



Ad-Hoc Working Group Paper
26 September 2008

Review of the Independence and Effectiveness of the Operations Evaluation Department

ABBREVIATIONS

ADB	–	Asian Development Bank
BPMSD	–	Budget, Personnel and Management Systems Department
BRC	–	Budget Review Committee
CAPE	–	country assistance and program evaluation
CPS	–	country partnership strategy
DAC	–	Development Assistance Committee
DEC	–	Development Effectiveness Committee
DMC	–	developing member country
ECG	–	Evaluation Cooperation Group
EVIS	–	evaluation information system
MCM	–	management committee meeting
MDB	–	multilateral development bank
MRM	–	management review meeting
NGO	–	non-government organization
OECD	–	Organization for Economic Cooperation and Development
OED	–	Operations Evaluation Department
OM	–	Operations Manual
PCP	–	Public Communications Policy
PDP	–	performance and development plan
SAPE	–	sector assistance program and evaluation
SES	–	special evaluation study
TA	–	technical assistance

NOTE

In this report, "\$" refers to US dollars.

Chair	Phil Bowen, Executive Director, Australia; Azerbaijan; Cambodia; Georgia; Hong Kong, China; Kiribati; Federated States of Micronesia; Nauru; Republic of Palau; Solomon Islands; Tuvalu.
Members	Howard Brown, Executive Director, Canada; Denmark; Finland; Ireland; The Netherlands; Norway; Sweden. Wencai Zhang, Executive Director, People's Republic of China. Rajat Nag, Managing Director General.
Secretary	Valerie Reppelin-Hill, Senior Planning and Policy Specialist Strategy and Policy Department

CONTENTS

	Page
I. BACKGROUND	1
II. FURTHER ENHANCING OED'S INDEPENDENCE	2
A. Definition and Criteria for Assessing Independence	2
B. Where does OED Stand?	3
III. FURTHER ENHANCING OED'S EFFECTIVENESS	7
A. Role of the Development Effectiveness Committee	7
B. Relationship with ADB Staff and Management	8
C. Tracking of OED's Recommendations	9
D. Quality Control and Peer Review	10
IV. PROPOSED CHANGES—UPDATED POLICY	10
A. Policy Principles	10
B. Implementation Procedures and Arrangements	14
C. Summary of Key Responsibilities	16
V. RESOURCE IMPLICATIONS	18
VI. RECOMMENDATION	18
 APPENDIXES	
1. Terms of Reference for the Review of the Independence and Effectiveness of the Operations Evaluation Department	19
2. Evaluation Cooperation Group: Template for Assessing the Independence of Evaluation Organizations	21
3. Multilateral Development Banks Evaluation Comparison Table	24
4. Operations Evaluation Department: Guidelines to Avoid Conflict of Interest in Independent Evaluations	44

I. BACKGROUND

1. Evaluation is central to good corporate governance. To ensure that it invests responsibly, the Asian Development Bank (ADB) continually reviews its operations to assess their effectiveness, to learn from past experience and to improve the development of future projects. Evaluation at the ADB has two major dimensions: (i) self-evaluation by the units responsible for particular programs and activities; and (ii) independent evaluation by the Operations Evaluation Department (OED). This review focuses on the latter dimension.

2. Originally known as the Post-Evaluation Office, OED was established in 1978. Early work focused on input-output relationships in projects, using economic analysis, to assess whether the actual benefits of completed projects were commensurate with those expected at appraisal, and if not, to explain the reasons for divergence. Since its establishment, the office's role has evolved to cover the entire results chain of inputs, outputs, outcomes and impacts. The focus shifted from the project to the country, informed by sector and thematic assessments as well as by evaluation of ADB's business processes. Over the years, OED has also undergone several organizational changes, culminating in the establishment on 1 January 2004, of an independent department reporting to the Board of Directors through the Development Effectiveness Committee (DEC). OED's current functions, priorities, and procedures are embodied in the provisions of the 2003 Board paper on enhancing OED's independence and effectiveness¹ (thereafter referred to as the 2003 Policy) and associated Operations Manual (OM) section on Operations Evaluation.²

