their time on project evaluations.
[122] Validating PCRs can be done by allocating three to five person days per PCR.
[123] This range does not take into account EC participation at these events.

poverty, can distract attention from more substantive considerations. While such perceptions do need to be addressed, the Panel notes that sometimes a portion of the workshop costs, including some or all of the cost of the venue,[124] is financed by the partner governments. Although ECG does not have GPSs for such workshops, the Panel feels that some of these events could be on a more modest scale (e.g. a much smaller group of participants; a smaller contingent of OE staff; more modest venues; more focused events) and still achieve similar results. This point echoes an observation in the Swedish Agency for Development Evaluation comparative study of management response systems in various agencies, which concluded that "Large and costly exercises, such as IFAD's workshops, may not be appropriate for all organizations".[125]

132. The Panel observes that one of the objectives of stakeholder workshops has been to provide for learning and the sharing of information. In-country learning workshops for governments, civil society and other stakeholders can be useful and appropriate and this can remain as an appropriate function for OE. However, this could be done on a more modest basis than the current stakeholder workshops. Or better still, OE could seek opportunities as part of events organized by others to present findings and to lead discussions with respect to various aspects of evaluations that have been undertaken. Such an approach might help emphasize the learning from the perspective of the participant, as well as be more cost effective. Finding more cost efficient ways to put on in-country learning events would free up scarce resources, which could be used for other evaluation activities.

### 7. More flexible, simpler approaches to evaluation

133. OE currently takes a largely standardized approach to the design of evaluations. This can lead to evaluation approaches for project evaluations and CPEs that may not always be the most suitable.[126] In addition, such an approach can result in evaluations that are more costly than needed. Simpler, less costly approaches may be appropriate in some situations. Similarly, the complexity of CLEs, and accordingly the scope and budget of an appropriate evaluation response, vary considerably depending upon the nature of the policy question and issues to be explored. The current levels of expenditures may be appropriate for the evaluation of some issues. But there can be other policy questions or concerns of the Executive Board or of Management that could be addressed more simply (e.g. in a matter of months), and with budgets in the five figures. The Panel notes that at other agencies, the budgets for specific evaluations vary depending upon their scope and other factors.

134. OE should strive towards the simplest approach that would be sufficient to provide the necessary level of confidence for decisions about new directions and next steps. For example, the Field Presence Pilot Project evaluation involved 33 separate country visits. While field visits clearly were required in this evaluation, the Panel believes that a smaller sample would have been sufficient to produce similar results. Similarly, while the notion of meetings with stakeholders is excellent, these could be streamlined (e.g. fewer face-to-face meetings and fewer participants, while at the same time providing for more opportunity than for meaningful input prior to presentation of drafts). In general, the scale, extent, and cost of some OE evaluations, and in particular visits to the field, should be reduced to bring these into line with the cost of evaluations at MDBs and other aid agencies.

---

[124] If the partner government finances a portion of the venue, decisions on the venue are made by the host government, which sometimes opts for first class hotels and sometimes for government meeting rooms.

[125] Swedish Agency for Development Evaluation. Management Response Systems In Aid Organizations; Case Studies Of SIDA, IFAD and EUROPEAID. Sara Bandstein and Erik Hedblom. 2008.

[126] For example, overly mechanistic application of the same approach to collecting impact data in project evaluations sometimes can lead to data that is not generalizable to the population as a whole, and thus represents an inefficient use of this approach.

## 8. Team building and renewal process

135. An IFAD 2005 staff survey was interpreted by some as suggesting that there was more discontent among OE staff than in the rest of IFAD. The Panel notes that these findings were based upon a response rate of just 6 out of 19 people, which is insufficient to draw meaningful conclusions (e.g. a small number of respondents, atypical of other staff who did not respond, potentially could have resulted in distorted findings). When this survey was repeated in 2008 by IFAD's Human Resources Division, the number of respondents increased and OE's responses on numerous categories scored at least as high as the overall IFAD average, in some cases surpassing these.

136. Only a minority of current professional staff were in OE in 2005. Following the first staff survey, the OE Director engaged a consultant to work with OE staff on a team-building and renewal process, involving work in a number of different areas (ranging from human resources, such as orienting new staff and dealing with grievances; KM and information sharing within OE; to consultant management) with the overall aim of building a more cohesive team in OE. These activities are still under way. The Panel supports this activity, which does seem to have resulted in improved working relationships within OE.

## 9. Hybrid approach and consultant management

137. OE takes a "hybrid" approach to the carrying out of evaluations, involving both extensive use of consultants (estimated at about 33 per cent of its expenditures in 2009, and estimated by OE as about 44 per cent[127] for 2010), as well as considerable direct involvement of OE staff. Other MDBs tend to use consultants more selectively, accounting for about 20 per cent or so of their budgets and their staff are the lead evaluators responsible for designing the evaluation approach and methodology and writing the reports. Generally, other development aid agencies (e.g. United Nations agencies; bilaterals) make greater use of consultants and their internal evaluation staff act primarily as managers of evaluation.

138. The OE hybrid approach is more costly than either of the above models. It is appropriate to ask about the value added of such an approach across the board. The OE model involves more missions, by both OE staff and consultants, than with comparable agencies. For example, for project evaluations the concerned evaluation officer currently goes to the field for the preparatory mission, the main mission, and for the learning workshop, along with the consultant members of the evaluation team. A number of other OE staff also typically take part in the final stakeholder workshop for CPEs. Leaving out even one of these missions for OE staff could result in savings of travel and related expenses as well as the value of staff time. A rationale for such extensive engagement of OE staff in each evaluation is to retain some of the knowledge gained in house and to provide for close supervision of consultants. In the view of the Panel, there are other, less costly means of doing this. There are ways to build in learning and institutional memory, even when evaluations are conducted by external consultants. While an alternative to the hybrid approach would be for OE staff to carry out a greater number of evaluations on their own, with more limited support from consultants, the Panel notes that at present this would be difficult with the present staff complement and expertise.

139. OE's approach to managing consultants is not unusual elsewhere within IFAD and among ECG members. However, selecting individual members of a consulting team who must then work together involves some risks and challenges in the areas of coordination, project management and quality control. For example, it can be problematic to hold the lead consultant responsible for the conduct of the overall evaluation and the report when he/she has no contractual control over the team members. To help address this issue, consideration could be given to involving the consultant team leader more in the identification and selection of team members

[127] See appendix B.

and having some contractual authority over them. One of the initiatives of the OE Team Building and Renewal Process is a working group on consultant management. The focus of this working group, at least thus far, has been on the consultant selection process, the articulation of standard characteristics to be added to consultant terms of reference to ensure timely and quality deliverables, the development of customized approaches for consultant performance appraisals and the creation of a consultant database. The Panel has heard complaints about the work of consultants (e.g. reports that often need to be rewritten). While some of this can be expected, when it happens on a frequent basis it is likely to represent a systemic matter. Project management is an art requiring a certain set of skills and this is referred to in the UNEG Norm 9.[128] The work on consultants under the Team Building and Renewal Process should be extended into the area of effective and efficient consultant management to identify processes and techniques that would reduce the amount of re-writing done by OE staff.

# IV. Recommendations and suggested next steps

## A. Recommendations

140. Based on its work, the Panel makes seven key recommendations. These focus on the major issues and do not attempt to cover all of the detailed suggestions included in the report.

**Recommendation 1: The Executive Board reaffirms its commitment to the principles of IFAD's independent evaluation function and asks the General Counsel to prepare a paper for its consideration that identifies options for the necessary changes to resolve any possible legal incompatibilities between the Evaluation Policy and the Agreement Establishing IFAD in a way that fully respects the wishes of the shareholders for an independent evaluation function, as expressed under the Sixth Replenishment.** The institutional and behavioural independence of OE must be safeguarded by the Executive Board and not compromised. The Executive Board must ensure that Management does not create a perception of undermining OE's independence by raising questions about the legal interpretation of certain clauses in the Evaluation Policy concerning the delegation of powers to Director OE to make all personnel decisions related to OE staff. Also, the Executive Board must ensure that OE recognizes that independence requires the transparent and responsible application of the IFAD's internal control framework.

**Recommendation 2: The Executive Board, through the Evaluation Committee, strengthens the oversight and accountability of the Office of Evaluation and its independence from Management.** This will involve: (i) the Executive Board, actively supported by the Evaluation Committee, being responsible for all procedures related to appointing, dismissing and supervising Director OE; (ii) strengthening the Evaluation Committee and its role in the governance and oversight of OE, including having only Executive Board members and alternates as formal members of the Committee; (iii) more active Evaluation Committee scrutiny of OE's budget request and financial management; (iv) requiring consultation with the Evaluation Committee for any proposed audit of OE and empowering it, in consultation with the chair of the Audit Committee, to agree to the audit proposal, prescribe an external audit or veto the proposed audit; and (v) harmonizing OE and IFAD practices regarding staff recruitment, appointment and promotion, approval of waivers for consultant fees and procurement, while retaining the delegation of the President's powers to Director OE in these areas and ensuring that any changes do not impinge adversely on OE's independence. The related proposals of the Panel are given in chapter II and annex I.

[128] UNEG Norm 9.3 states that "Evaluators must have the basic skill set for conducting evaluation studies and managing externally hired evaluators."

**Recommendation 3: OE harmonizes its approach to evaluation with that of Evaluation Cooperation Group good practice by basing OE's portfolio and project assessments more heavily on evidence drawn from validated Project Completion Reports.** The transition process and approach to validating PCRs are described in chapter III. This process should begin immediately with a target date to base the portfolio analysis in the 2011 ARRI on both validated PCRs and OE's project evaluations. Consistent with the ECG approach, Management would take the lead for the ACP process with strong input from OE.

**Recommendation 4: IFAD further strengthens the use of evaluation findings, learning and the feedback loop.** This will involve: (i) the Executive Board developing a strategy to use evaluation results better to support accountability and learning; (ii) Management developing incentives for IFAD to become a learning organization, so that staff use evaluation findings to improve future operations and IFAD's development effectiveness; and (iii) OE contributing more actively to current IFAD work on KM. Chapter III and appendix D include specific examples of what could be done to enhance further the use of evaluation findings. Examples include placing more emphasis on KM, greater OE engagement in existing IFAD mechanisms, producing more evaluation syntheses, extracting information from the PCRs and the self-evaluation system, and broadening the forums used to disseminate evaluation findings.

**Recommendation 5: OE identifies ways to improve further the quality through use of a broader range of evaluation approaches and methodologies.** As discussed in chapter III and appendix G, issues to be addressed include: (i) changing the product mix to devote proportionately more resources to higher order evaluations, including those covering aspects of operational corporate management and institutional support for corporate management; (ii) avoiding an overly standardized evaluation approach; (iii) placing greater reliance on validated information generated by the self-evaluation system; (iv) addressing issues related to ratings and measuring impact; (v) continuing efforts to address better the "why" question, i.e. why the performance was as it was?; (vi) consistent with the move toward the UNEG Norms and Standards and ECG practices, strengthening OE's human resources in the areas of both evaluation expertise and operational experience through recruitment when vacancies arise, including encouraging the transfer of operational staff to OE, and through training and professional development of the current staff; (vii) strengthening the hybrid model through more effective management and use of consultants; and (viii) addressing various methodological issues.

**Recommendation 6: Management prepares a costed action plan covering the next five years, which establishes priorities and makes the case for additional funding and more staff time within a feasible resource envelope to strengthen the self-evaluation system, so that is it increasingly used to help achieve development results.** As stated in chapter III, such a strategy would involve: (i) identifying ways to extract knowledge systematically to make the self-evaluation system more useful in supporting new strategies, policies, COSOPs and projects; (ii) continuing to take measures to improve the quality and use of PCRs; (iii) harmonizing RIMS with the approaches used in the self evaluation and independent evaluation systems; (iv) developing practical ways to improve project level M&E, recognizing that this will be a long term endeavour, including considering whether it is feasible and necessary to undertake three surveys for every project as is envisioned in the design of RIMS; and (v) identifying the priorities and sequencing to request OE to evaluate systematically the various components of the self-evaluation system, using focused real-time evaluations.

**Recommendation 7: OE improves its efficiency by using more cost efficient approaches, while enhancing quality and effectiveness, in carrying out its programme of work and more efficient ways of undertaking its work.**

Efficiency gains for the most part will come from doing things differently to achieve similar outcomes. Chapter III identifies some cost saving measures (e.g. validating PCRs; shifting support for the Evaluation Committee and for Executive Board field visits to the Office of the Secretary; shifting responsibility for the ACP process to PMD). Other measures include changes in the use of the hybrid model, using lighter evaluations when possible, streamlining evaluation processes and strengthening OE's internal management and administrative processes. At least some of these savings should be redeployed to other forms of evaluation activities that were identified in chapter III such as strengthening the feedback and learning loop, validating PCRs, preparing evaluation syntheses, and undertaking a greater number of lighter evaluations of a variety of policy issues and project assessments.

## B. Suggested next steps

141. The following steps are suggested to begin addressing the findings and recommendations of the independent Peer Review:

(i) As is normal practice, the Chairperson of the EC will prepare a report to the Executive Board giving the Committee's views on the Panel's report, identifying areas of both agreement and disagreement.

(ii) Both OE and Management should prepare formal responses to the Peer Review for the information of the Executive Board when it considers the report and present alternatives where they disagree with the Panel. That will help to identify the areas of consensus, where IFAD could easily advance, subject to Executive Board endorsement, and the areas of disagreement, which need to be resolved with the guidance of the Executive Board.

(iii) At its April 2010 meeting, the Executive Board, in considering the views of the Panel as well as those of the EC, OE and Management, will wish to weigh the options and provide guidance on key principles and a framework within which the EC, Management and OE can work together to develop detailed proposals to address the outstanding issues.

(iv) A working group chaired by the Chairperson of the EC, involving two members from Management, two from OE and three from the Committee, should manage and oversee the process that would lead to the production of a revised Evaluation Policy, President's Bulletin and Terms of Reference and Rules of Procedure for the EC following the guidance of the Executive Board. As necessary, the working group could direct that task forces be established, possibly with support from ECG, to address particular issues and consult with the General Counsel to ensure congruence between the Evaluation Policy and other constitutional and policy documents and, as necessary, identifying changes in other documents that are needed to bring them into line with the revised Evaluation Policy. The outputs of the working group, including revised versions of the Evaluation Policy, President's Bulletin and Terms of Reference and Rules of Procedure for the EC should be discussed at a meeting of the EC, prior to submission to the Executive Board.

# Annex I: Human resource procedures for the Office of Evaluation

**Procedures for appointing Director OE**

1. Key features of the Panel's suggestions for the procedures to be followed for the selection of Director OE include:
   - A search panel would be composed of three members of the EC including the Chairperson (one from each list), two independent members with recognized evaluation experience (at least one of whom would have experience managing an evaluation department) and the Associate Vice-President, Programmes.
   - The Director of Human Resources would provide secretariat assistance to the search panel and advise on IFAD policies and procedures.
   - The search panel would recommend the level of the position, develop the position description, ensure that the position is advertised, short list, interview and assess the applicants and rank the candidates in order of merit.
   - To help ensure good quality candidates, a professional head-hunting firm would help the search panel to identify outstanding candidates.
   - After the search panel completes its work, the Chair would consult with the President.
   - Then the Chair would present the report of the search panel and the results of the consultation with the President to the EC, which would decide on the candidate to be recommended to the Executive Board.
   - After the Executive Board has confirmed the nomination, the Chair of the EC, advised and witnessed by the Director of Human Resources, would make an offer to the candidate.
   - If the offer is accepted, the President would make the formal appointment.

**Procedures for dismissing Director OE**

2. Key features of the Panel's suggestions for the procedures to be followed for dismissing Director OE include:
   - In the Panel's view, it is important to have a well developed separation mechanism, because the damage to IFAD resulting from a poorly performing Director OE who is allowed to serve for six years could be substantial.
   - IFAD needs to develop a dismissal policy that defines the reasons for dismissal, the steps to go through and the protection of due process for Director OE.
   - Dismissals are often a painful, emotional process. In most ECG members, dismissal for poor performance involves an elaborate process, which is based on clear feedback through the annual performance reviews, provides for coaching and an opportunity to improve performance, and for written documentation containing due notice about the reasons for dismissal with an opportunity for staff to contest the reasons. The Panel was advised that IFAD does not have a proven track record of dismissing staff for poor performance.
   - When the separation policy is developed, consideration should be given to using procedures developed in accordance with the agreed termination provision in IFAD's Human Resources Procedure Manual.[129]
   - Although provision is made for ad hoc agreements between the President and a particular staff for agreed termination, details would need to be developed that are consistent with the independence of OE and a procedure for determining the amount of any payment involved.

[129] Section 11.4. Agreed Termination in chapter 11 on Separation in the Human Resources Procedures Manual.

- The EC Chair should consult with the President and seek advice from the Director of Human Resources and the General Counsel on legal, policy and procedural matters.
- After the Chair has received the endorsement of the EC for the dismissal of Director OE, a recommendation will be made to the Executive Board, based on a written or oral report, depending on the circumstances.

**Principles for the annual performance review of Director OE**

3. The Panel suggests the following principles for the annual performance review of Director OE:
   - The performance of Director OE should be reviewed once a year.
   - The procedures used for the annual performance assessment and for determining the related salary increase of Director OE should be the same as those used for other department heads, including 360 degree assessment.[130]
   - The Chair should consult with, and seek feedback from, the other members of the EC, the President, the Vice-President, the Associate Vice-President, Programmes and whoever else is deemed necessary by the Chair as input into the performance assessment.
   - For the annual performance review and salary increase, the Chair may seek advice from the Director of Human Resources on IFAD policies and procedures.

[130] While the Panel appreciates the concern that a 360 degree review could include comments from people who have been subject to an OE evaluation and thus may not be fully objective, the same can apply to comments from direct reports of any manager. As long as the potential for possibly self-interested views are taken into account in the overall performance review, a 360 degree review need not be in conflict with OE independence.

# Appendix A: Peer Review Approach and Methodology

## A. Introduction

1. The Peer Review followed the approach described in the ECG's Review Framework for the Evaluation Function in multilateral development banks (MDBs).[1] The Review Approach Paper defines the objectives, approach, methodology, budget and timeline for the Peer Review[2]. The objective of the review is to assess the adequacy and performance of the Evaluation Policy and function, with the aim of strengthening the contribution of evaluation to IFAD's development effectiveness. The scope of the review covers:
   (i) assessing the content and application of the Evaluation Policy and the corresponding President's Bulletin;[3]
   (ii) assessing OE's performance, including the quality of its evaluation products, methodology, processes, recommendations and resulting decisions based on the work of OE;
   (iii) reviewing how effectively the EC has discharged its responsibilities, as captured in its terms of reference;
   (iv) assessing the self-evaluation system maintained by Management, including the quality of its products, methodology, processes, recommendations and resulting decisions based on the outputs of the self-evaluation system; and
   (v) formulating a set of recommendations related to the Evaluation Policy, the EC, OE, the self-evaluation system and Management, to be considered by the Executive Board after review by the EC.

