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IFAD

Investing in rural people

Final draft report of the external peer review of the evaluation function at IFAD

For: **Review**

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Note to Executive Board representatives

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Executive Board — 127th Session
Rome, 10-12 September 2019

For: Review

The Evaluation Function in IFAD

Report of External Peer Review Panel
<u>Final Draft</u>

25 June 2019

Abbreviations and Acronyms

ARRI	Annual Report of Results and Impact
CLE	Corporate level evaluation
COSOP	Country Strategic Opportunities Programme
CSPE	Country strategy and programme evaluation
ECG	Evaluation Cooperation Group
EPR	External Peer Review
IFAD	International Fund for Agricultural Development
IOE	Independent Office of Evaluation
MOPAN	Multilateral Organisation Performance Assessment Network
PCR	Project completion report
PCRV	Project completion report validation
PPE	Project performance evaluation
RIDE	Report on IFAD Development Effectiveness
UNEG	United Nations Evaluation Group

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Executive Summary

This report presents the findings of an independent External Peer Review (EPR) of the evaluation function of the International Fund for Agricultural Development (IFAD), initiated by the Independent Office of Evaluation (IOE) and authorised by the Executive Board. A prior review was completed for IFAD in 2009; periodic such reviews are good practice in comparator organisations. The review was conducted by senior-level development and evaluation experts based on an approach approved by the IFAD Executive Board.

The Panel found the overall structure and functioning of the evaluation system in IFAD (comprising key activities of IOE, Management and the Board) generally on par with comparator IFI institutions and broadly consistent with established professional standards. IOE provides a competent and well-resourced primary evaluation function producing a wide range of evaluation products at a generally good level of technical quality. It has made important improvements over the past decade, including establishing a strong and uncontested institutional independence. Management devotes substantial attention to IOE's work. It has integrated enhanced self-evaluation functions more systematically into its processes and introduced an ambitious new results management framework. Board engagement through a dedicated Evaluation Committee is systematic and strong; members highly value IOE's role and take an active interest in its work and findings. All of this reflects substantial commitment, effort and progress on multiple fronts.

However evaluation systems also need to adapt when circumstances change and as experience requires, and they need to seize opportunities for major improvements. The Panel finds this to be the case in IFAD today. A decade of experience, some positive some negative, has been accumulated under the current approach. At the same time In comparator organisations, there have been large changes in evaluation policy, systems and thinking. Within IFAD, Management and Board have launched major internal initiatives that have very direct institution-wide implications for performance management and evaluation. For each of these reasons the Panel sees a compelling case for evaluation systems in IFAD to adapt to new realities. Beyond this, and looking ahead, there is a real opportunity to strengthen evaluation's strategic relevance and contribution to IFAD performance at a time of higher institutional ambition and stakeholder expectations.

The central objective of evaluation must be to contribute to superior institutional performance. In order to do so it must produce work that is relevant, timely, valued and used. And, for this to be the case, it needs to be a shared responsibility, with specific roles and responsibilities clearly set out for an independent IOE, Management and the Board.

This report presents a set of Findings and Recommendations that follow from these basic propositions and also directly reflect IFAD's experience and circumstances. They are strong, wide-ranging and in some cases challenging. But all are entirely feasible within IFAD's existing resources and capabilities. Where the current system is strong, the report identifies ways to build on it. In other areas, significant weaknesses and missed opportunities are identified, and recommendations made to change some long-standing practices and assumptions.

The Panel's view is that implementation of its recommendations would result in a much more effective and higher value evaluation function in IFAD; in turn this would contribute directly to the more systematic and robust system of results and performance management sought by IFAD's shareholders, Board and clients. An upgraded and repurposed evaluation function in IFAD is a vital means to deliver on institutional aspirations.

IOE, Management and the Board each have critical roles to play. IOE's unique role as custodian and "owner" of key elements give it particular responsibilities. Management is the owner of other critical elements and will need to lead and deliver in these areas. And above it all is the essential

role of the Board in endorsing the necessary changes, ensuring that the different players are pulling in the same direction, and providing overall direction.

Main findings:

Ñ	While the existing Evaluation Policy has served reasonably well, changes are needed to reflect experience and a changing context. There is a lack of shared purpose and expectations for evaluation amongst its different components.

Ñ	Changes in performance assessment and evaluation processes and tools, particularly those of IOE, would improve their efficiency, effectiveness and value.

Ñ	A different overall mix of IOE products, coupled with lighter internal management and processes would provide higher value for multiple audiences within existing resources.

Ñ	A multi-year IOE strategy would help align operational choices with policy, enable review and agreement on priorities and goals, and integrate experience and opportunities.

Ñ	A rigidly constructed IOE budget prevents a more strategic approach to the work programme, and impedes IOE responsiveness to changing circumstances and opportunities.

Recommendations:

1.	**Revise the Evaluation Policy** to focus more strongly on strategic issues, provide greater institutional utility and value, and establish appropriate roles and responsibilities across the multiple components of IFAD's evaluation systems

2.	**Revise the role (Terms of Reference) of the Evaluation Committee** to ensure full oversight of evaluation and results reporting functions IFAD-wide. Secretariat services should be provided on the same basis as for other Board Committees.

3.	**Substantially simplify IOE internal processes and procedures** to reduce their resource intensity, increase internal delegation and scope for initiative and encourage constructive engagement between IOE and Management. This should include product specific processes, designated methodologies, and engagement between IOE staff and Management.

4.	**IOE should revise its product mix** on the basis of accurate resource requirements for individual products, and a detailed survey of the views of all key audiences on existing and prospective products, including intended purposes and perceived value.

5.	**Management should conduct a parallel review of its self-evaluation products** to clarify objectives and responsibilities, and ensure value and utilisation.

6.	**IOE should prepare a multi-year strategy** to implement the Evaluation Policy, in consultation with Management and for Board approval, setting out short to medium term objectives and responsibilities. Coordination with the IFAD replenishment cycle should be explored.

7.	**A new Evaluation Manual should be prepared**. It should encompass evaluation-related issues, products and processes institution-wide. and ensure extended cover of evaluation issues such as gender and rights. Clarity and simplicity should be guiding objectives. IOE should lead the process but it must be engaged and consultative with Management.

8. **IOE's budget should be significantly simplified** and harmonised in terms of overall structure with IFAD's overall administrative budget. The current high rigidity and over-specification should be reduced to allow more flexible and effective resource management by IOE.

Introduction to the External Peer Review (EPR)

The External Peer Review was commissioned by the IFAD Board to provide an external assessment of FAD's evaluation function, encompassing the independent evaluation function, management-led evaluation and engagement of the Executive Board. Its main objective is to strengthen the evaluation function's contribution to the Fund's development effectiveness and institutional efficiency. The Peer Review also seeks to enhance knowledge of, confidence in and use of evaluations by governing bodies and IFAD senior management; improve evaluation policy and practice; build internal capacities; and support greater use of evaluation findings in IFAD's performance management system.

Team conducting the review

Panel members	Consultants
Joseph Eichenberger, Chief Evaluator EBRD (Chair)	Keith Leonard, former Director, ADB Evaluation Department and Deputy Chief Evaluator in EBRD
Susanne Frueh, Director Internal Oversight UNESCO & Chair UNEG	Penny Hawkins, former Head of Evaluation in DFID and New Zealand Ministry of Foreign Affairs and Trade
Lars Christian Oxe, Chief Technical Adviser, Danida Evaluation Department	

The depth and breadth of experience of the team conducting an external peer review is important, and indeed is its essential justification. An external review of this type differs from a formal evaluation in that the opinions of the reviewers, based on their experience, are a valid, in fact very important, source of evidence in support of conclusions.

Method

The panel and consultants made separate visits to Rome for individual and group interviews and facilitated workshops. The Panel met Board members, senior management and others. The consultants met mostly managers and staff. The EPR consultants conducted separate surveys of members of staff and governing bodies; IOE consultants; and self-evaluation consultants. EPR consultants conducted a quality assessment of a sample of IOE reports. Panel members and consultants reviewed all relevant documents. One of the EPR consultants attended a workshop in Sri Lanka, a concluding act for the most recent country evaluation.

Limitations

The absence of time recording and cost data for the various products and services produced by evaluation, be-it independent or self-evaluation, means assessments of comparative efficiency could not be carried out. Similarly, there is no quantitative, or indeed much qualitative, data available on the benefits derived from evaluation, so cost-benefit and value-for-money analysis were also not possible – costs are largely not known, and benefits are not quantified.