3. The current mandate of OED (as stipulated in the 2003 Policy and relevant OM Section) is to undertake evaluation activities to help ADB Management and developing member country (DMC) stakeholders who are responsible for planning, designing and implementing projects and programs to understand whether resources are well spent, and whether the planned outcomes are achieved. To be credible, the evaluation function must be independent from those responsible for project/program design and implementation to provide an objective performance assessment. The essential functions of every operations evaluation include (i) deriving lessons and best practices to promote sustainability and development impact of ADB assistance; (ii) recommending appropriate measures for the design of future operations, country partnership strategies (CPSs), and sector policy and/or strategies, as well as changes in ADB policies, practices and procedures; (iii) assessing the development effectiveness of the use of resources; and (iv) following-up on evaluation recommendations to sustain the benefits of activities supported by ADB. In addition to operations evaluation, OED's current responsibilities also include: (i) coordinating evaluation practices and activities with other multilateral development banks (MDBs); (ii) assisting evaluation capacity building in DMCs and ADB; and (iii) reviewing new operations to ensure incorporation of lessons learned and appropriate monitoring and evaluation frameworks.

4. The 2003 Policy instituted several changes to increase the extent and perception of OED's independence, and in turn, its effectiveness. The most significant change was for OED to report directly to the Board through the DEC, instead of to the President. Other significant changes included (i) the Board rather than the President appoints the director general of OED, upon the joint recommendation by the DEC and the President, and (ii) ADB Management's role in evaluation changed from approving evaluation reports to responding to their conclusions.

¹ ADB. 2003. *Enhancing the Independence and Effectiveness of the Operations Evaluation Department*. Manila.

² ADB. 2007. *Operations Manual*. Section K1: Operations Evaluation. Manila.

5. It has been almost 5 years since OED became independent. A review of the 2003 Policy therefore is appropriate to assess OED's effectiveness and to consider possible improvements to its structure and operational modalities. In addition, recent events linked to the non-renewal of former OED director general's appointment in October 2007 have raised some concerns both internally and externally about OED's independence. To address these potential concerns and ensure that the evaluation process within the institution remains impartial and credible, ADB committed in February 2008 to undertake a comprehensive review of its evaluation department. The purpose of the review is to examine ADB's current arrangements for the operations evaluation function to assess its independence and overall effectiveness. An Ad-Hoc Working Group consisting of three members of ADB's Board of Directors and the Managing Director General was constituted in March 2008 to oversee the review process. The Working Group finalized the terms of reference (TOR) for the review in April 2008, in consultation with the Board and Management (Appendix 1). Two external experts were engaged to conduct the work. The experts visited Manila in June 2008 and held extensive consultations with the Board, Management and staff (including OED staff). The experts also consulted with the Evaluation Cooperation Group³ (ECG) and other MDBs to distill international best practices.

6. This paper presents key findings emerging from this review process and proposes a number of changes to further enhance OED's independence and effectiveness. The paper builds on the external experts' report, which was submitted to the Board and Management on 5 September 2008.⁴ The paper is organized as follows. Section II presents an assessment of OED's independence. Section III discusses strategic issues related to OED's effectiveness. Section IV synthesizes the key findings and recommendations and presents an updated policy framework which would, if accepted by the Board, supersede the 2003 Policy.

II. FURTHER ENHANCING OED'S INDEPENDENCE

A. Definition and Criteria for Assessing Independence

7. Within the development evaluation profession, a widely accepted definition of independence is found in the *Glossary of Key Terms in Evaluation and Results Based Management* issued by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). It specifies that an evaluation is independent when it is "carried out by entities and persons free of the control of those responsible for the design and implementation of the development intervention." The definition also indicates that independent evaluation presumes "freedom from political influence and organizational pressure", "full access to information", and "full autonomy in carrying out investigations and reporting findings."

³ The Evaluation Cooperation Group (ECG) was created in October 1995 by heads of multilateral development banks' evaluation units. The ECG works to strengthen cooperation among evaluators and seeks to harmonize methodology in its member institutions, so as to enable improved comparability of evaluation results while taking into account the differing circumstances of each institution. ADB was one of five founding members of the ECG, along with the African Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group and the World Bank Group. Two additional core members subsequently joined the group: the European Investment Bank in 1998 and the International Monetary Fund in 2001. The United Nations Development Programme's evaluation unit and the Organization for Economic Cooperation and Development-Development Assistance Committee (OECD-DAC) network on development evaluation also participate as observers.