2. To help structure the collection of information, the ECG framework for peer reviews groups a large number of questions under eight headings[4]: (i) evaluation policy: role, responsibility and objectives of the evaluation department; (ii) impartiality, transparency and independence; (iii) resources and staff; (iv) evaluation partnerships and capacity building; (v) quality of evaluation products; (vi) planning, coordination and harmonization; (vii) dissemination, feedback, KM and learning; and (viii) evaluation use. Some questions were added to the ECG list that were specific to IFAD and/or reflected feedback from the EC, OE and IFAD Management during the preparation of the Review Approach Paper. UNEG's norms and standards [5] were also considered where appropriate in refining the ECG questionnaire. Management and OE both prepared extensive self-evaluations addressing these questions. Management's self-evaluation drew on the results of a working group the President set up on 16 March 2009 to review, from an institutional perspective, the Evaluation Policy and President's Bulletin to identify any required revisions and/or amendments. These self-evaluations provided a comprehensive briefing and helped to focus the work of the Panel by identifying areas of commonality and areas where differences of opinion existed.

## B. Methodology and Work Activities

### 1. Evaluation Policy

3. The 2003 Evaluation Policy and the corresponding President's Bulletin provide the broad framework for the evaluation function. The independence of OE, the role of the EC, OE's management and the contributions of evaluation to learning to improve IFAD's development effectiveness are key messages in both documents. These documents were reviewed by the Peer Review Panel based on their professional experience and by drawing on the ECG comparative table (see appendix B). The ECG is in the process of developing a GPS for independence. Although this work has not yet been completed, the work undertaken by ECG to

[1] See document on ECGnet.org at www.ecgnet.org/documents/review-framework-Mar09.
[2] See http//IFAD.org/gbdocs/eb/ec/e/58/EC-2009-58-W-P-2.pdf
[3] The IFAD Evaluation Policy (EB 2003/78.R.17/Rev.1).
[4] Similar headings are used in the OECD-DAC guidelines for peer reviews.
[5] UNEG norms and standards are available at http://www.uneval.org/normsandstandards/index.jsp.

date, including its template for assessing the independence of evaluation in organizations (see appendix C) provided a framework that the Panel used to make its judgements on independence and other governance issues covered by the evaluation policy. The Panel examined whether ambiguities in the Evaluation Policy need to be clarified by conducting interviews with a broad range of stakeholders,[6] the results of the self assessments and comparing IFAD with ECG members to highlight the role of their respective boards/ECs, management and standard institutional processes. This part of the review was designed to assess the changes following the approval of the Evaluation Policy and identify areas of the Evaluation Policy and the President's Bulletin that need to be clarified or amended to align with ECG good practice.

## 2. Evaluation Committee

4. The Terms of Reference[7] of the EC require it to: (i) ensure full compliance with and implementation of the Evaluation Policy; (ii) satisfy itself that both OE's independent evaluation work and IFAD's self-evaluation activities are relevant and carried out effectively and efficiently; and (iii) contribute to the learning loop of integrating the lessons from OE evaluations into operational activities as well as policies and strategies. The EC advises the Executive Board on evaluation issues and is expected to bring important findings and lessons learned to the Executive Board for consideration and make recommendations related to evaluation activities and significant aspects of the Evaluation Policy. The Executive Board is responsible for exercising oversight of Management and OE, as well as providing Management with feedback to enhance the learning loop.

5. The assessment of the EC was based on interviews with key stakeholders and a review of the written record (e.g. minutes of meetings; the reports of the chairperson; reports on the annual EC field visits) and a comparison with the counterpart committees in ECG members. The roles of OE and the Office of the Secretary in supporting the EC was examined and compared with other institutions. The non-resident nature of the Executive Board was considered when comparing the EC with its counterparts in ECG members and considering factors such as the strength of its oversight of OE, the number of meetings and volume of work. This analysis was designed to identify areas where changes might help the EC and the Executive Board to fulfil their evaluation mandates more effectively and/or to identify areas where the mandates should be strengthened or changed.

## 3. Performance of the Office of Evaluation

6. At the third session of the Consultation on the Sixth Replenishment of IFAD's Resources (in July 2002), a Member State presented a proposal for OE to report directly to the Executive Board, independent of Management, to strengthen its effectiveness.[8] Issues were also raised about the need to improve the Evaluation Policy, strengthen the role of the EC and improve the learning loop. Since then, OE has become independent and steps have been taken to strengthen OE, improve and broaden its range of products and enhance the feedback loop so that evaluation findings are used to improve IFAD's development effectiveness. The Peer Review assessed how well OE now meets the requirements of the Evaluation Policy and draft ECG independence GPS and template.

7. The assessment of OE's performance examined the procedures related to preparing and executing OE's work programme and budget, human resource management issues, the quantity and quality of evaluation products, evaluation methodology and processes, interaction with the operational side of IFAD and with government

[6] Including members of the EC, members of the EB who are not members of the EC, the President and other members of the management team, concerned senior staff and the Director and staff of the Office of Evaluation.

[7] Terms of Reference and Rules of Procedure of the EC of the EB (EB 2004/83.R.7/Rev.1).

[8] Strengthening the Effectiveness of the Evaluation Function at IFAD: A Discussion Paper on IFAD in the Light of International Experience (EB REPL. VI/4/R.4), 9-10 October 2002.

officials, project beneficiaries and civil society, transparency, disclosure and procedures for handling potential conflicts involving OE staff

8. Examples of issues examined included: (i) the appearance and reality of OE's independence in undertaking its work and reaching its conclusions; (ii) changes in the composition and quality of OE products and methodologies and the resulting impact of OE on IFAD; (iii) cost-effectiveness, value-for-money issues[9]; (iv) the formulation and uptake of evaluation recommendations; (v) effectiveness of OE's learning activities; and (v) the views of key IFAD staff and selected beneficiary countries on OE's processes, interactions in the field, products and recommendations.

9. The examination of the quality of OE products was based on an assessment of: (i) the quality, coverage, approaches and methodologies used in selected project evaluations and related approach papers and ACPs, including comment on consistency with ECG's GPS on public investment projects; (ii) the quality, coverage, approaches and methodologies used in selected country evaluations produced since 2005, including comment on consistency with the ECG's GPS on country assistance evaluations and linkages with the corresponding COSOPs; (iii) the quality and impact of selected corporate evaluations; (iv) the quality and coverage of ARRIs, including a comparison of the 2005 and 2009 ARRIs; (v) the quality and usefulness of selected information products; (vi) an assessment of OE's evaluation methodologies, including a review of OE's Evaluation Manual: Methodology and Processes, and the Guide for Project M&E; (vii) an examination of the coverage and management of OE operations, including a review of internal quality-control procedures, OE's internal peer review guidelines and system to avoid conflicts of interest in the evaluation teams; (viii) OE's input into policy formulation; and (ix) an assessment of IFAD stakeholders' perceptions of OE through interviews with key informants.[10]

10. Country visits to Brazil,[11] India[12] and Mali[1314] were planned to seek feedback from government officials from borrowing countries on evaluation matters. One project was to be visited in each country to provide limited independent validation of key evaluation and self-evaluation findings and to receive inputs from beneficiaries. The following criteria were used to select the countries to be visited: (i) the time schedule and available budget for the review—these factors limited the number of country visits; (ii) countries with recently completed CPEs to facilitate meeting officials with an institutional memory of working with OE; (iii) a country in which a CPE is nearing completion, so that the last stage of the evaluation focusing on the feedback loop could be observed first-hand; (v) countries that have a significant forward programme; and (vi) countries in the different regions in which IFAD operates. Because of time constraints, the India country visit was dropped from the programme and replaced by a series of telephone interviews.

[9] The ability of the Panel to examine cost-efficiency issues thoroughly was hampered by the fact that IFAD does not have a system to record the use of staff time. While some information was available on consultant costs and the travel and daily subsistence allowance for OE staff for various types of evaluations, no information was available to quantify the cost of OE staff time used to prepare evaluations. Because of this, all cost estimates understate the true cost of producing various types of evaluation products.

[10] Rather than undertaking an electronic survey of operational staff, questions developed by the Panel were added to the previously planned focus group discussions of key OE stakeholders (See An Appreciative Enquiry on Strengthening Relationships and Communication Between the Office of Evaluation and the Programme Management Department. Rathindra N. Roy. November 2009).

[11] The only country evaluation issued since 2007 for a Latin American country.

[12] The only Asian country for which a country evaluation has reached the penultimate stage.

11. This analysis of OE was designed to identify areas where changes might be considered to improve the quality and cost efficiency of OE's work and its use in helping to improve IFAD's development effectiveness.

## 4. Performance of IFAD's Self-Evaluation System

12. ECG good practice means that the self-evaluation and independent evaluation systems should be closely linked and mutually reinforcing to provide an overall assessment of IFAD's performance. Consistent methodologies should be used for both the self-evaluation and the independent evaluation systems. The review examined the quality and credibility of IFAD's self-evaluation system since 2005, particularly highlighting changes that have occurred since OE became independent. The assessment covered: (i) the quality, coverage and usefulness of selected PCRs, including commenting on consistency with the harmonization agreement between OE and PMD and the credibility of the ratings; (ii) the quality and usefulness of the PRISMAs, by comparing the 2005 and 2009 versions of the report; (iii) the usefulness of the RIDE; (iv) the quality of RIMS; and (v) issues related to project M&E. The analysis was designed to identify areas where changes might be considered to improve the quality of the self-evaluation system and its use, thereby helping to improve IFAD's development effectiveness.

## Appendix B ECG 2009 ECG COMPARISON TABLE
## Comparison of Organization and Activities Among
## Members and Observers of the Evaluation Cooperation Group – November 2009

