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STRENGTHENING THE EFFECTIVENESS OF THE EVALUATION FUNCTION AT IFAD

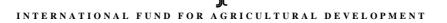# A DISCUSSION PAPER ON IFAD IN THE LIGHT OF INTERNATIONAL EXPERIENCE

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ABBREVIATIONS AND ACRONYMS

ACP	Agreement at Completion Point
AfDB	African Development Bank
AP	Approach Paper
AsDB	Asian Development Bank
CDB	Caribbean Development Bank
CLP	Core Learning Partnership
DAC	Development Assistance Committee
EBRD	European Bank for Reconstruction and Development
FAO	Food and Agriculture Organization of the United Nations
IDB	Inter-American Development Bank
IFI	International Financial Institution
IMF	International Monetary Fund
M&E	Monitoring and Evaluation
OE	Office of Evaluation and Studies
OECD	Organization for Economic Co-operation and Development
PD	Programme Management Department
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WFP	World Food Programme

I. INTRODUCTION

A. Background and Objectives of the Discussion Paper

1.   At the Third Session of the Consultation on the Sixth Replenishment of IFAD's Resources in July 2002 a consultation member state presented a proposal – that the Office of Evaluation and Studies (OE) of IFAD should report directly to the Executive Board independently of management in order to strengthen its effectiveness[1]. The rationale given for this proposal is that such independence would contribute to an objective process that can sustain the confidence of member countries over the long run and help realize the full value of the evaluation function at IFAD. The proposal was discussed briefly at the July session. The President of IFAD undertook at that time to discuss this issue again in October 2002 at the Fourth Session of the Consultation on the Sixth Replenishment.

2.   The intention of this discussion paper is to provide participants in the Replenishment with insights into the issue of an independent evaluation function. The paper attempts to explain how and under what conditions independence can enhance the effectiveness of the evaluation function, with specific reference to IFAD. It also provides suggestions for improvements of IFAD's independent evaluation function.

B. Methodology and Organization of the Paper

3.   Section II of the paper provides an overview of the internationally accepted principles of evaluation, particularly the principles of impartiality, independence, credibility and usefulness, and how they contribute to the effectiveness of evaluation. The main reference for this section is the set of *Principles for Evaluation of Development Assistance* developed by the international community through the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). The principles, agreed in 1991[2], were systematically reviewed and broadly reaffirmed in 1998[3].

4.   Section III of the paper presents empirical findings based on an analysis of the following sources of information:

- Two surveys, one of central evaluation offices and the other of evaluation users, carried out for the 1998 *Review of the DAC Principles for Evaluation of Development Assistance* published by OECD/DAC. These surveys reflect direct experience with more than 6 500 evaluations of different types (with multilateral organizations accounting for about 43% of the total).
- A survey of the organizational structure and reporting practices of the evaluation offices of ten international financial institutions (IFIs) and United Nations agencies conducted by IFAD through literature search, telephone and personal interviews, and electronic communication during July-August 2002. This survey included six IFIs, namely, the African Development Bank (AfDB), Asian Development Bank (AsDB), Caribbean Development Bank (CDB), European Bank for Reconstruction and Development (EBRD),

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[1]   The original proposal refers to "an independent monitoring and evaluation unit" at IFAD. Since 1994, however, the evaluation outfit in IFAD has been renamed the Office of the Evaluation and Studies. As shown in Annex II, this is in line with the name of the Evaluation Outfits of all international financial institutions (IFIs) and the overwhelming majority of United Nations agencies.

[2]   At a high-level OECD/DAC meeting.

[3]   All DAC member countries are represented in the DAC Working Party on Aid Evaluation, in addition to the Bretton Woods institutions and all the regional banks who participate as observers. The United Nations, including IFAD, participates in it through the United Nations Development Programme (UNDP). The United Nations does not have its own set of evaluation principles. It broadly follows the DAC Principles, however, although these have not been formally adopted by the United Nations General Assembly.

Inter-American Development Bank (IDB) and World Bank[4]; and four United Nations agencies, namely the Food and Agriculture Organization of the United Nations (FAO), United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP) and World Food Programme (WFP).

- A survey of personnel issues registering the perspectives of evaluation offices of six multilateral banks conducted by EBRD.

5.   Section IV gives an overview of the current organizational set-up of IFAD's evaluation function, including the approaches, processes and other aspects related to independence and how these have evolved in recent years. This section has particular reference to the work of the Evaluation Committee of the Executive Board and OE. Section V focuses on the main issues and analyses the consultation's member state proposal that OE be established as an independent unit reporting directly to the IFAD Executive Board. It also suggests other possible improvements for the consideration of the Member States. Finally, Section VI outlines steps leading to a decision on independence and related issues.

II. PRINCIPLES FOR EVALUATION OF DEVELOPMENT ASSISTANCE

A. The Principles and Their Relevance[5]

6.   The principles for evaluation of development assistance enjoy widespread acceptance in the international development community. The 1998 DAC review found that most of the countries and international organizations participating in the DAC Working Party on Aid Evaluation broadly complied with these principles.

7.   These principles – summarized in the box below, stated more fully in Annex I and elaborated below for their relevance to this paper – define evaluation as "an assessment, as systematic and objective as possible, of an on-going or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, developmental efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors."

8.   The two main purposes of evaluation, as noted in the principles, are to provide (a) *feedback of lessons learned* and (b) *a basis for accountability*. The principles emphasize that accountability in this context refers to the assessment of "developmental results and impact of development assistance. It is distinct from accountability for the use of public funds in an accounting and legal sense, responsibility for the latter usually being assigned to an audit institution."

9.   The statements that describe the principles also illustrate their interdependence. In particular, impartiality and independence would flow from the evaluation policy of an organization, and would be reflected in the guidelines and standards adopted for the evaluation process. At the same time, partnership must be reflected in the planning, evaluation and feedback processes, while ensuring the impartiality and independence of the evaluation function.

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[4]   The International Monetary Fund (IMF)was also included in the interviews but excluded from the analysis (except for referring to certain evaluation practices) because of its very specific overarching purpose.

[5]   Quotations in this and the following sections of the paper are drawn from OECD/DAC, *Principles for Evaluation of Development Assistance,* OECD, Paris, 1991; and OECD/DAC, *Review of the DAC Principles for Evaluation of Development Assistance*, OECD, Paris, 1998.

B. Interaction between Impartiality, Independence and Other Important Principles

10. Impartiality and independence are closely related concepts. In fact, impartiality is best achieved where evaluation activities are independent from managers who have interests in showing accomplishment and good performance. Impartiality and independence are key principles that distinguish evaluation from the other work of a development agency. While policy making, strategy formulation and project-level work are supposed to have a high degree of consistency with each other, the evaluation function is required to be independent of the processes concerned with these aspects of development. According to international principles, impartiality and independence require that the evaluation function be separated from the line management responsible for planning and managing development assistance, and report directly to the agency head responsible for development assistance, *or* to the board of directors or governors of the institution.

11. Impartiality and independence are assigned a key role, not only in themselves but also for their contribution to the other principles of evaluation. It is considered that "impartiality contributes to the credibility of evaluation and the avoidance of bias in findings, analyses and conclusions. Independence provides legitimacy to evaluation and reduces the potential for conflict of interest which could arise if policy makers and managers were solely responsible for evaluating their own activities."

> **The DAC Principles for Evaluation of Development Assistance**
>
> - The main **purposes of evaluation** are (a) to improve future aid policy, programmes and projects through <u>feedback</u> of lessons learned, and (b) to provide a basis for <u>accountability</u>, including the provision of information to the public.
> - Aid agencies should have an **evaluation policy** with a clear definition of the role of the evaluation unit, its responsibilities and its place in the institutional aid structure.
> - The evaluation process should be **impartial and independent** from the process concerned with policy-making, and the delivery and management of development assistance.
> - Ensuring the **credibility** of evaluation depends on the expertise and independence of the evaluators and the degree of transparency of the evaluation process.
> - **Transparency** of the evaluation process is crucial to its credibility and legitimacy. The evaluation process must be as open as possible with the results made widely available.
> - **Partnership** with recipients and donors in aid evaluation is essential.
> - **Feedback** to policy-makers, operational staff and the general public is essential.
> - Systematic **dissemination** is essential for ensuring improved planning and implementation of development assistance activities.
> - The **usefulness** of evaluation contributes greatly to its impact on decision-making.
> - An **overall plan** must be developed by the agency for the evaluation of development assistance activities.
> - Aid agencies should elaborate **guidelines and/or standards** for the evaluation process.