⁴ Clark, C. S. and B. Perrin. 2008. *Review of the Independence and Effectiveness of the Asian Development Bank's Operations Evaluation Department (OED)*. Final Report. Manila: ADB, 4 September. Available: <http://www.adb.org/Documents/Reports/Consultant/OED-Independence-Effectiveness-Review/default.asp>

8. Building on this definition and drawing on the good practice standards of official audit and evaluation agencies, four dimensions of evaluation independence have been recognized by the ECG: (i) organizational independence, (ii) behavioral independence, (iii) protection from outside influence, and (iv) avoidance of conflicts of interests. **Organizational independence** ensures that the evaluation unit and its staff are not under the control or influence of decision-makers who have responsibility for the activities being evaluated and that they have full access to the information they need to fulfill their mandate. **Behavioral independence** measures the extent to which the evaluation unit is able and willing to produce high quality and uncompromising reports and to disclose its findings to the Board without Management imposed restrictions. **Protection from outside influence** refers to the evaluation unit's ability to decide on the design, conduct and content of evaluations without interference; its control over staff hiring, promotion and firing within a merit system; and its access to adequate resources to carry out the mandated responsibilities effectively. **Avoidance of conflicts of interests** guarantees that current, immediate future, or prior professional or personal relationships and considerations are not allowed to influence the evaluators' judgments or create the appearance of a lack of objectivity. Specific criteria were developed by the ECG to measure the degree of independence along these four dimensions (Appendix 2). These were applied in the next section to assess OED's independence.

B. Where does OED Stand?

1. Organizational Independence

9. Organizational independence requires the function of the evaluation unit to extend to all operations of the organization. The 2003 Policy states that besides evaluating completed projects and programs, OED can also conduct impact evaluation, special and country specific studies on selected issues or topics of broader relevance to ADB's future operations, practices and procedures. OM Section K1/BP further stipulates that OED should independently and systematically evaluate policies, strategies, country and sector assistance, modalities, public sector operations, nonsovereign operations, and technical assistance (TA) operations, including their design, implementation, results, and associated business processes to determine their relevance, effectiveness, efficiency, sustainability, and impact. Thus, the 2003 Policy and associated OM section seem to adequately meet the comprehensiveness criterion since it includes strategies, policies, operations and internal processes and procedures within OED's scope of evaluative activities.

10. OED's work programs over the years reflect a clear structural shift towards higher level evaluations such as country and sector assistance evaluations, thematic evaluations, and policy and impact evaluations with a corresponding decrease in the number on project level evaluations. In 2007, OED completed 42 major evaluation reports comprising three annual evaluation reports, 24 broader evaluation studies, 13 project and program evaluations, and one TA cluster evaluation. The 24 completed broader evaluations included four country assistance and program evaluations (CAPEs), three sector assistance program evaluations (SAPes) and 17 special evaluations studies (SEs) (nine of which covered assessments of ADB policies and strategies). This shift towards more upstream evaluation studies reflects common practice at other MDBs and is consistent with OECD/DAC and ECG guidelines.

**Table: Summary of Major OED Reports Completed
2003–2007**

Year	AER	PPER	TPER	VR	Total	Broader Studies				Total
						IES	SES	CAPE	SAPE	
2003	2	22	6	0	30	1	4	2	1	8
2004	2	18	2	0	22	1	5	2	0	8
2005	2	19	1	0	22	0	2	2	3	7
2006	2	19	2	0	23	0	7	2	1	10
2007	3	13	1	1	18	0	17	4	3	24

AER = annual evaluation review, CAPE = country assistance program evaluation, IES = impact evaluation study, OED = Operations Evaluation Department, PPER = project/program performance evaluation report, SAPE = sector assistance program evaluation, SES = special evaluation study, TPER = technical assistance performance evaluation report, VR = validation report.

Source: Operations Evaluation Department.

11. OED reports directly to the Board through the DEC. Therefore, it is located outside the line functions that it is tasked to evaluate. This is reflected by the reporting lines and the organizational chart of the Bank and is consistent with the international best practice (Appendix 3).

