

Document: EC 2011/67/W.P.6/Add.1
Agenda: 7
Date: 20 April 2011
Distribution: Public
Original: English

E



Enabling poor rural people
to overcome poverty

Consistency of the Draft Terms of Reference for the Evaluation Committee 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:

Rutsel Martha
General Counsel
Tel.: +39 06 5459 2457
e-mail: r.martha@ifad.org

Dispatch of documentation:

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

Evaluation Committee — Sixty-seventh Session
Rome, 19-20 April 2011

For: Review

Note to Evaluation Committee members

Document EC 2011/67/W.P.6/Add.1 - Consistency of the Draft Terms of Reference for the Evaluation Committee 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/W.P.2, Section IV, paragraph 13.

Consistency of the Draft Terms of Reference for the Evaluation Committee and the Report of the Peer Review of 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 revised draft Terms of Reference of the Evaluation Committee, to be considered at the 67th session of the Evaluation Committee, and the Report of the Peer Review.

2. Recommendation 2 in the Peer Review Report addresses the Evaluation Committee and states that:

"Recommendation 2: The Executive Board, through the Evaluation Committee, strengthens the oversight and accountability of the Office of Evaluation and its independence from Management."

3. More detailed suggestions related to the role of the Evaluation Committee are given in the Peer Review Report, particularly in Section II B Governance and accountability. These suggestions are discussed below, mainly under the comments on Responsibilities.

B Institutional Context

4. This section is well done and no major comments are offered.

C Establishment and Composition

5. This section is well done and only two comments offered.

6. Para 1.2 satisfactorily addresses the Peer Review's suggestion of "... having only Executive Board members and alternates as formal members of the Committee".

7. Para 1.3 codifies the existing good practice of the Evaluation Committee electing the chairperson. In Para 68 (v) of its report, the Panel suggested that the possibility of appointing a deputy chairperson for the EC should be discussed to determine whether this idea merits further consideration. Although this is a complex issue and there were varying views of its merit, the Panel raised this possibility as a way of providing support for the Chairperson as the volume of work was expected to increase.

D Role and conduct of business

8. This section is well done and only one minor comment is offered.

9. Para 2.5 mentions the minutes of the Evaluation Committee and the report of the chairperson to the Board. Consistent with good practice, these should be publicly disclosed. Para 2.5 could be strengthened by including a sentence on disclosure.

E Responsibilities

10. There are major differences in the style of the proposed terms of reference and the Evaluation Committee's 2004 terms of reference in the area of responsibilities. The

2004 terms of reference and the old Evaluation Policy contained much more description whereas the proposed terms of reference adopts a more streamlined approach to defining the responsibilities of the Evaluation Committee and the discussion of the Evaluation Committee in the Evaluation Policy is cursory. Both approaches have their merits. The Evaluation Committee will need to decide which approach it prefers. While a streamlines Terms of Reference is recommended, this would only be appropriate if more detail on the Evaluation Committee is included in the Evaluation Policy.

11. The Peer Review made many suggestions to strengthen the role of the Evaluation Committee. Because of the brevity of the Responsibilities section, many of those suggestions are not specifically covered in the Terms of Reference. Also, because of the brief reference to the role and function of the Evaluation Committee in the draft Evaluation Policy, the Panel's suggestions are not covered in that document either. The only place where those suggestions appear is in the Panel's Report. While the current members of the Evaluation Committee have read the report, there is turn over at the Board level. It is unlikely that new members of the Evaluation Committee will read the Panel's report in future years. This suggests that there is a high probability that the institutional memory of the Panel's suggestions to strengthen the role of the Evaluation Committee will fade unless the key points are documented in either the Evaluation Policy or the Terms of Reference.

12. While there are no strong objections to the factors listed in the Responsibilities section in Para 3.1, there is a lack of detail relative some of the suggestions provided by the Panel. In some cases the brevity is appropriate. For example, Para 3.1 (i) states that the Evaluation Committee will "Assist the Executive Board in the selection, appointment, performance review and termination of the Director of the Office." This brief statement is adequate because the details of how this will be done are well described in the Evaluation Policy. The current approach of brevity for the Terms of Reference could be retained, with some modifications, if similar supporting material were included in the Evaluation Policy for the other points in the Responsibilities section.

13. Para 54 in the Panel's Report states that "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 Evaluation Committee. 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 direct¹ 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 evaluation for strategy and policy and for how IFAD's development effectiveness can be improved." Some, but not all, of these issues are briefly covered the draft Terms of Reference. However the details necessary to provide guidance to future Evaluation Committees are lacking in both the Evaluation Policy and

¹ 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 Executive Board, advising the Executive Board on matters related to the renewal of the term of Director OE or termination and conducting the annual performance review of Director OE.

draft Terms of Reference. Some of the Panel's suggestions that are missing in the current documentation are summarized below.

