

## **Agreement between PMD and OE**

### **On the Harmonization of Self-Evaluation and Independent Evaluation Systems of IFAD**

1. In accordance with the President's Bulletin on the IFAD Evaluation Policy of 8 December 2003, the Office of Evaluation (OE) will contribute to the initiative of the Programme Management Department (PMD) which aims to improve the self-assessment systems at IFAD, and in IFAD-supported projects (paragraph 42).
2. One of the main points of interaction in the current evaluation process between PMD and OE is the Core Learning Partnership, in which country programme managers and their directors are invited to participate. In particular, the process of preparing the Agreement at Completion Point is facilitated by OE, but the agreement and follow-up actions to it are the joint responsibility of IFAD management (specifically PMD) and the respective governments.
3. This agreement between PMD and OE on Harmonization goes beyond processes for particular evaluations and focuses on evaluation systems in line with the provisions of the President's Bulletin by defining the areas in which PMD and OE coordination can be improved.

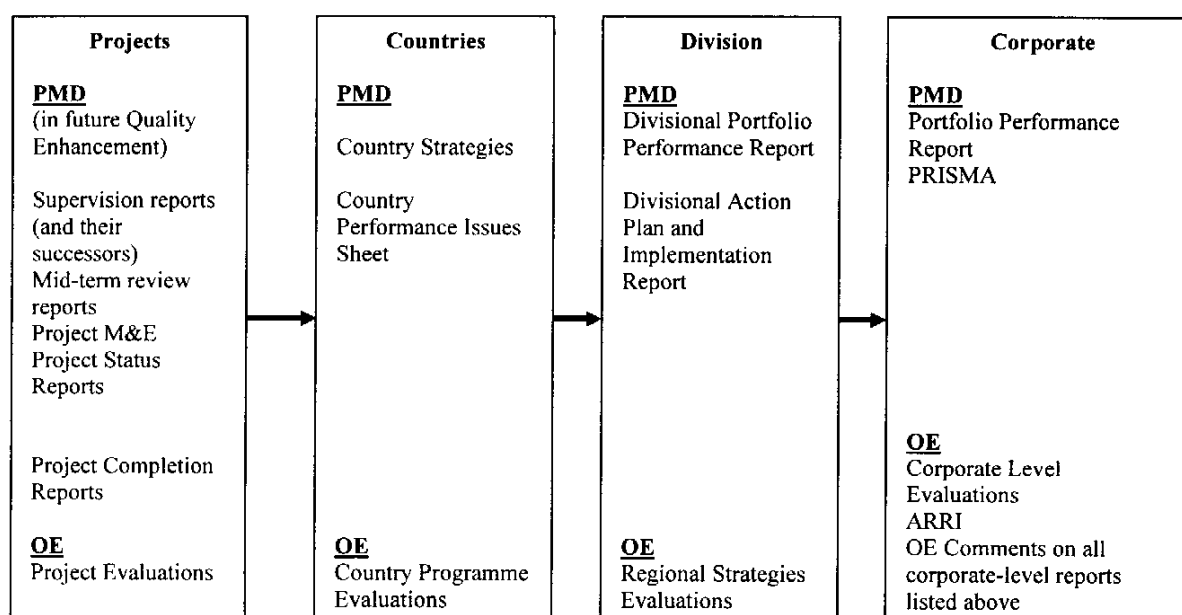
#### **I. OBJECTIVE**

4. The Assistant President of PMD and the Director of OE recognize the importance of harmonizing the self evaluation and independent evaluation systems of IFAD. Without the harmonization of their methodology, no comparative analysis can be done on the findings and ratings of the self evaluation and independent evaluation systems, thus hindering the verification of self-evaluation information. The objectives of the harmonization are to:
  - (i) ensure that the self evaluation and independent evaluation systems generate comparable information for reporting to IFAD Management and the Executive Board;
  - (ii) streamline currently-existing self-evaluation systems to generate a comparable set of data that is consistent, and at the same time realize efficiency gains; and
  - (iii) enable OE to increasingly focus on higher plane evaluations, once the self-evaluation system is functioning well and is reliable at the project level.
5. This agreement on administrative arrangements records the commitment of PMD and OE to work together on this important task and sets out the scope and timeframe for undertaking this harmonization work.