12. But impartiality and independence are not the only determinants of credibility. "The credibility of evaluation depends on the expertise … of the evaluators and the degree of transparency of the evaluation process. Credibility requires that evaluation should report successes as well as failures." It also requires "a critical mass of professional evaluation staff" who have "sufficient expertise in their various fields of activity" so as to ensure the credibility of the process. The "transparency of the evaluation process is crucial to its credibility and legitimacy. To ensure transparency the evaluation process as a whole should be as open as possible with results made widely available [and] evaluation reports must distinguish between findings and recommendations."

13. While considerable attention is given to impartiality, independence and credibility in the principles of evaluation, there is also an acute recognition of another important principle, namely, the need for partnership with users. Eliciting partnership requires, *inter alia*, that evaluation should be useful for the partners. The principle of usefulness stresses impact on decision-making, leading to

remedial measures, for which "evaluation findings must be perceived as relevant and useful and be presented in a clear and concise way. They should fully reflect the different interests and needs of the many parties involved in development co-operation." "Recipient countries should, as a rule, fully participate in evaluation in order to promote credibility and commitment."

14. Working in partnership with and reflecting the needs of many parties often leads to a trade-off between independence and the involvement required for gaining ownership of findings and recommendations. It is recognized, therefore, that "often, certain types of organization will tend to strengthen one of the … requirements at the expense of others; e.g., ensuring the independence of the process may weaken the potential for providing a strong linkage between the evaluation findings and decision-making. An optimal solution should be sought to balance all of these requirements."

15. The DAC review found that there was still a need in practice to "better address the question of trade-offs between the merits of independence and participation … and ways of effectively handling the trade-off between independence and the involvement required for ownership." It found, in particular, that the principle of independence can be overplayed and "has to be balanced with the interest in promoting ownership of the evaluation products and their recommendations." Balancing impartiality and independence with the importance of promoting ownership appears, therefore, to be a necessary but difficult task for which there are no easy prescriptions.

C. The Dimensions of Impartiality and Independence

16. The principles of evaluation highlight that "the requirement for impartiality and independence exists at all stages of the evaluation process, including the planning of the evaluation programme, the formulation of the terms of reference and the selection and approval of evaluation teams." Impartiality and independence, are, therefore, defined by a number of dimensions, introduced below and enumerated in Annex I.

17. The need for an organization to have a clear policy statement on evaluation is at the top of the list of what defines impartiality and independence. The principles state that "Aid agencies need a policy on evaluation which should address the [evaluation principles] as well as the openness of the evaluation process, including the dissemination of results." In other words, the policy should be comprehensive in relation to the various principles, their interrelationships and their operational aspects.

18. As indicated in paragraph 10, the reporting relationship of the independent evaluation function to other entities is a key dimension of impartiality and independence. In particular, impartiality and independence require that the evaluation function should be separated from line management and report directly to the head or board of the organization. At the same time, however, "the organizational arrangements and procedures should facilitate the linking of evaluation findings to programming and policy making."

19. The selection and terms of employment of the chief evaluator are a matter of concern for the impartiality and independence of evaluation, but the principles do not provide any definitive guidelines on this subject. They suggest, however, that the authority to recruit the chief evaluator depends on whether the evaluation function reports to the head of the organization or its board. The freedom of the chief evaluator to be subsequently employed in another part of the organization seems to depend, by implication, on whether or not this position is internal to the management structure.

20. A separate budget for evaluation is another important dimension of impartiality and independence. In this connection, the DAC review notes, "Access to, and control over, financial resources and evaluation programming is an important sign of independence." The evaluation budget is closely related to the work programme, and authority to select projects for evaluation and formulate the work programme is also a key measure of independence.

21.   Authority to select evaluators and consultants, and to formulate and approve their terms of reference are also important as they affect the independence of the process and the results of evaluation. Authority to revise and finalize reports after discussion with the evaluation partners is, of course, a well-known indicator of independence and highlighted as such in international principles.

D. Practices Found to Hinder Impartiality and Independence

22.   Highlighting the importance of evaluation policy, the 1998 DAC review found that "most Members have such a policy. However, for some, they are only partial and not substantive as they only establish 'office instructions' or 'guidelines' on procedures to follow." This seems to suggest agencies often lack policy statements covering all of the principles and their interrelationships and operational implications, as required by international principles (see paragraph 17).

23.   The review also found that "both evaluators and users of evaluations … respect the principles of independence, impartiality and credibility…. However, the ability of evaluators to contribute to decision-making can be frustrated when … managers and policy staff wish to limit the independence of the … evaluation function to avoid assessments that impinge on their policy agendas, performance judgements, or public relations interests." It was found, in particular, that "evaluation offices are not free from the inclinations of their senior managers, operations and technical staff – the users – to resist, attack, or side-track evaluations which particularly affect their areas of responsibility. Independence is less likely to be an issue if the organization culture is one that values institutional learning and, thus, the contributions of evaluations to this learning."

24.   Both evaluators and users suggested that "there are tendencies to negotiate conclusions and recommendations and work for a consensus which may undercut impartiality. Also, they have pointed out the tendency to 'tone down' evaluation reports in the process of extensive review or in their preparation for high-level and external audiences. Generally, judging compliance in these areas is difficult, as the line between credible impartiality and working for the acceptance and use of evaluations is subtle, and not easily assessed," a sentiment echoed in the survey undertaken for the preparation of this discussion paper.

25.   The key role that senior management plays in, and the support it provides to, the evaluation process, and the importance it attaches to an independent evaluation perspective, is summarized by the DAC as follows: "Has management signalled its wish to have results of [independent] evaluations and their lessons fed into the design of new projects, programmes and policies? Without this signal with appropriate follow-up, the use of the evaluations is minimal in its impact on agency decision-making." Furthermore, "the most important feedback mechanism is the arrangement for integrating evaluation findings and recommendations into agency policies and programmes". This finding too is consistent with the survey of ten IFIs and United Nations agencies, which identifies a number of institutional arrangements for feedback.

E. Conclusions from Section II

26.   The discussion in this section draws attention to the following significant points:

- Impartiality and independence are important, but other principles such as credibility, usefulness and partnership are also key to the effectiveness of evaluation. As the principles are interrelated, they affect each other in positive or negative ways, and this suggests the need for a balanced approach.
- The aim of independence is best achieved where evaluation activities are independent from operations personnel and managers who have interests in showing accomplishments and good performance.

- Impartiality and independence depend on at least 11 dimensions noted by DAC – the reporting relationship between the evaluation office and management or the board of directors or governors being one of them. Other key dimensions are the employment status of the chief evaluator, agency policy on evaluation, authority to approve the evaluation work programme and budget, and review and approval of evaluation reports.

III. REPORTING PRACTICES AND ORGANIZATIONAL RELATIONSHIPS – A SURVEY OF MULTILATERAL ORGANIZATIONS

A. The Objectives of the Survey

27.   The objective of the survey was to gain insights into the prevailing reporting practices and other issues related to independence at ten multilateral organizations. The survey consisted of two steps – a literature search and interviews based on a questionnaire. The literature search focused on the organizational structure and reporting requirements of the sampled multilateral development agencies (see Annex II). The questionnaire was organized around three key questions:

- How are the principles of impartiality and independence regarded and handled by the sampled organizations?
- How does enhanced independence contribute to enhanced effectiveness of evaluation, recognizing that 'effectiveness' has a variety of different dimensions?
- What repercussions will enhancing impartiality and independence have on the other principles of evaluation, in particular partnership and lesson learning? Above all, how does increased independence affect accountability and learning for improved performance?

B. Survey Findings

28.   The findings are organized around some of the important aspects of independence, including those introduced in Section II. Concerning the issue of **the reporting lines for the evaluation function**, the survey found that in three of the six IFIs covered in the sample – AfDB, IDB and World Bank – the evaluation function reports directly and exclusively to the board. At AsDB and CDB, however, the evaluation function reports to the president, while EBRD is unique in that it reports to both the president and the board. In the sample of United Nations agencies, all the evaluation offices report to the head of the institution through a department that does not have a direct operational role.

29.   **Appointment and employment status of head of evaluation.** In almost all the sampled organizations, the head of the organization appoints the head of evaluation. Two exceptions are IDB and the World Bank, where the executive board makes the appointment. The heads of evaluation at AfDB, IDB and the World Bank are appointed for fixed terms of five years, renewable only once, and are not eligible for reappointment to bank staff upon the expiry of the term(s); elsewhere, there is no such limitation. The heads of evaluation at AsDB and the World Bank are relatively more senior within the bank hierarchy than the heads of other evaluation offices, and they have the title of director general to highlight their seniority as well as their special employment status and function.

30.   **Evaluation policy.** As in the 1998 DAC review, most of the organizations surveyed by OE work with methodologies and guidelines for procedures for different types of evaluation, with the IFIs tending to adopt "harmonized evaluation criteria". The World Bank has a number of evaluation-related policies and, in common with some other organizations, an operational manual. Such manuals are intended to lay down and elaborate the purposes and policies for evaluation in the institution concerned, but in some cases do not adequately address the principles of evaluation (including independence), the interactions among them and their operational implications.