12. Organizational independence also requires full access to information. The 2003 Policy makes it explicit that OED should have full, unfettered access to ADB records and information related to evaluation work, with the exception of personal information that is typically restricted. In addition, OED is free to consult with any individual or group, within and outside ADB it deems necessary—including government officials, private sector, non-government organizations (NGOs), and media in the assisted DMCs. The policy mandate is in line with international best practices in this respect. Overall, the majority of OED staff did not report any problems in terms of access to information. However, in a few instances, staff reported having difficulties obtaining budget and human resource related data from the Budget Personnel and Management System Department (BPMSD). The existing policy mandate on access to information needs to be reaffirmed and all departments should be reminded of their obligations in this respect.

2. Behavioral Independence

13. Behavioral autonomy refers to the ability and willingness to issue strong and uncompromising reports and exercise transparency in reporting its findings. OED is given the sole responsibility for drafting evaluation reports. Board, staff and Management may comment but have no right to insist on changes (i.e., OED ultimately decides which comments to incorporate). Evidence from various evaluations reports indicate that OED has not shied away from criticizing ADB for its shortcomings, while recognizing its achievements when they are due.

14. Similarly, OED has maintained a high degree of transparency and openness in reporting and disclosing its evaluation findings. Since 1995, OED has made all reports on public sector operations and TA available to both internal and external stakeholders. Since January 2006, redacted versions of private sector evaluations (with commercially sensitive information removed) are also disclosed through the OED website. Since January 2004, the final reports include, as attachments, any Management response and the summary of the DEC discussions by the DEC chair where applicable. OED's reports are publicly disclosed on the ADB website as soon as they are approved by Director General, OED, and before they are discussed by the DEC. This is consistent with the requirements of the 2005 ADB Public Communications Policy (PCP).⁵

⁵ Only exceptions to this rule are the Operations Evaluation Department's (OED) annual evaluation reports such as the Annual Evaluation Review and the Annual Report on Portfolio Performance which should be made publicly

15. However, the current practice contradicts the 2003 Policy which stipulates that OED reports should be disclosed to the public only after they have been discussed by the DEC, as is common practice in other MDBs. The 2003 Policy needs to be updated and brought in line with current practice and the PCP requirements. Releasing documents as soon as they are approved by OED should strengthen OED's independence as it reduces opportunities for external interference. However, the current practice does put additional responsibilities on OED to ensure that adequate internal quality control mechanisms are in place. In addition to this, OED introduced in 2007 *Guidelines for Disseminating Findings and Recommendations*, which require OED staff to integrate a dissemination plan in the evaluation approach paper submitted to Director General, OED. The guidelines highlight the need to assess dissemination options and to propose a variety of formats and channels (besides posting the reports on the internet).

3. Protection from Outside Influence

16. ADB has set-up several safeguards to protect the independence of OED. Director General, OED is appointed by the Board, upon the joint recommendation by the DEC and the President, and can only be removed by the Board on the grounds of inefficiency or misconduct. Director General, OED, is appointed to a 3-year non-renewable term. The one term-rule adopted by the Board in 2008⁶ was considered an improvement on the original provision of a 3-year term with the possibility of re-appointment for another two, as it eliminated the risk that the Director General might hedge criticism to curry favor for reappointment. Director General, OED is barred from subsequent employment with the ADB. However, the current 3 years seem too short and limiting to attract qualified evaluation professionals. A 5-year term would allow Director General, OED, adequate time to develop and implement appropriate work programs and associated human resource strategies. Further, to ensure independence, Director General, OED should be appointed by the Board, upon recommendation of the DEC in consultation with the President. The search and selection process should be directed proactively by the DEC, involving an executive search firm and extensive media advertising.

17. As per the 2003 Policy, the final selection of new OED staff (to replace departing staff or to fill new positions) should be made by Director General, OED, in consultation with BPMSD, considering the skills and technical requirements of OED. The policy further stipulates that BPMSD will handle the recruitment process in accordance with ADB-wide human resource policies and procedures. Empowering the Director General of OED to make a final decision regarding OED staffing, as is provided for in the 2003 Policy, is an important element of making OED truly independent. However, the wording used in the 2003 Policy may raise potential concerns regarding the role of BPMSD in the recruitment process. BPMSD's role with respect to OED staffing decisions should be primarily that of a facilitator (i.e., BPMSD should have no veto power over Director General, OED). This should be clarified in the policy paper.