#### **II. SCOPE**

6. **Levels of Harmonization.** The self evaluation and independent evaluation systems need to be harmonized at several levels (as shown in Figure 1) from project to corporate levels, both in terms of processes and products. At the project level, self evaluation information is generated that is aggregated at each of the higher levels: the group of projects implemented in one country is reflected in the country performance issues sheet, and further aggregation happens at the divisional and corporate levels as reflected in divisional and department-wide portfolio performance reports (PPRs). At each of the higher levels, additional self-evaluation information is generated: at the country level information is produced regarding the country strategy; at the divisional level to report on division-specific action plans or initiatives; and at the corporate level, the aggregation of all self-evaluation data is complemented with information on the implementation of pilot programmes (such as those on direct supervision or field presence).

**Figure 1: Overview of Self Evaluation and Independent Evaluation**



7. **Areas of Harmonization.** The main aspects of harmonization concern the: (i) assessment criteria; (ii) rating scales; and (iii) timing of reports. In addition, the harmonization process also aims to rationalize processes and products, whenever possible, so that monitoring and self-evaluation systems and to the extent applicable, the independent evaluation systems, are streamlined and efficient.

8. **Integration with Action Plan Implementation.** The harmonization of the self evaluation and independent evaluation systems will also take into account ongoing work on the Action Plan. The inclusion of the new approaches<sup>1</sup> and the new operating model in the harmonization process is essential to avoid duplication of efforts on adjusting existing processes or products that may be revised shortly after (for instance, the format for project monitoring indicators may require changes once the project design document is revised). However, this means that some of the harmonization can take place only in the second part of 2006 and in 2007.

#### A. Project Level

9. **A Common Set of Criteria for the Entire Project Cycle.** At the project level it is essential to ensure that the criteria used in the ex-ante quality enhancement process<sup>2</sup> are in line with those used during monitoring, in project completion reports (PCRs) and during independent evaluations. In this respect, revisions to the reporting systems need to take account of the following comments:

- (i) The PSRs are based on supervision reports (and future reports on supervision/fiduciary aspects and reports on implementation support, which will be introduced as part of changes in IFAD's new supervision policy) and provide information for the Performance Based Allocation System (PBAS). Thus, changes to the PSRs have to be reflected in the requirements for supervision reports, and have to be undertaken in such a way that PBAS requirements are not compromised.
- (ii) Given the fact that IFAD has outsourced most of its supervision work, these changes would have to be accepted and internalized by the co-operating institutions until the

<sup>1</sup> These new approaches include most notably the new format for the Country Strategic Opportunities Papers (COSOPs) and the new project formats.

<sup>2</sup> The quality improvement process will include the PMD-internal quality enhancement steps and the broader quality assurance system that takes place outside PMD.

revised modalities for supervision and implementation are defined in the new operating model and supervision policy in December 2006.

10. The harmonization of self evaluation and independent evaluation systems will entail:
  - a) internal consistency check of self-evaluation systems, i.e., whether efficiency gains can be achieved by harmonizing criteria used at entry and at completion and PSRs;
  - b) a comparative analysis of basic questions for each evaluation criteria used in the self-evaluation and independent evaluation systems to determine which of the systems they have in common and which are different;
  - c) a consistency check between the requirements for the revised project formulation and approval document, including quality assurance and quality enhancement requirements, and the indicators used in self evaluation and independent evaluation systems;
  - d) a harmonization of indicators, rating scales (to align the PMD system with OE's six point rating scale), and assessment systems (descriptors for rating) across the self evaluation and independent evaluation systems; and
  - e) an action plan and schedule for introducing changes to various parts of the self evaluation system, including resource implications of these changes.
11. The PCR guidelines have been reviewed and revised with one informal round of comments made. To ensure that the PCR guidelines are in line with the rest of the self-evaluation system and independent evaluation requirements (especially project evaluation guidelines), the harmonization effort will include the following steps undertaken by PMD and OE:
  - a) discussion on the PCR guidelines prior to their issuance to ensure that criteria are harmonized with those in the OE evaluation guidelines;
  - b) agreement that the PCR guidelines will be tested in 2006 and finalized at the end of the year, to allow for any revisions that may be necessary; and
  - c) definition of OE's role in the PCR verification: timing, level of review and assessment, process and resources.<sup>3</sup>

#### **B. Country Level**

12. At the country level, the New Operating Model foresees that a new format for country strategies be developed, which should be designed in such a way that it meets good practice standards for country strategies. In addition, a country performance issues sheet serves as the self evaluation tool to monitoring implementation and progress of the country strategy and programme. The harmonization of self evaluation and independent evaluation systems at the country level will include:
  - a) ensuring that the new requirements for country strategies, for the quality enhancement and quality assurance systems, and country programme evaluations (CPE)<sup>4</sup> are harmonized with each other.
  - b) developing the format and required content for a country-level performance monitoring and management tool that corresponds to the requirements of the new country strategies and of the CPE;
  - c) assessing whether the PSR data is generated so that it can be aggregated easily and in a meaningful way (what does the data tells us? What triggers and remedial actions should data trigger? etc.);