Actions taken on 2009 EPR Recommendations

Key aspects of IFAD's current evaluation system reflect the findings and recommendations of the previous External Peer Review, completed and approved by the IFAD Board in 2009. A close assessment was made of the implementation of these earlier recommendations, which were variously directed to IOE, Management and the Board. Most have been implemented in whole or part, contributing to the many strengths of the IFAD evaluation function evident today. However, the Review also identifies issues where the findings and recommendations from 2009 remain relevant, and where they should be expanded upon.

Commit to IOE independence

IOE independence is codified and fully respected inside the organisation; there appear to be no immediate grounds for concern on the issue though ongoing vigilance is needed.

Stronger IOE oversight by Board and IOE accountability

Oversight of IOE by the Evaluation Committee was strengthened in part to ensure IOE independence. The Committee is now systematically engaged with IOE and provides an important forum for discussing evaluation matters. This review identifies wider issues around strategy, oversight and accountabilities across the full IFAD evaluation system -- including IOE, Management and the Board.

Role of Management self-evaluations in aggregate ratings

There is now much more reliance on IOE validated ratings of self-evaluations for aggregate reporting on performance. The Review identifies several issues with the current role and weight of validations and their place in the larger IOE product mix.

Strengthen learning and feedback from evaluations

Steps have been taken by both IOE and Management, but overall progress has been modest. Major contributing factors include the design and mix of evaluation products, resourcing, and internal processes and dynamics.

Improve IOE product quality

Progress has been made to improve IOE product relevance and quality; the Evaluation Manual has been updated; IOE and Management have agreed to harmonise methods. The review raises resource and process issues around IOE's quality review and overall product mix.

Management to strengthen self-evaluation

Self-evaluation is increasingly used to help assess development results and early progress under Management's Development Effectiveness Framework appears promising; self-evaluation quality and the attention given to them are improving. Quality assurance and feedback loops for learning will require sustained emphasis and attention.

Improve IOE cost efficiency

Limited available data and metrics make cost-related assessments very difficult; however there appear very significant opportunities to increase IOE's cost efficiency and value-added.

The Evaluation Policy

Background

IFAD was one of the first UN organizations to develop an evaluation policy, which broadly reflected good practice and was a substantial step forward when first approved in 2003. The policy was revised in 2011 in response to the 2009 EPR. It contains important elements widely regarded as essential and good practice such as cementing the independence of the evaluation function, the process for appointing the Director, strengthening the role played by the Evaluation Committee, and ensuring a separate budget process. The policy was amended several times between 2013 and 2015, mostly to adjust procedures for selecting and appointing the Director, disciplinary matters following integrity investigations and the revised timeline for the Annual Report on Results and Impact of IFAD Operations. The Evaluation Policy has been a major contributor to stronger evaluation in IFAD.

Over the past decade, there have been many important developments relating to evaluation, institutional performance and results, not just within IFAD, but also in the wider system of which IFAD is a part. Internally, IFAD is implementing a series of reforms. There have been significant developments in the wider development and evaluation communities, such as the 2016 revision to UNEG norms and standards. The Sustainable Development Goals and 2030 Agenda have considerable implications for how institutions, including IFAD, will need to approach evaluation and what will be expected of them as they do so.

These developments, coupled with assessment of nearly a decade of experience with the existing policy, gave the Panel a more current and relevant context against which to consider whether the existing Evaluation Policy serves as well as it could and is fit for the future. Broadly, evaluation policies adopted more recently by comparators (e.g. WFP) include important new elements, also reflecting experience and evolving good practice, that are both relevant and desirable for IFAD. In addition, the Panel's analysis of implementation experience in IFAD has identified important needs and opportunities for strengthening. Key findings are set out below.

Principal Findings

The current policy focusses heavily on enshrining independence for IOE and is in most respects an IOE policy rather than an IFAD policy. It is silent about, or fails to adequately encompass, other equally critical elements of evaluation in IFAD.

Effective evaluation in an institution like IFAD can only be accomplished through a whole-of-institution approach, explicitly identifying and clarifying the separate but interdependent roles and accountabilities of Management, IOE and the Board. While some of this is contained in the current policy, it is not sufficiently developed to ensure adequate clarity as to the different roles and responsibilities of each of the three "owners" of evaluation in IFAD, and, very importantly, how they should work together to achieve the shared objective of improved institutional performance. Experience in other institutions with evaluation policies (re)shaped in this way has been positive; clarity tends to contribute to higher ownership, common expectations, and lower levels of friction.

For example, it is not clearly articulated that it is solely the Board's responsibility to hold Management to account for results, with IOE providing independent and credible findings to Board and Management. Similarly, responsibility for reporting to the Board on institutional performance lies with Management, as does responsibility for an effective results and performance monitoring framework.

The current Policy insufficiently identifies the strategic purposes served by evaluation in IFAD, and the basic principles needed to support it. The current purpose statement – "promote accountability and learning in IFAD" – is about means rather than ends and so is of limited value in setting a foundation on which strategy can be developed. It is clear that there are widely differing and

unresolved views inside the organisation on these critical issues. A simply articulated theory of change would set out the expected contribution of evaluation (both independent and self-evaluation) to institutional performance, and the pathways to achieve this.

The EPR survey confirmed that the top-ranked expectation is that evaluation systems contribute to learning in order to improve institutional performance; that is, evaluation should generate useful knowledge to improve new projects, policies, strategies and business processes. The priority now given to accountability, as traditionally understood, is significantly lower than might have been expected, and quite likely than it would have been 10 years ago.

There is a widely held implicit view of evaluation as being accomplished by the supply of specific products. Much less widely appreciated, including within IOE, is the importance and high value of complementing evaluation products with evaluation services.

Wider institutional awareness of the current Evaluation Policy appears limited and there is considerable variability among departments; those familiar with it tended to be broadly neutral on its fitness for purpose. There is a need to build deeper cross-institutional awareness of and commitment to key principles essential for effective evaluation in IFAD.

The current policy is highly process-oriented and prescriptive; much of this material more properly belongs in the Evaluation Manual. There is little focus on the kinds of core strategic and structural issues needing clarity and resolution at the institutional level. The policy does not detail the key evaluation principles to be applied by IFAD's evaluation system nor does it appear to set parameters for a more strategic approach to work plan selection. Including process and technical matters in the Evaluation Policy is too restrictive, contributing to a compliance mentality and discouraging innovation and creative problem solving in pursuit of strategic relevance and impact.

Key Issues to address

✓ A new Evaluation Policy should include the whole evaluation function in IFAD. The separate and collective roles and responsibilities of Board, Management, and IOE should be identified and agreed.

✓ It should establish the core principles on which evaluation in IFAD rests and the core purposes evaluation is expected to serve; agreement on these at the policy level can sharply reduce difficulties in implementation.

✓ It should affirm IOE's structural and functional independence, while also making clear that effective evaluation at the institutional level also needs constructive ongoing engagement among the three key "owners" of evaluation – IOE, Management and the Board.

✓ The process of preparing a new Evaluation Policy for the whole of IFAD should formally engage all interested parties. It should ensure a consultative and collaborative process resulting in agreement between IOE and Management and approval by the Board. The joint preparation and Board approval process used for the recent IOE/Management harmonisation agreement provides a tested approach.

✓ The policy should be compact and focus only on key strategic and structural issues; detailed matters of products, processes and methods should be covered in the Evaluation Manual which can be more easily updated as needed.

✓ The policy should reflect the 2016 UNEG norms and standards to reflect, *inter alia*, a greater focus on utility and reflection on the role of evaluation viz internationally agreed principles, goals and targets (e.g. 2030 Agenda and the upcoming revision of the OECD/DAC criteria) and a strong commitment to engage in joint and system-wide evaluation.

✓ It should provide for a periodic independent evaluation/peer review of IFAD's evaluation function (e.g. every 4-5 years)

✓ A revised policy could usefully reflect new thinking on government and beneficiary participation in evaluation (both as self- and independent evaluation), and the role of IOE and Management in evaluation capacity development in client countries.

Recommendation 1:

IOE and Management jointly revise the Evaluation Policy, for Board approval, to focus more strongly on strategic issues, provide greater institutional utility and value, and establish appropriate roles and responsibilities across the multiple components of IFAD's evaluation systems.