31.   **Approval of work programmes.** Work programmes of the central evaluation offices are prepared, in general, in consultation with management and reflect, *inter alia*, the interests of the board and obligations to the member states. Management does not need to approve work programmes prepared at AfDB, EBRD, IDB and the World Bank – these are approved by the board and/or its subcommittees. Evaluation work programmes at AsDB, CDB and United Nations agencies require endorsement from the head of the institution.

32.   **Budget approval.** Budget approval for evaluation in most of the institutions is given in the first instance by management and subsequently by the board. This is the norm among the United Nations agencies and among AfDB, AsDB, CDB, EBRD and IDB. At the International Monetary Fund (IMF) and the World Bank, however, the approval of the evaluation budget rests with the board and not management.

33.   **Review and approval of evaluation reports.** Obtaining comments on evaluation reports from the line managers concerned is a universal practice, and reporting unresolved differences is not uncommon. The most common practice is to report unresolved differences in judgement by means of footnotes or appendices in the evaluation report. Most of those interviewed emphasized that the evaluation function is not bound to incorporate or report the views of management, but some (including IMF, FAO and the World Bank) observed that evaluation reports are placed before the board along with management responses.

34.   **Internal versus external staffing.** Though proportions vary considerably, all the institutions surveyed, with the exception of FAO (which recruits only internally) and EBRD (which recruits only externally), staff their evaluation offices through a combination of internal and external recruitment. Individuals recruited mainly from within the organization staff AfDB, AsDB, CDB, UNICEF, WFP and World Bank evaluation functions. UNDP recruits a significantly higher proportion of its evaluation staff externally.

35.   **Staff rotation and conflict of interest.** The EBRD survey of personnel issues in six IFIs found that "rotation is regarded as advantageous and the cross-fertilization aspect is over-compensating for some disadvantages in the form of initial lack of evaluation skills of outsiders, conflicts of interest, and process (as against impact) orientation". Though standards vary, many agencies have an explicit policy prohibiting evaluation by an individual who has worked previously on a project or programme that is being evaluated.

36.   **Authority for staff recruitment and promotion.** The views of the head of evaluation tend to be decisive in recruiting evaluation staff. At the World Bank, evaluation staff who are not on secondment from the other departments of the Bank may be promoted by the Operations Evaluation Department without review by other units. Wherever the authority to approve the evaluation budget is vested in management rather than the board, the norm is that the head of evaluation recommends but management decides staff promotions.

37.   **Participation in operational discussions.** Participation by the evaluation function in management committees and advisory roles is the norm at most of the organizations surveyed and is said to strengthen the internal feedback loop for learning from evaluation findings. At EBRD and IMF – two extreme cases in the sample – the evaluation function does not participate in operational meetings. This is considered essential for preventing conflict of interest and the second-guessing of evaluation positions by the operations side of the institution.

C. Effectiveness and Repercussions of Greater Independence from the Management of the Institution

38.   The two organizations that have moved their evaluation function from management to the board most recently (AfDB and IDB) perceive a benefit in this move inasmuch as evaluators and operational staff do not have to spend an excessive amount of time negotiating a conclusion. They also report that others in the organization and the board take evaluation more seriously now that it is more independent. AsDB, where board involvement in (and, therefore, the independence of) evaluation has recently been increased, has made a similar observation. At the same time, the evaluation function at AsDB has also been upgraded through enhanced reporting responsibility to management. The upgrading has reportedly resulted in greater visibility for the evaluation office and in people in operations taking evaluation results more seriously.

39.   Interviews indicate that the relatively more independent evaluation offices (AfDB and IDB) are somewhat concerned about isolation from decision-making in the organization and the consequences this might have for the effectiveness of the evaluation function. This concern seems to reflect the findings of the 1998 DAC review that there is a trade-off between independence and partnership, and that the importance of independence can be overplayed. The relatively more independent evaluation offices aim to offset the disadvantage of independence through participation in various committees and advisory panels that deal with policy and operational matters.[6] None of the IFIs with independent evaluation was able to report on the incremental cost arising from direct reporting to the board (apparently because the offices and the relevant board committees were well resourced and did not experience costly changes in their terms of reference).[7]

40.   Some of the surveyed organizations see a trade-off between learning and accountability, while others (e.g. AsDB, IDB and the World Bank) feel that these are complementary notions. Almost all of those interviewed – whether coming from more or less independent evaluation offices – agree that support from management and the board is vital for independence and credibility, and also for enhancing learning and the effective adoption of evaluation lessons. The more independent evaluation offices consider that it is management's and the board's job – and not theirs – to pursue evaluation lessons and recommendations and ask operations to implement them. This indicates that, in these examples of independence, the quest for the ownership of evaluation recommendations by the users is not taken up by the evaluation function because of a number of barriers. Operational staff perceive evaluators belonging to evaluation offices that report to the board as outsiders with whom it is difficult to relate freely for the purposes of learning, which requires mutual trust. The fear instilled by the notion of accountability, a lower level of mutual trust and higher probability of withholding information from evaluators are some other barriers.

41.   Finally, the survey found two examples of institutions with an independent evaluation office where innovative steps have been taken to balance independence with measures for stronger internal feedback. More specifically:

- At IDB, management has appointed a senior advisor for evaluation to the vice president to provide the link between evaluation and senior management as well as track and enforce the adoption of evaluation recommendations.
- At EBRD, independence in the sense of reporting to the board is balanced by reporting simultaneously to the president in order to prevent isolation from the organization and

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6   Feedback from these institutions indicates, however, that these measures are not very successful in making up for the lack of ownership of results associated with independent evaluation offices.
7   At AsDB, however, the recent creation of a board subcommittee that meets 8-12 times a year to deal with evaluation issues, and the corresponding enhanced reporting requirements for evaluation, have led to a substantial increase in the evaluation budget. The incremental cost of more active participation by the Evaluation Committee in IFAD evaluation issues can be estimated with reference to Annex VI.

maintain a role in internal feedback. The president appoints the head of evaluation and approves the budget, but the evaluation office decides on its work programme, subject to certain criteria and approval by the board. It sends its reports directly to both the president and the board after obtaining comments from the parties concerned in the Bank. Reports sent to the board do not require clearance from the president.

D. Conclusions from Section III

42.   The Survey and the analysis conducted in this section point to the following conclusions:

- There is concern among those interviewed during the survey that complete independence from management leads to isolation from the organization and, therefore, from the internal learning loop.
- Independence is important but, regardless of the degree of independence, the role of senior management is considered vital for ensuring both the effectiveness and the independence of evaluation.
- The role of the governing body in international organizations is considered to be critical in promoting senior management interest in impartiality, independence and the follow-up of evaluation recommendations, therefore contributing to the usefulness and purpose of evaluation.
- The survey finds an interesting example at IDB of senior management appointing a senior adviser for enforcing follow-up on evaluation recommendations, while EBRD is found to have an interesting dual reporting structure aimed at promoting both independence and internal feedback.

IV. IFAD'S CURRENT APPROACH TO INDEPENDENT EVALUATION

A. Past and Recent Developments in IFAD Evaluation

43.   The present administrative location of OE dates back to 1994 when the rapid external assessment of IFAD[8], undertaken during the negotiation of the Fourth Replenishment of IFAD's resources, concluded that strengthening of the evaluation function required "upgrading of the evaluation function, as well as more staff. It also requires direct reporting to the President of the Fund and to the Board." This last recommendations seems to imply dual reporting to the President and the Board on an equal basis. A number of these recommendations, including direct reporting to the President, were implemented in October 1994, and OE was created as an evaluation office independent from operations.[9]

44.   In 1999, IFAD reviewed the adequacy of its independent evaluation function by means of an internal assessment and a survey among the users of evaluation products and services. While the feedback from users was mainly positive, there was also criticism of an occasional overemphasis on independence, inconsistency in focusing on IFAD priorities, ineffective packaging and insufficient attention to practical solutions. There was also a sense of frustration due to the lack of a systematic mechanism for tracking and enforcing the adoption of lessons and recommendations arising from evaluation work. This shortcoming, although not an evaluation problem *per se*, created uncertainty about the usefulness of evaluation. IFAD strongly felt that ultimately the usefulness of the lessons learned and knowledge generated in the evaluation process should be assessed against their ability to influence the performance of the Fund's operations.

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[8]   Ali Ahmed Attiga, Ivan L. Head, Martin Enrique Pineiro, Yves Rovani and Djibril Sene, "Report of the Rapid External Assessment of the International Fund for Agricultural Development", IFAD, Rome, July 1994.

[9]   Prior to this, there was a Monitoring and Evaluation Division that reported to the Assistant President, Economic Policy Department, who had no direct operational responsibility.

