IFAD

Investing in rural people

Minutes of the ninety-fifth session of the Evaluation Committee

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1.   The deliberations of the Evaluation Committee during its ninety-fifth session, held on 28 November 2016, are reflected in these minutes.

2.   The minutes will serve as the basis for the Committee Chairperson's oral report to the Executive Board. Once approved by the Committee, the minutes will be shared with the Board.

Agenda item 1: Opening of the session

3.   The session was attended by Committee members from Egypt, France, Indonesia, Mexico, the Netherlands, Norway and Switzerland. China attended as an observer. The session was attended by the Director, Independent Office of Evaluation of IFAD (IOE); Deputy Director, IOE; Associate Vice-President, Programme Management Department (PMD); Associate Vice-President, Corporate Services Division; Chief, Operational Programming and Effectiveness Unit (OPE) of the Programme Management Department; Secretary of IFAD, ad interim; Manager, Field Support Unit; and other IFAD staff.

4.   The Committee member from Indonesia, Mr Des Alwi, chaired the session, substituting for India's Mr Rishikesh Singh, who was unable to attend.

5.   Mr Wierish Ramsoekh, the Committee member from the Netherlands, participated in the session through video link.

Agenda item 2: Adoption of the agenda

6.   The revised provisional agenda, document EC 2016/95/W.P.1/Rev.2, contained the following items: (i) opening of the session; (ii) adoption of the agenda; (iii) revision to the minutes of the ninety-fourth session of the Evaluation Committee; (iv) corporate-level evaluation on IFAD's decentralization experience; (v) IFAD corporate decentralization plan; (vi) timeline for a potential peer review of IOE; and (vii) other business.

7.   The revised provisional agenda was approved with no additional changes, and the final version would be reissued as EC 2016/95/W.P.1/Rev.3.

Agenda item 3: Revision to the minutes of the ninety-fourth session of the Evaluation Committee

8.   The Committee approved the suggested revisions to the minutes of its ninety-fourth session as contained in document EC 2016/95/W.P.5. The revised minutes would be shared with the Executive Board at its 119th session for information.

Agenda item 4: Corporate-level evaluation on IFAD's decentralization experience

9.   The Committee discussed the corporate-level evaluation (CLE) on IFAD's decentralization experience together with Management's response thereon (documents EC 2016/95/W.P.2 and EC 2016/95/W.P.2/Add.1, respectively). The Committee welcomed the CLE as a well-written document, and thanked IOE for finalizing it in time to inform the discussions on the decentralization process after 13 years of implementation. One member voiced the concern that the complete text of recommendations and conclusions was not included in the main document translated into IFAD's official languages.

10.   Members welcomed the CLE findings and agreed that the objectives of a strategy for country presence are to enhance the quality of operational performance and development results in a cost-efficient manner. The CLE found that the decentralization objectives were valid, and that the process had made a positive contribution to improved operational effectiveness and development results. Members noted that country presence had contributed to better design and

performance of country strategic opportunities programmes (COSOPs), improved partnerships and better project implementation support, hence enhanced project effectiveness.

11. There were concerns that some assumptions, such as cost-neutrality, had been unrealistic as highlighted in the CLE, although Management had indicated at times that this would be possible. Members noted favourably that IFAD had been able to contain the costs associated with country presence, but that there had been more unexplored opportunities for cost reduction.

12. The Committee expressed concern that there had not been adequate analysis of needs, costs and performance in the decentralization process. One member welcomed the experimentation with different modalities of decentralization, as this had given Management an opportunity to determine what worked best. Members also noted with concern that, initially, there had been limited focus on reorganizing at headquarters, leading to expansion rather than decentralization. Management acknowledged that the approach to country presence had evolved over time from the pilot field presence to a more structured corporate approach guided by the country presence strategy. A plan to reduce headquarters General Service staff by 10 positions, for example, is already under way. Management also noted that, in future, functions at headquarters would be streamlined further to eliminate overlaps, based on the results of a functional analysis.

13. The fact that monitoring indicators for IFAD Country Offices (ICOs) had not been adequately defined, and that cost and efficiency indicators were lacking, affecting reporting on cost efficiency, was noted as an issue of concern, given that cost efficiency had been raised several times in related discussions at the Board and during the replenishment negotiations. Management was in agreement with the CLE recommendation on cost monitoring and reporting. Regarding efficiency, the Committee noted that the potential gains of 10 additional country offices were not proportionate to the cost involved, and that Management would need to provide adequate justification.