Board Governance and Engagement

Ultimate responsibility for institutional-level governance and oversight of evaluation and institutional performance rests with the Executive Board. With substantial *de facto* authority delegated to it by the Board, the Evaluation Committee functions as the critical interface between IOE, Management and the Board on most evaluation and development performance assessment issues. The quality and effectiveness of this engagement contributes directly to wider institutional perceptions about evaluation. Key aspects of this role are now well provided for and delivered. However, the Panel also identified several key areas where expectations are not met and where modest changes could yield substantial gains. Some can be achieved by revising the Evaluation Policy; others would require adjustment to the Committee's Terms of Reference.

Principal Findings

There is significant Board interest and engagement in IOE reports. These get extensive Board attention, well above the ECG and UN norm. Through the Committee the Board has direct sight of a substantial part of IOE's overall work programme output.

However, IOE's role as the Evaluation Committee's primary interlocutor contributes to several issues of concern. First, it puts Management primarily in the position of respondent to IOE findings, which tends to reinforce a dominant emphasis on compliance and accountability; an indicator for this is the very unusually high degree to which Management simply accepts IOE recommendations.

There is a strongly perceived imbalance in the relative standing and credibility assigned by the Board to IOE material and positions versus those of Management. This undermines a more probing and effective dialogue around findings and recommendations that would contribute more effectively to accountability and institutional learning, and to the Board's own oversight and influence.

This perception reinforces unproductive tensions between IOE and Management, and it contributes directly to frictions with the Board. There is a widely held perception that this is a key factor working against a more constructive dialogue in IFAD in which IOE and Management are interested co-owners and co-equals before the Board, and with longer-term institutional performance as the shared objective.

There are strong and conflicting views about control and management of the Evaluation Committee agenda. There is a consensus that IOE's influence is dominant. IOE sees this as essential to ensure it has an adequate profile and voice, and as a key element of its independence. Management on the other hand perceives little ownership of, or influence on the agenda; it engages as noted above mainly as a respondent, and often in a defensive posture.

The perception of uneven influence over the Evaluation Committee agenda, and the lack of shared ownership that goes with it, now constitutes a real obstacle to greater Evaluation Committee effectiveness.

The current oversight structure of a Board committee dedicated solely to evaluation (as indicated by its name, which is unique among ECG members), and specifically the independent evaluation function, differs significantly from institutional comparators in the ECG. All other committees have more broadly drawn mandates encompassing a wider range of issues relevant to institutional development effectiveness, accountability and results. The difference may broadly be captured as: a specific focus on evaluation (essentially a set of instruments and processes) versus a wider focus on the intended purpose of evaluation (which is institutional performance and results). This broader focus of committees in other ECG members is often reflected in the committee name, with "Committee on Development Effectiveness" being most common.

Experience elsewhere also confirms that a mandated committee focused on results and development effectiveness can provide better alignment with, and coverage of, the higher strategic issues of primary concern to Boards. This positions Board Committees to engage beyond narrow evaluation issues where this can help meet its broader institutional objectives. Across the IFI system, Board Committees have found high value in devoting relatively more time and focus to larger issues versus project-specific evaluations of limited wider relevance. Having IOE and Management engage with the Committee in this context, as equals, gives the Board a much better opportunity to develop a fuller understanding of the issues, the facts and the options.

Committees thus constituted elsewhere are seen to be strategically critical conduits to inform the Board on issues of wider effectiveness, and the needs and opportunities as seen by both IOE and Management. Overall, this is seen to make it a more widely effective accountability tool.

With respect to control of Committee agendas, the Panel is not aware of any equivalent to the current practice in IFAD. In comparable organisations, the Corporate Secretary is responsible for managing committee agendas and producing minutes of meetings. Management and IOE-equivalent input are sought, and content mutually agreed in all cases, with the Committee itself making final decisions as to agenda and the content of minutes. This arrangement operates effectively elsewhere.

Key Issues to address

✓ Widening the current mandate/TOR of the Evaluation Committee from IOE/evaluation only to IFAD's overall development effectiveness would yield substantial benefits for IFAD.

✓ The objective should be clear oversight of the full range of evaluation and results-related responsibilities, including IOE and Management's results reports and processes. It would help shift the Board's emphasis and that of IOE and Management from means (evaluation) to ends (IFAD's impact). Both Management and IOE would be more fully and equitably held to account for the performance of functions that have inevitable and valuable overlaps.

✓ Guidance could be provided by comparable Committee mandates/TOR in other IFIs which have enhanced Board effectiveness in strategic oversight and results discussions. The Panel is not aware of any case where this has been viewed as anything but a positive development.

✓ The secretariat function for the Committee properly belongs with the Office of the Secretary; IOE and Management should be closely consulted regarding the Committee's agenda and the minutes of meetings. Care should be taken to ensure IOE retains sufficient space on the agenda while allowing at the same time for better interaction with management on IOE product discussions.

Recommendation 2:

Revise the role/Terms of Reference of the Evaluation Committee to ensure full oversight of evaluation and results reporting functions IFAD-wide. Secretariat services should be provided on the same basis as for other Board Committees.

IOE Independence

Background

The External Peer Review of 2009 identified the formal and *de facto* independence of IOE as a serious concern and made recommendations to establish independence beyond question. These have been fully implemented, leading directly to many of the core organisational and procedural features of evaluation in IFAD evident today. The structural and functional independence of the evaluation unit is indeed essential to its mandate, credibility and capacity to contribute positively to institutional effectiveness and performance.

Principal Findings

The principle and fact of IOE independence are now deeply embedded. IOE meets ECG standards and shows near-full compliance with ECG's four dimensions of independence – organisational, behavioural, avoidance of conflicts of interest, and protection from outside interference. In comparison with most UN evaluation functions, IOE independence is clearly articulated and protected. In the Panel's view independence faces no material threat, though vigilance is needed.

The Panel has concerns about IOE independence that relate not to its formal features but rather to how it has come to be understood and applied in practice. In the Panel's judgment there are missed opportunities for deeper and mutually beneficial engagement between IOE and Management and also real issues of institutional isolation. Both are impeding IOE's wider effectiveness and undermining the wider value and potential contribution of evaluation in IFAD.

Existing procedures provide for formal contacts of various kinds between IOE and Management, typically in the context of specific evaluation work. But while important opportunities for constructive engagement exist beyond the minimum requirements, these appear largely unexplored. The result is engagement that tends to be formal and often perceived as a "check-the-boxes" exercise. This confirms the wide perception that a more probing and interactive exchange is not desired, which in turn tends to disengage participants and reduce the potential value of these exchanges as a source of insight. At the root seems to be: a too-rigid interpretation by IOE of behavioural independence; concern about perceived conflict of interest; a perhaps excessive focus on the accountability dimension of evaluation as traditionally understood; and an undervaluing of the opportunity for two-way learning.

IOE puts particular weight on avoiding any perception of conflict of interest, and this is indeed an important concern. However, the Panel's view is that this concern has become excessive and now an obstacle to the informal advisory and consultation exchanges between IOE and Management that are at the heart of active institutional learning and quality improvement. For example, informal IOE staff support for a Management inquiry about lessons in the context of new project design, or participation in a mid-term review are much more likely to be value-adding opportunities for IOE to

provide a service than it is to cause any negative result by crossing a notional conflict-of-interest line. Avoiding conflict of interest does not mean not engaging.

The strong focus on ratings that is common to many formal exchanges between Management and IOE also contributes to an atmosphere of fault-finding and negotiation rather than exchange. Issues around ratings are discussed further below.

Key Issues to Address

✓ The issues identified concerning independence can be effectively addressed in the context of other findings and recommendations. These include clarifications to the Evaluation Policy; changes in processes and practices; IOE Director/Deputy Director, Senior Management and Board clearly communicating the meaning of IOE independence to the rest of the organisation ; and, the day-to-day conduct of IOE/Management communication and relationships.

✓ It is clear that the amount and quality of dialogue between IOE and Management is directly associated with perceptions of excessive distance and ineffective engagement. Both IOE and Management staff would be a good source of specific suggestions to make improvements.

✓ In making the case for a greater focus on the delivery of evaluation services, and a more engaged and collegial relationship between IOE and Management, the Panel is very aware that space must be created for this to happen. Interviews with IOE staff in particular, revealed that the heavy work programme in relation to the staff resources available is a major constraint to closer engagement.