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **1.1 Separate Evaluation Department** | Yes, Evaluation Department (EvD) | Yes, Independent Evaluation Group (IEG) | Yes, independent Office of Evaluation and Oversight (OVE) | Yes, Independent Evaluation Department (IED). | Yes, Operations Evaluation Department (OPEV) |
| **1.2 Location in Organization Chart and budget** | The Chief Evaluator is directly and only responsible to the Board and will only take his/her instructions from the Board of Directors as a whole. Based on the Work Program for the following year, the budget will be prepared by the Chief Evaluator, and will be presented separately from the rest of the Bank's budget, as an Appendix to the Bank's budget document. The Work Program and budget of the Evaluation Department will be distributed to the Board of Directors, first for review by the Audit Committee and then in respect of the budget for review by the Budget and Administration Affairs Committee and then for approval by the full Board of Director. | IEG is headed by the Director General - Evaluation, and includes units in the WB, IFC and MIGA. Units report to Board of Executive Directors through the DGE. Work programs and budgets are prepared independently, under the oversight of the DGE, for endorsement by the Board's Committee on Development Effectiveness (CODE), and approval by the Board. For administrative purposes, the IEG-IFC Director reports to IFC Executive VP (chief operating officer), and, the Director of IEG-MIGA reports to the MIGA Executive VP. | OVE Director reports to the Board of Executive Directors and submits the Work Program and Budget for their approval. | I<br>ED reports directly to the Board through the Development Effectiveness Committee (DEC). IED's work program and budget are approved by the Board. DG, IED, in consultation with the DEC and the Budget, Personnel and Management Systems Department (BPMSD), prepares an annual budget proposal that is subject to review first by the DEC then by the Budget Review Committee. The budget proposal is presented for consideration and approval by the Board separately from AsDB's overall administrative budget. DG, IED has the authority to reallocate resources across budget items. | Since 1995, OPEV reports directly to the Board and administratively to the President. Work Program and outputs are under the oversight of the Committee of Operations and Development Effectiveness of the Board. Budget is decided within the corporate Budget presented by Management based on OPEV proposal |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **1.3 Seniority of Head of Department** | The Chief Evaluator which is appointed by the Board of Directors is in principle one level below VP | Director General Evaluation (DGE) is Senior VP level. Director of IEG-WB is one level below VP, same as other department Directors, and is selected by the DGE in consultation with the President and Chair of CODE. Director of IEG-IFC is one level below VP, same level as investment department and other IFC department Directors. Director of IEG-MIGA is same level as department heads in MIGA. | Director of Office: one level below VP, equivalent to Department Manager | Director General (DG), one level below VP, same level as operations department directors general | Head: Director, same level as operations department |
| **1.4 Participation of the Head of the Evaluation Function in internal senior management meetings.** | The Chief Evaluator does not participate either as member or as observer in senior management meetings. The Chief Evaluator gets copies of the agendas on the meetings of the Executive Committee which is chaired by the President. EvD organizes meetings frequently with the Operations Committee secretariat which is composed of department directors and other senior Bank staff involved in the operation process. The aim of these meetings is to review evaluation reports and to discuss lessons learned for application in new operations. | The DGE participates in regular meetings of WBG Senior Management. The Director, IEG-WB participates in meetings of the Operational VPs. The Director, IEG-IFC, participates in relevant meetings of the Portfolio Committee. The Director, IEG-MIGA participates, as an observer, in the Project Review Committee meeting. | The Director of the Office does not participate either as a member or as an observer in senior management meetings. | The DG participates selectively (rarely) at Management Review Meetings, chaired by the President or a VP, to examine new lending, policy or strategy proposals before these are completed and finalized for Board submission. | Director OPEV attends Presidential Meetings<br><br>Director/Evaluators attend selectively senior management committee (SMCs) |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **1.5 Access to information by staff of the Evaluation Department** | In order to discharge their obligation, the Evaluation Department's staff will continue to have unrestricted access to EBRD staff and records, provided that::<br>• The Bank's confidentiality policy and obligations under individual confidentiality undertakings entered into with sponsors, clients and other third parties are preserved; and<br>• Information obtained by the Evaluation Department is used to perform the evaluation function, subject only to their obligation to report cases of suspected misconduct in accordance with the Bank's applicable procedures. | IEG's access to staff and records is unrestricted. | OVE staff have unrestricted access to IDB staff and records. | The approved policy allows IED full, unfettered access to AsDB records and information related to evaluation work, with the exception of personal information that is typically restricted. Similarly, IED is free to consult with any individual or group, within and outside AsDB, it deems relevant— including government officials, and members of private sector, NGOs, and media in the assisted DMCs. | OPEV's access to ADB staff and records is unrestricted |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **2.1 Staffing** | Chief Evaluator<br>*Other professional staff:*<br>Senior evaluation managers: 5<br>Principal evaluation manager: 3<br>Senior economist: 1<br>Senior environmental evaluation manager: 1 Evaluation analyst: 1<br>*Support staff:*<br>Personal assistant: 1<br>Senior administrative assistant: 1<br>Administrative Assistant: 1<br>Secretary: 1<br>Total staff: 16 | WB:<br>1 Director and 4 Group Mgrs<br>Principal and Senior Evaluator Specialist: 44<br>Evaluation Officer: 5<br>Support Staff: 29<br><br>IFC:<br>Head of Unit (Director): 1<br>Chief Evaluation Officers: 2<br>Evaluation Officers: 10<br>Research Analysts: 5<br>Support Staff: 4<br><br>MIGA:<br>Head of Unit (Director): 1<br>Lead and Senior Evaluation Officers: 1.25<br>Evaluation Officers: 1<br>Research Analysts: 0<br>Support Staff: 0 | Director: 1<br>Deputy Director: 1<br>Principal Evaluation Officers: 3<br>Sr. Evaluation Officers: 6<br>Evaluation Officers: 7<br>Jr. Evaluation Officer: 1<br>Jr. Professional: 1<br>Research Assistants: 6<br>Support Staff: 5 | Director General: 1<br>Division Directors: 2<br>Professional Staff: 23<br>National Evaluation Officers: 10<br>Administrative Staff: 11 | Director + 2 Chief Evaluators+ 9 Principal Evaluation Officers (5 Economists; 2 Agronomists; 1 Financial Analyst; 1 Transport Economist). |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **2.2 Managing the staff of the Department** | The Chief Evaluator manages the Evaluation Department staff. EBRD's human resources and other relevant policies apply. Among others, the Evaluation Department's staff may seek other positions in EBRD but (consistent with rules applicable to staff) need to inform the Chief Evaluator if they have been short listed.<br>The Chief Evaluator has freedom to make recruitment decisions by him/herself, without Management or the Board being involved.<br>The salaries of the professional staff members of the Evaluation Department are determined by the Chief Evaluator. The allocation of salary increases is based on performance and market positioning. In addition to a salary, the remuneration of the Evaluation Department's professional staff may include a bonus. The Chief Evaluator is not eligible to receive a bonus. The percentage of the bonus pool available to the Chief Evaluator for distribution corresponds to the percentage of the bonus pool available for professional staff in the rest of EBRD. The remuneration of the support staff members of the Evaluation Department is determined in accordance with EBRD's system.<br>In managing the financial and human resources, the Chief Evaluator consults and cooperates with relevant EBRD departments. He/she will regularly report to the Board of Directors, through the Audit Committee, on the execution of the Work Program and utilisation of the budget of the Evaluation Department. | The DGE is responsible for managing IEG's personnel, budget, and work program under the oversight of CODE, and in consultation with Bank operational VPs, IFC's EVP, and the Chief Operating Officer of MIGA. IEG's functions and staff are organizationally independent from Bank, IFC and MIGA operational and policy departments and decision-making.<br>The Directors are responsible for the selection, performance evaluation, salary review and promotion of IEG staff, under the oversight of the DGE and in consultation with the VP, Human Resources, for the relevant agencies | The director of the Office has freedom to make recruitment decisions by himself without the Management or Board being involved.<br>Recruitment is subject to the normal procedural rules of the IDB regarding the posting of vacancies and the review of candidates by a committee that included non-OVE staff. The committee makes recommendations to the Director of OVE, who has the final say on recruitment. The salaries of the professional staff members of the Office are determined by the Director as is the distribution of the annual bonus pool. | DG, IED is responsible for the final selection of IED personnel, in accordance with AsDB personnel guidelines. BPMSD handles the administrative processes. The terms and conditions of the services of IED staff are the same as for other AsDB staff, as provided by AsDB's staff regulations and administrative orders. They include the same performance review process, regulation, disciplinary procedures, and grievance procedures. IED staff may work in other departments of AsDB before and after working in IED. IED has adopted formal guidelines on avoiding conflicts of interest in independent evaluations. Transfer of IED staff to other departments/offices is governed by AsDB-wide policies, rules, and regulations.<br>DG, IED is responsible for the distribution of the annual salary increase budget allocated to IED among its staff including division directors. | HR management of evaluation staff falls within the corporate HR policies and procedures In managing the financial and human resources of the Evaluation Department, the Director applies the Bank HR policy.<br>He/she will regularly report to the Board of Directors, through the Operations and Development Effectiveness Committee of the Boards, on the execution of the Work Program and utilisation of the budget of the Evaluation Department. |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **2.3 Selection and Average Tenure of Head of Evaluation and other evaluation staff** | Selected in accordance with a selection procedure established by the Board. The Selection Committee for the Chief Evaluator consist of the members of the Audit Committee and the Vice President of Risk Management, Human Resources and Nuclear Safety and is chaired by the Audit Committee's Chair. The Selection Committee appoints an executive search firm which conducts an executive search. Subsequently the Selection Committee reviews a shortlist of candidates and conducts interviews and proposes a candidate by majority vote. After completion of the selection procedure, the President consults with the Board in an Executive Session and thereafter sends a recommendation to the Board for its approval. The Chief Evaluator is appointed for a term of up to four years which may be renewed, once or more, for a term of up to four years and may extend beyond normal retirement age. In principle, unless the Board decides otherwise, a Chief Evaluator will not hold his/her position for more than eight years. No limit of tenure exists for other evaluation staff. | Board appoints DGE for a renewable term of 5 years. Selection process and remuneration managed under oversight of CODE (with advice from Vice President, Human Resources). DGE can only be removed by the Board and is ineligible for a WBG staff appointment. The Director IEG-WB is appointed by the DGE in consultation with the Chair of CODE. No time limit on her/his term. Staff serve 5-7 years, but are not time-limited. The Director IEG-IFC is appointed by the Director General of Evaluation in consultation with the Executive Vice President and CODE chair. Term is 5 years, renewable; he/she may not rotate within IFC, and can be removed only by the DGE, for just cause. Rotation of staff is encouraged after 4 years but not required. | No limitations except for Director who has 5-year one time-renewable mandate. In general, the Bank encourages staff rotation after 5 years, but it is often difficult to find an even exchange. | DG, IED is appointed by the Board, upon the recommendation of the DEC in consultation with the President (i.e. seeking the views and opinions of the President). DG, IED has a single, 5-year non-renewable term. During this period, DG, IED can only be removed by the Board on the grounds of inefficiency or misconduct. Upon completion of the term or after removal, DG, IED is ineligible for any staff position within AsDB. Currently, the average tenure in IED of other staff is about 3-5 years. Rotation is encouraged. | Director is appointed for 5 years renewable only once. Rotation of evaluation staff back to operational posts is recommended. |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| | | The Director IEG-MIGA is appointed by the DGE in consultation with the MIGA EVP and CODE chair. Her/his term is 5 years, renewable. Not eligible for employment in MIGA upon completion of assignment. She/he can only be removed by the DGE, for just cause. | | | |
| **3.1 Consultants: Proportion of Business Covered** | Industry expert consultants are employed for approximately approx. 50-60% of post evaluation exercises on investment operations. The assignments are short term (max. 3 weeks) and in a support capacity. For special studies (thematic, sector, etc.) longer assignments are usual. | Consultant usage for the group of a whole represents about 25% of total budget spending, comprising roughly 25% for IEG-WB, 20% for IEG-IFC, and 10% for IEG-MIGA.<br>For IFC, 15-20% (consultants & temps as % of staff full costs); about 13-15% of total budget | 30% (about 20% of budget) | 20% in terms of person-year requirements of the work program supplied by consultants. About 25% of total IED budget is for consultants. | 15-20% of Administrative Budget. About 7 person-years (including consultants recruited under bilateral cooperation funds). |
| **3.2 Internal Secondment** | Not so far, but some junior level secondment from other Departments is possible. | Possible for IEG-WB. For IEG-IFC possible and actual in the form of fixed-term development assignments (usually 6-12 months). | Yes, through Bank mobility (rotation) exercise. Staff may rotate in and out of OVE for 2-3 year terms. | None so far. Staff may move in/out of IED from/to the rest of AsDB. | Not from Operations, but for cross cutting themes (e.g. gender, environment; poverty), specialists from Environment and Sustainable Development. Unit)- |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **4.1 Work Program** | In consultation with the Banking Department (operations), EvD prepares an annual work Program on evaluation of investment operations and TC operations. Suggestions for selection themes for special studies can come from the Board of Directors and Management. Sector Policy evaluations are carried out before a new strategy is prepared by Management. The Work Program is commented on by Management and reviewed by the Audit Committee of the Board. The Board of Directors approves the Work Program, first through adopting the Work Program Preliminary report and in second instance by approving the Work Program Final report. Final project selection and choice of special studies are proposed in the Work Program Final report. | Each year the DGE presents a consolidated three-year rolling Work Program and Budget to the Board, with sections derived from each of the three units.<br>WB: Prepared by IEG, discussed with management, regions and networks. Reviewed by CODE and, submitted to Board for discussion and approval.<br>IFC: Every year, IEG Director prepares a 3-yr strategy, work program, and new FY budget proposal, reviewed by DGE and Management, and discussed with CODE, which sends a report commenting on it to the full Board prior to Board's final decision on IFC's budget.<br>MIGA: IEG-MIGA prepares work program and budget, reviewed by DGE and commented on by Management. Proposal is endorsed by CODE and approved by the Board. | OVE prepares an annual work plan based on requests from Board of EXDs and input from Bank management. OVE submits Plan to the Policy and EC of the Board for discussion and then Board approval. | DG, IED proposes a 3-year rolling work program, after consultations with the DEC, Management and other departments, taking into account issues of relevance to AsDB developing member countries and the current institutional priorities. The Board is responsible for final approval of the coming year's IED work program, after it is reviewed and endorsed by the DEC. | OPEV prepares its three-year rolling work Program on a basis of a large consultation with operations departments. Priority areas, sectors or themes from Board members are also included in the work Program, which is reviewed and approved by the Committee of the Board on operations and development effectiveness (CODE). |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **4.2 Percentage of Projects Subject to Evaluation** | 100% of Investment Operations ready for evaluation are looked at by EvD, but different evaluation products are prepared allocating different amounts of time to the evaluations: (i) 25% producing an operation performance evaluation review (OPER) report (EvD staff makes a field visit); (ii) 45% by assessing self-evaluation reports. Based on the Expanded Monitoring Reports EvD writes XMR Assessments. For this reduced form of evaluation staff do not conduct field visits but the ratings assigned by operation staff are validated; and (iii) 30% by reviewing the quality and completeness of self-evaluation reports (no validation of performance ratings by EvD).<br>Selection of the 25% of operations on which an OPER report will be produced is based on a purposive sample with emphasis on potential for Lessons Learned, financial performance of project, size of bank's exposure, adequate spread among operation type and countries and sectors.<br>For overall performance, random sampling is applied according to ECG's GPS on private sector evaluation whereby the confidence level of the sample is 95% with ± 5% sampling error.<br>20% of completed Technical Cooperation (TC) Operations (by volume) are evaluated through an OPER report, PCR Assessment or a PCR Review; if TC operations covered in special studies are added total coverage is approximately 50%. | WB: 100% self-evaluation by operations staff through Implementation Completion Reports (ICRs). 100% of ICRs reviewed by IEG; 60-80 completed projects evaluated by IEG through Project Performance Assessment Reports.<br>IFC: 51% stratified random sample of self-evaluation reports on investments. All desk-reviewed by IEG, some by field visits following review of self-evaluation reports. Also, all special studies (sector, country) are based on field visits and relevant mini-XPSRs by IEG staff, plus as of 2006, they are also based on Project Evaluation Reports (PERs) on technical assistance and advisory projects (TAAS).<br>MIGA: No self-evaluation by operational departments. IEG-MIGA directly evaluates a random sample of 3-4 year old cohort of MIGA guarantee projects, including field visits. | On closure of a project: 100% self-evaluation by operations staff. 20% Ex-post Evaluations by OVE Validation of a sample of 20% of Project Performance Monitoring Reports and Project Completion Reports by OVE<br><br>Prior to Approval: 100% (of projects approved) quality of entry evaluation by Development Effectiveness Department.<br><br>100% (of projects approved every third year) Evaluability evaluation by OVE | 100% self-evaluation (project completion reports [PCRs]) by operating units for public sector lending and for private sector lending (expanded annual review reports [XARRs]). Since August 2007, IED independently validates PCRs and XARRs. Rather than independently evaluating a randomly selected sample of completed programs and projects, IED selects a purposeful sample of about 10 public sector projects and non-sovereign operations for in-depth evaluation each year [Project Performance Evaluation Reports-PPERs]. | Actually 40-50% due to budget constraints. Selection criteria: quality of PCR, importance of sect oral or country issues raised; sect oral or crosscutting issues & priorities.<br>New procedures put in place starting February 2001: PCRs reviewed at 100% (target) with PCR review notes prepared. |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **4.3 Basis of Studies (country, project by project, sector...)** | Special studies can have a thematic character or can refer to a specific sector. These can be carried out in the form of Operation Sector Policy Evaluations.<br>Mid-term review of projects can be prepared to help advancing the progress of projects.<br>Evaluation Progress reviews whereby EvD revisits former evaluations.<br>Sector Study: investment operations in a specific sector or sub-sector can be grouped together to do a sector study.<br>Country Strategy Evaluation: EvD applies the GPS of the ECG on Country Program and Strategy Evaluation by conducting country level evaluation whereby for each study the Board of Directors selects one or more themes or one or more sectors. For 2009 one such study will be carried out. EvD does not carry out formal country strategy evaluation as described in ECG's respective GPS. However, EvD provides lessons learned material to operation staff during the preparation of each new country strategy thereby contributing to the retroactive analysis section of each new country strategy. | WB: Reviews at project, sector, country, and global levels, plus cross-cutting sector/thematic and corporate/process reviews, including the Annual Review of Development Effectiveness. (which for 2010 is being reformulated into a joint IEG-wide report on WBG results).<br>IFC: Annual Reviews based on IEG-validated self-evaluation findings and supplementary portfolio and market data. Special evaluation studies (sector and thematic, process, country, and Evaluation Briefs) drawing on project-level results. Priority given to topics relevant to IFC's corporate strategic priorities and joint studies with IEG-WB and IEG-MIGA.<br>MIGA: IEG-MIGA Annual Report synthesizes project and program level findings on MIGA's development and operational effectiveness, and may have a thematic focus. IEG-MIGA participates in joint IEG evaluation reports, covering sectors or themes for which a WBG-wide perspective is needed and relevant to MIGA. | OVE:<br>Evaluations of development impact, ex-post performance and sustainability of individual projects classified into three themes;<br><br>Country Programs Evaluations whenever there is a national election.<br><br>Sector and thematic Evaluations<br><br>Oversight Reports : Bank policies and program | Operations, policies and strategies, and business processes having implications for development effectiveness of AsDB operations, e.g. project, program, non-sovereign operation, technical assistance, regional cooperation, country, sect oral, thematic topics for special studies, AsDB processes, policy/strategy reviews, and impact assessments. | Policy Review prior to a Revision by Policy Dept. Country Assist. Evaluation prior to new Country strategy or country portfolio review. Thematic studies + Process Reviews + Impact studies. |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **5.1 Types of Report and Timing** | *1. Operation Performance Evaluation Review (OPER) reports on investment operations*. Timing: 1.5 years after full loan disbursement and 2 years after last disbursement of equity investment. After at least one year of commercial operation and in principle one year of audited accounts must be available.<br>2. Timing for producing an *OPER report on a TC operation*: within a year of final disbursement of grant funds when the Project Completion Report (PCR) is available.<br>*3. XMR (expanded monitoring reports) Assessments* are done at the same time as OPER reports;<br>*4. Special Studies, mid-term reviews and evaluation progress reviews* are carried out at the initiative of EvD and/or at the request of the Board of Directors or Management;<br>5. Reports on EvD's *Work Program:*<br>a. Work Program Preliminary report (September)<br>b. Work Program Final Report (January)<br>c. Work Program Completion report (March)<br>*6. Annual Evaluation Overview Report* (AEOR) is presented to the Board in July. | WB:<br>1. Project Performance Assessments<br>2. Country Evaluations<br>3. Thematic and Sector Evaluations<br>4. Corporate and Process Evaluations<br>5. Impact Evaluations<br>6. Annual Review of Development Effectiveness (ARDE), which is being merged on a pilot basis in 2010 with IEG-IFC and IEG-MIGA's Annual Reports.<br><br>IFC:<br>1. Self-evaluation Reports (Expanded Project Supervision Reports) at project level (completion + min. 1-2 yrs operation)<br>2. IEG special studies: per above topical range<br>3. Annual Review of Evaluation. Results<br>4. Annual Report on Evaluation (process)<br><br>MIGA:<br>1. Project Evaluation Reports (PER) – 3-4 years after issuing guarantee<br>2. Quality at entry assessments – recent guarantee projects<br>3. Annual Report<br>4. Contributions to joint IEG sector/thematic studies – 1-2 per year | 1. Project Completion (Bank Ops. Staff)<br>2. Ex-post Project Performance and Sustainability Assessments<br>3. Country Program Evaluation<br>4. Sector & Thematic Evaluation<br>5. Corporate Performance<br>6. Oversight of Self-evaluation and Bank-wide standards<br>7. Thematic Oversight Reports<br>8. Annual Report of the Office of Evaluation and Oversight | 1. Project/Program Performance Evaluation Reports, about 3 years after project/program completion<br>2. Impact Evaluation Studies several years after completion. Includes rigorous impact evaluations as well.<br>3. Special Evaluation Studies including sector, theme, policy or strategy, business processes<br>4. Sector Assistance Program Evaluations (SAPEs)<br>5. Country Assistance Program Evaluations (CAPEs)<br>6. Regional Cooperation Assistance Program Evaluation<br>7. Annual Report on Portfolio Performance<br>8. Annual Evaluation Review<br>9. Validation Reports (of project completion reports and country partnership strategy completion reports)<br>10. Evaluation Knowledge Briefs<br>11. Evaluation Information Briefs | 1. Project/Program performance evaluation Reports (PPERs)<br>2. Project Completion review Note<br>3. Report on Development Effectiveness<br>4. Annual Report on Operations Evaluation<br>5. Review of Bank assistance to country sectors<br>6. Country Assistance Evaluation<br>7. Process and Procedure Reviews<br>8. Sector, Policy and Thematic Evaluations<br>9. Impact Evaluation |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **5.2 Discussion and Clearing of Reports** | Operation teams in charge a project or Program under evaluation are consulted on EvD's draft reports and given two to three weeks to provide comments. The Evaluation Department also consults any other member of Management or staff who has played a specific and substantial role in the process of preparation or implementation of the project or Program under evaluation. Based on these discussions, EvD prepares the final report for distribution to Management to receive official Management's Comments.<br>After receiving an OPER report, a Board summary of an OPER report or a special study from the Chief Evaluator, Management has ten working days to provide Management's Comments. The Chief Evaluator informs the Audit Committee that he/she has delivered such a report to Management to seek their Comments. Before distribution to the Board (or publication), the Chief Evaluator may still correct the Evaluation Department document to take account of Management's Comments; if he/she does so, the Chief Evaluator also gives Management an opportunity to adjust Management's Comments accordingly, before such Comments are distributed (or made available) to the Board of Directors together with the Evaluation Department document. Management's Comments are published or posted on the Bank's website at the same time as the Evaluation Department reports to which they relate. | WB: Discussed with appropriate operations staff. IEG reports are issued under DGE signature and approval. Reports are then forwarded to the Board.<br>IFC: Self-evaluation: All staff involved with project in past and present consulted, 100% of reports are formally reviewed by IEG and (for about one-third, designated by IEG) discussed by committee chaired by VP or Credit Director or relevant senior Credit staff.<br>IEG reports are the responsibility of the Director, IEG-IFC, under the oversight of the DGE, and are transmitted to IFC's Board of Directors through the DGE, following management review and opportunity to comment.<br>MIGA: All reports are cleared by the Director, IEG-MIGA, under the oversight of the DGE, and are transmitted to MIGA's Board of Directors through the DGE, following management review and opportunity to comment. | Internal OVE peer review, discussion with relevant Bank technical and operational staff, and the Audit and EC of senior management (chaired by Exec. V.P.). Management does not clear or approve the report. Report submitted to the Policy and EC of the Board (Country Program Evaluations go instead to the Programming Committee of the Board), and then to entire Board of Executive Directors. | Reviewed by selected IED internal peers; then forwarded to operational departments and governments (executing agencies) for comments. For complex evaluations, a second stage of discussion at the Director General level focuses on understanding of and reality-check on recommendations. Final report is approved by DG, IED and circulated to the Board and Management and disclosed to the public simultaneously, inviting a Management response. All country level and major special evaluation study reports are discussed by the DEC. | - Internal Working Group or Quality Control Working Group<br>- External Peer Review for major Evaluations<br>- Reports sent for comments to Operations Depts. + Borrowers + Co-financiers-<br>- Formal Management Response provided by Operations Vice Presidency and Evaluation Reports discussed by the Boards Committee (CODE) on country, sect oral or thematic basis |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **5.3 Distribution of evaluation reports** | Board summaries of OPER reports on investment operations, TC-related OPER reports and special studies are distributed by the Chief Evaluator (through the Office of the Secretary General) to the Board of Directors, together with Management's Comments. If Management has elected not to provide Management's Comments, the Chief Evaluator so informs the Board when distributing the report. Management's Comments must be proportionate in length with the document to which they relate. | WB: IEG reports are submitted directly by the DGE to the Committee on Development Effectiveness, and are disclosed to the public in line with its disclosure policy. Reports are posted on IEG's website.<br>IFC: IEG transmits its reports to IFC's Directors through the DGE following IFC management review and comment. The Board approved a revised IEG disclosure policy in line with revised IFC disclosure policy; that enables public disclosure of IEG reports that go to the Board; implementation of the new policy took effect for reports distributed to the Board after April 30, 2006.<br>MIGA: IEG-MIGA transmits its Annual Report and sector/thematic studies to the Board of Directors, through the DGE. All reports submitted to the Board are disclosed following CODE/Board discussion in line with MIGA's disclosure policy. Project-level evaluations are not disclosed. | OVE reports are submitted by the Director directly to the Board's Policy and EC and, for Country Program Evaluations, to the Board's Programming Committee. | All public sector evaluation reports are publicly disclosed on the AsDB website upon circulation to the President and Board of Directors. Redacted versions of private sector evaluations are disclosed, with commercially confidential parts removed from the report. | OPEV Reports are submitted by the Director to the Committee on Development Effectiveness through the Secretary General, and are disclosed to the public in line with its disclosure policy. Reports are posted on OPEVs website. |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **5.4 Publication** | Disclosure of evaluation documents is incorporated in EBRD's public information policy (PIP). The following documents are disclosed on EBRD's Web site:<br>1.Summaries of OPER reports on investment operations(no names of companies and sponsors are disclosed);<br>1. OPER reports on TC operations;<br>2. Special studies;<br>3. Work Program Final Report;<br>4. Annual Evaluation Overview Report (AEOR);<br>All reports will be edited by the Chief Evaluator for commercial confidential information in cooperation of EBRD's Office of the General Counsel. There reports and lessons learned material are published on the Evaluation part of EBRD's Web site which also contains an external lessons learned database. | WB:<br>Country Assistance Evaluations<br>Thematic & Sector Evaluations<br>Some Corporate Evaluations<br>ARDE<br>IEG working papers<br>All reports are disclosed in accordance with the IEG disclosure policy, placed on the web and printed.<br><br>IFC:<br>As per the above, with appropriate editing, reports distributed to the Board after April 30, 2006 are disclosed to the public.<br><br>MIGA:<br>Annual Reports, sector/thematic studies are disclosed on IEG-MIGA's website. | All Reports are published unless not authorized by the Board. | All reports available online at www.adb.org/evaluation | Reports available for wide distribution after circulation to the Board Committee.<br>Evaluation Website within the Institution (AfDB) website |
| **5.5 Identity of Promoters of Projects** | No names of projects, project sponsors and promoters will be disclosed outside the Bank because of confidentiality obligations towards the Bank's clients, as most of EBRD's activities are with private sector partners. | WB: Not applicable<br>IFC: Not disclosed<br>MIGA: Not disclosed | Not disclosed. Source data is subject to disclosure policy. | Public Sector: Not applicable<br><br>Private Sector: Not disclosed | No restriction on the identity of the promoters/projects |