14. One member expressed appreciation for the fact that the approach to decentralization had been developed and implemented over time, particularly with regard to the delegation of authority. In the context of a financial institution, more rapid expansion might have had negative effects, such as a heavier workload for outposted staff. The delegation of further authority would affect the workload of field-based staff and would imply the need to shift resources from headquarters to the field.

15. With regard to IOE's caution in linking decentralization to development results and poverty reduction, IOE emphasized that while the CLE had identified the positive contributions made by decentralization to development results, many factors contributed to development results at country level and not exclusively IFAD's country presence. One member mentioned that the CLE did not provide adequate information on comparative experiences with decentralization at other international financial institutions and international organizations, to accurately determine the best approach. In response, IOE informed the Committee that the recommendation to have a critical mass to justify the opening of new offices had been based on a comparative analysis with other institutions.

16. Members expressed the view that while subregional offices offered efficiency gains in terms of having a critical mass of staff and economies of scale, serious analysis was needed to ensure that the benefits of country presence in relation to partnerships and non-lending activities were not lost. The Committee agreed with the recommendation for increased delegation of authority and more flexibility to enable the field offices to perform optimally. One member asked what constituted a critical mass to justify the establishment of a subregional office.

17. On the recommendation of subregional hubs, Members asked how smaller countries would be treated given that, previously, the expectation had been to support such countries through the establishment of country offices. Recognizing that there was no "one-size-fits-all", the Committee urged Management to carefully consider the context in establishing country and hub offices for effectiveness and efficiency gains.

18. The Committee asked whether there was a difference in terms of improvement in the performance of country offices in least developed countries and middle-income countries with greater capacity. IOE informed members that it was not possible to do such granular analysis given the kind of data available. IOE further explained the recommendation on having a more selective agenda for non-lending activities, mentioning that this meant striking a balance and consistency between what was proposed and what could realistically be done given available resources and capacity.

19. The question of staff capacity in the context of decentralization was raised and members noted that staff-related issues were being addressed based on the results of staff surveys, and that efforts were being made to ensure an optimal workload and provide motivation for national staff.

20. Members welcomed the fact that Management agreed with the CLE recommendations but sought to understand why they disagreed with recommendation 5(b) on reducing the number of indicators for ICO monitoring, revising the definition of selected indicators and integrating them into IFAD-wide management information systems and the Report on IFAD's Development Effectiveness (RIDE) reporting, given that this highlighted the importance of better monitoring and evaluation. Management replied that indeed it would do away with irrelevant indicators, and presented the view that since 80 per cent of country programmes were currently covered by ICOs, with an expectation to raise this to 91 per cent, a monitoring framework separate from the mainstream framework would no longer be relevant.

21. In response to a question on whether the recommendation to reduce the number of indicators contradicted the recommendation to improve the quality of the monitoring system, IOE clarified that a good monitoring system did not imply many indicators, but rather a few indicators on the right aspects to yield the needed data.

22. The CLE, together with Management's response thereon, would be submitted to the 119th session of the Executive Board for review.

Agenda item 5: IFAD corporate decentralization plan

23. The Committee reviewed document EC 2016/95/W.P.3 setting forth the IFAD corporate decentralization plan, together with IOE's comments thereon, as contained in its addendum.

24. Management informed the Committee that the plan was a follow-up to the 2016 update on IFAD's country presence, was aligned with IFAD's holistic approach to tailoring operations to country context, and was informed by the recommendations of the CLE of IFAD's decentralization experience. As such, the plan aimed at consolidating existing country offices, ensuring harmonized regional approaches and promoting a consistent IFAD corporate identity. The plan was expected to ensure a shift in headquarters staffing and create a field presence with greater critical mass.

25. The Committee noted Management's intentions to focus on quality, harmonization, critical mass, staff pooling, streamlined functions and greater delegation of authority, through three different models – subregional hubs, country programme groups and individual country offices.

26. Overall, members welcomed the principle of consolidating capacity and maximizing cost efficiency. However, a concern was raised in regard to the proposed approach of subregional hubs, and not individual country offices, given that the latter were more advantageous in terms of proximity to recipient governments, greater opportunities for partnerships and non-lending activities. The CLE demonstrated that the ICO model produced good results in COSOP and project design, implementation, awareness of cross-cutting issues and policy dialogue, and these might be lost in the pursuit of cost efficiency through subregional hubs.

