

Document: EC 2011/66/W.P.8/Add.1
Agenda: 9
Date: 24 March 2011
Distribution: Public
Original: English

E



Enabling poor rural people
to overcome poverty

Consistency of the Draft Evaluation Policy and the Report of the Peer Review of IFAD's Office of Evaluation and Evaluation Function

Note to Evaluation Committee members

Focal points:

Technical questions:

Luciano Lavizzari
Director IFAD Office of Evaluation
Tel.: +39 06 5459 2274
e-mail: l.lavizzari@ifad.org

Dispatch of documentation:

Deirdre McGrenra
Governing Bodies Officer
Tel.: +39 06 5459 2374
e-mail: gb_office@ifad.org

Evaluation Committee — Sixty-sixth Session
Rome, 3 March 2011

For: Review

Note to Evaluation Committee members

Document EC 2011/66/W.P.8/Add.1 -Consistency of the Draft Evaluation Policy and the Report of the Peer Review of IFAD's Office of Evaluation and Evaluation Function - was prepared by Mr Bruce Murray, the consultant who reports to the Chairman of the Evaluation Committee and assists Committee members in the follow-up to the implementation of the recommendations of the Peer Review of IFAD's Office of Evaluation and Evaluation Function. For further information on the role of the consultant, please refer to document EC 2010/64/WP2, Section IV, paragraph 13.

Consistency of the Draft Evaluation Policy and the Report of the Peer Review IFAD's Office of Evaluation and Evaluation Function

A. Introduction

1. The primary objective of the consultant recruited for the follow-up to the Peer Review of IFAD's Office of Evaluation and Evaluation Function is to "ensure that the main recommendations contained in the final Peer Review report have been adequately reflected". The focus of this report is on the consistency of the draft Evaluation Policy and the Report of the Peer Review.
2. The draft of the new Evaluation Policy is well written and was prepared in an efficient way. The Panel found many positive features of the old evaluation policy. Thus, rather than writing a completely new policy, it was efficient to update the old policy and reflect the recommendations and suggestions of the report of the Peer Review Panel, developments in IFAD, particularly the development of a functioning self evaluation system, and experience gained by IEO.
3. Although the draft Evaluation Policy addresses many of the issues raised during the Peer Review, further work is needed to address some issues in a manner that is consistent with the findings, conclusions and spirit of the report of the Peer Review Panel.

B. Legal Analysis

4. The first recommendation of the Panel was that "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." Although the General Counsel prepared a paper,¹ it did not meet the intent of the Panel's recommendation. Before the next version of Evaluation Policy is considered by the Evaluation Committee, the General Council should provide a written legal opinion that all elements of the Evaluation Policy are consistent with all other IFAD policies and propose changes to those other policies and procedures where necessary to make them consistent with the new Evaluation Policy and the wishes of the shareholders as expressed in the 6th Replenishment. This will help to avoid any chance of a legal challenge on the Policy in the future.
5. To illustrate the importance of this issue, Point (v) on page 4 of the 2003 Evaluation 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." Para 20 (v) of the draft of the new Policy states that "The President of IFAD shall delegate to the IOE Director authority to make all personnel and operational decisions concerning IOE staff and consultants in accordance with the rules laid out in the current Evaluation Policy and other IFAD rules as applicable." However, as documented in Para 16 of the

¹ Legal Issues Raised in the Report of the Peer Review of IFAD's Office of Evaluation and Evaluation Function. 6 October 2010.

Panel's report 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)." It is not clear how the current draft of the Evaluation Policy addresses the substance of this legal opinion.

C. Evaluation Committee

6. Recommendation 2 of the Panel's reports states that "The Executive Board, through the Evaluation Committee, strengthens the oversight and accountability of the Office of Evaluation and its independence from Management." There is almost no mention of the Evaluation Committee in the draft Evaluation Policy. This is in stark contrast to the 2003 Evaluation Policy². The report of the Review Panel included extensive discussion on the role of the Evaluation Committee and the need to strengthen oversight and accountability of IEO. Because of the lack of significant coverage of the Evaluation Committee in the draft of the new Evaluation Policy, this recommendation has not been addressed. The lack of the coverage of the Evaluation Committee in the draft Evaluation Policy is a missed opportunity. It is recognized that the Terms of Reference of the Evaluation Committee will be revised at the later date. However, the broad principles related to the Evaluation Committee should be enshrined in the new Evaluation Policy, as was done in the 2003 Policy, with details set out in the revised terms of reference for the Committee. The Policy could note that the Terms of Reference of the Evaluation Policy will be revised to reflect the suggestions of the Panel.