IOE Work Programme

Formulation

IOE prepares an annual Work Programme setting out specific commitments with respect to priority activities and the range and number of evaluation products to be produced. The Work Programme is the core determinant of IOE's engagement with Management and the Board; it expresses how IOE intends to operationalise its mandate and apply the Evaluation Policy; and it is ultimately the determinant of IOE's wider contribution to IFAD's performance and effectiveness.

Issues and concerns about the Work Programme figured prominently in the self- assessments prepared by both IOE and Management for this Review. IOE staff engagement survey results gave particular prominence to issues flowing directly from Work Programme content, management and resourcing. The same issues were raised by many during interviews. Issues include tension between heavy commitments and actual resources available, extensive process burdens and rigidity, and relative lack of involvement in work programme choices.

The Panel gave close review to the Work Programme and has identified a number of findings with respect Work Programme formulation, implementation and resourcing. A subsequent section discusses the current product mix, which the Panel views as of particular importance.

Principal Findings

The formulation of the annual IOE work programme has five noteworthy features: there is little change in basic structure and content from year to year; its development is almost exclusively internal to the senior management of IOE; it presents a very high degree of detail and specificity on individual items; the Board (rather than a wider group of stakeholders) is its target audience and interlocutor; there is a high degree of over-programming in relation to staff resources available.

Another feature of IOE's Work programme, which is quite striking, is its large size and variety relative to the size of the institution and its single sector focus. In terms of the number of individual "deliverables" the IOE work programme is heavy by ECG standards relative to the size of IFAD operations.

IOE uses a 'selectivity framework' to prioritize evaluations for inclusion – the criteria are sensible, and the tool looks useful. In practice, it was unclear how much the tool is used given the comments received by the Panel. Cross-year comparison shows the work plan is built on a core set of deliverables that is more or less constant. Neither the Evaluation Policy nor the Evaluation Manual seems to establish that this should be so. A list of products for the next two years is presented, but without much discussion of why or how they contribute to any larger IOE strategy. There has not been a strategic-level review of the content and focus of the IOE work programme in recent years.

There is very close Board scrutiny of the Work Programme, down to the number of different individual products and related budget needs all against comparable figures for the previous year(s). Among other effects, this heavily favours continuity and tends to work against innovation and adaptation. It also tends to "lock" each deliverable, leaving IOE with little ability to adjust based on new circumstances or opportunities.

The high automaticity of the process sharply reduces the scope (and perceived value) of wider consultations on prospective content. There is very little meaningful upstream consultation with Management as to prospective content; Management views on specific interests, priorities and the utility of different pieces of work are not solicited as part of the development process. Management sees little evidence that its views on the IOE work programme are taken into account. Internal IOE consultation on the work programme content is very limited according to staff.

Overall, the current preparatory process results in a high degree of IOE work continuity, yielding a high degree of predictability as to budget requirements and deliverables to the Board. However, it also discourages effective response to either user demands or unexpected opportunities; it works at odds with effective strategic planning; and, it undermines the case for more strategic engagement with Management and IOE staff and the deeper ownership that would result.

Key issues to address:

✓ A comprehensive review of the now long-standing focus and content of the work programme is needed. Key issues include assessing the relative contribution of different products to institutional objectives, and a better understanding the demands/interests of different IOE audiences.

✓ The IOE work programming process needs a much greater element of flexibility to plan and manage content and delivery. This would require greater strategic and inter-year content discretion by IOE, subject to Board review and approval and involving more systematic consultation with Management.

✓ The current practice is to finish most products within the budget year; a rolling work programme would reduce pressure on staff and lead to more effective implementation.

✓ There is a need to reduce over-programming to create space for: greater engagement; more focus on utility and use rather than delivery; trialling of new or innovative approaches; opportunistic inclusion of additional elements in the work programme; and to address staff over-work concerns.

✓ Greater consultation within IOE would be a valuable source of insights for useful future work as well as improve staff engagement and ownership.

✓ A multi-year IOE strategy would provide the institutional means to engage on and address these issues that is currently lacking; this is treated in greater detail below.

Implementation

IOE has delivered a large and complex work programme consistently to deadline and within its allocated budget. This has been a source of considerable Board satisfaction and provides Board, Management and IOE with a high degree of planning certainty. There is high clarity and specificity within IOE as to assigned responsibilities and timelines for individual work items, as well as the resources allocated to produce it. Once the work programme is settled and assigned, IOE's focus turns pragmatically, but almost exclusively, to delivery. Production of all products uses highly detailed internal IOE process guidelines.

Principal Findings

IOE processes provide predictability and standard practice for all products, which are closely followed by IOE staff and consultants. However, they are also very prescriptive and rigid; they emphasize meeting deadlines and following guidelines, so creating the danger of a check-the-box approach.

Internal quality review is extensive, in most cases requiring multiple internal reviews and senior-level sign-off. While this mostly produces reliable quality assurance, it adds substantially to internal time and resource costs irrespective of the value it might be adding; it reduces IOE staff engagement, ownership and ultimately motivation; and, it doesn't distinguish or accommodate cases where incremental quality improvement is unlikely or unnecessary.

Another resource-absorption issue identified concerns the use of ratings. Extensive internal debates between IOE and Management about specific project ratings can burn unbudgeted staff time and energy in specific cases without, in the view of many, contributing much of real value to the multiple audiences that IOE products reach. However, there is a view that the incidence of such cases has declined in recent years. Despite the improvement, the robustness and value-added of giving such weight to ratings should be reviewed, particularly if the emphasis of evaluation moves away somewhat from a traditional view of accountability and more towards learning.

Resourcing

This section discusses selected issues around the allocation of resources within the agreed IOE budget; several broader IOE budget issues are discussed elsewhere. The key feature is that budget and staff time are allocated in advance for each product type on the basis of estimated work coefficients in use for many years. Data on actual resource needs (such as would be produced by an activity time-recording system) in the light of the internal processes now in place is not available. This has substantial implications for work flow management.

Principal Findings

The combination of old work-coefficients with a lack of current cost data results in a consistent underestimation of the time required to produce different products. Actual resource requirements to complete standard products (such as PCRVs) are consistently higher than estimated.

Unbudgeted resource absorption by the production process likely comes at the partial expense of potential high-value work to improve the usability and post-completion uptake of evaluation findings.

IOE communication and outreach have been expanded significantly in recent years, contributing directly to what appears to be a higher profile and greater voice on key IFAD-related matters. This is likely to be of good value in many respects. But here too the rigidity of the process has resulted in challenges with funding unanticipated demands or opportunities.

Overall there is clearly an element of resource mismatch built into the Work Programme and Budget from the moment of approval. The loss of staff capacity due to long-term leave, for example, appears not to have been built into work planning, with the result that additional responsibilities fall to remaining staff.

Key Issues to Address

  ✓ IOE's implementation and resourcing challenges are principally rooted in two factors: actual delivery costs that exceed the coefficients on which the budget is built; and, a Work Programme that is broad relative to resources available and not strategically prioritised.

  ✓ On delivery costs there is a need to update IOE's work coefficients to reflect today's IOE products and services; there is also a need to greatly reduce process burdens, such as for internal review, and other unproductive use of time, such as long debates over ratings. Greater delegation of authority within IOE should be pursued.

  ✓ All anticipated activities should be resourced as accurately as possible and low value-added products (see next section) dropped.

  ✓ Mid-year work plan changes should be possible.

> ### *Recommendation 3:*
>
> IOE should substantially simplify its internal processes and procedures to reduce their resource demand and increase internal selected delegation of authority and scope for innovation and initiative. This should include product specific processes, designated methodologies, and engagement between IOE staff and Management. Management's priority for its strengthened self-evaluation system should be effective implementation to ensure the desired benefits are

IOE Work Programme: Product Mix

IOE produces a comprehensive range of evaluation products including project-specific work of various kinds, corporate level evaluations, country programme evaluations, syntheses of evaluation findings, impact evaluations, and a wide range of dissemination products (publications and various types of presentation). The range and complexity of evaluation products has grown further in recent years, partly reflecting recommended additions from the 2009 Review. This EPR looked closely at IOE's products and has drawn important conclusions. Main findings are provided below. This section also reviews individual IOE products and provides findings specific to each of them.

Principal Findings

The range and number of individual products delivered by IOE is impressive and comparable to that of evaluation units in much larger organisations. It is a significant element of the overall work flow of the institution and associated absorption of resources.