18. The terms and conditions of service of OED staff are the same as for other ADB staff, as provided by staff regulations and administrative orders of ADB. They include the same performance review process, regulation, disciplinary procedures, and grievance procedures. OED staff may work in other departments/offices of ADB before and after working in OED. In this context, OED has adopted formal guidelines on avoiding conflicts of interest in independent evaluations. Transfer of OED staff to other departments/offices is similarly governed by ADB-

available upon discussion by the DEC. See ADB. 2005. *Public Communication Policy: Disclosure and Exchange of Information*. Manila.

⁶ ADB. 2008. *Amendment of Term of Appointment of Director General, Operations Evaluation Department and Appointment of Director General, Operations and Evaluation Department*. Manila.

wide policies, rules, and regulations. Director General, OED is responsible for the distribution of the annual salary increase budget allocated to OED among its staff.

19. The principle of rotation of OED staff to and from other parts of the Bank is supported, in view of the importance of maintaining the right balance between insiders and outsiders within OED. This flexibility in staff movement between OED and other parts of the Bank, as is the practice in the World Bank and other MDBs, should help guard against the potential isolation of OED staff and enrich both operations and evaluations activities through cross-fertilization of knowledge and experience.

20. However, the current practice, whereby the President has the final authority to sign off on Director General, OED's performance appraisal could undermine OED's independence (both perceived and real). Director General, OED, should be exempt from the performance and development plan (PDP) process, as formal performance assessment through the PDP process could be perceived as a potential channel of influence. This should not preclude the DEC from providing periodic feedback to Director General, OED on his performance; however, this can be done outside the formal PDP process. Director General, OED's salary increase should be determined as the average pay increase granted to all the other directors general.

21. OED's work program and budget are approved by the Board, not Management. Director General, OED proposes a 3-year rolling work program, after consultations with the DEC, Management and other departments, taking into account issues of relevance to ADB DMCs and the current institutional priorities. The Board is responsible for final approval of the coming year's OED work program, after it is reviewed and endorsed by the DEC. As per the 2005 PCP, both the work program and the criteria by which evaluation topics were selected are publicly disclosed on the ADB website. This practice should continue.

22. Control over its own budget is central to the operational independence of OED. Under the current system, Director General, OED in consultation with the DEC and BPMSD prepares an annual budget proposal that is subject to review first by the DEC and then by the Budget Review Committee (BRC). The budget proposal is then presented for consideration by the Board in a separate resource envelope, but as part of the overall ADB budget proposal. OED's budget is determined on the basis of the approved work program.⁷ While the current system has worked well to date, OED's perceived independence would be strengthened if its budget were presented to the Board for approval separately from ADB's overall administrative budget. Such a system would give the Board the flexibility to ask for adjustments in OED's budget, without rejecting the entire draft budget of the Bank. The two budgets—one for OED and the other for the rest of the ADB—could be presented to the Board for approval at the same time, but two separate Board decisions would need to be taken.

23. The independent status of OED also warrants greater flexibility in the use of OED's budget. In particular, Director General, OED, given his unique independent status, should have the authority to transfer resources from one budget item (e.g., staff salaries) to another (e.g., consulting services), if the operational requirements of OED so dictated. Such flexibility would be exercised within the framework of a budget forecast approved by the Board. Director General, OED would not require approval from, but would be accountable to, the DEC, for any reallocation within the approved budget. OED's budget should include a specific line item for

⁷ However, a number of OED studies are financed outside of OED's budget, through regional technical assistance.

training and development, given the importance of maintaining a high level of skill among OED staff.

24. Finally, OED should develop a long-term strategic plan, taking into account future financial and human resources requirements. The plan should identify the ideal mix of competencies among OED staff taking into account projected future requirements for evaluation, and use this as a basis for setting priorities for future recruitment and for training and development of OED staff.