D. Introduction (Paras 1 to 7)

7. This section is well written and no comments are offered.

E. Section I Purpose of independent evaluation (Paras 8 to 15)

8. This section is generally consistent with the conclusions of the Panel's Report. The types of evaluations discussed in Paras 14, 15 and Annex I, with the increased emphasis on evaluating business processes, synthesis and the introduction of the validation of Project Completion Reports are consistent with the Panel's suggestions. In particular, the introduction of the validation of Project Completion Reports in 2011 fulfils Recommendation 3 in the Panel's Report.

F. Section II Evaluation principles and operational policies (Paras 16 to 32)

9. Paras 16 to 21 on independence are consistent with good international practice as described in the Panel's Report.
10. Paras 22 to 26 adequately address the accountability dimension of evaluation in a manner that is consistent with the related discussion on this topic in the Panel's Report. In particular Para 20 (ii) (access to information), (iii) (issuing evaluation reports) and (iv) (public disclosure) are consistent with good practice.

² The Asian Development Bank's 2008 evaluation policy has a section entitled "Role of the Development Effectiveness Committee", the committee that plays a role analogous to the Evaluation Committee.

11. Para 26 and footnote 8 state that consistent with the suggestion of the Panel, the Evaluation Manual has been updated. It is more appropriate to address the Panel's fifth Recommendation³ by updating the manual than by including a detailed discussion of methodologies in the Evaluation Policy.
12. The Panel placed considerable emphasis on learning. The importance of this issue is reflected in Recommendation 4 that states "IFAD further strengthens the use of evaluation findings, learning and the feedback loop". The Policy addresses this Recommendation in sections C Partnerships and D Learning. The partnership processes described in Paras 28 (i) (approach papers), (ii) (sharing draft reports), (iii) the Core Learning Partnerships and in Para 29 should promote the use of evaluation findings.
13. Learning is further discussed in Section D. Para 30 makes specific reference to suggestions made by the Panel related to the preparation of synthesis (v), IEO participating in in-house quality assurance platforms (vi) and IOE preparing written comments on draft of selected new corporate policies and strategies (vii). The Panel's Report also made reference to the need to strengthen IEO's knowledge management practices. The Learning Section of the new Evaluation Policy could be strengthened by adding a Para to more explicitly discuss IEO's approach to knowledge management.

G. Annual work program and budgeting (Paras 33 to 46)

14. The discussion of the annual work program and budget formulation processes in Paras 33 to 36 is correct as far as it goes. However, there is no mention of the important role played by the Evaluation Committee in the formulation and oversight of the work program and budget and their execution. The steps that should be taken to strengthen the Board's oversight of IEO in these areas, as discussed in the Panel's Report, are missing from the draft of the new Evaluation Policy.

H. Devising an Evaluation Approach and Evaluation analysis and report

15. The section on devising an evaluation approach described in Paras 39 to 43 is generally sound and consistent with the Panel's findings as is the section on evaluation analysis and report (Paras 44 to 52). In particular the statements that IEO manages the evaluation process, the importance of quality control, the selective use of Senior Independent Advisors and disclosure of their reports, the procedures for seeking and handling comments on draft reports and empowering the Director IEO to issue reports are consistent with good practice as set out in the Panel's report.

I. Reporting, communication, disclosure and dissemination (Paras 53 to 57)

16. These Paras are consistent with good practice and are consistent with the Panel's suggestions.

³ Recommendation 5: OE identifies ways to improve further quality through use of a broader range of evaluation approaches and methodologies.

