

## **TERMS OF REFERENCE FOR THE REVIEW OF THE INDEPENDENCE AND EFFECTIVENESS OF THE OPERATIONS EVALUATION DEPARTMENT (OED)**

Independent and effective evaluation of performance is critical in any organization as a tool both for holding management accountable for results, and for improving operational performance. This is especially the case in development institutions, where shareholders in both borrowing and non-borrowing member countries have put increased focus on managing for development results.

The mandate of the ADB's Operations Evaluation Department (OED) and the institutional arrangements governing it are set out in the Board paper "Enhancing the Independence and Effectiveness of the Operations Evaluation Department" (R263-03 of 26 November 2003). The paper, which was approved by the Board on 17 December 2003, addressed a number of institutional changes which were designed to "derive the maximum synergy between independence (of OED) and development effectiveness (para 16 of the Paper refers)".

The purpose of the review is to examine the ADB's current arrangements for the operations evaluation function and, having regard to the experience of the past four years and international best practices, make recommendations as appropriate in relation to OED's independence and effectiveness.

In particular, the review will address the following:

- i. OED's mandate and scope, including its role in the assessment of ADB programs and projects, and in the formulation of new directions, policies and procedures;
- ii. Development and approval of OED's work program and reports, and the accountability of ADB Management for measures taken in response to OED evaluation findings and recommendations of the Development Effectiveness Committee (DEC);
- iii. The working relationships between OED, the DEC, the Board, Management and Staff;
- iv. Reporting arrangements and responsibilities of the Director General (DG), OED, including recruitment and management of OED personnel and management of OED's budget;
- v. Procedure for recruitment/appointment/dismissal of the DG, OED, including selection criteria and circumstances under which the appointment can be terminated;
- vi. The process for assessing the performance of the DG, OED including responsibility for conducting such assessments;
- vii. Duration and nature of the term of appointment of DG, OED; and

viii. Policies and procedures guiding the mobility of OED staff within ADB.

In addressing these issues, the review should include a comparative analysis of the arrangements governing the operations evaluation functions in other MDBs and comparable multilateral organizations.

Reporting deadlines will be in accordance with the attached timetable for the review.

**TIMETABLE FOR THE REVIEW OF THE INDEPENDENCE AND EFFECTIVENESS  
OF OED**

March 31	Ad Hoc Working Group established
April 7	Draft Terms of Reference circulated to the Board
April 16	Terms of Reference finalized
May 16	International expert selected
June 2	Expert begins work, including consultations with the Board and Management
September 5	Report of Expert provided to Ad Hoc Working Group, the Board and Management
September 12	Comments of Board and Management on Report of Expert provided to the Ad Hoc Working Group
September 19	Report of Ad Hoc Working Group provided to Board and Management for comment
September 26	Comments of Board and Management on Ad Hoc Working Group's Report provided to the Ad Hoc Working Group
October 17	W paper prepared
November 7	Board considers W paper
November 21	R paper prepared
December 12	Board considers R paper