IOEs current product mix is directly associated with many concerns identified by both IOE and Management self-assessments, and with many expressed directly by Board members, staff and Management. These include concerns around: work programme content and management; engagement with Board and Management; the expectations of various clients/audiences; and, the perceived value of different products.

A review of a sample of different reports found them to be of good quality overall, consistent in format, methods, tone and style. This reflects, among other things, extensive use of external consultants, staff skill and diligence, very close management and extensive process controls, and the fact that products are highly standardised.

The basic content of the Work Programme is determined primarily by a relatively rigid budget and work programme process coupled with an IOE approach that appears mainly supply-driven. There are strong and clear internal views that a more value-driven or demand-responsive approach by IOE and the Board would yield a very different product mix and should be adopted.

The Panel's specific recommendations on product mix are: redesign and reduce substantially the number of project-specific evaluations; shift the balance toward more forward-looking, thematic or regional analysis likely to be of higher value to the Board and Management; introduce a means to provide real-time evaluation feedback for projects in execution; and, deepen the "learning and advisory" focus of IOE work, versus its current more dominant "accountability" focus.

Valuable detailed feedback on all of these issues should be sought from consultations and a user/would-be user survey.

Project Completion Report Validations (PCRVs)

Recommended as a new IOE product by the 2009 EPR, PCRVs were introduced to: align IOE with ECG practice; provide an independent check of Management ratings; and support self-evaluation quality and lessons uptake. PCRVs were envisioned as a relatively light product, covering 100% of the

roughly 30 completed PCRs annually. However, they now consume a significant amount of IOE resources. Their preparation is a major point of contact between IOE and Management, not all of it constructive. The ARRI largely relies on validated PCR ratings for IOE's assessment of IFAD's development effectiveness.

Findings

Ensuring 100% IOE validation coverage of Management's 100% project self-evaluation coverage meets ECG standards and generates the ratings that are backbone of IOE's Annual RRI. However, the value-added of many of the individual PCRVs is seen as very limited as there is substantial duplication of PCR content and no primary data collection.

In practice, PCRVs have become lengthy, often complex, purportedly stand-alone evaluation documents, involving time and resources of both IOE and Management. While formally expected to be 9-10 pages they are generally at least twice this length. Production and review processes are extensive, and routinely require more than standard budgeted time and resources.

PCRVs are mostly assigned to junior staff/consultants with quality assurance by senior staff. While the budget allocated to PCRVs is small, the actual resource absorption is considerable.

While PCRVs are seen to contribute to PCR quality, they are predominantly seen internally as an accountability product of value principally to IOE for its annual reporting. Validated ratings for use in the ARRI are seen as the most important component. There is limited focus on lessons identified in PCRs and no extraction of those lessons to help ensure their wider availability.

Debates between IOE and Management about individual and aggregate ratings can be time-consuming and are a regular source of friction. Some pointed out that publishing aggregate ratings at the level of regions can discourage candour.

Project Performance Evaluations (PPE)

Also introduced at the recommendation of the 2009 Review, PPEs are in-depth project-specific evaluations. They are, with the validations, a substantial element of the IOE work programme. Because PPEs involve IOE field work (while validations rely solely on desk work) they are seen as bringing additional weight. On average 8 are completed annually and contain detailed ratings and, generally, recommendations. All are done according to detailed internal processes; this includes close review by Management and usually extensive discussion about details and ratings.

Findings

Evaluation findings from a single operation, in a specific context, at specific point in time do not provide a sound basis for generalised learning. In addition, evaluations of this kind are inherently backward looking and often done long after the project was designed and, frequently, under a different set of policies and strategies to those that now exist.

But they are a primary source of evidence for CSPEs and syntheses, and in some cases CLEs though these are generally more forward-looking

IOE's product line does not include thematic evaluation of groups of related projects across several countries. Products of this kind – such as evaluation of clusters of operations with similar features – have generally been adopted elsewhere and tend to be highly valued for learning purposes by Boards and Operations staff. Also, countries frequently welcome the opportunity to benchmark their performance against that of other countries. Benefits of evaluating groups of projects include: the opportunity to focus on the main features of performance of a class of operations (versus "what went wrong" with a single project); more generalizable findings; and,

greater production efficiencies. These sector or sub-sector assessments provide a more robust input to CSPEs, which otherwise rely largely on a group of individual project evaluations.

As with the PCRVs, PPEs have become much more resource-intensive and process-heavy than originally expected partly due to the extensive multi-step internal review process required by IOE procedures.

Corporate-level evaluations (CLE)

Corporate-level evaluations are major efforts (usually two every 3 years) to assess large strategic issues or programmes. Topics are selected purposefully in the context of each annual Work Programme, which in principle enables a more strategic and demand-driven selection. These are potentially, and are frequently identified as being, the highest value IOE product.

Findings

CLEs are generally viewed as the IOE products of highest relevance and value; IOE staff assessed them as of the best quality and the most influential. CLEs are generally more forward looking than the usual ex-post evaluation, providing Board and Management with analysis and perspectives that they may have limited capacity to develop alone.

Given their specialised subjects, CLEs often use substantial consultant input. While it is under IOE leadership there are still challenges for building internal IOE capacity and learning that need to be managed carefully

The Evaluation Manual is less prescriptive with respect to CLEs. This is to be welcomed given the complexity and uniqueness of each and the need to allow creative approaches focussed on producing a final product of maximum value to key audiences.

Country Strategy Programme Evaluations (CSPE)

CSPEs are IOE's core country-focussed product, evaluating all operations in an individual country on a minimum cycle of 5 years. They culminate in an extensive country level Workshop formally involving IOE, Management, country governments and other stakeholders including the private sector and civil society. Together the CSPE and its associated Workshop are a high profile and resource intensive IFAD product. Uniquely, they engage key interested audiences more directly than other IOE products and for this reason can potentially be more influential.

A central feature of the CSPE and concluding workshop is the signing by Government and Management of an "Agreement at Completion Point (ACP)." The ACP is an IOE operational requirement which essentially represents Management's response to the CSPE. It requires signatures of both Management and the country, but it is not itself a Management requirement. The Panel found the ACP instrument and process to be ambiguous as to purpose and standing.

Findings

The country workshop process is used to present and discuss the CSPE. It is a major and, for IFAD, unique combined effort by the country, Management and IOE. It is generally seen as an important opportunity for joint reflection on experience and future directions and priorities.

However, there is no direct link between the CSPE and the Workshop and the subsequent new Country Strategy. The Workshop seems to be more of a conclusion point for the CSPE than a starting point for the new Strategy.

Interestingly, given the scale and profile of the CSPE and workshop event, IOE's internal production/review process is very light and much more streamlined than for any other product. This likely provides useful guidance on ways to improve other IOE processes.

While the ACP has a central role in the CSPE/workshop process and absorbs substantial resources, its wider purpose is unclear. It is separate from the COSOP, which is the guiding document for operations developed by Management and the relevant country.. The role, intended purpose, and distinctive value of the ACP require clarification; there are likely ways to accomplish desired objectives more simply and cost-effectively.

There appears to be a largely unexploited opportunity to integrate cross-country experience into the CSPE and country workshops, which would be a valuable learning opportunity for country authorities and Management staff.

An issue for CSPEs is that the evidence base can be quite light, particularly if the portfolio is small and there has been limited policy dialogue and/or knowledge work to assess. In these circumstances a lighter product could be considered.

While the effort to include a CSPE for every region each year is done with good intent, it can lead to the inclusion of low priority work in the IOE work programme. More flexibility in such circumstances appears to be called for.

Evaluation Syntheses

Evaluation Syntheses were introduced following the 2009 Review mainly to create a more explicitly learning-focussed product. They are intended to be more integrative, yielding broader observations to encourage collective reflection, improve IFAD's wider effectiveness and also provide clients with higher-level material that they would value and use.

Findings

The survey revealed mixed appreciation for this product and expectations that seem mostly unmet. However, the reasons are not clear from the survey responses or interviews, so this matter requires closer assessment. Synthesis material of this kind plays a valued role in other organisations and certainly could also do in IFAD if the right approach can be found.

When the main intent of synthesis-style reports is institutional learning they typically don't include recommendations, as IOE's currently do. Focussing such reports on applicable insights and lessons for the future can be a better route to uptake and application.

Syntheses bring together a body of prior evaluation evidence, but topic selection appears not always to be based on there being a significant body of prior evaluation evidence.

An issue with syntheses is that they draw on a body of prior *ex-post* evaluation findings so their evidence base can be quite dated in some cases.