| | European Bank for Reconstruction and Development | World Bank Group | Inter-American Development Bank | Asian Development Bank | African Development Bank |
|---|---|---|---|---|---|
| **6.1 Costs** | A strict budget system is in place. Budget is approved annually by the Board of Directors and is presented separately from the rest of the Bank's budget.<br>Average cost per evaluation exercise: 25-45 man-days (EvD staff) plus 2-3 weeks consultant time in respect of *project evaluation*; up to 12 weeks (EvD staff) for *special studies* plus 3-4 weeks consultant time. | Cost for individual studies varies, depending on nature of the study, and are estimated in approach papers. | Budget for evaluation reports and services estimated by staff time, consultants and travel costs required, and are reported by gross activity. Budget is approved by the Board. | Depends on nature of study, but the budget assumes that, normally, an individual project evaluation takes 3-4 staff months while broader evaluations take 6-9 staff months of work (which could take 12-18 months of elapsed time, given multitasking). | Budget for evaluation reports and services estimated by staff time, consultants and travel costs required, and are reported by activity. Budget is approved by the Board. |
| **6.2 Budget** | 1.42% of EBRD's net administrative expenses (excl. depreciation). | WB:<br>1.5% of the World Bank's Net Administrative Budget<br>IFC:<br>0.8% of IFC's Budget;<br>MIGA:<br>3.5% of MIGA's Administrative Budget | 1.1% | 1.89% of AsDB's internal administrative expenses in 2008 (based on actual figures). | 1.74% of administrative budget of AfDB. (2005) |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **1.1 Separate Evaluation Department** | Part of the Inspectorate General, independent from all other Bank's directorates and which groups Operations Evaluation (EV), Internal Audit and Investigation. | Yes, Independent Evaluation Office (IEO) | Yes, Operations Evaluation Department (OED). The status of the previous Operations Evaluation Office (OEO) was upgraded to a full-fledged department in December 2008. | Yes, the independent Office of Evaluation (OE). | Yes Ex Post Evaluation Department (DEP) |
| **1.2 Location in Organization Chart and budget** | EV reports to the Board of Directors via Management Committee (Management Committee can't make any change of substance); administrative link to one member of the Management Committee. Budget approval annually. EV's budget is approved by the Management Committee, within the overall EIB budget approved by the Board. EV has budget autonomy to reallocate funds within certain limits and rules. | The IEO reports directly to the Executive Board of the Fund. It is completely independent of Management, and operates at "arm's length" from the Board. IEO budget is approved by the Executive Board based on a proposal prepared by the Director of IEO. The budget approval process does not influence the content of the evaluation program, but does determine its overall size. | OED reports directly to the Board for technical matters but also to the President of the Bank for administrative matters.<br><br>Work program and annual budget proposal are submitted to the Audit Committee of the Board for approval. | OE reports directly to the IFAD Executive Board, as per the Evaluation Policy. The Executive Board has a standing EC to assist it in considering evaluation issues.<br><br>OE prepares and submits its work Program and budget directly to the Executive Board for approval. | DEP's director reports directly to the Governor. The Budget is proposed by the DEP and approved by the Governor. In 2007, it was 2.4% of total CEB administrative costs; in 2008 it was 2.8% of same. The Work Program is prepared independently and presented once a year to the Administrative Council of the CEB. |
| **1.3 Seniority of Head of Department** | Title: Inspector General, reporting directly to the President. | The Director of the IEO is at the same level as other Heads of Department, i.e. the level immediately below that of the Deputy Managing Directors of the IMF. | Director has the similar status of any other Director at the Bank. | The Director of OE is at the same level as other division Directors. This level is directly below the Associate Vice President level. | Head: Director: same level as Operations Directorates. |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **1.4 Participation of the Head of the Evaluation Function in internal senior management meetings.** | Yes | The Director of the IEO does not participate either as member or as observer in senior management meetings. | In the Heads of Department Meetings of the Bank, chaired by the President which discusses policies and strategies confronting the Bank. Also, in the Bank's Management Committee Meetings upon invitation. | The Director is invited to participate in the meetings of the IFAD management team, with all other division directors and senior management, which is held 2-3 times in one year. | The Director does not participate - neither as a member nor as an observer - in senior management meetings, but rather on a case-by-case basis. The Director frequently organizes meetings with the Operations directors. |
| **1.5 Access to information by staff of the Evaluation Department** | Unrestricted access within the whole EIB Group, including EIB and EIF. | IEO has access to all regular policy papers. The IEO director has the right to obtain information from members of Management and staff to carry out the work program of the IEO, except to the extent that the information requested is subject to attorney-client privilege. | OED has unrestricted access to all Bank records, project sites, clients, partners and staff. | OE has unrestricted access to IFAD staff and records. | The DEP has unrestricted access to the CEB staff, records and data, and is free to consult with any individual or group within and outside the CEB. |
| **2.1 Staffing** | Head of Operations Evaluation + 3 evaluation experts + 5 evaluators + 3 assistants | Director plus 3 B-level (managerial) staff, 7 professionals, and 2 Administrative Assistants. | Director: 1<br>Division Managers: 2<br>Professional Staff: 10<br>Support Staff: 3 | -1 Director<br>-1 Deputy Director<br>-9 Evaluators<br>-8.5 Support staff | Director<br>2 evaluators<br>1 assistant |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **2.2 Managing the staff of the Department** | Independent management of staff as in any EIB general directorate. Fully responsible for the selection, performance evaluation, salary, review and promotion of staff in consultation with EIB Human Resources Department. | During their period of service, IEO employees perform under the supervision of the Director of the IEO, and do not take any direction with respect to their work related functions from any other person or authority. The Director informs the Executive Board at least two weeks in advance of any action to appoint, promote, or dismiss IEO employees who have managerial responsibilities.<br>IEO employees receive the same benefits as Fund staff members with fixed-term appointments. The Director approves IEO employees' term of service; establishes performance plans; conducts performance assessments; approves classifications of positions and decides upon salary adjustments within the Fund's structure of staff grades and salaries; and approves changes in titles or levels.<br>In these matters, the same rules and procedures applicable to staff members are applied by the Director to the IEO employees. In the event that the special status of the IEO makes it necessary to alter these rules and procedures, the Director of the IEO, after consultation with the Director, HRD, and the Executive Board, may adapt these rules and procedures to the same extent as may be authorized by the Managing Director with respect to the staff. | Staff-related matters are dealt with directly by the President in close consultation with the Director and in compliance with IsDB Staff Rules. The Human Resources Management Department of the Bank handles the staff recruitment of OED in accordance with IsDB Group policies and procedures and in close consultation with the Director, OED. All staff disciplinary and grievance procedures are taken care by HRMD. | The appointment is for a five-year fixed term, renewable once for another five-year term. The Director of OE is not eligible for re-employment within IFAD at the completion of his/her tenure. Having said that, the procedures for the appointment, renewal and removal of the Director OE are currently being redefined by the Executive Board.<br><br>There are no limitations on the tenure of OE staff, which follow standard IFAD HR policies and procedures. They are also eligible for rotations within the organization and can apply for positions in any division of the Fund. | The Director and the DEP staff are under the same regulations as the CEB staff regarding personnel issues. The recruitment of evaluators and administrative staff is done by the Director after approval by the Governor.<br>Based on performance, in addition to a salary, the remuneration of the DEP's professional and administrative staff may include a bonus within the framework of the annual bonus pool available to all CEB staff. |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **2.2 Average Tenure of Head of Evaluation and other evaluation staff** | For all evaluators, including the Head of Evaluation, tenure is limited to 5 years. EV staff may take other positions within the Bank.<br><br>Fully independent selection process. Professionals are: 60% internal recruitment and 40% external.<br><br>Independent process for the Inspector General, under the authority of the President. | The Director is appointed by the Board of Directors for a non-renewable period of 6 years. To ensure against a conflict of interest the Director cannot subsequently join IMF staff in any capacity. Staff serving in the IEO can have a maximum tenure of 6 years with no restrictions on future employment in the Fund. | The Director, OED is appointed by the President. The tenure of the Director will be determined in the future as the new line of reporting and the independence requirements have been approved very recently (December 2008). | Around 44% of the 2009 budget will be devoted to hiring consultants to implement the annual work Program. | The selection process starts at the Human Resources Directorate which publishes the advertisement and appoints an executive search firm. Based on selection by HR Directorate and search firm, a shortlist is drawn, and presented to the Governor. The Governor interviews the candidates and appoints the Director for an unlimited time. No staff rotation is foreseen. |
| **3.1 Consultants: Proportion of Business Covered** | Current estimate is support of consultants for 40% of EV activity. | About 20% of the budget (FY2006) | Consultants are utilized for 10-15% of the annual work program. | | Consultant costs represented 59% of total DEP budget in 2004, decreasing to 19% in 2007 and 11% in 2008. This figure is expected to rise again in 2009, since not all budgeted funds were disbursed in 2008. |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **3.2 Internal Secondment** | No secondment as such; full recruitment process, internal and external at the same time. | Up to 50% of staff can be from the Fund. However, they are not seconded by Management. They are recruited by the Director and allowed to go to the IEO with the option to return to Fund staff at the same grade as before they joined IEO. Returns at a higher grade are neither ruled out nor automatic. | There had been internal secondment from other departments of the Bank and external secondment from IEG, World Bank and OPEV, AfDB. | None at the moment. | No internal secondment. |
| **4.1 Work Program** | Two-year rolling work Program prepared by EV in consultation with other directorates, and with the Management Committee. Discussed by the Board of Directors. | Prepared by the Director based on consultations with Executive Board, Management, and a variety of interested groups outside the Fund. The IEO should avoid interfering with ongoing operational activities.<br>The annual work program is reviewed by the Executive Board but is not approved by it. | Work program and annual budget proposals are submitted to the Board of Executive Directors in accordance with IsDB procedures under the oversight of the President for consideration and approval.<br><br>All evaluation studies / missions within the approved work program are authorized by the Director, OED. | Prepared independently by OE including consultations with the management. It is reviewed by the EC and submitted to the Executive Board for approval. The Board is responsible for approving the work Program, whereas the Governing Council approves the Budget. | Within the framework of a five-year strategy (and mid-term review), the DEP, in consultation with Operations, prepares an annual Program with evaluations to be carried out, priority sectors and overall DEP activities. This Program is presented to the Administrative Council. |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **4.2 Percentage of Projects Subject to Evaluation** | Individual in-depth evaluation: 15 to 20%<br>Review of self-evaluation process in relation with specific thematic evaluations. | There is no fixed percentage. The IEO can evaluate all aspects of Fund activity, not just programs. | 30% of completed projects are normally subject to evaluation. The projects/operations are selected based on a number of criteria such as coverage of member countries, regions and modes of financing, availability of PCR and broadening of areas of evaluation. | About 30 percent of the annually closed IFAD-funded projects are independently evaluated by OE. | The DEP carries out ex post evaluations and no self-evaluations. Ex post evaluations are in-depth exercises and are part of sector evaluation programs. Therefore a more meaningful measure is the ratio of investments evaluated (volume) per sector.<br>Natural disaster reduction: 80% of all investments provided in this sector between 1995 and 2001;<br>Social Housing: 22% of the investments between 1996-2005;<br>Job Creation: 10% of the investments between 1995-2005;<br>Environment: we expect by 2010 to have conducted evaluations of 20% of the investments in water management. The objective is to start self-evaluation and country evaluations, but thus far, budget constraints limit the extent of these activities. Each sector evaluation Program ends with a synthesis of good practices. |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **4.3 Basis of Studies (country, project by project, sector...)** | All types of studies, in general based on a project by project evaluation.<br><br>Thematic grouping:<br>By sectors and/or by region and/or by mandate-priority and/or by financial product…. | Studies include thematic studies across several countries and studies focused on individual country programs. Draft issues papers for all evaluation projects are posted on the IEO website for comments. Final issues papers are determined after taking account of comments. These are also published and interested parties are invited to submit substantive inputs for consideration by the evaluation team. | Project, special, program, country assistance, sector, and thematic evaluations. | OE undertakes project, country Program, thematic and corporate level evaluations. Evaluations are selected during the formulation of the OE work Program and approved by the Executive Board. OE is required to evaluate all projects being proposed by management for a second phase financing. Country Program evaluations are undertaken before the preparation of new country strategies, whereas corporate level evaluations are done to inform new corporate policies, strategies and processes. | The DEP prepares an evaluation Program per sector that is carried out over several years. Such a Program comprises in-depth ex post evaluations of selected individual projects and multi-sector programs. Each ex post evaluation includes a beneficiary survey conducted by local teams. The objective of the DEP for the next two years is to start thematic and country evaluations, case studies and evaluations of specific intervention instruments of the CEB. |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **5.1 Types of Report & Timing** | Individual Project Evaluations 45-55 a year<br>Thematic evaluations: 5 to 7 a year<br>Annual Report on Evaluation activities<br>Overview Report on Evaluation results (annual) | 3 to 4 evaluation reports are submitted to the Board each year. IEO also issues an Annual Report. The International Monetary and Financial Committee (IMFC) receives regular reports on the activities of the IEO. | 1. Project Post-Evaluation (3 months)<br>2. Technical Assistance Evaluation (2 months)<br>3. Special Project Evaluation (2 months)<br>4. Policy/Program Evaluation (3 months)<br>5. Sector Evaluation (6-18 months)<br>6. Thematic Evaluation (6-18 months)<br>7. Country Assistance Evaluation (12-18 months)<br>8. Annual Operation Evaluation Report (3 months) | -project evaluations- 8 months<br>- country program and thematic evaluations 12-14 months<br>-corporate level evaluations- 12-18 months<br>- Annual Report on Results and Impact (ARRI) produced once a year | 1. After a minimum of 1 ½ years after project/Program completion:<br>- Ex Post Evaluations of individual projects<br>- Ex Post Evaluations of multi- sector programs<br>2. After completion of a cluster of sector evaluations (about 2 years) :<br>- Sector Synthesis of Evaluations<br>- Brochure of Sector “Good Practices”<br>3. On a yearly basis:<br>- Annual Report<br>4. Every 5 years:<br>- DEP Strategy |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **5.2 Discussion and Clearing of Reports** | All reports discussed with all (in-house) services concerned and when practicable, with relevant Promoters. Management Committee decides to send report to Board of Directors without change of substance. | IEO reports are submitted to Management and to the relevant country authorities for comments (not clearance). Comments of Management and the country authorities are appended to the IEO report along with comments of IEO, and transmitted to the Board for consideration. | The project evaluation reports are reviewed by appointed peers in the department and then submitted to the relevant departments for comments. For higher level evaluation reports, experts from other departments within the IsDB Group or from outside are solicited for peer review purpose. After receiving the feedback of peer reviewers, the revised reports are submitted to the Director for finalization. | -Internal peer review within OE<br>- External peer review by senior independent advisors for all higher-level (country, thematic, and corporate level) evaluations has been introduced in 2009<br>-report sent to operations for comment<br>-report sent to the governments for comments<br>-final workshop (in country for project and country level evaluations) organized by OE with the main stakeholders to discuss key issues from the evaluation which will inform the evaluation's Agreement at Completion Point (ACP)<br>- discussion of selected evaluations in the EC and Executive Board | Each draft report is submitted to a review committee (internal and/or external), consisting of one, two or three members depending on the project/program. The draft report is then presented for comments to Operations, and subsequently to the Borrower. If accepted, comments are integrated in the report; any unresolved differences of view r are recorded in an Appendix to the final report. In the case of an external evaluation, the consultant's report is integrated in the ex post evaluation report by DEP, which draws relevant conclusions and recommendations. This becomes de facto the DEP draft evaluation report. The original consultant's report – in the state in which it was delivered by the consultant – is kept in DEP files and can be consulted at any time by CEB staff. The final report is then handed in to the Governor. |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **5.3 Distribution of evaluation reports** | In-depth evaluations (on which synthesis reports are based) to all staff concerned.<br>Synthesis reports and annual reports to all staff, plus Management Committee, plus Board of Directors.<br>Distributed to the relevant managing body (i.e. Assembly of donors for a Trust Fund) | IEO reports are circulated simultaneously to IMF Management and the EC of the Executive Board but are not changed in light of comments received (except for factual corrections). IEO may submit its own comments on management's comments for consideration by the Board. | Disclosure rules permit the evaluation entity to report significant findings to concerned stakeholders, both internal and external, in a transparent and objective manner. | All evaluation reports including the ACPs are disclosed to the public at the completion of the evaluation process and disseminated widely through print and electronic media in accordance with the Evaluation Policy and IFAD's disclosure policy. | The final report is communicated to CEB Management and Operations, and sent to the Borrower with a copy to the concerned member of the Administrative Council. If appropriate, conferences and/or workshops are organized. Final reports are communicated to the Administrative Council once a year (together with the DEP Annual Activity Report). |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **5.4 Publication** | Synthesis evaluation reports and Overview report are posted on the EV website within the bank's website ( www.eib.org/evaluation ) (paper copies distributed as requested). In-depth reports and annual reports are posted on the Bank's intranet. | With Board approval, reports are published along with comments of management, staff and – where appropriate – the relevant country authorities. IEO's comments on management comments, and the Chairman's summary of Board discussions are also published | All reports can be accessed at the IsDB archive and the relevant departments as well as at OED Internal Portal. Currently, the electronic media of the IsDB Group is being streamlined. | All evaluation reports and the ARRI are available on IFAD's website. In addition, OE also produces print copies of all evaluation reports. In addition, evaluation Profiles (summaries) are published for each evaluation. Insights devoted to one key learning theme are produced for higher plane evaluations. Profiles and Insights are brochures of around 800 words each, and aim to reach a wider audience to raise attention to lessons learned and stimulate further debate among development practitioners and others. | For each finalized ex post evaluation, the DEP prepares an anonymous abstract (to ensure Borrower confidentiality) which is published on the internet site of the CEB. |
| **5.5 Identity of Promoters of Projects** | Promoters and projects should not be identifiable in published reports. | To be determined after Board discussion of each evaluation. The terms of reference indicate that there is a strong presumption that reports will be published | The name(s) of the undertaking evaluation officers are explicitly stated in the final reports. | The names of the IFAD lead evaluator and the rest of the consultants on the evaluation team are disclosed at the beginning of each evaluation report (as of 2008). | Not publicly disclosed |

| | European Investment Bank | International Monetary Fund | Islamic Development Bank | International Fund for Agricultural Development | Development Bank for the Council of Europe |
|---|---|---|---|---|---|
| **6.1 Costs** | Cost per study measured on basis of time management system and consultants contracts Budget approval annually | Not applicable | The cost of evaluation assignments within the annual work program depends on the nature and length of the study. | Costs for individual evaluations vary. However, OE has general cost estimates for the different types of evaluation (project, country program, thematic and corporate level evaluations). | Costs for consultant services and local survey teams are estimated for each evaluation along with the estimate of the internal evaluator's time and travel costs. |
| **6.2 Budget** | About 0.39 % total EIB administrative budget. | Costs per study depend on the nature of the study and are measured on the basis of staff time, consultants and travel costs. | 2% of IsDB's administrative budget. | For OE's 2009 budget, the Board has suggested that OE introduce a cap, mandating that the OE budget remain within 0.9 percent of the IFAD annual program of work. Therefore, t he proposed budget for 2009 is 0.88 percent of the annual work program. The cap is to be reassessed during the preparation of the 2012 budget. | In 2006, DEP budget represented 2.6% of total CEB administrative budget; in 2007, 2.4% and in 2008, 2.8%. |