4. Avoidance of Conflicts of Interest

25. Providing a wide range of stakeholders with an opportunity to comment on the findings of an evaluation helps to correct evaluator bias. Participatory evaluation methods, whereby beneficiaries of Bank interventions and civil society representatives contribute to the evaluation add to its quality and transparency. But in addition, good practice standards require evaluation managers and staff to be excluded from evaluating programs, activities or entities that might involve a conflict of interest or create the perception that current or past associations and/or activities (whether personal or professional) could impair the objectivity and credibility of the evaluation process.

26. ADB has procedures in place, based on Administrative Order 2.02 on Personnel Policy Statement and Duties, Rights and Responsibilities of Staff Members, to protect against a range of conflicts of interest that could weaken the objectivity and integrity of all ADB staff, including OED. These include protections against official, professional, financial and familial conflicts. In addition to those, OED saw the need to formalize practices for avoiding conflict of interests in evaluations. In March 2005, ADB became the first member of the ECG to formally adopt guidelines to avoid conflict of interest in independent evaluations, which specify conditions under which OED management, staff, and consultants must recuse themselves. Since the adoption of the said guidelines, there have been 20 evaluation reports from which Director General, OED, recused himself to avoid potential conflicts of interest. Current policies and guidelines overall seem adequate to meet the ECG criteria and to ensure that OED's work is performed objectively.

III. FURTHER ENHANCING OED'S EFFECTIVENESS

27. While independence is an important prerequisite to effective evaluation, independence should not be viewed as an end in itself, but rather as a means to further strengthen OED's effectiveness. OED's effectiveness is defined in terms of its relevance and use. Independent evaluation within ADB has two basic objectives: (i) to assess what were the results, intended or otherwise, of the Bank's operations (i.e., the so called accountability function); (ii) to determine whether there were significant lessons to be learned from past experiences to make future operations better (i.e., the so called learning function). A number of issues seem particularly relevant to OED's effectiveness. These are discussed below.

A. Role of the Development Effectiveness Committee

28. The DEC was established by ADB's Board of Directors in December 2000 and initiated its activities on behalf of the Board in 2001. It consists of not more than six members of the Board of Directors. The President appoints the members of the Committee, in consultation with the Board, and designates one of them as the Chair. Members are appointed for a term of 2 years, starting on July 1 of the appointment year and ending on 30 June, 2 years later. If a

member of the Committee ceases to be a member of the Board, the President, in consultation with the Board, will appoint a replacement for the remaining term of the Committee.

29. The DEC meets regularly throughout the year. Its general mandate is to assist the Board in ensuring that ADB's program and activities achieve development effectiveness. For the purpose of the DEC's work, development effectiveness is the measure of (i) whether ADB's program and activities have resulted in the desired outcomes, and (ii) whether these programs and activities have made efficient use of ADB's available resources. The DEC focuses its attention on ADB's operations evaluation programs and results. More specifically, the DEC carries out the following responsibilities: (i) recommending to the Board the person to be considered for appointment as Director General, OED; (ii) advising OED in the preparation of their work program and budget that the Committee can endorse to the Board for approval; (iii) reviewing all OED reports and discussing selected major reports, as well as Management responses to any report; (iv) monitoring and evaluating the actions taken by ADB on OED's recommendations; (v) reporting to the Board on selected development effectiveness issues that have a significant bearing towards the achievement of ADB's overarching goal of poverty reduction, and make recommendations on such issues to the Board; and (vi) monitoring and reporting to the Board on the implementation of its decisions.

30. The Board of Directors has chosen the DEC as the instrument to monitor OED's activities. It follows that the DEC is answerable for the independence and excellence of OED. To this end, the DEC should meet as often as necessary to carry out its functions and should insist on appropriate Management representation at its meetings.⁸ It should act as the guardian of OED's independence. In concert with the Board as a whole, it should ensure that OED has an adequate budget to carry out its work. Finally, it should ensure that the quality of OED's reports are adequate and that OED's recommendations are tracked and acted upon. But it should not interfere with the content and conduct of evaluation reports. The current practice whereby the President appoints the DEC members and its Chair could be perceived as potentially compromising OED's perceived independence and in turn its effectiveness. However, for the Board to elect the DEC members and its Chair would require amending the ADB Rules of Procedures of the Board of Directors. This governance issue, while important, has implications for all other Board committees and should therefore be considered in a broader context, beyond the scope of this review.