45. Following this review, changes were made in OE's strategy, its interaction with evaluation partners and the working of the Evaluation Committee of the Executive Board.

B. The Role of the Evaluation Committee of the Executive Board

46. The Evaluation Committee of the Executive Board was established on the basis of a proposal made in 1987 by the United States. The First Session of the Evaluation Committee adopted organizational principles, which state that the rules of procedure of the Executive Board should be applied, *mutatis mutandi*s, to the work of the Evaluation Committee.

47. The Evaluation Committee did not have specific terms of reference until 1999, when the Board formulated them in response to the desire expressed by several members to revitalize the committee and make it more proactive. The Board decided at that time to maintain the advisory role of the committee, and retain and fortify its overall objectives. The new terms of reference and rules of procedure for the Evaluation Committee are reproduced in Annex III.

48. With the new terms of reference and rules of procedure, a number of important changes aimed at strengthening the role of the Evaluation Committee were adopted in 1999-2000.[10] The committee now reviews OE's strategic directions and methodology, the annual work programme, and project and other evaluation studies. As appropriate, it makes recommendations to and seeks guidance from the Board on evaluation issues of policy and strategic importance. The committee, however, has not often made use of its prerogative to report to the Board for the purposes mentioned here. In recent years, in the absence of more specific guidelines, OE documents, including reports, have been submitted to the Evaluation Committee after clearance by management.

C. OE's Balanced Approach to Evaluation

49. The conclusion of the 1999 review was that evaluation and learning are inseparable, as are learning and partnership, and that changes were necessary to enhance the effectiveness and responsiveness of OE's work. But the emphasis on learning and partnership was not to happen at the expense of independence and accountability, which were recognized as important principles of IFAD evaluation and are critical elements of the learning process. In fact, an independent perspective implies analysis free of vested interests by a unit (OE) that is not part of the operations it is called upon to evaluate and that can lend credibility to the outcome of the evaluation.

50. The 1999 review led to an evaluation approach that aims at balancing evaluation understood as a participatory learning process with the requirements of instituting independence and ensuring accountability. The need for a balanced approach indicated by these considerations was translated into: (a) new vision and mission statements for OE and an articulation of OE's strategic objectives; (b) the development of new evaluation processes and products; and (c) an enhanced role for the Evaluation Committee of the Executive Board as described above.

51. OE's contributions to IFAD are rooted in its niche within IFAD as a field-oriented evaluation function independent of IFAD operations (Programme Management Department – PD) and of the resource mobilization function (External Affairs Department – EAD). OE's independence has a number of dimensions, including direct reporting to the President of IFAD (and, through him, to the Evaluation Committee), a perspective that is not diluted by operational pressures, and an evaluation methodology that helps assess results and impact for improved accountability and learning. At the same time, OE has adopted the strategic objective of producing "learning effects and recommendations that are agreed to and adopted by OE's partners and lead to improved IFAD operations, policies and strategies that can be replicated".

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[10] An inventory of these changes is contained in Annex III.

52.   The decision to adopt a balanced approach needs to be understood with reference to various IFAD-specific features. It is important to note, in particular, that IFAD does not have a permanent country or field presence and depends largely on cooperating institutions for project supervision. The current supervision function could generate more learning effects and accountability if more resources were available for this purpose. Furthermore, the monitoring and evaluation (M&E) systems used in IFAD-funded projects have been performing unsatisfactorily, and the role of internal evaluation[11], though improving, still needs strengthening. This is partly due to the absence, until recently, of a clear impact evaluation methodology that emphasizes quantitative as well as qualitative approaches. The introduction of this new methodology brings IFAD closer to international standards for the aggregation of results, but it will take time to institutionalize it at the project level and within the related operational systems.

53.   These circumstances and features limit the opportunities for partnership and learning available to IFAD through its operational work. They pose a special challenge for OE in terms of the need to share learning with local partners and to feed learning back to IFAD headquarters staff. In general, because of the above, the capacity for accountability – the assessment of results and impact – has also been weak, posing yet another challenge for OE. In addition, the challenges arising from IFAD-specific features have a number of consequences for OE:

- OE must ground its evaluation in extensive field work of the kind not generally the rule at most other central evaluation offices.
- OE must generate a great deal of the knowledge required at IFAD in order to learn from past operational experiences.
- OE has a special responsibility in promoting more effective assessment of results and impact.

54.   IFAD has put in place various instruments to orient its independent evaluation work towards the kind of balanced approach indicated by the preceding discussion. These are: (a) the approach paper (AP) as the starting point of each evaluation; (b) the evaluation analysis and report, incorporating a new impact methodology[12]; (c) the concept of a core learning partnership (CLP) to steer the evaluation process; and (d) the definition of the completion point of each evaluation process as an agreement among OE and its partners on the lessons to be learned and adopted and the remedial measures to be undertaken. These and other instruments, including the annual work programme process, are described in Annex IV with particular reference to how they contribute to partnership/learning and independence/accountability.

55.   In maintaining a balanced approach, independent evaluation at IFAD generates two different products at the conclusion of the evaluation process, one independent (the evaluation report) and the other, called the agreement at completion point (ACP), negotiated with partners and of particular importance for the learning loop. This product differentiation allows the outcomes of both independence and negotiation to be seen transparently. The ACP, which is the outcome of every evaluation is a novelty among evaluation offices. It illustrates the stakeholders' consensus and commitment to adopt and implement evaluation recommendations that are expected to improve project operations, policies or future project design. Unlike the evaluation report, whose contents are determined independently by OE, the ACP is intended to be a consensus document negotiated by the evaluator and other evaluation partners within and outside IFAD. It is aimed, in particular, at

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[11]   'Internal evaluation' and 'self-evaluation' refer to evaluations undertaken by PD and by IFAD-assisted projects.

[12]   The new methodology for impact evaluation was developed in 2001. It consists of a set of common evaluation criteria consistent with internationally accepted practice and categories of impact indicators for rural poverty eradication.

minimizing the need to negotiate on the evaluation analysis, thus preserving the independence of the evaluation report.

56.   Although not yet submitted to a conclusive analysis by evaluation users, the changes introduced since 1999 can be said to work well in ensuring the learning loop up to the ACP. While IFAD has invested considerably in creating learning opportunities through the evaluation process, it has not yet instituted processes for holding its staff and development partners accountable for using or not using this knowledge. The Evaluation Committee has also pointed out on various occasions that the absence of a systematic mechanism to track and enforce the adoption of lessons and recommendations from evaluation jeopardizes the effectiveness of the learning loop. In recognition of this, senior management is currently developing modalities to address this issue.

57.   Discussions undertaken in the process of preparing this paper suggest that there are other short-comings associated with the feedback and hence with the ultimate usefulness of the evaluation function. Most of these pertain to the way in which OE relates to management and how the latter relate to the learning loop. IFAD senior management is supportive of OE's independence and does not interfere with the content of its reports. OE's independence of thought or operations does not, therefore, appear to be under threat at IFAD. On the other hand, IFAD has not yet developed an explicit policy statement on evaluation that could emphasize the importance of independence and other evaluation principles. Furthermore, the system through which OE regularly reports to senior management on evaluation issues can be strengthened. Finally, as suggested by the survey findings, IFAD needs to ensure the seniority and experience of OE professional staff in order to maintain the credibility and independence of evaluation.

D. Conclusions from Section IV

58.   The main conclusions of the discussion on IFAD's current approach to independent evaluation are as follows:

- IFAD's Office of Evaluation shows a considerable degree of independence. Its approach is aimed at striking a balance between independence/accountability and learning/partnership. This is a task that requires time and support.
- Learning in partnership and providing feedback to its evaluation partners inside and outside IFAD is central to OE's work because of IFAD's unique features.
- International evaluation principles require a comprehensive evaluation policy that addresses the principles of evaluation and their operational implications. Putting such a policy in place and implementing it should be considered a high priority.
- Measures for ensuring and monitoring user adoption of evaluation recommendations need improvement if learning loops are to become effective.
- Senior management plays a crucial role *vis-à-vis* evaluation and the support it can provide for strengthening learning loops.
- Promoting accountability in terms of assessing impact and results must be one of the focuses of OE, *inter alia* because of weak, albeit improving, internal evaluation.
- The practices governing submission of OE's documents to the Evaluation Committee need to be clarified and formalized.
- The Evaluation Committee rarely uses its prerogative of reporting to the Executive Board on important evaluation issues.

V. INDEPENDENCE, IMPROVEMENTS AND IMPLICATIONS

A. IFAD in the Light of International Practices Related to Independence

59.   The current line of reporting from OE to the President of IFAD is consistent with one of the two options stipulated by international principles for impartiality and independence (paragraph 10). The importance of OE reporting to the Executive Board and its Evaluation Committee was recognized by the Rapid External Assessment of IFAD in 1994 as a means of strengthening the evaluation function (paragraph 43). Currently, OE's reporting to the Evaluation Committee consists in providing reports to the committee for discussion and advice that are cleared by management.