Impact evaluations

Impact evaluations were introduced by IOE in 2013 mainly as a means to build IOE's technical capacities and methodology. Impact evaluations have clear uses in the development system (though they have their limitations), but because they are complex and resource intensive their use has generally been limited and very selective. IOE efforts have used both external consultants and in-house staff.

Findings

The Panel is not in a position to assess the quality or value of this work in any detail. However, it does add a complex and highly specialised product to IOE's already heavy work programme. At a time when institutional demand has shifted more in the direction of higher-level, strategically useful work this may not be ideal.

Management has its own programme of impact assessments, so there may be duplication issues to be examined.

The budget for an impact evaluation is currently the same as for a CSPE, which could probably be allocated to other products and/or services that add more value.

<u>**Annual Report on Results and Impact (ARRI)**</u>

The Annual Report on Results and Impact (ARRI) is IOE's flagship product. It absorbs substantial resources and is IOE's highest readership report; it is particularly closely read by the Board. The focus of the ARRI has consistently been to report on the aggregate performance of individual projects for institutional-level accountability, though since at least 2007, it has always included a learning chapter. ECG good practice requires "a periodic synthesis report of evaluation aggregate ratings", which is met by members in a variety of ways.

As in comparable institutions, IFAD Management also has its own results and development effectiveness reporting system, which has expanded with the development of its results management architecture. The Report on Institutional Development Effectiveness (RIDE) reports progress against the indicators and targets in the Fund's Results Management Framework. The RMF has five levels: global poverty, food security and agricultural investment outcomes; country-level development outcomes and impact delivered by IFAD-supported projects (this uses data from PCRs); country-level development outputs delivered by IFAD-supported projects; operational effectiveness of IFAD-supported country programmes and projects; and IFAD's institutional effectiveness and efficiency. The RIDE also has a chapter on a topical issue of performance. Reporting directly to the Board on its performance is one of Management's most fundamental responsibilities.

Both the ARRI and the RIDE now provide performance reporting on 100% of completed projects. The ARRI presents IOE's independent project ratings (which are now mostly validated self-evaluation ratings) while the RIDE presents PCR ratings. In common with some other IFIs, the RIDE assesses institutional performance at various levels, while the ARRI reports against indicators including relevance, effectiveness, efficiency and sustainability. The ARRI is highly valued by the Board from an accountability perspective as it is seen as more credible being independent. In terms of scope and substance there is duplication between the two reports, raising questions about possibly conflicting messages, division of responsibilities, and institutional efficiency.

Findings

The primary driver of IOE's current commitment to 100% PCRV coverage is to populate the ARRI with project ratings. This harnesses a substantial part of the IOE Work Programme to producing work of otherwise relatively limited institutional value.

Management-side advances in results management and performance reporting systems can be expected to feed into the RIDE. The RIDE should continue to be produced and closely reviewed by the Board, consistent with the fact that responsibility for project-level performance reporting lies in the first instance with Management, not IOE.

This opens the possibility for IOE to repurpose the ARRI, making it a distinctively different but still strongly performance-focussed document. A revised ARRI could focus more on broader and more topical issues affecting institutional performance; give greater prominence to IOE's more strategic work for which there is greatest Board interest; and, provide comment, even periodic verification, on the RIDE, with suggestions for strengthening.

Independent IOE project evaluations (recommended to be fewer in number and more focussed on clusters of projects) should be included; however not as a proxy for overall institutional

performance but because they identify material issues for Board and Management reflection. It could be argued that this greater selectivity and focus would improve the effectiveness of Board oversight and the value of the report to Management.

IOE's Product Mix: Key Issues to address

The central issues on IOE's products and product mix include: how well the needs and expectations of multiple target audiences are being met; whether they are adapting effectively to institutional changes and opportunities strengthen IOE's overall offer and effectiveness; and, whether there are opportunities to produce greater institutional value with existing resources. The Panel's analysis, summarised in the section above, concludes that there is both the need and opportunity for numerous positive changes.

✓ **Project Completion Report Validations (PCRV)** – IOE should no longer cover 100% of completed PCRs. Instead a smaller number of projects (5-10 annually) should be purposefully selected for PCRVs based on presence of issues of interest and prospects for valuable insights. Other options to consider include: a genuinely light IOE review for completeness, coherence, lessons and quality, covering either all PCRs or a selected sample; a deeper review of selected PCRs with the process and objectives focussed on extracting lessons and constructive engagement between IOE and Management; IOE participation as an observer when PCR ratings are discussed and adopted by Management. In neither case would ratings be a central focus. Another option is to use validations as a tool only to improve the quality of self-evaluation. This would be most effectively achieved by a random-sample approach whereby any PCR could be selected for validation.

✓ **Project Performance Evaluations (PPE)** – a small number of individual project-level evaluations could still be produced in cases wehre projects present design and performance issues of wide institutional interest and value. However, the general project-level evaluation should be of a cluster of similar projects allowing for cross-country insights and more generalizable findings.

✓ **Corporate Level Evaluations** (CLE) – topics and approaches should be developed with upstream input from Management.

✓ **Evaluation syntheses** – the views of key stakeholders should be sought to identify ways to better meet expectations; recommendations should be avoided in products of this type.

✓ I**mpact evaluations –** it is unlikely that such specialised products provide value for IOE or the wider organisation commensurate with the resources they require.

✓ The **Annual Report on Results and Impact (ARRI)** - should be restructured, focussing less on project-specific performance ratings and more on wider institutional performance issues to which IOE can bring unique insight.

> **Recommendation 4:**
>
> IOE should review and revise its product mix. Key inputs should include more accurate resource requirements for individual products, and a detailed survey of the views of all key audiences on existing and prospective products, including intended purposes and perceived value. Key stakeholders should be consulted closely. Flexibility to respond to demand and opportunity should be built in.

Management's Self-Evaluation System

Self-evaluation in IFAD (meaning by Management) consists of two regular *ex-post* products – project completion reports (PCRs) and the Country Strategic Opportunities Programme (COSOP) Completion Reviews. PCRs are a longstanding product, and have evolved from being largely a summary of physical and financial achievements to being more focused on results and lessons. PCRs are expected to be prepared for 100% of completed projects.

The EPR did not review the system for self-evaluation in depth because it and related results management systems were still in the process of a major revamp at the time of the review. Strengthening self-evaluation was a recommendation of the 2009 EPR, but it appears that only now is Management taking concerted actions to implement the recommendation. IFAD's adoption of a formal Development Results Framework approved by the Executive Board in 2016 and reinforced by IFAD's eleventh replenishment consultation report may have been motivating factors for action.

Project Completion Reports (PCRs)

Management has revised its comprehensive (draft) guidance on PCR preparation following the Harmonisation Agreement with IOE. All completed operations are required to have a PCR.

Findings

While PCR preparation was nominally the responsibility of governments as borrower, recent changes are formalising that it is more an IFAD product than a government one. The aim is to make IFAD and the government equal partners in PCR preparation. The Panel sees this as a more realistic and useful approach.

While the government plays a vital role in gathering data and, ideally, initial PCR preparation, IFAD is now heavily involved in data analysis and report drafting. Ratings are also assigned by IFAD country teams in coordination with the Operational Policy and Results Division and the regional team. The Panel also sees this as positive for PCR consistency and quality, and wider learning.

PCRs were not traditionally disclosed, but Management now has a target of 90% disclosure by 2021 (the end of IFAD 11). The latest data available to the EPR showed that 54% of PCRs were disclosed. The policy on PCR disclosure is very positive from both an accountability and learning point of view though care will be needed to ensure this does not affect candour.

Timeliness for PCR completion has improved and the gap between Management and IOE ratings has narrowed based on IOE ratings provided in its validations and summarised in the ARRI.

There appears to be no systematic extraction and assembly by Management of key findings/insights/lessons from PCRs (or COSOP Completion Reviews). As a result, one of the most

valuable potential assets for institutional learning, performance improvement, and competitive advantage—namely the accumulated experience-based insights of project teams and clients—is not being used to full advantage. The completion module of the new Operational Results Management System has now been launched. This should make it easier to distil lessons from the implementation of a project (starting from design through implementation and into completion).

There appears no engagement, formal or informal, between Management and IOE during the production of PCRs (and COSOP Completion Reviews) aimed at improving their quality. This largely reflects strong IOE concerns about potential conflict of interest. However, experience elsewhere confirms that there is scope for mutually beneficial informal exchanges that would improve quality, consistency and internal learning from the self-evaluation process while not compromising IOE's independence.