## Appendix C: Evaluation Cooperation Group Template for Assessing the Independence of Evaluation Organizations

| Criterion | Aspects | Indicators |
|---|---|---|
| **Organizational Independence** | The structure and role of evaluation unit. | Whether the evaluation unit has a mandate statement that makes its scope of responsibility extend to all operations of the organization, and that its reporting line, staff, budget and functions are organizationally independent from the organization's operational, policy, and strategy departments and related decision-making. |
| | The unit is accountable to, and reports evaluation results to, the head or deputy head of the organization or its governing board. | Whether there is a direct reporting relationship between the unit, and: (i) the management; (ii) the board, or (iii) relevant board committee, of the institution. |
| | The unit is located organizationally outside the staff or line management function of the programme, activity or entity being evaluated. | The unit's position in the organization relative to the programme, activity or entity being evaluated. |
| | The unit reports regularly to the larger organization's audit committee or other oversight body. | Reporting relationship and frequency of reporting to the oversight body. |
| | The unit is sufficiently removed from political pressures to be able to report findings without fear of repercussions. | Extent the evaluation unit and its staff are not accountable to political authorities, and are insulated from participation in political activities. |
| | Unit staffers are protected by a personnel system in which compensation, training, tenure and advancement are based on merit. | Extent a merit system covering compensation, training, tenure and advancement is in place and enforced. |
| | Unit has access to all needed information and information sources. | Extent the evaluation unit has access to the organization's: (i) staff, records, and project sites; (ii) co-financiers and other partners, clients; and (iii) programs, activities, or entities it funds, or sponsors. |
| **Behavioural Independence** | Ability and willingness to issue strong, high quality, and uncompromising reports. | Extent the evaluation unit: (i) has issued high quality reports that invite public scrutiny (within safeguards to protect confidential or proprietary information and to mitigate institutional risk) of the lessons from the organization's programs and activities; (ii) proposes standards for performance that are in advance of those in current use by the organization; and (iii) critiques the outcomes of the organization's programs, activities and entities. |
| | Ability to report candidly. | Extent the mandate provides that the evaluation unit transmits its reports to the management/board after review and comment by relevant corporate units, but without management-imposed restrictions. |
| | Transparency in the reporting of evaluation findings. | Extent the organization's disclosure rules permit the evaluation unit to report significant findings to concerned stakeholders, both internal and external (within appropriate safeguards to protect confidential or proprietary information and to mitigate institutional risk). Who determines the evaluation unit's disclosure policy and procedures: board, relevant committee or management? |
| | Self-selection of items for work programme. | Procedures for selection of work programme items are chosen, through systematic or purposive means, by the evaluation organization; consultation on work programme with Management and Board. |
| | Protection of administrative budget, and other budget sources, for evaluation function. | Line item of administrative budget for evaluation determined according to clear policy parameters, and preserved at an indicated level or proportion; access to additional funding sources with only formal review of content of submissions. |

| Criterion | Aspects | Indicators |
|---|---|---|
| **Protection from Outside Interference** | Proper design and execution of an evaluation. | Extent the evaluation unit is able to determine the design, scope, timing and conduct of evaluations without Management interference. |
| | Evaluation study funding. | Extent the evaluation unit is unimpeded by restrictions on funds or other resources that would adversely affect its ability to carry out its responsibilities. |
| | Judgments made by the evaluators. | Extent the evaluator's judgment as to the appropriate content of a report is not subject to overruling or influence by an external authority. |
| | Evaluation unit head hiring/firing, term of office, performance review and compensation. | Mandate or equivalent document specifies procedures for the: (i) hiring, firing, (ii) term of office, (iii) performance review, and (iv) compensation of the evaluation unit head that ensure independence from operational management. |
| | Staff hiring, promotion or firing. | Extent the evaluation unit has control over: (i) staff hiring, (ii) promotion, pay increases, and (iii) firing, within a merit system. |
| | Continued staff employment. | Extent the evaluator's continued employment is based only on reasons related to job performance, competency or the need for evaluator services. |
| **Avoidance of Conflicts of Interest** | Extent official, professional, personal or financial relationships might cause evaluators to limit an inquiry, limit disclosure, or weaken/slant findings. | Extent there are policies and procedures in place to identify evaluator relationships that might interfere with the independence of the evaluation; these policies and procedures are communicated to staff through training and other means; and they are enforced. |
| | Preconceived ideas, prejudices or social/political biases that could affect evaluation findings. | Extent policies and procedures are in place and enforced that require evaluators: (i) to assess and report personal prejudices or biases that could imperil their ability to bring objectivity to the evaluation; and (ii) to which stakeholders are consulted as part of the evaluation process to ensure against evaluator bias. |
| | Current or previous involvement with a programme, activity or entity being evaluated at a decision-making level, or in a financial management or accounting role; or seeking employment with such a programme, activity or entity while conducting the evaluation. | Extent rules or staffing procedures that prevent staff from evaluating programs, activities or entities for which they have or had decision-making or financial management roles, or with which they are seeking employment, are present and enforced. |
| | Financial interest in the programme, activity or entity being evaluated. | Extent rules or staffing procedures are in place and enforced to prevent staff from evaluating programs, activities or entities in which they have a financial interest . |
| | Immediate or close family member is involved in or is in a position to exert direct and significant influence over the programme, activity or entity being evaluated. | Extent to which rules or staffing procedures are in place and enforced to prevent staff from evaluating programs, activities or entities in which family members have influence. |

Source: Evaluation Cooperation Group: http://siteresources.worldbank.org/EXTGLOREGPARPRO/Resources/ECG_AssessingIndependence.pdf

## Appendix D: Use of Evaluation Products

### A. Use of Evaluation Products

### 1. Independent External Evaluation of IFAD

1. During the consultations for the Sixth Replenishment, it was decided that an Independent External Evaluation (IEE) of IFAD would be undertaken before the Seventh Replenishment. Although the IEE was supervised by the Director OE on behalf of the Executive Board, it was an external evaluation and was not undertaken by OE. The IEE's objective was to "determine IFAD's contribution to rural poverty reduction, the results and impact it has achieved in this area and the relevance of the organization within the international development community". The IEE, which was quite critical of IFAD, was very wide-ranging and covered many strategic issues. Management implemented a comprehensive Action Plan[1] to respond to the IEE findings. More than 40 deliverables were defined in the Action Plan covering: (i) strategic planning and guidance; (ii) project quality and impact; and (iii) KM and innovation. By 2008 the resulting changes and reforms were starting to transform IFAD for the better. Examples of the major reforms triggered in part by the IEE include: (i) developing and implementing IFAD's strategic framework 2007-2010; (ii) developing mechanisms to improve IFAD's country- and project-level operations (e.g. results-based COSOPs, guidelines for project design, an arms-length QA system, and guidelines for project supervision); (iii) increasing IFAD's field presence; (iv) developing new policies and strategies related to innovation, targeting and KM; and (v) aligning financial and human resources with IFAD's objectives and improving their management (e.g. the Results-based Programme of Work and Budget); and (vi) developing new tools and systems to report on the progress being achieved (e.g. the annual RIDE and the Results Management Framework to report on country- and project-level achievements against the Strategic Framework). Although the Action Plan has not been formally evaluated[2], it was assessed[3]. Based on available evidence, it is clear that the IEE was instrumental in catalysing change in IFAD, although effective implementation of some of the desired reforms remains an unfinished agenda (e.g. operationalizing the KM strategy; modernizing IFAD's human resource management). The IEE illustrates how evaluations that address issues of concern to the Governing Council can be very influential. It takes many years for institutions to digest and respond to the findings of such high-level evaluations. Thus they should only be undertaken infrequently, certainly no more than once every five years.

### 2. Annual Reports on Results and Impact of IFAD Operations

2. The ARRI is used widely and appreciated by the Executive Board and management as an accountability mechanism. The ARRI has made senior management think and respond at a strategic level, when previously the focus was largely at the project level. In the Panel's view, the usefulness of the ARRI as an accountability mechanism would be further enhanced if its comments on portfolio performance were based on an integrated database of OE and validated PCR ratings, consistent with good ECG practice (see section III A). The ARRI's usefulness as an accountability tool at the strategic level should increase further. A corporate level results framework, which aimed to identify IFAD's developmental contribution, was agreed at the September 2009 Executive Board meeting. The ARRI was identified as a major means of verification for this framework. In response to introduction of results-based budgeting, IFAD introduced corporate Management Results Frameworks (MRFs) which aim to track divisional-level performance and which are reported against, from 2008, in the RIDE. Given these developments the ARRI is

[1] Approved by the EB in 2005. See http://www.IFAD.org/gbdocs/eb/85/e/EB-2005-85-R-6.pdf

[2] An evaluation of the IEE Action Plan was included in the OE work programme but was dropped at a later EB meeting.

[3] Assessment of IFAD's Action Plan. Final Report. Ted Freeman, Goss Gilroy Management Consultants (Canada) and Stein Bei, Noragric, The Norwegian University of Life Sciences. 8 July 2008.

well placed to be even more important and used, as it will evaluate and judge against the MRFs.

3. The use of the ARRIs as a learning tool has improved over time. Beginning in 2007 the ARRIs have included learning sections on such topics as sustainability, innovation, the country context, project-level monitoring, market access and the environment and natural resources. By 2009 learning papers were prepared on thematic topics and learning workshops were held during the ARRI preparation process,[4] a good practice which enhances learning. Some IFAD staff have indicated that, while the ARRI is good at codifying and identifying what is wrong, it does not discuss the reasons for why this was so, or sufficiently explain the rationale for the ratings.

## 3. Report on IFAD's Development Effectiveness

4. The RIDE covers: (i) relevance of IFAD's mandate of reducing rural poverty and improving food insecurity and operations in the context of the changing framework of international development assistance; (ii) development effectiveness of IFAD-financed operations in generating development results "on the ground" that support national and global efforts to reduce rural poverty and contribute to achieving the MDGs, the first in particular, which covers issues like project performance, impact on rural poverty, overarching factors, partner performance and progress in implementing the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action; and (iii) IFAD's organizational effectiveness and efficiency in delivering results through improved internal performance management which covers operational corporate management and institutional support for corporate management.

5. The RIDE[5] draws on the outputs of OE and the self-evaluation system, particularly for its relevance and development effectiveness parts. Many OE reports discuss issues covered under operational corporate management (e.g. better country programme management; better project design of both loans and grants[6]; better implementation support and more strategic international engagement and partnership) and two evaluations (e.g. field presence; direct supervision) have covered aspects of operational corporate management. OE products do not cover any of the issues related to institutional support for corporate management (e.g. improved resource mobilisation and management; improved human resource management; improved risk management; increased administrative efficiency). Going forward, OE will need to consider whether evaluations covering such issues should be included in its work programme. Such issues sometimes reflect the binding constraints faced by development institutions.

## 4. Corporate Level Evaluations

6. Direct Supervision Pilot Programme Evaluation: The direct-supervision evaluation was very influential as it contributed to IFAD's move towards direct supervision -- indeed one could say to the transformation of IFAD into a fully-fledged development agency. The evaluation helped to address questions of some Executive Board members and resistance among some IFAD staff to a fundamental change in the way IFAD did business, as it concluded that direct supervision would improve IFAD's development effectiveness, increase the level of attention directed at the country programmes, develop IFAD's knowledge base and strengthen country-level coordination. The evaluation helped to precipitate action that resulted in amending the Agreement Establishing IFAD and the lending policies[7] to allow direct supervision. IFAD has adopted a Policy on Supervision and Implementation

[4] The involvement of the Food and Agriculture Organization in the preparation of the theme papers on market access and the environment and natural resources in 2009 was a positive feature.
[5] See Report on IFAD's Development Effectiveness. 2008
[6] Unlike ECG evaluation departments, OE does not issue stand-alone evaluations of grants used to complement its operations. Some related grants are, however, covered in CPEs and project evaluations.
[7] Governing Council resolution 143/XXIX

and direct supervision is used for most of IFAD's portfolio. This has helped to improve IFAD's self-evaluation system by increasing the amount and quality of information available to manage the portfolio.

7. Field Presence Pilot Programme Evaluation: This evaluation contributed to a very substantial change in the way IFAD operates. At the time IFAD was a Rome-centred organization with very few in-country offices. While there was interest, both among some Executive Board members and within management, in increasing the number of IFAD country offices, there were also questions among some Executive Board members and scepticism among some IFAD staff. These questions led to the country-presence pilot programme and to its evaluation. The evaluation recommended that country presence should be established to provide support for implementation, policy dialogue, partnership building and knowledge management. IFAD adopted this recommendation and the number of country offices is increasing within the available resource envelope, something that is appreciated by borrowing countries. Country presence is now viewed as significantly enhancing IFAD's ability to achieve results. The 2007 ARRI concluded that while country presence was beneficial in the countries in which CPEs had been conducted, country offices needed to be "adequately skilled, fully mandated, properly resourced and well supported by a flow of information and knowledge from headquarters."

8. Rural Finance: Feedback to the Panel from both PMD and OE staff and a review of the documentation indicate that the Rural Finance Evaluation was a useful and influential evaluation. Management agreed with 9 of the 10 proposed actions in the ACP, of which the first was to "make Rural Finance an area of excellence and define a strategy to do so, through the development of effective partnerships with rural finance centres of excellence, field practitioners and donors". Management further committed to making the necessary investments to improve its rural finance programme and IFAD's in-house capacity and instruments. IFAD subsequently adopted a new rural finance policy in 2009, which was largely consistent with the evaluation findings. The new policy was formulated in a collaborative way and OE staff provided inputs on an early draft. PMD credits the rural finance evaluation with aiding in the development of a new rural finance policy and obtaining Executive Board support for it. Also, PMD indicated that the country studies undertaken as part of this information provided a wealth of useful background information. The rural finance evaluation is a good example of how useful a good quality evaluation can be when it is available in a timely manner so that its findings can be used during the formative stages of the new policy.

9. The three corporate evaluations that were examined by the Panel were all influential and have had positive strategic impacts on IFAD. These CLEs illustrate a general lesson that enhances the probability that CLEs will have a major impact: select the right topics and produce good-quality evaluations in a timely manner, so that the results are available when they can be used to influence the decision-making process. OE has not undertaken a large number of CLEs. While the ones reviewed clearly had a high value, not all CLEs were so useful. Two studies, requested by the concerned divisions, were not used and could not be located on the IFAD website[8]. According to good practice, even evaluation reports that are not believed to be useful should be disclosed. This provides an incentive for OE to produce good reports that are useful. The Africa Evaluation, which was undertaken jointly with the African Development Bank, was completed in late 2009. Although the management response states that its conclusions and recommendations are

[8] Evaluations of regional strategies for: (i) Near East and North Africa and the Central and Eastern European and Newly Independent States; and (ii) Asia and the Pacific. Because they were carry-overs from a pre-independent OE, the Panel did not examine the 2005 evaluations of Organic Agriculture and Poverty Reduction in Asia and IFAD's Performance and Impact in Decentralizing Environments: Experiences from Ethiopia, Tanzania and Uganda. However, they clearly did not have the same sort of strategic impact as the CLEs that the Panel examined in detail.

largely endorsed and includes an action plan to guide implementation, it is too early to assess the use and influence of this major and costly evaluation.

## 5. Country Programme Evaluations

10. The Panel's detailed analysis of Nigeria, Brazil and Mali CPEs found that they all had a significant impact. The CPEs were well received by PMD staff, who found them useful in guiding the direction of future COSOPs. Factors that contributed to the use of these CPEs included the good quality of analysis, which was based on extensive fieldwork and consultation with stakeholders, including high-level government officials, and good interaction with CPMs and other PMD staff. The ACP process, which involved a broad range of stakeholders from different levels of government, civil society and other donors as well as PMD and OE staff, helped to develop a plan to implement the CPE recommendations. This enhanced the use of these evaluation products. While these particular evaluations were all largely positive, they did not hesitate to make a number of criticisms of IFAD and sometimes of partner countries. Stakeholders interviewed acknowledge this, and say that such feedback from a disinterested source makes CPEs particularly valuable and useful. These CPEs are all recent, and probably among the best, something that is acknowledged by OE staff.

11. Nevertheless, even though there have sometimes been disagreements over some elements of other CPEs, CPEs as a rule have been found to be helpful as an input to the formulation of the subsequent COSOP[9]. A review of the material in the 2005 PRISMA shows that even the older CPEs for Benin, Indonesia, Senegal and Tunisia influenced the preparation of the subsequent COSOPs[10]. CPEs are meeting the goal specified in the Evaluation Policy of providing "direct and concrete building blocks for revisiting existing or formulating new country strategy and opportunities papers". Getting the timing right is an important way of ensuring that CPEs are used. New COSOPs now are always preceded by a CPE. To ensure the timing is correct and CPEs are available in a timely manner, OE must continue to consult extensively with the PMD divisions to be aware of their timetables for producing new COSOPs and plan the CPEs accordingly. Given that IFAD has a global reach, and covers over 90 borrowing countries, it will be a challenge for OE to produce all CPEs when they are needed. As indicated earlier in this report, it may be appropriate for OE to consider alternative models, including lighter approaches, which could be used in some instances.