60.   The IFAD Executive Board meets on a limited number of occasions each year and consists of representatives that are often responsible for the three United Nations agencies based in Rome. Moreover, a number of the IFAD Executive Board Directors (representatives) are not Rome-based. The involvement of the Evaluation Committee is currently limited to three afternoon sessions per year. The situation at the IFIs is very different: their executive boards consist of directors dedicated to their organization only, who, in that capacity, work and meet in their board on a full-time basis. Furthermore, each director is supported by a considerable number of advisers and staff drawn from the various countries represented in their constituencies and paid by the IFIs. Their capacity to provide continuing instruction, advice and support is, therefore, incomparably greater than that of the Executive Board or the Evaluation Committee at IFAD.

61.   The fact that OE reports to the President places it in the same category as AsDB, CDB and EBRD in addition to all United Nations agencies, where the evaluation office reports to the president but is independent of operational management. At IFAD and at four of the six IFIs and all the United Nations agencies surveyed, the head of the organization appoints the head of the evaluation office. IFAD, the United Nations agencies and three of the six IFIs do not bar the head of evaluation from taking up another position in the organization.

62.   IFAD is similar to all the organizations surveyed in not prohibiting staff from rotating between evaluation and other functions. In relation to staff promotions, the normal practice is that the head of evaluation recommends but management decides (the World Bank being a qualified exception); the situation at IFAD is consistent with this norm. As in IFAD, evaluation staff usually participate actively in management committees and advisory panels on operational and policy matters, and this is not seen as a conflict of interest.

63.   In common with most of the organizations surveyed, IFAD's evaluation work programme is prepared in consultation with management and requires endorsement or approval from management before presentation to the Board[13]. The work programme is the basis for negotiating the budget, which is subject to approval in the first instance by management[14], and subsequently by the Board.

64.   IFAD is similar to most of the organizations surveyed in that evaluators have freedom in relation to evaluation terms of reference and the choice of evaluators, consultants and resource persons, though consultation with partners in these matters is considered normal. The survey and the 1998 DAC Review show, however, that some conflict between evaluation and operational staff is predictable, and IFAD is not an exception in this regard. (Section II.D above).

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[13]   At four of the IFIs, however, the evaluation work programme does not require approval or endorsement by management.

[14]   IMF and World Bank managements do not approve the evaluation budget; it is placed under the excutive board.

B. The Pros and Cons of Independence from Management

65.   The proposal for an independent evaluation function tabled by a consultation member state within the framework of the Sixth Replenishment envisages the creation of an independent evaluation unit at IFAD in order to strengthen its effectiveness. The main rationale given for this proposal is that the independence of evaluation from management would contribute to "an objective process that can sustain the confidence of member countries over the long term." The proposal also suggests that independence of the evaluation function would "help realize the full value of such a function."

66.   The independent evaluation unit is described in the proposal in the following terms:

- The unit should be independent of management and report directly to the Executive Board.
- The head of the unit should be appointed by the Board, acting on nominations by the President of IFAD, and should not be eligible for subsequent appointment in another unit of IFAD.
- A committee of the Board, as determined and appointed by the Board, may provide oversight.
- The unit would propose its own work plan and budget and would submit it to the Board for approval.

67.   In analysing this proposal, it is important to compare its possible benefits with possible costs. One way of doing this is to identify organizations where independent units of the type described in the proposal are already in place, and assess the costs and benefits of a similar structure for IFAD. Although the consultation member state's proposal does not mention specific examples, the IFAD survey of multilateral organizations identified IDB and the World Bank as two organizations at which the evaluation office closely resembles what is proposed for IFAD[15].

68.   Judging from the results of the survey (see Section III), it would seem that an evaluation office independent of management would enhance the credibility of evaluation and perhaps also increase the seriousness with which evaluation is approached in the organization. Greater independence could, therefore, increase the confidence of some Member States in IFAD. It would also strengthen the focus of evaluation on accountability (defined in terms of the assessment of results and impact), and this should be considered a distinct improvement.

69.   As can be inferred from the IFAD survey, however, independence from management is likely to weaken the learning loop for a number of reasons. Independence in this form hampers the kind of partnership between evaluation and its users that is invariably required to deepen the understanding of cause and effect, and to promote the ownership among users that is needed to act upon the results of evaluation. One reason for this, as observed during the survey, is that when the reporting line is direct to the board, there is less compulsion for the evaluation function to develop the partnerships required to promote such ownership. The more independent offices included in the survey expressed the view that responsibility for taking up evaluation recommendations with operational units should rest mainly with the board and management (paragraph 40).

70.   Full independence of evaluation from management, as presented in the proposal, might project evaluators as representatives of an oversight body, thus potentially creating a loss of trust (though respect and fear of evaluation may increase). The survey indicates that, in such cases, operational staff often perceive evaluators as external auditors or inspectors, and find it difficult to view them at the same time as learning partners. They thus approach evaluators with extreme caution, hesitate to share their problems and insights freely, and are tempted to withhold sensitive information. In the process,

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[15] At IDB, however, the evaluation budget is submitted to the board through management.

acquisition and understanding of relevant information is diminished, and this may affect the accuracy and quality of evaluation.

71.   Furthermore, under this scenario it would be very difficult for the evaluation office to ensure the performance of the participatory stages of the IFAD evaluation process embodied in the AP, CLP and ACP. These stages are clearly required to maximize learning potential. For this to materialize, they cannot be separated from the evaluation process. It is therefore unlikely that the responsibility for ensuring partnerships, promoting full understanding of evaluation findings and recommendations, and eliciting ownership by users can be effectively transferred to another organizational unit not involved in evaluation. A separation/transfer of these functions can only happen at considerable additional cost, including additional staff.

72.   The IFAD survey shows that the evaluation function at IDB and the World Bank emphasizes accountability, exercised through an independent evaluation office reporting directly to the board[16]. In order to manage this system effectively, all evaluation reports of these organizations go to the relevant oversight committee of the board[17]. The committees must meet frequently to review, finalize and approve the reports, consider other evaluation issues and offer advice, instruction and support to the evaluation offices.

73.   If the evaluation function at IFAD were to report directly to the Evaluation Committee of the Executive Board, the committee would need to perform the same functions as the oversight committees at IDB and the World Bank. These committees meet on a weekly basis, for a total of about 30 times each year, including ad hoc sessions. In addition, the chairperson of the committee meets the chief evaluator and other staff of the evaluation office several times before and after each session in order to facilitate the process. Clearly, IDB and the World Bank are much larger institutions than IFAD, also in the size of their lending operations[18]. Hence their model might not be automatically applicable to IFAD. However for the Evaluation Committee of IFAD to perform a similar role, it would have to consider a far greater number of evaluation reports and issues than it currently does and the number of committee meetings would therefore increase substantially, resulting in significant additional costs.

74.   The financial cost incurred only by the Secretary's Office in IFAD for organizing an Evaluation Committee Session is on average about USD 37 000[19]. On the basis of this figure, the total cost of the required additional meetings, if the World Bank/IDB model is adopted, would amount to over USD 1 million per year. The heavy time costs incurred by members of the committee and their colleagues in the missions and home offices and the additional time costs incurred by OE, PD and IFAD management are other cost categories that are not included in this figure. Estimates of the total additional time required in support of the proposed reporting arrangements can be calculated on the basis of figures given in Annex VI.

75.   In conclusion, it appears that the consultation member state's proposal would no doubt enhance the independence of evaluation and strengthen its credibility. It could also increase the emphasis on accountability and the confidence of Member States in IFAD. However, as the analysis in this paper shows, this particular form of organization is not necessarily required for compliance with the independence principle. In addition, the advantages associated with the proposal would be more than

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[16] Evaluation offices that are independent from management tend to hold the view that accountability automatically promotes learning, but this is debatable. Without user ownership, the adoption of evaluation lessons becomes a matter of imposition rather than conviction, and experience teaches that imposed solutions are not always possible and are generally short-lived.

[17] Namely, the Policy and Evaluation Committee at IDB and the Committee on Development Effectiveness at the World Bank.

[18] In calendar year 2001, the total commitment of IFAD amounted to about USD 400 million, whereas the comparable figure of the World Bank (IBRD and IDA) in fiscal year 2001 was USD 17.25 billion.

[19] See details of the cost of organizing one Evaluation Committee session in Annex VI.

offset at IFAD by the weakening of the learning loop, the loss of learning opportunities and a significant cost increase in terms of staff and other resources required. Moreover, neither the United Nations agencies nor most of the IFIs surveyed make use of the form of independence advocated in the consultation member state's proposal. In the following section, therefore, a more pragmatic scenario is outlined for enhancing the independence of the evaluation function at IFAD and strengthening its learning effects.