<u>**COSOP Completion Reviews and Results Reviews**</u>

Results reviews are carried out during the course of implementation of the COSOP. They are expected to be done every 3 years. COSOP Results Reviews are the equivalent of project mid-term reviews at the country level. Completion reviews are the equivalent of PCRs at the country level.

Findings

In 2016, new guidelines on COSOPs and Country Strategy Notes, introduced a mandatory requirement for a Completion Review for the first time, though it had been common practice to do reviews before this time. New procedures, reviewed by the Executive Board in December 2018, emphasised the importance of COSOP completion reviews and results reviews.

The harmonization agreement with IOE states that Management and IOE will harmonize the ratings used in the CRR with those utilized by IOE. While not reflected in the harmonization agreement, Management will require that both lending and non-lending activities receive ratings. The EPR notes that the harmonization of methods is essential for comparability and the improvement of assessment methodology by both parties.

IOE does not validate COSOP completion reviews but does its own CSPEs.

The corporate results management framework agreed with the Executive Board for the IFAD11 period states that IFAD's performance at the country programme level will be reported through the aggregate ratings for COSOP completion reviews, in addition to the results reported in country partner surveys (client survey). This is expected to mean that IFAD will place more emphasis on COSOP completion reviews.

Self-evaluation: Key issues to address

✓ Management is well advanced with the roll out of new systems and processes to improve the consistency, reliability, timeliness and quality of self-evaluations. The immediate challenge will be to ensure quality implementation, something that will require a mix of high-level advocacy, incentives, training and quality control. Those expected to make the system work have to see value for themselves and their team if they are to put the needed effort in. This will require that PCRs and COSOP Completion Reviews become a valuable and valued source of learning.

✓ Beyond the quality of information resident in the self-evaluation system, the challenge will be to improve extraction, internal dissemination, and use of lessons and evaluation findings to create value from the exercise.

✓ The continued merit of 100% coverage of all completed projects for PCRs might be reconsidered. There are frequently cases where preparation of a PCR is likely to be of

minimal value. For example, where a follow-on project is designed and approved before a PCR has been prepared (an earlier evaluation product that can feed lessons into the follow-on project is needed here). Another situation where a PCR may not be needed is where a country stops borrowing from IFAD.

✓ IOE should provide advisory support to PCR and COSOP Completion Review preparation, if asked, though ownership of these self-evaluations would remain exclusively with Management.

Recommendation 5:

Management should conduct a parallel review of its self-evaluation products to clarify objectives and responsibilities, and ensure value and utilisation.

A Multi-Year IOE Strategy

While IOE's annual work programmes provide great detail on activities and deliverables they are largely silent on broader strategic issues. This approach may be adequate (though not ideal) in an institutional context of little change. However, in recent years, there have been significant changes in the institution, in the wider development context, and in the evaluation community.

The complexity of IOE's role and its wide engagement and influence across the institution make it vital for its strategic objectives to be clearly articulated, endorsed by the Board, and widely understood throughout IFAD.

Key Issues to Address

The Panel believes that a multi-year IOE strategy would fill some important gaps that are now missing and be of substantial value to the overall effectiveness of evaluation in IFAD. Ideally the duration of the strategy would be from 3-5 years, but this is a matter for agreement between IOE and the Board. A pragmatic option that should be considered is to prepare the strategy to feed directly into the IFAD Replenishment cycle; this would be an opportunity to identify forward priorities in the light of institutional strategic directions and experience during the expiring replenishment period.

A multi-year strategy would:

- ✓ provide a broad statement of evaluation-related priorities, objectives and opportunities as IOE sees them; such a statement is currently lacking;
- ✓ provide a platform for IOE to set out its vision and priorities for evaluation in IFAD, to identify what success looks like, and to make the case for how that can be expected to benefit IFAD's multiple constituencies;
- ✓ create a clear link between the Evaluation Policy and IOE's single-year Work Programmes;
- ✓ provide a means for IOE to keep its own operational priorities under regular strategic review as well as to identify wider evaluation issues and opportunities for Board and Management;
- ✓ communicate how IOE's strategic approach reflects and supports important changes in the wider IFAD institutional context (such as the new results monitoring framework);
- ✓ articulate the wider context within which Management and Board evaluation-related efforts are to be complementary and supportive;
- ✓ create a means for strategic engagement with Board and Management about priorities and expectations for the evaluation function; and ensure that IOE, the Board and Management have a regular dialogue about how to most effectively manage a set of evaluation systems with differentiated responsibilities;
- ✓ discuss the implications of key institutional changes, such as decentralization, on evaluation;
- ✓ help contribute to a wider corporate evaluation culture; and,
- ✓ address resource issues from a broader strategic perspective.

> *Recommendation 6:*
>
> In consultation with Management and for approval by the Board, IOE should prepare a multi-year strategy to implement the Evaluation Policy, with clarity on short to medium term objectives, product and service priorities, and roles and responsibilities. Coordination of this work with the IFAD replenishment cycle should be explored.

The Evaluation Manual

Evaluation Manual & Methods

The IFAD Evaluation Manual establishes key guidelines for methods and process that directly shape the way evaluation work is conducted. It provides clarity on current approaches and methods for IFAD evaluations which staff and consultants generally find useful. Having such guidance is good practice though it is not in place consistently among multilateral and bilateral development organisations.

A comprehensive review is needed to reflect important changes already in place or underway (e.g., the Harmonisation Agreement and new results framework elements) and to address many process and other operational issues identified by this review.

The discussion above flagged concerns about the burdens of some IOE internal processes, and it argued for them to be streamlined as a matter of urgency. The review also identified two additional areas where the Manual's definitive guidance for both IOE and Management goes directly to key issues of evaluation practice and effectiveness. The use of ratings and the making of recommendations are both central to evaluation in IFAD, as they are elsewhere, and they are often key determinates of the interrelationship between the different evaluation functions. Both are areas where evaluation thinking and practice are evolving and where the Panel sees a good case for some reconsideration and revision.

Principal Findings

The IFAD manual is broadly consistent with international development evaluation norms. Its detailed guidance helps staff and consultants conduct evaluations in a consistent manner contributing to good quality processes and products.

However, it is also highly prescriptive with little scope for flexibility, judgment or innovation. There is substantial scope for, and usability would be improved by, simplification and streamlining.

As currently written, it is primarily an IOE Manual, focussing on IOE matters; the conclusion of the harmonisation process creates both need and justification for unified and consolidated guidance.

There is now detailed material in the Evaluation Policy on products, methods and processes that more properly belongs in the Manual.

There are some gaps relative to issues whose priority has increased since the Manual was last updated, such as gender and ethics, no-one-left behind. While gender is briefly mentioned along with some basic guidance, more comprehensive coverage is needed. Ethical practice for example is a component of key international development evaluation quality standards, including UNEG Norms and Standards and the OECD-DAC Evaluation Quality Standards.

Evaluation Manual: Use of Ratings

The use of ratings is an important aspect of IFAD's evaluation methodology; it directly shapes the content and focus of specific evaluation products, the nature of engagement between evaluators and those responsible for the work being evaluated, and the most basic expectations of key audiences as to what the evaluation is intended to accomplish. Issues identified by the Panel are for this reason treated separately here.

IFAD's rating methodology was developed in 2003 and is well-documented in the Evaluation Manual. Ratings are central to IOE's approach to evaluation and a feature of all of its evaluation products. Ratings have long been a part of evaluation because they were seen as providing a clear measure of

project performance for the purpose of accountability. The process of deriving ratings based on defined criteria and sub-criteria was also seen as leading to inter-evaluator consistency (including consistency between independent and self-evaluation). Finally, a significant advantage of ratings is that they can be aggregated to provide a measure of portfolio performance, and disaggregated by factors such as criterion, country, region, sector and so on.

However, there is also a growing appreciation in the wider evaluation community that the use of ratings can have downsides and needs to be approached with care. There are important issues regarding the validity of the ratings; how much weight they should be given; the often inevitable role of subjective judgment; and, whether they help or hinder the achievement of evaluation purpose. The EPR is not the place to discuss the validity of ratings; but as the intended focus of evaluation moves more towards learning, experience has shown that the use of ratings as traditionally understood merits review.

Principal Findings – Use of Ratings

IOE's approach to ratings is mostly consistent with international practice and norms and standards.