## 6. Project Evaluations

12. As a rule, project evaluations were not effective in terms of learning, except for some interim evaluations. This is because project evaluations are narrowly focused and it cannot be assumed that the findings and recommendations can be generalized across time or geography. The project formulation and appraisal processes may include questions prompting staff to indicate what lessons from past experience have been integrated into new designs, but management acknowledges that there is not at present a culture of learning within IFAD and it is rare that the CPM in one country would look for lessons by reading project evaluations in other countries. Given the strengthening of the self-evaluation systems over the past three years, and consistent with general practice in the ECG members, it is the view of the Panel that the lessons needed to improve the design for future projects should come from (i) improving learning by management and other stakeholders in the PCR process; and (ii) greater synthesis of lessons across the PCRs by either OE or PMD.

[9] This conclusion is consistent with the feedback from the appreciative enquiry, which found that the Associate Vice President Programs, the PMD front office, divisional managers and CPMs all valued CPEs as an important input for formulating the new COSOP. OE participation in working groups (e.g. OSC; Country Programme Management Teams (CPMT)) was appreciated and helped to increase the use of CPEs.

[10] In some cases there were a large number of recommendations, up to 33, so it is not surprising that not all recommendations were taken on board.

13. Project evaluations are also used by OE as the building blocks for (i) the portfolio-performance analysis reported in the ARRI; (ii) the inputs into the learning dimensions of the ARRIs on specific issues; and (iii) part of the evidence base for CPEs. Because of the importance of the latter, OE has introduced a type of light project evaluation in which projects are rated as part of the CPE. By developing this new product OE is now less dependent on full-fledged project evaluations than was the case previously.

## B. Suggestions for Strengthening the Feedback Loop and Use of Evaluations

### 1. Getting the timing right

14. To be useful, evaluations must be provided in a timely manner so that they can feed into the decision-making process, rather than after the decisions have been made. OE consults with PMD to link the timing of CPEs with COSOPs: CPEs are generally completed before the next COSOP is formulated. Management expressed some concerns about OE commenting on new policies when they are discussed by the EC. This system works well if OE has evaluated a policy or thematic area, because the results are available in time to help guide the formulation of the new policy. However, if there is no evaluation available, OE's comments at the EC are unlikely to have an impact since by that time the policy is in final form. A new evaluation product that synthesises relevant evaluation experience and lessons learned is needed, so that the evaluation material, even if limited in scope, is available more upstream when operational staff can use it in the early stages of the formulation of the new policy.

### 2. More emphasis on knowledge management

15. OE reports are posted in IFAD.org, giving all IFAD staff easy access. The number of hits on the Evaluation Page of IFAD.org does not appear to be monitored, but it seems clear that in IFAD, like many other organizations, few staff would actively search IFAD.org. The literature on KM as well as the experiences of other organizations indicates that more proactive dissemination practices are needed, in particular providing individuals with relevant information at the right time. Given the extent of information overload in the digital age, the challenge is to organize and package information and knowledge in a relevant and digestible form which is available when it is needed. This is the crux of the challenge of KM. OE has invested modest resources in KM. Two evaluation products, Evaluation *Insights* and Evaluation *Profiles*, impressed the Panel and, as a rule, were excellent, readable stand-alone summaries. However, it is not clear how these have been disseminated or used.

16. KM is a corporate function. Like many organizations, IFAD is struggling to improve its KM. The IEE found that IFAD's management of knowledge and innovation was "unsystematic and inadequate given its corporate mission". IFAD subsequently adopted a Knowledge Management Policy in 2007[11]. While some progress has been made, the general consensus of the feedback given to the Panel was that IFAD was still in the formative stages of improving KM and considerably more progress is needed for IFAD to become a true learning organization. A major challenge for management is to turn IFAD into a learning organization in which genuine value is placed on sharing of lessons, information and experience to identify what can be done differently or better in the future.

17. Although OE should invest more in KM, OE's primary contribution should be to link up and support the overall IFAD approach to KM rather than developing a stand-alone OE KM system. This is because evaluation is one, but not the only source of

[11] While the KM strategy does state that the ARRI is a key instrument for distilling and institutionalising some of the lessons learned while providing for accountability, it views it as a major challenge for OE to find the right balance between the accountability/control and the learning functions and highlights the importance of the CLPs. In the Panel's view it is a false dichotomy to say that a choice must be made between accountability and learning. Each is important and reinforces the other – accountability promotes learning and learning promotes better accountability.

knowledge that can aid in the future design of IFAD policies and operations. Although the term is used in different ways, generally KM involves three key components: (i) identification of knowledge that could be useful to others (e.g. knowledge input); (ii) some mechanism of sorting and storing this information; and (iii) mechanisms for facilitating, sharing and using the knowledge (knowledge outputs). But KM is not always described this way (e.g. OE describes evaluation reports as a "knowledge products"). OE could further develop its own understanding of what KM means and become more familiar with the literature and practices at other organizations. Based on that, OE should develop a formal KM strategy in the context of IFAD's approach to KM. All ECG evaluation departments are struggling to improve KM, so that relevant findings are made available to decision makers in a digestible form when they need the information.

18. The ECG GPS for Public Sector Project Evaluations states that a searchable database should be developed as a KM tool. OE earlier had such a system but it no longer is functional and was not extensively used. This is consistent with experiences at other, similar organizations. The literature on KM indicates that a common misunderstanding is to think that a database is a KM "system". Such databases can be useful as a tool to support the capture and sharing of information. But they are not a KM system in their own right. Often the database was not maintained, complete or accurate; the software was not user-friendly and did not allow quick, easy searches that produced information in a usable form. And the systems were often not usable to any great extent without an intermediary to help link people's information needs at the time with what had been documented in the system.

**3. Greater OE engagement in existing IFAD mechanisms**

19. OE participates selectively in IFAD meetings to encourage the use of evaluation findings, but the level of participation is below that typically found in ECG Members[12]. Management expressed a desire of more interaction between OE and operational/policy staff, especially in sharing knowledge, during IFAD's business processes. The Panel does not believe that there is a conflict of interest for OE in providing advice in such situations as opposed to taking responsibility for the design of the future intervention, as long as advice is grounded in evaluation findings rather than the personal opinion of the concerned staff. In deciding which meetings to attend, OE should place priority on those meetings that are discussing topics for which it has evaluation evidence that is directly relevant. Participation in IFAD's formal mechanisms should be supplemented by more informal exchanges between OE and PMD staff, where learning can take place on an interpersonal level. The latter is important, since in the Panel's experience, no KM system can replace one-on-one contact, for example informal discussions between OE staff and CPMs on particular COSOPs or project designs. In particular, it would be appropriate for OE to continue to participate, preferably even more actively, in IFAD's community of practice on KM, to support it in further developing an IFAD-wide approach to KM.

**4. Producing more syntheses**

20. The advantages of synthesis include: (i) helping to identify themes and patterns that emerge in different settings – this can make an important contribution to answer the "why" question; (ii) synthesis is often perceived as less threatening by operational staff, since specific activities are not under detailed scrutiny – this helps to build receptivity for the use of evaluation findings. Syntheses can be a powerful tool to facilitate learning and a greater use of evaluation findings[13]. Significant learning can lie buried and is often inaccessible in evaluation documents. Synthesis is one way of identifying and capturing accumulated knowledge on common themes

[12] OE participated in about one quarter of the Operational Strategy and Policy Guidance Committee (OSC) meetings and one fifth of the CPMT which develop new projects.

[13] Synthesis reports should use simple, non-technical language to disseminate evaluation findings to stakeholders in a way that they can understand.

and findings across a variety of situations. Synthesising existing evaluation material, sometimes combined with other sources of information, can often be done quickly and inexpensively[14] and is a tool that allows evaluation evidence to be packaged and fed into the decision-making process when neither the time nor resources are available to undertake a fully-fledged evaluation. OE's increasing use of synthesis in the ARRIs is a useful example of what can be done. Both OE and those involved in self-evaluation should make greater use of synthesis. Distilling results from the information included in both evaluation and self-evaluation reports and extracting the lessons learned has the potential to strengthen the QE process operated by PMD's Technical Division.

**5. Extracting information from the PCRs and the self-evaluation system**

21. IFAD has made commendable progress in developing its self-evaluation system. Although aggregate information is reported to management to assess portfolio performance and managing-for-development results, in contrast to OE, no systematic means is in place to extract and package knowledge in the PCRs and make the lessons readily available to support the design of future projects, COSOPs or the QE/QA processes or to track the implementation of recommendations in PCRs. This issue should be addressed by management. Annual retrospectives could be prepared to look at what has been learned in PCRs and the coverage of the PRISMA could be expanded to track the action taken on recommendations included in PCRs. If the Panel's suggestion that OE should move to a system of validating PCRs is adopted, OE and PMD could jointly discuss in the KM Community of Practice what each could contribute to extracting information for this data source.

**6. Introducing new evaluation products**

22. OE should consider at least some use of alternative models of evaluation that can also support learning and use of information gained from evaluation, such as: (i) ex-ante evaluations, which can assess the relevance, logic, and potential impact of policies and interventions *before* they are implemented; (ii) formative evaluations of ongoing activities to provide real-time feedback that can be used to adjust or fine-tune an ongoing intervention[15]; (iii) shorter, lighter evaluations[16] , which in some cases could be carried out in as little as 3-4 months to provide some evaluation evidence on a particular topic, when undertaking an extensive evaluation, is not possible because of time and resource constraints; (iv) consideration of alternative evaluation methodologies in some situations (e.g. realist evaluation, participative evaluation approaches, appreciative inquiry); and (v) identifying lessons of successful approaches to rural development and comparing successful outcomes to less than successful cases to identify the factors that contributed to both outcomes and good practices based on evidence that something was tried and that it worked[17].

**7. Strengthening the selection of CLEs and the planning for the evaluation of these topics ahead of time**

23. The Panel found that, at the institutional level, CLEs provide the greatest opportunity for learning and strategic impact. To enhance further the already

[14] Reusing or recycling information in evaluation reports that has already been produced and paid for, is a good way of maximizing the use of this knowledge and improving cost efficiency, as the production of the underlying information represents a sunk cost.

[15] Formative evaluations contrast with the traditional summative evaluations that are undertaken much later when it may be too late to identify steps that could be taken to increase effectiveness.

[16] Producing such evaluations early in the formulation process of new policies would address management's observation that OE's comments at the EC on policies for which there was not a preceding evaluation is not effective. These comments come too late in the process to be useful. At the time that policies are discussed at the EC, the new policy has essentially been finalized and is unlikely to be changed to reflect OE's comments.

[17] Operational staff, in many organizations, believe that evaluation units focus on lessons from unsuccessful experience. However, learning can also take place from successful experiences. Analysing lessons from successful experiences helps to overcome resistance to evaluation findings and promotes acceptance and learning.

impressive results achieved in this area, consideration could be given to: (i) increased OE contributions to identifying institutional policies and business processes that constrain operational and eventually development effectiveness – the impact of CLEs depends crucially on their timing and topic selection, which requires close consultation between OE and management; and (ii) undertaking evaluability assessments for policies and other major interventions in the design phase to help focus later evaluation efforts, identify what aspects of an intervention are evaluable and what data needs to be collected.[18] Although this approach is desirable, it is often not acted on by evaluation units. Failure to undertake some upfront evaluation planning is a major missed opportunity and probably results in increased costs when the evaluations are actually undertaken.

## 8. Broadening the forums used to disseminate evaluation findings

24. OE should seek opportunities to present its findings in various forums organized by others (ranging from small workshops to large-scale conferences and other events). While evaluations have resulted in some impressive use, most of the dissemination has taken place through events organized by OE. But evaluation, arguably, can be better used when it is presented in forums organized by practitioners rather than evaluators. There may be opportunities to take advantage of events organized by others to present evaluation findings (e.g. thematic workshops on topics where OE has evaluation evidence; making use of PMD events such as COSOP-planning meetings rather than OE meetings to discuss the follow-up to evaluation findings in the preparation of the next COSOP) or other events involving stakeholders external to IFAD.

[18] All of the CLEs were ex post in nature. However, in the case of the CLEs reviewed, the request for an evaluation was made some years earlier, e.g. when a pilot project or policy was approved by the EB subject to later evaluation. In IFAD, many policies and major interventions are reviewed and revised after a period of time. If OE anticipated this likely development and built an approach into new policies, it would be better positioned to undertake the evaluation.

## Appendix E: Alignment with ECG Good Practice Standard for the Evaluation of Public Sector Projects

**Table E.1: Comparison to the ECG Good Practice Standards for Evaluation of Public Sector Projects**

| Action | What happens in IFAD | Comparison Across ECG Members and IFAD | | | | | |
|---|---|---|---|---|---|---|---|
| | | IFAD | World Bank | AfDB | AsDB | IDB | EBRD |
| Defining, writing and refining the MDB's evaluation standards, instruments and related guidelines, in consultation with operations management, relevant corporate functional departments, and the board's oversight committee, informed by internal experience with their application (e.g. on the relevance of sound monitoring and evaluation systems), feedback from stakeholders, and evolving internal and external good practice; | - Project M&E Guidelines issued in 2002.<br>- Methodological Framework For Project Evaluation produced 2003.<br>- Aspects of evaluation approach described in 2003 evaluation policy.<br>- 2006 Agreement between OE and PMD on the harmonization of self-evaluation and independent evaluation systems.<br>- 2006 Update of Guidelines for Project Completion to harmonise between OE and operations (produced by PMD and OE)<br>- Evaluation Manual produced in 2009. | ✓ | ✓<br>Project evaluation standards harmonized between IEG and management in 2006 | ✓ | ✓ | **Partial**<br>The IDB has an ex post policy (2004) approved by the board which specifies the function of each party in project evaluation, as well as the questions to be evaluated.<br>Management is currently concluding its second review of project evaluation standards.<br>In general OVE has a more limited role in drafting guidelines for Management regarding evaluation. Management is more active in drafting its own guidelines—in consultation with OVE—but OVE has a more independent/evaluative role and less of a participatory/prescriptive role. | ✓<br>Regularly updated evaluation policies |
| Coordination with MDB units responsible for strategy formulation and corporate scorecards to ensure that (i) evaluation measures, standards and benchmarks reinforce the corporate mission, objectives and policies, inform corporate learning | Evaluation measures, standards and benchmarks reinforce the corporate mission, objectives and policies, inform corporate learning and align the general reporting framework.<br>Some evidence of this in criteria for CLE selection, | X | ✓ | ✓ | ✓<br>Through the Development Effectiveness Review Annual Report of the Strategy and Policy Department | ✓<br>Following the IDB's realignment a new division was created to report on development effectiveness. It is currently working on a development effectiveness report for | ✓<br>Evaluation Policy and Annual Review |

| Action | What happens in IFAD | Comparison Across ECG Members and IFAD | | | | | |
|---|---|---|---|---|---|---|---|
| | | IFAD | World Bank | AfDB | AsDB | IDB | EBRD |
| needs and align with the general reporting framework, and (ii) the annual review's synthesis ratings included in the corporate performance reporting. | but less at lower levels. There were opportunities for learning in the evaluation and ACP processes, but some problems experienced. In future OE will evaluate against IFAD's general reporting framework.<br>The ARRI's ratings are not included in the integrated corporate performance reporting. OE reports its project ratings but does not use evidence from projects rated by operations. PMD reports on portfolio performance in the RIDE.<br>OE/PMD harmonization agreement contributed to developing IFAD's self-evaluation system. PSRs and PCRs largely follow OE methodology and rating scale. Fine-tuning needed to ensure consistency with the new Evaluation Manual. By commenting on the RIDE and PRISMA and participating in corporate working groups, OE contributes to harmonization of the two systems. | | | | and ADB's Annual Report. | 2010 and is implementing an ex ante project rating system, which it has applied to approved projects in 2009.<br>OVE is currently working on a review of its ex post and impact evaluations for 2010. OVE is concluding a comprehensive review of projects approved in 2009, which includes a review of the effectiveness of management's new oversight activities and products related to project ex ante quality. | |
| Developing and carrying out a work programme for evaluating completed individual public sector operations | Yes, but approach does not accord with that suggested by the ECG guidance | **Partial** | ✓ | ✓ | ✓ | ✓<br>Since 2004 OVE evaluates a subset of completed projects, according to thematic or strategic interests, as | ✓<br>Annual work programs |

| Action | What happens in IFAD | Comparison Across ECG Members and IFAD | | | | | |
|---|---|---|---|---|---|---|---|
| | | IFAD | World Bank | AfDB | AsDB | IDB | EBRD |
| | | | | | | identified in its work programme. | |
| Maintaining an evaluation database including all relevant characteristics of evaluated operations to support independent evaluation studies and annual review analysis | Does maintain database for its own evaluative material, but nothing from the self-evaluation system. | **Partial** | ✓ | ✓ | ✓ | **Partial**<br>Management maintains a comprehensive project database, which contains some (limited) information on evaluation. OVE maintains a database of the projects that it evaluated or validated only. | ✓ |
| Synthesising CED-verified PCR findings, supplemented performance evaluation reports and other evaluation studies in annual reports to management and board | OE does not verify the PCR findings. | **X** | ✓ | ✓ | ✓ | ✓<br>OVE is currently validating a second round of PCRs. This will be the first round since Management has revised its PCR standards. | ✓ |
| Findings of desk reviews of PCRs, project evaluations and annual reviews and studies disseminated following MDB's disclosure policies through instruments that allow easy retrieval and application of lessons by operational staff and outside the agency. | No. Different products going to board covering same topic and no cross-comparison, except management comparison in the RIDE. | **X** | ✓ | **Partial** | ✓ | ✓<br>OVE's prior validation exercise was disseminated to stakeholders, presented to the Board, and published online. | ✓<br>Dedicated internal and external Websites |
| Monitoring and reporting annually to management and the board on the quality and efficacy of the MDB's evaluation system, including application of lessons in new operations. | 2009 ARRI looks at the extent to which lessons from previous evaluations have been used in new operations but no rigorous methodology was used. Would have been better if done by QE people. | **X** | ✓ | **Partial** | ✓<br>IED's 3 annual reports and Development Effectiveness Committee's Annual Report | **Partial**<br>The board will undertake in 2010 an independent, external evaluation of the evaluation function. | **Partial**<br>Formal follow up on recommendations only (as distinct from lessons learned). |