C. Other Options for Enhancing Independence and Effectiveness

76.   Possible improvements in the way evaluation is organized at IFAD have to be measured in relation to accountability and learning, the two main purposes of evaluation. The credibility of evaluation for both purposes can be enhanced if evaluation is manifestly independent from systemic pressures, whether they originate in operations, senior management or the governing body. On the other hand, the effectiveness of evaluation is enhanced if a strong and functioning learning loop is associated with it. This requires partnership with evaluation users and support from senior management. Thus, enhancing the effectiveness of IFAD's evaluation function implies strengthening the learning loop as well as accountability, and for both there is scope for improvement. The preceding analysis has shown that this cannot be achieved by increasing the independence of evaluation alone.

77.   However, strengthening accountability and the credibility of evaluation certainly requires enhancing its independence. Independence has many dimensions, as established in the preceding sections. One of these concerns reporting practices and organizational relationships. At IFAD, judging from the survey of international practices, this aspect would require adjustment rather than major changes in governance and management structures. Other dimensions of independence appear to require more significant improvement at IFAD. Among them is the need for a clear policy on evaluation that clarifies the principles and procedures governing the review and revision of evaluation reports, the role of senior management and clearer guidelines for OE reporting to the Evaluation Committee.

78.   Strengthening the learning loop and making it more effective is not generally achieved by introducing more independence. A host of other factors are at work here. In the case of IFAD, what seems to be most needed is development of a more effective policy and modalities to ensure broad awareness of evaluation findings and the adoption of recommendations.

79.   These considerations point to *an alternative* scenario that would aim at strengthening not only the independence of the evaluation function (and thus accountability) but also learning feedback and the associated aspects of partnership and ownership of results by users. This scenario would consist of the following two dimensions:

(a)   **Enhancing independence by strengthening the role of the Evaluation Committee**. This would entail:

- more frequent reporting by the Evaluation Committee to the Executive Board on evaluation policy and issues;
- formulation of an explicit policy statement on evaluation that clarifies the independence of OE, the roles of IFAD management and the Evaluation Committee, and the processes governing the review and revision of reports and their presentation to both IFAD management and the committee; and
- dual reporting by OE to the President and the Board, through the Evaluation Committee, for those evaluations presented to the committee.[20]

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[20]   This would bear resemblance to the model adopted by EBRD

(b) **Enhancing the learning loop** through the following measures:

- announce a management policy for following up and incorporating the agreed evaluation recommendations into project design, strategies and policies, and assign responsibility and staff[21] within the Office of the President and Vice-President for tracking and enforcing the adoption of evaluation recommendations;
- place evaluation issues on the agenda of senior management meetings regularly;
- assign responsibility within management, as needed, for arbitrating disputes that cannot be resolved bilaterally between OE and the concerned division, so that the time and other resources spent in reaching an agreement at the completion of an evaluation are kept within an acceptable range;
- ensure appointment of evaluation staff at appropriate levels of seniority and experience; and
- undertake more systematic OE reviews of the progress made in strengthening internal evaluation capability at IFAD (further to the discussion in paragraph 51).

VI. NEXT STEPS

80. Based on the discussions and guidance provided by the replenishment consultation, management will prepare a more detailed proposal on strengthening the effectiveness of IFAD's evaluation function. This could be submitted to the Seventy-Eighth Session of the Executive Board in April 2003.

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[21] For example, a senior evaluation advisor assists senior management at IDB.

DAC PRINCIPLES FOR EVALUATION OF DEVELOPMENT ASSISTANCE

- The main **purposes of evaluation** are (a) to improve future aid policy, programmes and projects through <u>feedback</u> of lessons learned, and (b) to provide a basis for <u>accountability</u>, including the provision of information to the public (paragraphs 6-10).[1]

  Through the evaluation of failures as well as successes, valuable information is generated which, if properly fed back, can improve future aid programmes and projects. The accountability notion of evaluation referred to here relates to the developmental results and impact of development assistance. It is distinct from accountability for the use of public funds in an accounting and legal sense, responsibility for the latter usually being assigned to an audit institution.

- Aid agencies should have an **evaluation policy** with a clear definition of the role of the evaluation office, its responsibilities and its place in the institutional aid structure (paragraphs 4 and 7).

- The evaluation process should be **impartial and independent** from the process concerned with policy-making, and the delivery and management of development assistance (paragraphs 11-16).

  Impartiality and independence will best be achieved by separating the evaluation function from the line management responsible for planning and managing development assistance. This could be accomplished by having a central unit responsible for evaluation reporting directly to the minister or agency head responsible for development assistance, or to board of directors or governors of the institution. To the extent that some evaluation functions are attached to line management they should report to a central unit or to a sufficiently high level of the management structure or to a management committee responsible for programme decisions. In this case, every effort should be made to avoid compromising the evaluation process and its results (paragraph 16).

  According to the 1998 DAC Review, impartiality and independence can be judged by the following aspects of the evaluation function: (i) an organization's policy statement on evaluation; (ii) the relationships between evaluation and the management and governance structure of the organization; (iii) selection/fixed term/removal/re-employment of chief evaluator; (iv) authority over the evaluation budget; (v) authority over the selection of projects to be evaluated; (vi) authority for selection of evaluators; (vii) authority for approval of an evaluation programme; (viii) authority for preparation and approval of terms of reference; (ix) process and authority for review and revision of evaluation reports; (x) whether or not reports are issued in the evaluator's name; and (xi) linkage between evaluation and decision-making for feedback and other aspects of evaluation.

- Ensuring the **credibility** of evaluation depends on the expertise and independence of the evaluators and the degree of transparency of the evaluation process (paragraphs 18-19).

  Credibility requires that evaluation should report successes as well as failures. Recipient countries should, as a rule, fully participate in evaluation in order to promote credibility and commitment. Aid agencies need a critical mass of professional evaluation staff in order to have sufficient expertise in their various fields of activity and to ensure credibility of the process.

- The **usefulness** of evaluation contributes greatly to its impact on decision-making (paragraph 21-22).

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[1] Paragraph numbers refer to the original source, namely, OECD/DAC, *Principles for Evaluation of Development Assistance,* OECD, Paris, 1991.

Evaluation findings must be perceived as relevant and useful and be presented in a clear and concise way. They should fully reflect the different interests and needs of the many parties involved in development co-operation. Easy accessibility is also crucial for usefulness. Evaluations must be timely in the sense that they should be available at a time which is appropriate for the decision-making process.

- Aid agencies should elaborate **guidelines and/or standards** for the evaluation process. These should give guidance and define the minimum requirements for the conduct of evaluations and for reporting (paragraph 31).

- An **overall plan** must be developed by the agency for the evaluation of development assistance activities. In elaborating such a plan, the various activities to be evaluated should be organized into appropriate categories. Priorities should then be set for the evaluation of the categories and a timetable drawn up (paragraph 27).

- **Transparency** of the evaluation process is crucial to its credibility and legitimacy. The evaluation process must be as open as possible with the results made widely available (paragraph 20).

- **Feedback** to both policy-makers, operational staff and the general public is essential (paragraphs 39-43).

  To ensure that the results of evaluation are utilized in future policy and programme developed it is necessary to establish feedback mechanisms involving all parties concerned. These would include such measures as evaluation committees, seminars and workshops, automated systems, reporting and follow-up procedures. Informal means such as networking and internal communications would also allow for the dissemination of ideas and information. In order to be effective, the feedback process requires staff and budget resources as well as support by senior management and the other actors involved (paragraph 42). Evaluation reporting should be clear, as free as possible of technical language and evaluation methods used; the main findings; lessons learned; conclusions and recommendations (which may be separate from the report itself) (paragraph 39).

- Systematic **dissemination** is essential for ensuring improved planning and implementation of development assistance activities. Evaluation results may be disseminated in several ways apart from the evaluation report itself e.g., annual reports providing a synthesis of findings (paragraph 41).

- **Partnership** with recipients and donors in aid evaluation is essential; they are an important aspect of recipient capacity-building and of aid co-ordination and can reduce administrative burdens on partners (paragraphs 23-26).

  Whenever possible, both donors and recipients should be involved in the evaluation process. Since evaluation findings are relevant to both parties, evaluation terms of reference should address issues of concern to each partner, and the evaluation should reflect their views of the effectiveness and impact of the activities concerned. Participation and impartiality enhance the quality of the evaluation, which in turn has significant implications for long term sustainability since recipients are solely responsible after the donor has left (paragraph 23).