J. Human Resource Management (Paras 58 to 79)

17. Many of the most contentious issues that were brought to the Panel's attention during the Review related to human resource management and the tension between the principles of IEO's independence and accountability in this area.
18. Progress has been made in clarifying the procedures for selecting and appointing the Director IEO. Much of the substance in Para 58 is consistent with the principles set out in the annex of the Panel's Report. The six year non-renewable term is consistent with the Panel's recommendation in this area.
19. The last portion of Para 58 f) (ii), namely "in particular in the event the President disagrees with the candidate recommended by the Evaluation Committee chairperson" should be deleted. Paras 58 e) and f) make it clear that the President will be consulted. The last portion of Para 58 f) appears to be superfluous and may have the unintended potential at some point in the future to imply that the President has a veto on the selection of the candidate.
20. Para 58 should state whether the Search Panel makes its decision by majority consensus or whether unanimous agreement is required. Clarity is important as is illustrated by the following example. Similar to the provision in Para 58 a), in the past Management was represented on the search committee in another MDB. A legal opinion was issued by that general counsel stating that the search committee's decision had to be unanimous, thus giving an effective veto to management on the nomination to the head of evaluation. This was inconsistent with the principle of independence. Subsequently this issue was addressed when that institution's evaluation policy was revised.
21. Consistent with good practice, Para 58 h) states that after completing the six year term, the Director IEO is not eligible for another staff position in IFAD. However, neither the Panel's Report nor the draft policy mentions the possibility of the Director IEO undertaking consulting assignments for IFAD after the completion of the term. The evaluation policies of most other MDBs are also silent on this issue. However, the Director General of the Independent Evaluation Group at the World Bank, the deputy and three directors are barred from future consulting assignments with the World Bank Group. The new Evaluation Policy should provide clarity on this point.
22. Clarifying grounds and procedures for dismissal of Director IEO in Para 59 to 64 is a welcome addition to the Evaluation Policy that is consistent with the suggestion of the Panel.
23. The clarification of the process for undertaking the annual performance review of the Director IEO is broadly consistent with the Panel's view that the performance of the Director IOE should be undertaken by the Chair of the Evaluation Committee, who seeks input from other sources. A minor clarification is suggested in Para 65 to make it more consistent with the spirit of the discussion in the Panel's Report. The phrase "in consultation with the President of IFAD" could be deleted in Para 65 a) as it is clear from Para 65 d) that the views of the President will be considered in the annual performance review of the Director IOE.
24. The description of the procedures to select IEO staff in 68 to 75 go some way to clarifying procedures in a manner that is consistent with the principle of IEO's independence but in a manner that is consistent with IFAD's standard policies. However, Para 71 c) has the potential to vest more power in the President than is consistent with the views of the Panel. Clearly, the proper procedures should be

followed in the selection, promotion and dismissal of IEO staff. Director IEO should receive such an assurance before a decision is made and the corresponding recommendation is forwarded to the President. If there is a problem, the Director IEO should address the issues in consultation with the concerned person on the administrative side of IFAD or restart the selection process. The certification or remedial action taken would then be reported to the President together with the Director IEO's recommendation. The details of the due diligence process need to be more fully defined in the Evaluation Policy to ensure that there is a correct balance between independence and accountability.

25. The procedures outlined in the draft Policy governing IEO's recruitment of consultants are broadly consistent with the Panel's suggestions in this area.

K. Audit and investigation (Paras 80 to 82)

26. The provisions in the draft Evaluation Policy related to audit and investigations are consistent with the Panel's recommendations in these areas.

L. IFAD's Self Evaluation System (Paras 83 to 91)

27. The commitment of management to make adequate resources available for self evaluation⁴ (Para 86), the provision for IOE to assess and comment on components of the self evaluation system (Paras 87 and 91) and the commitment to harmonization (Para 88 and 89) are consistent with the Panel's suggestions in these areas.

M. Annex II: Key elements of the terms of reference of the Director of IEO

28. The elements of the terms of reference of the Director of IEO are broadly consistent with the suggestions of the Panel. However, given the material in the Panel's report, sub points related to overseeing quality control, promoting feedback and learning, knowledge management and maintaining relationships with Executive Directors, Management and senior operational staff could usefully be added to the terms of reference.

⁴ Action remains to be taken on the Panel's sixth recommendation "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."