Numerous interviewees pointed out that the method for deriving ratings provides a structure for performance assessment that is useful.

However others, particularly in Management but also some IOE staff, question the soundness of project and CSPE ratings and the aggregate ratings derived from them, as well as their utility**.**

The use and prominence of ratings in IFAD relies on a set of heavy and resource-intensive internal processes, both inside IOE and between IOE and Management. The derivation of ratings tends to become the primary end; it is clear that the prominence given to ratings does not aid learning.

Ratings are widely seen as a major cause of friction between IOE and Management, often dominating the dialogue at the expense of other matters that could be more constructive and useful. That there are regular challenges with data quality is widely acknowledged. So too is that fact that in many cases the explicit or implicit weights assigned to criteria reflect professional judgment. Differences inevitably arise around ratings that are desk-based versus those that are field-based.

Ratings systems struggle to accommodate unexpected results, positive or negative, while these are essential to effective evaluation.

Evaluation Manual: Use of recommendations

Recommendations, along with ratings, are normally the highest profile aspects of an evaluation. They distil out what the evaluators view as the essential requirements to address an identified problem; provide a clear basis on which dialogue and action plans can be based, and resources gathered if necessary; and are a unique institutional interface between IOE, Management and the Board. In IFAD as elsewhere recommendations can be a source of friction. However, experience also confirms that with supportive processes and a context of mutual trust that they need not be, and indeed can be an excellent means to develop agreement and an effective future game plan.

Principal Findings – Use of Recommendations

The Panel did not assess the quality of evaluation recommendations (checklists are available for this) but this is a task that should be done periodically.

There is a view that IOE recommendations are now being developed more collaboratively, which is acknowledged and welcomed. It is common practice in other institutions for Management to be given an opportunity to review recommendations before they are final, or even to craft them jointly.

This is always viewed as mutually beneficial and tends to increase mutual understanding of core issues around what is being recommended and ownership by those who will be acting on them.

IFAD has systems to track actions on evaluation recommendations, which is ECG good practice. In common with practice elsewhere, the follow-up on actions taken on IOE recommendations via the PRISMA report, has an accountability rather than a learning focus. The question being answered is "were the agreed actions taken to resolve the issue?" rather than "has the issue been resolved and how?" The former question addresses an accountability issue, the latter is about learning. The nature of the PRISMA could usefully be looked at with this in mind.

A common issue in other organisations is that there is often little direct discussion of the resource implications of implementing specific recommendations. Resource issues should be considered as an integral part of action plans to implement recommendations. A more collaborative approach to deriving recommendations should help address this issue.

> ### *Recommendation 7:*
>
> A new Evaluation Manual should be prepared. It should encompass evaluation issues and processes institution-wide (not only IOE-specific), reflect changes in evaluation policy, products and methods, Management-side results and performance initiatives, and cover evaluation issues such as gender and rights. Clarity and simplicity should be guiding objectives. IOE should lead the process but it must be engaged and consultative with Management. Consideration could be given in future to moving from a heavy single document to a series of topical guidance notes as this makes updating much simpler

Budget Issues

IFAD and its Board have committed substantial resources to independent and self-evaluation in terms of both staff and budget. The budget process in place effectively ensures that IOE's budget is developed and considered separately from that of the overall institution, which is a critical element of ECG good practice standards for functional independence of evaluation departments. There is no reason to believe that this process is under either pressure or threat.

IOE's budget is highly detailed, specifying virtually all planned specific pieces of work and providing funding at the level of individual products. It is substantially more detailed than the parallel budget also approved by the Board for the overall IFAD administrative budget but there is no clarity on either the justification for this or what it is expected to achieve.

Cross-institutional comparisons of the budgets of independent evaluation departments must be done with care given comparability and date issues. However, the 3.7% of the IFAD general administrative budget directed to IOE is significantly above comparable figures that are more in the 1-2% range. An important contributing factor is that IOE provides a 'full feature' evaluation department in a comparatively small organisation.

The Panel's view is that the IOE budget is fully adequate both to deliver on its core responsibilities for evaluation in IFAD and to support the more strategically-directed approach identified here. However, the Panel has also identified numerous areas where it believes resources could be more efficiently applied, and where process and product mix reforms would generate substantial savings.

Findings

The IOE budget is set out with an unusual degree of detail, specificity and direction. The Panel is not aware of an equivalently detailed budget among IOE comparators. The IOE budget is also substantially more detailed and prescriptive than the budget for the institution as a whole. It is not clear why this is the case or what need it is intended to meet.

The budget has also changed very little in structure or content over the years. Close Board attention is given to minimal changes, which creates a strong bias toward continuity from year to year and pressure against IOE management making any substantial adaptive or anticipatory changes in resource allocation.

The rigidity of the budget significantly impedes more effective and flexible IOE management response to unanticipated opportunities or challenges. The current rigidity is strongly reinforced by the absence of a broader strategic framework within which annual budget/work programme choices may be established and assessed.

The work programme and budget are constructed based on staff and cost coefficients for individual products, but these are widely seen as substantially underestimating actual resource requirements. The full product review recommended above should both draw from and contribute directly to current and future budget estimates

Without a time recording and improved cost allocation system, an accurate costing of the various products and services provided by the evaluation function in IFAD is not possible. Nor can IFAD's data systems address questions about the value-added of evaluation with any adequacy.

Key Issues to Address

- ✓ IOE's programmatic planning and delivery would benefit significantly from a simplification of its budget instrument and planning process. There is need for greater budgeting on the basis

of strategic prioritisation and for greater operational flexibility for IOE management in delivering the Work Programme/implementing the budget.

✓ Better planning and execution require more accurate estimates and tracking of costs, particularly the input of staff time for each product.

Recommendation 8:

IOE's budget should be significantly simplified and harmonised in terms of overall structure with IFAD's overall administrative budget. The current high level of rigidity and over-specification should be reduced to allow more flexible and effective resource management by IOE.

Annex 1 : A note on the April 2019 MOPAN assessment of IFAD

The Multilateral Organisation Performance Assessment Network (MOPAN) was launched in 2002 as a network of like-minded donor countries for the purpose of monitoring the performance of multilateral development organisations at the country level. As part of its 2017-18 cycle MOPAN undertook an independent assessment of IFAD's organisational effectiveness, including strategic management, operational management, relationship management, knowledge management, and development effectiveness. Evaluation was thus one element of a much more broadly focussed exercise. The MOPAN review builds its performance assessment extensively on evaluations produced by the assessed organization.

The new MOPAN report on IFAD presents broadly positive conclusions about key features of the evaluation function in IFAD, although it also identifies a need to improve the use of lessons from results measurement and evaluation in programme design. The EPR identifies many of the same positive features, but also provides substantial additional analysis and commentary on the basis of which recommendations for improvement are made.

As a result, at a "headline" level the two reports might appear somewhat difficult to reconcile.The explanation is that the reports serve different purposes and for this reason use very different tools and structures.Each makes factually grounded observations but on the basis of very different questions and analysis. They are consistent with one another but at the same time not comparable in key respects. It is important that the key target audiences for both of these reports – especially the Executive Board and senior Management – understand the main points of difference between them and the roots of those differences.

o   MOPAN is a whole-of-institution assessment while the EPR is an in-depth assessment of the evaluation function alone.

o   MOPAN produces a snapshot of whether IFAD meets a set of standards at a particular point in time – these "elements" are largely assessed on a binary basis – do they exist or not -- rather than based on their quality, value-added or fitness for purpose.

o   MOPAN assesses status against its standards using its own set of questions. The EPR refers to established ECG and UNEG standards. The EPR questions were developed specifically for this assessment, and reviewed and approved by the IFAD Evaluation Committee and Board.

o   MOPAN is not primarily concerned with providing evaluative information to improve performance (of the evaluation function in this case), or to increase its value.

o   The EPR is vitally interested in: the quality of the element (the Evaluation Policy for example); its value-added and ways to improve this; the potential to be more efficient; and the fitness for purpose and, very importantly, fitness for the future (important because of the rapidly changing internal and external context)

o   Despite MOPAN and the EPR benchmarking off different standards, there is agreement in several areas about IFAD's evaluation function meeting them.

o   The cut-off point for the MOPAN assessment was mid-2018. Many changes that have occurred since then, particularly on the Management side, are not covered.

o   MOPAN uses a rating system with all the attendant problems of rating, including a tendency to not incorporate qualitative data.