  Collaboration between donors is essential in order to learn from each other and to avoid duplication of effort. Donor collaboration should be encouraged in order to develop evaluation methods, share reports and information, and improve access to evaluation findings. Joint donor evaluations should be promoted in order to improve understanding of each other's procedures and approaches and to reduce the administrative burden on the recipient. In order to facilitate the

planning of joint evaluations, donors should exchange evaluation plans systematically and well ahead of actual implementation (paragraph 26).

NOTE: In the *Principles For Evaluation Development Assistance* you will also find definitions, purpose of evaluations, and guidance on design and implementation of individual evaluations.

SUMMARY OF THE REPORTING PRACTICES OF EVALUATION OFFICES IN SELECTED INTERNATIONAL ORGANIZATIONS

	World Bank	African Development Bank	Asian Development Bank	Caribbean Development Bank	European Bank for Reconstruction and Development	Inter-American Development Bank
1. Name of Evaluation Office	Operations Evaluation Department (OED)	Operations Evaluation Department (OPEV)	Operations Evaluation Department (OED)	Post-Implementation Evaluation Unit	Project Evaluation Department (PED)	Office of Evaluation and Oversight (OVE)
2 Seniority of Head of Office	The Director General of OED ranks at the vice-presidential level	No information available	OED Director General ranks at either level 9 or 10 (top two levels in the Bank)	No information available	Corporate Director: one level below VP	One level below VP, equivalent to a Department Manager in the Bank
3 Positioning within the Organizational Chart	Positioned directly under the Board, independent from management and operations	Positioned under the Board of Directors to reflect its total independence. Works independently from management and the operational departments.	Positioned under the President of AsDB	Attached to the Office of the President	Operates in a separate Vice-Presidency, detached from operations, which in turn reports to the EBRD President and at the same time to the Board	Positioned directly under the Board, independent from management and operations
4. Reporting Relationship	OED reports directly to the Executive Board via its Director General for Operations (DGO). It maintains administrative links to the World Bank President.	OPEV reports directly to the Board through the CODE and to the President for purely administrative matters.	OED is independent from operations and other departments, and reports directly to the President. Functionally linked directly to the Board through the DEC.	The Post-Implementation Evaluation Unit reports to the President.	PED reports to the Vice-President, who reports to the President. It also reports to the Board of Directors through its Audit Committee.	Director OVE reports directly to the Board of Executive Directors. Functions and role were revamped by a working group of the Board.
5. Representation in Management Structure	OED is represented in World Bank management through the DGO.	No information available	No information available	No information available	PED is represented in the management structure via its Vice- President	The link between OVE and senior management provided by Senior Advisor for Evaluation
6. Evaluation Committee Equivalent	Committee on Development Effectiveness (CODE)	Committee on Operations and Development Effectiveness (CODE)	Development Effectiveness Committee (DEC), established by the Board of Directors in Dec. 2000, began activities in 2001	Audit and Post-Evaluation Committee, consisting of four members of the Board	Audit Committee of the Bank's Board of Directors; holds an important supervisory role vis-à-vis PED	Policy and Evaluation Committee, a standing committee entrusted by the Bank's Board of Directors to review evaluation issues

	Food and Agriculture Organization	**United Nations Development Programme**	**United Nations Children's Fund**	**World Food Programme**
1. Name of Evaluation Office	Evaluation Service (PBEE)	Evaluation Office (EO)	Office of Evaluation and Research	Office of Evaluation (OEDE)
2. Seniority of Head of Office	Chief of PBEE ranks at D-1 level	Director of EO ranks at D-2 level	No information available	OEDE Director ranks at D-1 level
3. Positioning within the Organizational Chart	Positioned under the Office of the FAO Director-General	The EO reports to the Office of the Associate Administrator	Positioned under the Office of Programme and Strategic Planning	The OEDE is positioned under the Oversight Services Division
4. Reporting Relationship	The Chief of the Evaluation Service reports to the Director of PBE (D-2 level)	The EO reports to the Executive Board through the UNDP Administrator	The Office of Evaluation and Research Director reports to the UNICEF Deputy Executive Director, Programme and Strategic Planning	The Director of OEDE reports to the Director of the Oversight Services Division (D-2 level)
5. Representation in Management Structure	Not represented	No information available	Not represented	Represented by the Deputy Executive Director of WFP
6. Evaluation Committee Equivalent	FAO Programme Committee	No equivalent	No equivalent	No equivalent

TERMS OF REFERENCE AND RULES OF PROCEDURE OF THE EVALUATION COMMITTEE OF THE EXECUTIVE BOARD

Terms of Reference

1.   To enhance the ability of the Executive Board to assess the overall quality and impact of IFAD programmes and projects through a discussion of selected evaluations and reviews conducted by the Office of Evaluation and Studies, as well as to fortify the Board's knowledge of lessons learned in IFAD's programmes and projects and to enable Member States to better assess the Fund's role in the pursuit of a global development strategy;

2.   to discuss with the Office of Evaluation and Studies the scope and contents of its annual work programme and strategic directions;

3.   to satisfy itself that the Fund has an effective and efficient evaluation function;

4.   to report to the Executive Board on the committee's work and, as appropriate, make recommendations and seek guidance on evaluation issues of policy and strategic importance; and

5.   to undertake field visits, as and when required, and participate in evaluation missions, workshops, round-table meetings and related activities in order to assist the Evaluation Committee in conducting its duties.

Inventory of Specific Changes Introduced in 1999 – 2000

- The committee now reviews the strategic directions and methodology of OE, which it was not doing previously.
- The Evaluation Committee now discusses the scope and contents of OE's annual work programme, which is formally approved by management.
- The committee makes suggestions for including evaluations of particular interest to it in the OE work programme, something it did not do earlier.
- Previously, OE would select the evaluations to be presented to the committee, but now the committee, based on the OE work programme, decides in December what it would like to discuss in the coming year in each of its three sessions.
- The committee now reviews work in progress, i.e., evaluations that have not yet reached the agreement at completion point.
- The committee now can request the Chairperson of the IFAD Board to include evaluation issues in the Board agenda.
- In addition to its nine members, the committee decided to allow observers from the Board to attend its meetings. Observers have all the rights that members have, except the right to vote.
- In order to discuss special issues, provision has been made for ad hoc sessions of the committee in addition to the three formal ones each year.
- Once a year, committee members participate in field trips during evaluation missions in order to see IFAD's work on the ground and participate in Round Table Workshops to discuss evaluation recommendations and the agreement arising from the evaluation process among relevant stakeholders.
- The decisions taken at each Evaluation Committee meeting are now summarized in official minutes which are then consolidated in a separate chapter of the Annual Report on Evaluation that is submitted to the Board.

- The committee felt that all evaluation documents, including the OE strategy, reports and work programme, should be disclosed to the public, a decision that was subsequently endorsed by the Board.

Rules of Procedures

The Rules of Procedure of the Executive Board shall apply, *mutatis mutandi*s, to the proceedings of the Evaluation Committee, except as specified below:

Rule 1
Convening of Meetings

The Evaluation Committee shall hold three sessions in each calendar year. The first meeting shall be held the day before or after IFAD's annual Governing Council session, whichever is more convenient for committee members. The remaining two sessions shall be held on the day preceding the September and December Executive Board sessions, respectively. Additional informal meetings in the same calendar year may also be called on an ad hoc basis by the chairperson.

Rule 2
Notification of Sessions and Agenda

The IFAD Secretariat shall inform each committee member of the date and place of a session at least thirty days in advance. During its December session, the Evaluation Committee shall draw up a tentative agenda for all three sessions in the subsequent year. To facilitate this work, the Office of Evaluation and Studies shall provide the committee with its proposed work programme for the year. The committee retains the prerogative to revise by adding, deleting, defining or amending items on the agenda during the course of the year. The agenda shall be communicated by the Secretariat to all Evaluation Committee members along with the notification of sessions.

Rule 3
Membership and Terms of Office

The composition of the Evaluation Committee shall consist of nine Executive Board members or alternate members: four members from List A, two from List B and three from List C. The term of office of the Evaluation Committee shall be three years and coincide with the term of office of the Executive Board.

Rule 4
Quorum

The quorum for any meeting of the Evaluation Committee shall be constituted by five members.

Rule 5
Chairperson

The committee shall elect its chairperson from List B and C committee members. In the absence of the chairperson during a scheduled meeting of the committee, the chair shall be temporarily assumed by another member from List B or C selected by the committee.

Rule 6
Decisions

The committee shall make every effort to arrive at decisions by consensus. Where such efforts have been exhausted, the chairperson's rulings shall stand when supported by four other members.

Rule 7
Attendance at Meetings

In addition to Evaluation Committee members and the Director of the Office of Evaluation and Studies, the said Director may designate members of his staff to participate in the deliberations of the committee. The Director shall also invite other IFAD staff members to provide, pursuant to the committee's request, such information as may be required in carrying out the committee's responsibilities. Other Executive Board members not members of the Evaluation Committee may also attend the meetings as observers.