**Table E.2: Approach to Coverage and Selection of Project Evaluations in Comparison to the ECG Good Practice Standards for Evaluation of MDB Supported Public Sector Operations**

| Action | Status in IFAD | Comparison across MDBs and IFAD | | | | | |
|---|---|---|---|---|---|---|---|
| | | IFAD | World Bank | AfDB | AsDB | IDB | EBRD |
| CED establishes with the operational units an annual programme of PCRs scheduled for preparation | No involvement by OE. Responsibility lies with PMD. | **X** | **X** | ✓ | **Partial**<br>IED determines PCR sample for private sector operations. For public sector operations, regional departments determine the PCR programme. IED involvement not needed since system is institutionalized. | **X**<br>OVE decides sample size and method for selection. This is reflected in the evaluation approach paper. OVE consults with Management regarding method during the review of the approach paper. | **X**<br>Evaluation Unit decides on its own |
| MDB operational units prepare PCRs for all completed operations. | Government prepares PCR, not IFAD Programme staff. Evidence suggests that PCRs are now completed, but quality is an issue. | **Partial** | ✓ | ✓ | ✓ | **Partial**<br>Divisions are mandated to produce CRs for each operation. These have been delayed following the IDB's realignment and following two sets of reviews of the CR standards. | ✓<br>Technical assistance included |
| CED carries out an independent desk review for a sample of PCRs. | Not done. | **X** | ✓ | ✓ | ✓ | **Partial**<br>OVE has not conducted desk review since 2007 but is scheduled to do so in 2010. | ✓ |
| CED then carries out in-depth full performance evaluation report for selected projects | OE does carry out evaluations of selected projects, but disconnected from PCR process. | **Partial** | ✓<br>100 percent | ✓ | ✓ | ✓<br>OVE carries out in-depth reviews of projects as part of its ex post programme. | **Partial**<br>Two categories: in depth and normal |
| The sample size needed | | **X** | **X** | ✓ | ✓ | ✓ | **X** |

| Action | Status in IFAD | Comparison across MDBs and IFAD | | | | | |
|---|---|---|---|---|---|---|---|
| | | IFAD | World Bank | AfDB | AsDB | IDB | EBRD |
| depends on the degree of the desired disaggregation of the overall results to be drawn from the total evaluation findings in the CED annual reporting. | | | | | The validation system takes care of PCR quality check. At the same time sampling of PCRs for project evaluations becomes less important. | These issues are specified in the evaluation approach papers. Sample size sufficient to draw inferences at the IDB level but not at the disaggregated level. | |
| The desk review sample is set in the CED's annual work programme agreed with the board or management. | Desk reviews not carried out. | **X** | **X** | ✓ | ✓ | ✓ | **X** |
| The ratio of full performance evaluation reports to completed projects, as reflected by PCRs, is set by the MDB board or management as part of CED's annual work programme. | Not done or discussed in OE annual work programme. | **X** | ✓<br>Agreed with board as part or work programme | ✓ | ✓<br>PCR validation system checks PCR quality. Sampling of PCRs for project evaluations is less important. | **X**<br>The ratio is not presented to the Board. Rather, it is identified in approach papers. | ✓<br>Agreed with board as part or work programme |
| Selection criteria for performance evaluation reports should be clear and transparent; the same applies to the statistical robustness of the samples chosen, when random sampling is used (spelling out the confidence level and sampling error). | Not done. | **X** | ✓ | ✓ | ✓<br>Validating PCRs checks the quality check of PCRs (self-evaluation) and PCR sampling for project evaluations is less important. | ✓<br>They are clearly defined in the approach paper. | ✓<br>Explanations provided in Annual Reviews |
| To increase the attention paid by the board and senior management to PCRs, CEDs regularly assess compliance with PCR guidelines in terms of submission rates and quality. | Not done by OE. | **X** | ✓ | ✓ | ✓<br>The new system of validating PCRs takes care of quality check of PCRs (self-evaluation). At the same time sampling of PCRs | **Partial**<br>OVE has not conducted desk review since 2007. OVE is scheduled to present a desk review to management/ board in 2010. | ✓<br>Systematic review |

| Action | Status in IFAD | Comparison across MDBs and IFAD | | | | | |
|---|---|---|---|---|---|---|---|
| | | **IFAD** | **World Bank** | **AfDB** | **AsDB** | **IDB** | **EBRD** |
| | | | | | for project evaluations becomes less important. | | |
| For a reliable assessment of an operation's development effectiveness, evaluative judgments must be based on full completion of the operation's implementation phase and initial knowledge about the prospects for the operational phase. Thus, CED evaluations are always carried out after the project is fully implemented. Since core standards provide for executing agency to prepare a PCR after completion of the implementation phase, which will be used by the CED as a source for its evaluation, MDBs' performance evaluation reports show a significant delay from the date of project completion (at present some three years or even more, except for EBRD with a much shorter interval). | Interim project evaluations are by definition carried out either towards the end of project or immediately after completion. | **Partial** | ✓ | ✓ | ✓ | **Partial**<br>OVE evaluations done after programs have delivered their purported benefits. However, the delivery of benefits does not necessarily coincide with the programme's financial execution. This means that it is not true that in all cases evaluations are done after programs have closed. | ✓<br>Except for occasional midterm reviews which carry a specific purpose. |

**Table E.3: Conformance of OE/IFAD approach to rating with what in ECG Good Practice Guidance**

| Evaluation criterion | Definition used by IFAD | Comparison across MDBs and IFAD | | | | | |
|---|---|---|---|---|---|---|---|
| | | IFAD | World Bank | AfDB | ADB | IDB | EBRD |
| **Main criteria** | | | | | | | |
| RELEVANCE –Consistency of project objectives with beneficiary requirements, country needs, global priorities and partner and donor policies. Examine whether objectives or designs remain appropriate given changed circumstances. | The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project coherence in achieving its objectives. | ✓ | ✓ | ✓ | ✓ | ✓ | **Partial** Project rationale only |
| EFFECTIVENESS –Extent project objectives were achieved, considering their relative importance, while recognizing any change introduced in the project since board approval. | The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| EFFICIENCY – Extent project outputs are commensurate with inputs (e.g. funds, expertise, time). | A measure of how economically resources/ inputs (funds, expertise, time, etc.) are converted into results. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| SUSTAINABILITY –The probability of continued long-term benefits and the resilience to risk of the net benefit flows over the intended useful project life. | The likely continuation of benefits from a development intervention beyond external funding support. Includes assessment of likelihood that actual and anticipated results will be resilient to risks beyond the project's life. | ✓ | ✓ Named Resilience to Risk in World Bank | ✓ | ✓ | ✓ | ✓ Named transition impact |
| AGGREGATE PROJECT PERFORMANCE INDICATOR – A single measure of overall project performance taking into account the evaluation findings under these criteria. | Two measures are arithmetic averages, which may include a decimal point: (i) project performance rating relevance, effectiveness and efficiency; (ii) overall project achievement rating relevance, effectiveness, efficiency, rural poverty impact, sustainability and innovation. Neither rating follows ECG guidance. | **X** | **Partial** Considers relevance efficacy and efficiency, but not resilience to risk. | ✓ | ✓ | **X** | ✓ Named overall performance |
| **Complementary criteria** | | | | | | | |

| Evaluation criterion | Definition used by IFAD | Comparison across MDBs and IFAD | | | | | |
|---|---|---|---|---|---|---|---|
| | | IFAD | World Bank | AfDB | ADB | IDB | EBRD |
| INSTITUTIONAL DEVELOPMENT – Extent project improves efficient, equitable, and sustainable use of human, financial and natural resources by better: (i) definition, stability, transparency, enforceability and predictability of institutional arrangements; or (ii) aligning organization's mission and capacity with its mandate. Examine intended and unintended effects. | Rural poverty impact<br><br>The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor. Not separate (partial conformance). | **Partial** | ✓ | ✓ | ✓ | ✓ | **X**<br>Not in the EBRD mandate |
| POVERTY REDUCTION - extent project achieved planned poverty-reduction impact; unintended impact should also be considered. | Five criteria for rural poverty:<br>(i) household income and assets;<br>(ii) human and social capital and empowerment; (iii) food security and agricultural productivity; (iv) natural resources and the environment; and (v) institutions and policies. Includes criteria that ECG recommend be kept as separate criteria. | **Partial** | **Partial**<br>No separate rating. Considered in assessing project design in World Bank performance rating | **Partial** | ✓ | ✓ | **X**<br>Not in the EBRD mandate |
| ENVIRONMENTAL IMPACT | Under rural-poverty impact. Natural resource and environment assessment involves examining contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment. Not separate rating (partial conformance). | **Partial** | **Partial**<br>No separate rating. Considered in assessing project design and resilience to risk | **Partial** | ✓ | ✓ | ✓<br>Two ratings<br>Environmental performance and environmental change |
| BORROWER PERFORMANCE – Adequacy of borrower ownership. Main focus on effective measures taken by borrower to establish basis for project sustainability. | Criterion assesses contribution<br>of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. Partner performance assessed relative to expected role in the project life cycle. | ✓ | ✓ | ✓ | ✓ | ✓ | **Partial**<br>Analyzed but not specifically rated |
| MDB PERFORMANCE – Quality | This criterion assesses the contribution | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| Evaluation criterion | Definition used by IFAD | Comparison across MDBs and IFAD | | | | | |
|---|---|---|---|---|---|---|---|
| | | IFAD | World Bank | AfDB | ADB | IDB | EBRD |
| of services provided by MDB during all project phases. Main focus on MDB´s role in ensuring project quality at entry, and that effective arrangements were made for satisfactory implementation and future operation of the project. | of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle. | | | | | | Called bank handling |

## Appendix F: Comparison of Project Completion and Evaluation Ratings for the Same Projects

### Table F.1: Comparison of overall achievement ratings given to the same project by OE and PMD

| Overall project achievement ratings from OE | Overall project achievement ratings from PMD | | | | | |
|---|---|---|---|---|---|---|
| | **1** | **2** | **3** | **4** | **5** | **6** |
| **1** | | | | | | |
| **2** | | | | | | |
| **3** | | | 2 | 3 | 1 | |
| **4** | | 2 | 2 | 9 | 2 | |
| **5** | | | | 4 | 5 | |
| **6** | | | | | | |

### Table F.2: Comparison of project performance ratings given to the same project by OE and PMD

| Project performance ratings from OE | Project performance ratings from PMD | | | | | |
|---|---|---|---|---|---|---|
| | **1** | **2** | **3** | **4** | **5** | **6** |
| **1** | | | | | | |
| **2** | | | | | | |
| **3** | | | 1 | 2 | | |
| **4** | | 3 | | 8 | 5 | 1 |
| **5** | | | | 6 | 3 | |
| **6** | | | | | | 1 |

## Appendix G: Quality of Evaluation Approaches and Methodologies and Self-Evaluation Products

### A. Quality of Independent Evaluation Products

### 1. Annual Reports on Results and Impact of IFAD Operations

1. A review of the reports to the Executive Board from the EC on the ARRIs and management's responses indicate that both parties view the ARRI as a useful document and that its quality has improved over time. While the Panel concurs with this assessment based on a comparison of the ARRIs issued in 2005 and 2009, there are areas for improvement.

   (i) Accountability dimension of the ARRI: The ARRI was initially designed primarily as an accountability document of management's efforts to achieve development results based on the evaluation reports issued in the previous year. The ARRI's conclusions about portfolio performance were based on OE's project evaluations. This is understandable since when the ARRIs were first introduced PCRs were not credible. However, things have now changed and the coverage and credibility of PCRs have improved, although there are still areas requiring further improvement. Despite OE's efforts to strengthen the ARRI's portfolio performance analysis by basing it on its total population[1] of project evaluations and using a three-year moving average of project ratings, its assessment of changes in portfolio performance is not methodologically sound as the sample is not representative. The sample of projects upon which the ARRI is based, neither fully follows the selection criteria agreed with the EC in 2003, nor is it designed to be representative, in a statistical sense, of the population of projects as a whole. This methodological issue is recognized in the ARRIs. Although the 2009 ARRI was based on OE ratings that cover nearly half of the projects closed since 2002, there is no evidence as to whether these projects are a representative[2] sample or are biased in the sense that they performed better or worse than average. There is also a question of whether it would be better to analyze trends in portfolio performance by organizing the project ratings by the date of project approval rather than the date the evaluation was completed[3]. PCRs are now available for virtually all completed projects and the quality of PCRs is improving (see section III A). Management now reports on portfolio performance annually in the RIDE using PCR ratings. Thus the Executive Board receives two reports on portfolio performance based on different data sources – fortunately, to date the broad conclusions have been similar. The Panel believes that it is now time for OE to move toward adopting ECG good practice and base its analysis of portfolio performance on an integrated database of OE project ratings and validated PCR ratings.

   (ii) Learning dimension of the ARRI: Since 2005 OE has responded positively to requests to make the ARRI more of a learning document. Beginning with 2007 ARRI, learning themes were included in the ARRIs (see section III B and appendix D for a more detailed discussion of the learning dimension of the ARRIs). Despite these improvements, some operational staff commented that further improvements could be made by focusing more on the "why" question. The Panel would concur with that observation but believes that this is a normal evolutionary process rather than a fundamental problem with the learning dimension of the 2009 ARRI.

[1] In 2009, of the 96 rated projects in OE's database, 40 per cent were rated during the CPE process, 37 per cent in interim evaluations and only 23 per cent in project evaluations.

[2] OE is increasingly undertaking project evaluations to provide evaluative evidence for CPEs. Thus in any year, the number of new ratings added to the database is heavily influenced by those countries in which CPEs are being undertaken.

[3] ECG practices in this area are mixed.

## 2. Corporate Level Evaluations

2. A review of the CLEs completed since 2005 showed that, overall, the quality of the evaluation reports can be judged to be broadly acceptable. The most significant aspect of the quality of CLEs lies in their relevance and use, which is discussed in more detail in section III B. For the three CLEs reviewed in detail (Field Presence, Direct Supervision, and Rural Finance) there were mixed findings regarding methodology. The approach taken had some clear strengths including the use of mixed methods and collecting data directly from the field and from other sources. However, there were also some limitations including some confusion about control and comparison groups[4] and questionable use of ratings in some cases. With the benefit of hindsight, alternative approaches might have been more effective and less costly. For example, it is questionable whether 33 countries needed to be visited for the country presence evaluation and the conclusions on the Direct Supervision CLE were drawn based upon minor differences in ratings and appear to be stronger than might be warranted by the evidence presented. In addition, ex-post designs were used, without evaluability assessments or other forms of evaluation preplanning, the development of an intervention logic, or building evaluation more into the evaluation process, even those for which the need for evaluation was identified some years earlier, when the pilot projects were implemented. However, despite concerns about some aspects of the methodology and analysis used, these evaluations are widely perceived as relevant and useful evaluations that had a major strategic impact on IFAD (see section III B and appendix D).

## 3. Country Programme Evaluations

3. A review of six CPEs completed since 2005, including the in-depth reviews of those for Brazil, Mali and Nigeria and the ongoing process for the Indian CPE, found that the quality of the evaluation reports is generally acceptable. The approach and methodology for CPEs outlined in the Evaluation Manual is generally but not fully aligned with the ECG GPS for country strategy programme evaluations[5] (see appendix H[6]). Important factors contributing to the quality of the CPEs include extensive fieldwork that involved consultations with government officials at many levels, consultation with many beneficiaries to learn firsthand how IFAD funded activities benefited them, extensive contact with the CPMs and other PMD staff and the recruitment of well qualified consultants. However, as with CLEs, approaches to CPEs sometimes represent missed opportunities for starting the evaluation planning process earlier. Project management can sometimes be challenging, involving use of a number of consultants as well as OE evaluation staff, and multiple and costly trips to the country. These, and related considerations, suggest that some CPEs may be more extensive and costly than required. This is discussed further in section III D with respect to efficiency of OE's evaluation work. Despite some disagreements, which are an inevitable part of the evaluation process and some variations in quality, CPEs are generally viewed as quality documents that have been used in the formulation of the subsequent COSOP (see section III B and appendix D).

[4] This may be more than a terminological error; it many indicate a lack of understanding of quasi-experimental designs and their implications for data collection, analysis and interpretation. Few OE staff have extensive backgrounds in evaluation methodology. This type of issue may point to the need for professional training in evaluation.

[5] ECG. Good Practice Standards. Country Strategy Programme Evaluations. 2008

[6] OE is: (i) largely in alignment with a couple of possible exceptions for the 23 process-related GPS criteria; (ii) partly aligned with the 26 GPS criteria in areas related to methodology; and (iii) mainly but not fully aligned with the 9 GPS reporting-related criteria.

## 4. Project Evaluations

4. The Panel's assessment of the quality of project evaluations was based on a detailed assessment of six project evaluations,[7] and discussions with all OE evaluators and selected CPMs and project managers, supplemented by rapid review of the wider cohort of project evaluations and PCRs. All project evaluations focus on the same four broad areas, consistent with the factors used to rate performance: (i) the performance of the project measured in terms of relevance, effectiveness and efficiency; (ii) the impact of the project on rural poverty classified by five (for 2005 projects) or nine (for 2009 projects) domains[8]; (iii) other performance criteria (i.e. sustainability and innovation, replication and up-scaling); and (iv) the performance of the partners. OE's approach and methodology is aligned with ECG GPS for public sector project evaluations, although there are some concerns related to their application (e.g. presentation of evidence to justify the ratings). The Panel's general conclusion is that the project evaluations, including interim evaluations, are generally acceptable evaluations of project performance. While the evaluation of partner performance is acceptable, in this area the "why" question is not addressed in detail – doing so would raise issues from IFAD, PMD, CPMs and the concerned government. Generally, issues related to project sustainability, innovation and scaling up are dealt with less rigorously than some other issues covered by the evaluations. All ECG members find it a challenge to rate sustainability. There is considerable uncertainty associated with assessing sustainability over a project's life, since it requires forecasting 10 or more years into the future.

## B. Quality of Self-Evaluation Products

### 1. PRISMA

5. The Panel found a good focus in IFAD on developing a management response and follow-up on every evaluation through the ACP process. This process is designed to build ownership and stakeholder commitment to taking action on agreed OE recommendations both in IFAD and in-country. OE was instrumental in leading the ACP process and holding large, in-country stakeholder workshops to reach agreements expressed in the ACP. This is a useful process and is unique among ECG members. OE deserves to be commended for developing it. The ACP process and related monitoring of the status of implementation through the PRISMAs promote the use of evaluation findings and make it difficult for evaluations to be ignored.

6. Following ECG good practice, management is responsible for implementing evaluation recommendations as agreed in the ACP and OE comments on management's record of responding to evaluation recommendations when the PRISMA is considered at the EC. A review of the available documentation indicates that the EC and OE both agree with management statements that the quality and coverage of the PRISMAs have improved over time[9]. This was confirmed by the Panel's comparison of the 2005 and 2009 PRISMAs. The comparison found that, while both issues provided information to help the EC and the Executive Board hold management accountable for the achievement of development results, the greater depth of coverage in the 2009 PRISMA enhanced learning. For example, the 2009

[7] Three recent evaluations that largely reflect the practices codified in the updated Evaluation Manual (China: West Guangxi Poverty Alleviation Project; Interim Evaluation of the Vegetable Oil Development Project; Interim Evaluation: Rural Financial Intermediation Programme) and three earlier evaluations (Ethiopia: Southern region Cooperatives Development and Credit Project; Philippines: Western Mindanao Community Initiatives Project; Tanzania: Participatory Irrigation Development Programme). In addition the assessment of one project covered in the CPEs for Brazil and Mali was examined as part of the respective country visits.