14. **The Executive Board as the defender of independent evaluation:** In Para 55 of its report, the Panel stated that the Board, supported by the Evaluation Committee, is responsible for protecting the independence of IEO by ensuring that tensions, misunderstandings and mistrust are resolved in a manner that does not undermine IEO's independence. This important role of the Evaluation Committee should be explicitly stated in either the Terms of Reference or the Evaluation Policy.
15. **Strengthening Financial Oversight of IEO:** The Panel concluded that the Evaluation Committee's financial oversight of IEO needed to be strengthened. Specific suggestions included:
- (i) The Evaluation Committee, on the basis of certification by Director IEO and the Chief Finance and Administration Officer, should satisfy itself that IEO has followed the mandatory consultation and coordination procedures, described in the President's Bulletin, and that its budget is in conformity with IFAD's rules for budget structure and layout (Para 58);
 - (ii) The Evaluation Committee should consider adopting World Bank Group practice of the Evaluation Committee employing an external expert every two or three years to independently examine IEO's stewardship of financial resources, the reasonableness and tightness of IEO's budget and compliance with various IFAD policies and procedures (e.g. human resources; consultant recruitment) in areas where more authority has been delegated to Director IEO than to other department heads. This would help to ensure that IEO is fully accountable for its use of financial resources and for following procedures (Para 61). The mechanisms to strengthen the Evaluation Committee's financial oversight of IEO are not discussed in either the draft Terms of Reference or the Evaluation Policy.
16. **Audit:** The Panel's recommendations related to audit were satisfactorily addressed in the Evaluation Policy. However, the Evaluation Committee's role related to audit is not mentioned in the draft Terms of Reference.
17. **Code of Conduct for the Executive Board:** At the time that the Panel prepared its report, it understood that as part of efforts to develop a code of conduct for the Executive Board consideration was being given to the need for a cooling-off period before Executive Board members can apply for any positions in IFAD. If approval of the code of conduct has been delayed, either the revised Evaluation Policy or the Terms of Reference should include a provision that prohibits Executive Board members of the Evaluation Committee from being considered for a position in IEO until a suitable cooling-off period has elapsed (Para 63). If the code of conduct has been approved or is nearing approval, action in this area would not be needed.
18. **Changes to the terms of reference:** The Panel suggested the following changes in the Evaluation Committee's terms of reference: "(i) focusing on strategic issues rather than the details, including bring to the attention of the Executive Board policy and strategic implications arising from evaluations; (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 (Para 64). It Panel's intent is not reflected in either the draft Terms of Reference or in the Evaluation Policy. The reports listed under the Responsibilities Section that the Evaluation Committee is to consider does not convey the strategic focus of the Evaluation Committee.

19. **Support for the Evaluation Committee:** The Panel noted that for the Evaluation Committee to provide impartial oversight of IEO, the relationship between it and IEO required greater distance. Some people interviewed by the Panel were concerned about the perception of capture of the Evaluation Committee by IEO. The Panel felt that this perception must be addressed. To do so the Panel recommended that the Office of the Secretary rather than IEO would provide support to the Evaluation Committee (Para 66) and take responsibility for organizing the Evaluation Committee's country visits, with the related costs charged to the Board's budget (Para 67). Other support suggested for the Evaluation Committee included providing more orientation on evaluation and MDB governance for Evaluation Committee members [Paras 68 (ii) and (iii)] and making 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 IEO on topics relevant to their functions [Para 68 (iv)]. These issues are not discussed in the draft Terms of Reference or the Evaluation Policy.

F Final provision

20. Consistent with good practice Para 4.1 formally voids the Evaluation Committee's 2004 Terms of Reference and Rules of Procedure and replaces them with the updated Terms and Reference and Rules of Procedure.

G Additional Comment on Whether the Director IEO Would be Eligible for Consulting Assignments With IFAD After Completion of His/Her Term

21. Further to the discussion on 19 April about whether the Director IEO would be eligible for consulting assignments with IFAD after completion of his/her term, a description of the policy of the Asian Development Bank (AsDB) on ex-ADB staff seeking to work for AsDB as a consultant may be useful in helping the Evaluation Committee reach its final decision on this matter. The following rules apply to all AsDB staff and not to just the Director General of Evaluation or staff of the Independent Evaluation Office:

- (i) All staff are barred from being employed as consultants for a period of 12 months after leaving ADB.
- (ii) For all senior staff, in addition to the 12 month cooling off period, a committee composed of the director general of budget and personnel (the chairperson), the head of the department that wants to employ the ex-AsDB senior staff as a consultant and the head of a neutral department meet to consider the first request to employ the ex-senior staff as a consultant. The committee considers the person's technical competence to undertake the assignment, whether the person has a conflict of interest (i.e., would be working on an assignment that was set up during their tenure in AsDB) and whether there are any relevant integrity issues. The recommendation of the panel is submitted to the AsDB president for approval. From time to time ex-senior AsDB staff are employed as consultants but this only happens after a well defined process is followed that is designed to ensure transparency and avoidance of conflicts of interest.