Rule 8
Documentation, Records and Reports

The proceedings of the committee, documents provided to the committee and the records of the committee's deliberations shall be restricted and available only to members of the committee and members of the Executive Board. The proceedings of the committee shall be reflected in the Minutes of the Evaluation Committee, unless the committee decides otherwise.

Rule 9
Reporting to the Executive Board

The Evaluation Committee shall provide a written report of its deliberations to the Executive Board during the latter's April session. The report, which shall be included in the Office of Evaluation and Studies' Annual Progress Report on Evaluation, shall be dispatched to Board members according to established Board procedures. The chairperson of the committee may, in addition, provide an oral report during the April Executive Board session. The Evaluation Committee may also provide ad hoc written or oral reports to the Board during its September and/or December sessions.

IFAD EVALUATION INSTRUMENTS FOR LEARNING/PARTNERSHIP AND INDEPENDENCE/ACCOUNTABILITY

1.   **The approach paper.** In relation to the balanced approach outlined in this paper, the AP is an instrument for promoting partnership and learning. While OE has always used highly detailed terms of reference to guide past evaluation missions, the AP goes beyond this. It describes the overall framework for the evaluation, the process that the CLP will use throughout and the kinds of methods it might employ during each step. It also defines the expected results. One of the most important features of the process elaborated in every AP is the agreement from the outset on a completion point for the evaluation, which brings the main actors together to identify and agree upon the key lessons and recommendations and possible actions.

2.   **The evaluation analysis and report.** The evaluation analysis is based on issues selected in consultation with operational staff and analysed by means of a rigorous impact methodology and extensive fieldwork. Though undertaken with the involvement of partners, the evaluation analysis and the report it yields are instruments designed to ensure independence of thought. Evaluation consultants are engaged by and report to OE evaluators, and complete their work in accordance with the AP. Partners review and discuss the report with OE, but the evaluator is not bound to concur with other perspectives and the final product is the responsibility of OE.

3.   **The core learning partnership.** For each evaluation, OE now forms a CLP comprised of representatives of primary stakeholders, who are the main users of evaluation outcomes. The CLP is intended to be a 'real-time' platform for dialogue and reflection during the evaluation process, allowing key partners to internalize learning from the evaluation and to decide which recommendations can be adopted in a given social, administrative, institutional and political context.

4.   **The agreement at completion point.** The ACP, which is the outcome of every evaluation, is of particular importance for the learning loop. A novelty among evaluation offices, the ACP illustrates the stakeholders' consensus and commitment to act on and implement evaluation recommendations, which are expected to improve project operations, policies or future project design. Unlike the evaluation report, whose contents are determined independently by OE, the ACP is intended to be a consensus document negotiated between the evaluator and other evaluation partners within and outside IFAD. It is aimed, in particular, at minimizing the need to negotiate on the evaluation analysis, thus preserving the independence of the evaluation report.

5.   **The evaluation work programme.** The OE budget is prepared on the basis of its work programme, both of which require management approval. A large part of the work programme consists of interim project evaluations, which currently represent over 90% of all project evaluations, and are in principle mandatory.[1] Interim project evaluations allow OE to provide its analysis, lessons and recommendations before the design of phase two is initiated. OE's project evaluation work is based on a sample of operations and about one third of all completed projects in a year are evaluated.

6.   Each year, OE also undertakes country programme evaluations, thematic evaluations and corporate-level evaluations. OE or its partners may identify the need for these, but the final decision on including a suggestion in the work programme remains with OE. In addition, OE prepares the

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[1]   In practice, however, OE cannot undertake all the mandatory evaluations that are required in a given year because lacks the necessary resources.

Annual Report on Evaluation[2], which contributes to the learning loop, as it contains an aggregation of results and learning on crosscutting issues.

7.   **Feedback and dissemination.** Real-time feedback from OE to its partners, and vice versa, is channelled through the processes and products described above. In addition, OE participates in numerous in-house project development teams (PDTs)[3] that offer opportunities for evaluation feedback into the design process of new projects, programmes and policies.

8.   Dissemination of evaluation findings and recommendations is promoted by various means, some of which are in the process of development. All evaluation reports and related documents are disclosed to the public through a website. OE also produces evaluation summaries, called "Profiles," that provide an overview of the main evaluation conclusions and recommendations, and short "Insights" that contain one learning theme from the evaluation. These products serve to stimulate discussion among practitioners and other development specialists on different issues.

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[2]   In 2003, this report will be replaced by the Annual Report on Impact and Development Effectiveness.
[3]   About 12-15 PDTs per year, which represents approximately 50% of all new projects considered by the Executive Board each year.

POLICY PROPOSAL ON INDEPENDENT EVALUATION PRESENTED BY THE UNITED STATES AT THE SIXTH REPLENISHMENT

Independent monitoring and evaluation function. IFAD's M&E function should be strengthened by establishing it as a separate unit, independent of management and reporting directly to the Executive Board. The head of the unit should be appointed by the Executive Board, acting on nominations by the IFAD President, and must have no potential conflicts of interest (e.g., cannot move later to IFAD staff.) Oversight may be provided by a committee of the Board, as determined and appointed by the Board. The unit would propose its own work plan and budget to the Board for approval, and would present an annual report on IFAD's development effectiveness to the Board. Among the elements of its regular work would be a "lessons learned" feedback loop to integrate into the project cycle and oversight of IFAD executing agencies to ensure adequate project performance. The newly independent unit should be established by the time of the April 2003 Executive Board session.

Rationale. IFAD's existing M&E unit deserves high recognition for its thorough, candid and diligent work to date, and making it fully independent would help realize the full value of such a function. Key to the determination of IFAD's effectiveness is a continuous and rigorous monitoring and evaluation system, which must include an M&E function that is independent of management in order to conduct its work with the detachment necessary to an objective process that can sustain the confidence of member countries over the long term. This will help ensure effective utilization of resources.

AVERAGE COST OF ONE EVALUATION COMMITTEE SESSION

A. OE COST ITEMS (including SMT and PD[1])	TIME REQUIRED
Preparation of Session ➢ Speaking notes for Evaluation Committee (EC) chairperson ➢ File for EC chairperson and OE director ➢ Drafting and finalization of agenda ➢ Briefing EC chairperson ➢ Preparation of **one** EC document	➢ Professional (P) and General Service (GS) staff time ➢ GS staff time ➢ P and GS staff time ➢ OE director and P staff time ➢ (a) P staff time for preparation of EC document; (b) P staff time for preparation of power point (pp) presentation and rehearsal; (c) OE director time to review document and pp presentation and discuss with evaluator; and (d) GS staff time for above tasks including formatting and finalization of documents and pp presentation. **Multiply by two (for two documents).**
Subtotal:	**P = 20½ days; GS = 9½ days; OE director = 5 days**
Conduct of Session (normally ½ day each) ➢ Evaluation staff ➢ SMT and PD staff	➢ OE director, 6 professionals, 3 associate professional officers and 2 GS staff ➢ Vice-President, director of regional division, country portfolio manager or regional economist
Subtotal:	**P = 5 days; GS = 1 day; directors and management = 1½ days**
Post-Session ➢ Preparation of EC minutes ➢ Ad hoc follow-up (communicate with EC members, settle payments, respond to queries from EC and other partners regarding the session, distribute documents, ensure disclosure of documents on the Internet, etc.)	➢ P staff time and OE director time ➢ P staff time, OE director and GS staff time
Subtotal:	**P = 4 days; GS = 1 day; OE director = 1 day**
TOTAL (per EC session)	**P = 29½ days; GS = 11½ days; directors and management = 7½ days**

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[1] Senior management team and Programme Management Department.

B. EC MEMBERS COST ITEMS[2]	**TIME REQUIRED**
➢ **Preparation:** reading, preparing and collecting comments within the organization and synthesizing own comments	➢ 4 days
➢ **Participation in session**	➢ ½ day
Subtotal	**4½ days**
Note: For non-Rome-based EC members, the following additional costs apply:	
➢ **Travel**	➢ Fare costs plus daily subsistence allowance for Rome and 2 days
➢ **Waiting time in Rome**	➢ ½ day
TOTAL (per EC session)	**7 days and travel costs**
C. ES[3] COST ITEMS	**USD**
➢ Interpretation	10 500
➢ Translations	11 000
➢ Temporary support staff	1 250
➢ Travel of EC members [4]	12 000
➢ Travel of Government representative	2 000
➢ Staff costs	1 000
TOTAL (per EC session)	**37 750**

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[2]   Based on self-assessment of two EC members.
[3]   IFAD Office of the Secretary.
[4]   Assuming that IFAD covers travel for three members only (one each from Africa, Asia and Latin America) rather than four.