[8] Household income and assets; human, social capital and empowerment; food security and agriculture productivity; natural resources and the environment; institutions and policies.

[9] An external assessment of the management response system by the Swedish Agency for Development Evaluation concluded that the PRISMA was an "effective accountability mechanism" with a "high degree of transparency".

PRISMA's reporting on the implementation status of all agreed OE recommendations made in the last four years rather than just for the evaluations issued in one particular year, the more detailed classification of recommendations in the 2009 PRISMA by level,[10] category[11] and 24 thematic categories[12] and analyzing results by PMD's five regional divisions were all useful innovations that increased the institutional learning potential of the PRISMA.

## 2. Project Completion Reports

7. Unlike for most ECG members, responsibility for preparing PCRs lays with the borrowing governments rather than IFAD staff, although it is usually done with some technical support from IFAD[13] and, sometimes, co-financiers. One weakness of this approach is that many CPMs have little engagement in the PCR process which limits their learning. About 25 to 30 PCRs are now prepared annually and, with one or two exceptions, PCRs have been prepared for all closed projects in recent years. Following the PMD/OE harmonization agreement, the PCR and project evaluation rating criteria are generally the same, although there are minor differences. PCR ratings are handled separately from the actual PCR preparation. PMD uses three consultants to rate project performance based on contents of the PCRs, which is a divergence from ECG practice. After providing adequate training, PMD should gradually involve CPMs in the PCR preparation and rating. The PCR performance ratings are used in PMD's portfolio analysis reported to the Executive Board in the RIDE.

8. PMD also annually rates the quality of PCRs against three criteria: (i) the scope of the report which reflects how well the guidelines[14] were respected; (ii) the quality and depth of the analysis; and (iii) the quality and relevance of lessons learned. This analysis suggests an improvement in PCR contents over the past three to four years, with 60 per cent of the PCRs now being rated as satisfactory. The 2009 Annual Review of Portfolio Performance identified the following challenges related to PCR quality: (i) inconsistencies and contradictions in the conclusions drawn from the results; (ii) difficulties in reaching clear conclusions; and (iii) a lack of empirical data to substantiate the findings, which is also an on-going challenge for project evaluations and CPEs (see comments below on project Monitoring and Evaluation).

9. The latest review of PCR quality further notes that "continued efforts need to be made to further strengthen the completion process and thus the quality of PCRs which should become a source of knowledge at institutional and country level. This includes efforts to: (i) further improve M&E systems of IFAD projects and the capacity of projects to collect and use data for performance monitoring and impact measurement; (ii) initiate the completion process early enough and, if needed, plan for special studies and impact surveys; (iii) organize stakeholder workshops more systematically to have an in-depth discussion of lessons learned and steps to ensure sustainability of project achievements; and (iv) enhance the integration of projects within regional knowledge networks to facilitate the exchange of information, experience and lessons with development partners. The significance of the completion process from a knowledge management point of view needs to be emphasized. PCRs should become a pillar of the institutional learning process, both at country level and across the organization. To this end, IFAD will have to explore ways, together with Governments and other stakeholders, to allocate more time

[10] IFAD at the project level; IFAD at the country level, in partnership with government; Partner-country government authorities; IFAD at the regional level; and IFAD at the corporate level. This categorisation was not done in 2005.
[11] Operational; strategic; policy (similar categories were used in 2005 which permits comparisons over time).
[12] Nine such categories were used in the 2005 PRISMA.
[13] There is normally a budget of around US$20 thousand for this. In practice many PCRs are mostly prepared by a consultant and people in-country.
[14] PCR Guidelines were issued in 2006 and Portfolio Review Guidelines were issued in 2009.

and resources to better perform this exercise and to ensure that key lessons are drawn, shared and internalized".

10. The Panel's review of selected PCRs found that quality is mixed but has improved over time from a very low base. The update of the PCR Guidelines and the harmonization agreement between PMD and OE contributed to improving PCR quality. The PCR and OE ratings for overall achievement and project performance were compared for 30 projects where ratings were available from both sources (see appendix F). While there were some differences for individual projects, the analysis showed that there were no significant differences in aggregate for the projects rated by both OE and PMD[15]. Importantly, there was no indication of a systematic, positive bias in PCR ratings. Overall, the Panel believes that PCR quality is sufficient to allow IFAD to make the transition to the full approach to evaluation defined in ECG good practice, i.e. OE validates PCRs and bases its analysis of portfolio performance on a combined database of OE project ratings and validated PCR ratings. The most effective manner in which to ensure continued PCR quality enhancement is through their increased use and transparent validation by OE. The use of the data from PCRs in the independent evaluation system would provide incentives for the continued improvement of PCR quality.

## 3. RIMS

11. During the 2003 Governing Council, IFAD was requested to adopt a system for measuring and reporting the results and impact achieved by the projects it finances. The Office of the President took that lead and developed RIMS which looks at three levels of results: (i) the first level corresponds to the project activities and outputs; (ii) the second relates to project outcomes; and (iii) the links to project impact. Because of IFAD's commitment to the MDGs, the RIMS framework includes two mandatory[16] indicators -- child malnutrition and household assets -- which are used to measure IFAD's contribution to eradicating "extreme poverty and hunger," the first MDG.

12. It is not surprising that there is no evidence of use of RIMS in project evaluations done in 2009s. RIMS is in the process of being rolled out but it will be several years before it becomes a significant source of evaluation evidence. However, there are systemic issues that need to be addressed. RIMS sets out a menu of standardized indicators that are to be included in the log frame for all projects and reported against on an annual basis. Second-level results cover effectiveness and sustainability. The results indicated by the data are to be rated against a six point scale. However, for rating effectiveness and sustainability performance RIMS uses criteria that are different from those used by PMD and OE in PSRs, PCRs and project evaluations. RIMS requires surveys to be conducted at three points during the life of the project (benchmark, mid-term and completion) to provide a basis to measure project impact[17]. While some data is collected it is not aligned with the broader definition/domains of poverty impact used in the PMD/OE ratings system.

[15] At the disaggregated level, there is more divergence, for example in terms of scoring partner performance.

[16] Other project impact indicators may include female/male literacy and access to safe water and adequate sanitation.

[17] Some ECG members have in the past tried to impose such surveys in all of their projects. These efforts ultimately failed because the related costs were transferred to implementing agencies, even if they were financed under a loan. Not all government agencies believed in the resulting benefits as strongly as the donor. Moreover, the surveys and indicators were viewed as donor-driven and inconsistent with the systems used by the government. Even if baseline surveys were undertaken, problems were experienced storing and retrieving the data for the ten years or so that it typically takes to implement a project. Although some summary data might be preserved in a report, the original source data could only rarely be found at completion to allow detailed comparison with the baseline. It is questionable whether such extensive surveys need to be done for every project or whether they could be undertaken more selectively. According to the Paris Declaration such problems should be addressed, but it remains to be seen if donors will be willing to use country monitoring systems which, by definition, vary from country to country and may not be aligned with the strategic agenda of, in this case, IFAD.

The issue of harmonising RIMS and PMD/OE criteria should be addressed so that RIMS/PSR/PCR/OE ratings are seamless and the reports produced by the other parts of at some point in the future the self-evaluation system and OE can draw on RIMS for a substantial amount of data. This would improve the quality of analysis in the PSRs, PCRs and project evaluations and improve efficiency by eliminating inconsistencies in IFAD systems. It would also remove a burden from partner countries of providing two different sets of data to IFAD that purport to measure the same thing.

**4. Project Monitoring and Evaluation Systems**

13. Consistent with the principles of the Paris Declaration and the Accra Agenda for Action, like all other aid agencies, IFAD is placing an increasing focus on managing-for- development results and generating data from the field level to measure whether results are being achieved. In this context, project M&E systems have been recognized as a basic building block. The Evaluation Policy concluded that project M&E systems were weak because of diversity in defining baseline situations and indicators, lack of a unified methodology and shortcomings in the M&E capacity of ongoing projects. Weaknesses in the project M&E systems continue to be widely recognized in IFAD and the average IFAD project does not provide information on results achieved at the impact level. Less progress has been made in improving project M&E than for some of the other elements of the self-evaluation system.

14. Although a project M&E manual was drafted by OE in 2002 and US$100,000 was spent on training people in its use, the manual is somewhat theoretical and does not focus on telling people in practical terms what needs to be in place and how to do things. Production of the M&E manual was not a sufficient intervention to address the more fundamental underlying issues. The IEE discussed IFAD's poor record regarding arrangements for project level M&E and concluded that weaknesses in this area adversely affected learning and KM. The 2006 ARRI identified the poor performance of M&E systems as a major problem. M&E was discussed as a thematic issue in the 2007 ARRI which concluded that "while there are examples of sound M&E systems in IFAD-supported projects, overall arrangements tend to be weak". Some IFAD M&E interventions were found to be overly complex and were not sustainable. Improving project M&E is a complex issue because stakeholders commonly have diverging views on its value and importance and the appropriate level of funds to be allocated to M&E. The capacity of IFAD and project agencies to generate project M&E information is limited by knowledge of the appropriate methods and tools and human and financial resources. These are difficult issues, although some progress in this area was found during the country visits to Brazil and Mali. In both countries, IFAD's efforts to develop project level M&E were appreciated. While management committed to taking some follow-up actions in response to the 2007 ARRI, it is likely to be many years before good project level M&E systems are the norm for IFAD-financed projects.

## Appendix H: Alignment of OE's Country Programme Evaluations with the *ECG Good Practice Standards on Country Strategy and Programme Evaluations*[1]

| *GPS category* | *Key characteristics* | *OE strengths* | *Potential OE limitations* | *Overall assessment with respect to degree of OE alignment* |
|---|---|---|---|---|
| **Process-related GPSs** | Standards under this category refer to planning and selection of the evaluation and in general how it is implemented. For example, it includes the goals and objectives of the evaluation and who is involved in the evaluation process, selection of countries, timing and preparatory steps, timing and staffing. | Generally OE CPEs follow these standards, e.g. with respect to preparatory work (e.g. preparation of an approach paper for each CPE), timing and staffing, and objectives of the CPE, namely to be used for both accountability and learning and to meet the information needs of main target countries. | The GPSs say that, faced with limited evaluation resources, country programmes should be selected for CPEs where the findings and lessons will be most beneficial to the MDB and to the country, and that certain strategies and programmes in some countries warrant more attention than others. The OE strategy for country selection may be compliant, but is not explicit, and there is a tendency to take a similar approach in all CPEs.<br>The GPS recommends multi-partner CPEs, which OE does not do, although the GPS says that the decision on whether or not to join forces with partners is best made on a case-by-case basis. | Largely in alignment with a couple of possible exceptions as noted. |
| **Methodology-related GPSs** | Different standards, with numerous subcategories, dealing with a wide range of methodological considerations including *inter alia* evaluability assessment, articulation of the causal model and approach to attribution/ contribution, the evidence base, use of the OECD/DAC criteria, approach to analysis including use of ratings, evaluation criteria used, how findings are drawn, disclaimers, client participation | OE does develop country-specific evaluation questions, in accordance with the GPS standards, uses multiple sources of evidence, and makes an effort to involve stakeholders in the process, at least to some extent. While OE's approach to determining attribution/contribution is probably in alignment with the GPS with respect to CPEs, this could be articulated better. OE's CPEs do consider all the DAC criteria. | While there is a planning phase to OE's CPEs, there is no evaluability assessment as such, nor is there an articulation of the causal model/intervention logic.<br>OE treats all ratings equally in computing its composite rating. The GPS suggests weights can be used but this is a non-core standard.<br>Assessing impact in CPEs follows standard guidance, rather than with respect to national goals and programme-specific goals which may vary from one situation to another.<br>CPEs (and other evaluation reports), contrary to the GPSs, are not very clear | Partially in alignment. |

[1] Available at www.ecgnet.org. These standards consist of 34 standards, each usually with multiple core and sometimes optional descriptors. For simplicity, this table combines them into three broad categories.

| | | | | |
|---|---|---|---|---|
| | | | about the manner in which ratings are derived nor in acknowledging limitations of the rating system. Given the weight that OE places on ratings, this may represent a significant deviation, although one that could be easy to address. | |
| **Reporting-related GPSs** | Standards under this category refer to reporting and publication/dissemination, presentation of findings, lessons, and recommendations, and review/syntheses of findings across CPEs. | CPE reports generally appropriately identify findings, lessons and recommendations consistent with the GPSs, using a uniform standard. Consistent with the GPSs, OE generally is excellent at making CPE findings accessible (e.g. including the views of management; in evaluation *Insights and Profiles;* various outreach events). | While the ARRIs compare project ratings, there is no synthesis or summary of findings across CPEs as the GPSs stipulate.<br>CPEs follow a standard format, while the GPS says that there should be latitude to tailor to the country case.<br>The GPSs say that disagreements during the review process should be reflected in the final report which rarely happens in OE's CPE reports. | Mainly but not fully in alignment. |

# Appendix I: Breakdown of OE's Expenditures

**Table I.1: Breakdown of OE actual costs from administrative budget 2005-2009**

| | 2005 | | 2006 | | 2007 | | 2008 | | 2009 estimated | |
|---|---|---|---|---|---|---|---|---|---|---|
| Category of Expenses | Amount (USD) | % of total | Amount (USD) | % of total | Amount (USD) | % of total | Amount (USD) | % of total | Amount (USD) | % of total |
| Consultants | 1 268 286.33 | 29.31% | 1 889 257.46 | 38.77% | 1 828 773.65 | 33.34% | 1 355 783.17 | 26.38% | 1 869 443.65 | 32.63% |
| Staff | 1 994 181.53 | 46.09% | 1 767 294.67 | 36.27% | 2 152 108.11 | 39.24% | 2 113 988.27 | 41.13% | 2 527 121.23 | 44.12% |
| Travel | 936 173.64 | 21.64% | 1 116 176.18 | 22.90% | 1 161 077.47 | 21.17% | 1 217 444.02 | 23.69% | 1 298 891.73 | 22.67% |
| Others | 128 225.48 | 2.96% | 100 469.63 | 2.06% | 330 737.21 | 6.03% | 278 656.48 | 5.42% | - | - |
| Institutional Contracts | - | | - | | 12 000.00 | 0.22% | 173 669.98 | 3.38% | 32 925.00 | 0.57% |
| TOTAL | 4 326 866.98 | 100.00% | 4 873 197.94 | 100.00% | 5 484 696.44 | 100.00% | 5 139 541.92 | 100.00% | 5 728 381.61 | 100.00% |

**Table I.2: Expense by Activity Type 2005-2007**
(United States dollars)

| | 2005 | | | 2006 | | | 2007 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Description** | **Admin** | **SF** | **Total** | **Admin** | **SF** | **Total** | **Admin** | **SF** | **Total** |
| Staff costs | 1 850 714.03 | 177 040.26 | 2 027 754.29 | 1 852 415.79 | 305 775.10 | 2 158 190.89 | 2 298 585.18 | 358 980.69 | 2 657 565.87 |
| Corporate level Evaluation | 422 389.26 | 227 635.28 | 650 024.54 | 1 013 674.61 | 139 973.63 | 1 153 648.24 | 578 283.96 | 62 267.70 | 640 551.66 |
| Thematic Evaluation | 72 568.72 | 62 587.07 | 135 155.79 | (2 328.39) | (9 671.55) | (11 999.94) | - | - | - |
| Country Programme Evaluation | 685 763.61 | 52 718.72 | 738 482.33 | 377 514.09 | 36 732.88 | 414 246.97 | 831 893.24 | (15 709.64) | 816 183.60 |
| Project Evaluation | 748 524.28 | - | 748 524.28 | 650 023.77 | 48 201.16 | 698 224.93 | 417 382.70 | - | 417 382.70 |
| ARRI and Methodology | 92 101.05 | 35 276.30 | 127 377.35 | 83 960.19 | 17 799.76 | 101 759.95 | 186 537.94 | 10 440.00 | 196 977.94 |
| Work Programme and Management | 283 379.30 | - | 283 379.30 | 687 711.65 | 65 591.71 | 753 303.36 | 1 066 654.41 | (65 591.71) | 1 001 062.70 |
| EC work (field visits/meetings) | 34 498.83 | - | 34 498.83 | 82 955.45 | - | 82 955.45 | 56 278.51 | - | 56 278.51 |
| KM Products and Communication | 113 495.90 | 16 097.81 | 129 593.71 | 76 180.91 | 7 599.37 | 83 780.28 | 23 677.11 | 8 106.00 | 31 783.11 |
| Peer review | - | - | - | - | - | - | - | - | - |
| Others | 23 432.00 | 19 065.94 | 42 497.94 | 51 089.87 | (519.33) | 50 570.54 | 25 403.39 | - | 25 403.39 |
| **Total** | **4 326 866.98** | **590 421.38** | **4 917 288.36** | **4 873 197.94** | **611 482.73** | **5 484 680.67** | **5 484 696.44** | **358 493.04** | **5 843 189.48** |

SF: Supplementary Fund

**Table I.3: Expense by Activity Type 2008-2009**
(United States dollars)

| | 2008 | | | 2009 (Un-audited) | | |
|---|---|---|---|---|---|---|
| **Description** | **Admin** | **SF** | **Total** | **Admin** | **SF** | **Total** |
| Staff costs | 2 680 693.47 | 157 515.86 | 2 838 209.33 | 3 042 141.02 | 137 651.72 | 3 179 792.74 |
| Corporate level Evaluation | 394 339.64 | 1 232 005.29 | 1 626 344.93 | 125 602.60 | 616 907.79 | 742 510.39 |
| Thematic Evaluation | - | - | - | - | - | - |
| Country Programme Evaluation | 578 771.35 | 44 455.76 | 623 227.11 | 671 374.46 | (5 568.50) | 665 805.96 |
| Project Evaluation | 408 411.73 | - | 408 411.73 | 574 799.73 | - | 574 799.73 |
| ARRI and Methodology | 138 918.40 | - | 138 918.40 | 343 153.14 | 22 597.45 | 365 750.59 |
| Work Programme and Management | 747 455.19 | 14 404.53 | 761 859.72 | 784 009.07 | - | 784 009.07 |
| EC work (field visits and meetings) | 111 700.80 | - | 111 700.80 | 58 269.61 | - | 58 269.61 |
| KM Products and Communication | 17 615.92 | - | 17 615.92 | 16 867.76 | - | 16 867.76 |
| External peer review | - | - | - | 272 527.59 | - | 272 527.59 |
| Others | 61 635.42 | - | 61 635.42 | - | - | - |
| **Total** | **5 139 541.92** | **1 448 381.44** | **6 587 923.35** | **5 888 744.98** | **771 588.46** | **6 660 333.44** |

SF: Supplementary Fund