27. Management clarified that subregional hubs would not mean a reduction in the number of country offices, but rather, a shift of key technical staff from headquarters closer to the countries. With this approach, 40 country offices would be able to serve 80 to 100 countries. The Committee asked what criteria would be used for closing some already operational country offices.

28. The Committee endorsed the move towards consolidating existing decentralization operations before adding new offices. One member recalled that the Board had approved an expansion from 40 to 50 country offices based on the light-touch approach, and sought to understand the shift to consolidating existing offices only, with no further expansion. Management indicated that given the CLE recommendation to consolidate, and the time involved in negotiating and finalizing host country agreements, the total number of operational offices would be approximately 44.

29. Members called upon Management to conduct broad analysis going forward, to ensure that actions are based on empirical evidence. In response to the question of whether a comprehensive analysis had been undertaken by IOE to determine the best model based on the decentralization experiences of other international financial institutions, IOE underlined that the CLE presented a comparative analysis of different models, including subregional hubs, and that thorough consultations had been conducted in the process. Members emphasized the importance of benchmarking IFAD's decentralization approach with other institutions.

30. The Committee expressed the view that implementation of the plan as proposed should not be rushed, but that further analysis needed to be conducted to justify the proposed consolidation using the subregional hub model. Members asked for more time to review and discuss the corporate decentralization plan, and reiterated the need to accurately track decentralization costs.

31. The Committee was informed that the corporate decentralization plan is a management tool for implementing the approved decentralization strategy and was being presented for review and feedback. The plan would be implemented within the budget indicated in the plan, and Management was proactively making use of opportunities to realize cost efficiencies and to better structure and manage country programmes as well as support functions, both at headquarters and in the field.

Agenda item 6: Timeline for a potential peer review of IOE

32. The Committee reviewed document EC 2016/95/W.P.4/Rev.1, provided by IOE in response to a request to document the proposal for an adequate timeline for a potential peer review of the evaluation function at IFAD. At the same time, the Committee reviewed Management's comments to the proposed timeline, contained in document EC 2016/95/W.P.4/Rev.1/Add.1.

33. Citing the principle of IOE's independence as reflected in the Evaluation Policy introduced in 2003 and revised in 2011, IOE emphasized that it was not Management's role to request or propose modalities for an IOE review. Management, on the other hand, expressed the view that in the development evaluation industry, independent reviews were being promoted as more appropriate for conducting such assessments than peer reviews, and that the proposed peer review should focus only on the independent evaluation function. The self-

evaluation aspect had undergone several extensive independent evaluations by IOE and Management was in the process of implementing the recommendations.

34. The Committee noted that the responsibility of managing the IOE peer review process could not be delegated to the Office of the Secretary as proposed by Management. It also agreed that in order to avoid any perceived and potential conflict of interest, the task could not be undertaken by the Evaluation Cooperation Group (ECG) while it was being chaired by the IOE Director during 2017. The ECG had information on how the evaluation function works in multilateral development banks, and this could be leveraged by integrating some checks and balances to ensure a conflict-free peer review process. The Committee proposed to explore other alternatives as well.

35. Regarding the timeline for conducting the peer review, Members were in agreement with IOE's proposal to initiate it in 2018 after the IOE Director's term of office as ECG chair. The Committee requested that the IOE Director discuss this issue at the next ECG meeting and obtain feedback on the best way forward. Members also made the following requests: cluster the peer review issues around the independence, credibility, and utility of evaluations; base planning and implementation on the United Nations Evaluation Group's Framework for Professional Peer Reviews of the Evaluation Function of United Nations Organizations; include one or two external reviewers from national evaluation institutions; and ensure monitoring of the peer review by the Evaluation Committee.

36. Some members felt that the 10-year review frequency proposed by IOE was too long, and that a shorter time interval should be considered. Others felt that unless something major happened to warrant a shorter frequency, the 10-year interval was optimal.

37. Committee members noted that IOE's proposal for a review of both the independent and self-evaluation functions was based on the experience of the previous review, but expressed the understanding that the review would be an evaluation of the independent evaluation function. IOE explained that the role played by an independent evaluation office and the typology of evaluation products depended on the architecture and quality of self-evaluation, hence the need to include self-evaluation in the review. As regards the scope, a member pointed out that the Evaluation Committee was an intergovernmental body and therefore not subject to the kind of review proposed by IOE.

38. As no decision could be reached on the proposed timeline, the issue was deferred to the next Evaluation Committee session for further discussion.

Agenda item 7: Other business

39. There were no items for discussion under other business. The Chairperson thanked all participants for contributing to the discussions, and closed the session.