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<sup>3</sup> This verification process is new for IFAD. It is a regular feature of the evaluation systems of other international finance institutions such as the World Bank and the Asian Development Bank. In these institutions, the purpose of verifying PCRs is to attest to the reliability of information generated through this part of the self-evaluation system. Once PCRs are verified as reliable sources of evaluative information, they can be used in the overall reporting system and thus enable the evaluation unit to focus on higher plane evaluations.

<sup>4</sup> The Guidelines for CPEs establish standards by which the quality of country strategies is evaluated. The Guidelines were shared and discussed with the new operating model working group.

- d) ensuring that the timing of country programme issue sheets for management decisions and as self evaluation instruments can be used for independent evaluations; and
- e) establishing that the verification process for country programme issue sheets or country programme completion reports is introduced at some stage.

**C. Divisional Level**

13. At the divisional level there are no harmonization issues foreseen, as any changes will follow from the project and country level changes to the self-evaluation and independent evaluation systems, including monitoring and evaluation.

**D. Corporate Level**

14. At the corporate level harmonization will take place in the following areas:

- a) timing of corporate level reports, such as the Portfolio Performance Report, will be harmonized with the submission of OE's Annual Report on Results and Impacts so that the Executive Board receives the evaluation report and management's response to it at the same time;
- b) review the relationship of PMD management reports and OE corporate level reports to ensure that management responses to evaluations are timely and relevant as well as integrated into an overall reporting framework.

**III. TIMEFRAME**

15. PMD's immediate priority is to issue the revised PCR guidelines to ensure that higher quality self-evaluation data at completion is generated and will be available for all projects completed in or reported on<sup>5</sup> in 2006. The Guidelines will be issued by 30 April 2006, after following the agreed steps above.

16. PMD has decided to immediately adjust the schedule for the presentation of the PPR to the Executive Board. This change in schedule will mean that in 2006 the Board will receive two PPRs, one during its April session, reviewing the 2005 operations and another at its December session, reviewing the operations of first half of 2006, so as to adjust to the new cycle. The PPRs in subsequent years will be presented annually in the December session of the Board for the review year ending 30 June of the respective year.

17. The harmonization of the project level and country level self evaluation and independent evaluation systems are subject to changes in the formats for project design documents and new COSOP formats. PMD will start working on this area after the approval of the revised COSOP and project approval documents by the EB in September 2006 and finalise this by 31 March 2007, duly incorporating the inputs from the supervision policy due for submission to the Board in December 2006.

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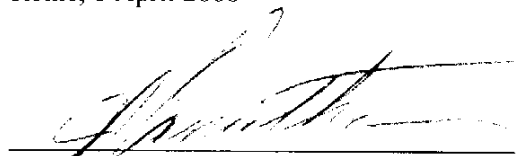
<sup>5</sup> This includes projects that were completed in earlier years but for which completion reports are still pending.

18. The following table provides a tentative list of deliverables, which will be updated in line with requirements that arise from the New Operating Model and Action Plan.


<b>Deliverable</b>	<b>Timeframe</b>	<b>Responsibilities</b>
Revised PCR Guidelines	30 April 2006 Revision/update if necessary in early 2007	PMD to finalize draft and issue guidelines OE to provide inputs/feedback
Changed Delivery Schedule for the PPR	December Board 2006	PMD has aligned the schedule and will prepare PPR according to new dates OE to provide comments on PPR as per Terms of Reference of the Evaluation Committee (following the new schedule)
Project Self-Evaluation System: All project-related reports as indicated in Figure 1 above	Start September 2006 Finish March 2007	PMD reviews and updates system requirements OE to contribute by providing input/feedback
COSOP/country programmes Self-Evaluation System: All country-level reports as indicated in Figure 1 above.	Start September 2006 Finish March 2007	PMD develop format and required content for country-level monitoring and management tools OE to contribute by providing input/ feedback
Guidelines for project evaluation and country programme evaluation	End 2006	OE to review and update guidelines based on 2006 experience PMD to provide inputs to OE and issue guidelines for the use of PMD staff for interfacing with evaluation process

19. The above arrangement can be amended by mutual agreement and can be ended at the request of either party.

Rome, 6 April 2006



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