B. Relationship with ADB Staff and Management

31. The independence of OED need not and should not translate into isolation of OED from operations. The 2003 Policy encouraged formal interactions in three specific areas. First, Director General, OED participates in senior management forums. This participation enhances the quality of ADB operations by highlighting evaluation lessons. At the same time, such participation helps improve OED's understanding of the current internal and external environments that face ADB operations and influence development outcomes.

32. Second, OED plays an important role in enhancing the quality of operations by commenting on and reviewing important projects and TA before appraisal as well as discussing them in management review meetings, in line with ADB's business processes. Such interactions should not impair the independence of OED, subject to rigorous application of conflict of interest rules.

⁸ Starting in November 2005, the Managing Director General of ADB regularly attends the Development Effectiveness Committee meetings.

33. Third, OED should continue its transparent approach to evaluation that allows lateral inputs from operational departments. All draft evaluation reports are circulated to operations department for review and comments. In addition, certain reports such as project/program performance evaluation reports (PPERs), CAPEs and SAPEs are circulated to DMC counterparts for review and comment before they are finalized. This feedback mechanism helps to correct factual errors and improve analytical content without compromising the integrity of the evaluations results. In addition to this, OED reviews the scope and methodology of a proposed study with the main stakeholders, particularly the operations department and concerned governments before the study starts.

34. Finally, OED has introduced in recent years the new step of discussing draft evaluation recommendations with ADB operational departments. The objective of this measure is to ensure that those who will be responsible for implementing the recommendations understand them, to find out which ones are feasible and to build early commitment. There is no evidence to date that such consultations have threatened OED's independence. Rather, the interactions between OED and operational staff should be further strengthened in order to ensure ownership of evaluations results and to accelerate the application of lessons learned.

C. Tracking of OED's Recommendations

35. Effectiveness in achieving desired changes in ADB operations and policies as the result of applying selected evaluations recommendations depend on several factors: (i) the quality of OED's recommendations; (ii) the quality of Management's response to, and decision on, the recommendations; (iii) the quality of DEC's guidance, including what Management should prioritize; (iv) the quality of staff implementation of Management's decision for change; and (v) an efficient monitoring system by Management, with specific accountability for action or inaction. Quality in the first three stages, i.e., the OED-Board-Management engagement process, may generally be assessed according to how specific, monitorable, actionable, relevant, practical and time-bound the respective OED recommendation, Management decision, and DEC guidance are. Quality of implementation is assessed on effectiveness and timeliness of the actions taken to achieve the desired change. Efficiency of the monitoring system is assessed on the timely information that identifies the proposed actions that need Management follow-up.

36. Improvements in the overall learning and implementation system are being made through greater efforts at partnership among core stakeholders (see Section III.B) aimed at achieving greater accuracy, understanding and commitment. The weakest link in the implementation process is in step (v), effective monitoring and tracking of recommendations. This is because (i) monitoring and reporting is done by OED while accountability lies with Management; and (ii) OED currently reports on the status of actions taken annually,⁹ which may not be sufficient. In 2006–2007, OED developed the evaluation information system (EVIS), an intranet and internet based action tracking system. To date, however the system has not been systematically used and/or updated. A more rigorous system should be established for monitoring the cumulative progress of actions on OED recommendations. For example, Management could submit to the DEC, with copy to the Board, a quarterly or semi-annual summary of DEC recommendations, Management's response to those recommendations, and the status of follow-up activities, if any. Such a summary could be built on inputs provided by the operational Vice Presidents. This would keep the Board informed of the steps being taken to

⁹ This is done through the *Acting on Recommendations and Learning from Lessons* annual report which was first published in 2006. See ADB. 2006. *2006 Annual Evaluation Review*. Manila.

incorporate the lessons learned from evaluations, while not imposing an onerous reporting burden on Management.

D. Quality Control and Peer Review

37. While independence is essential for evaluation credibility, it does not on its own guarantee evaluation quality. Relevant skills, sound methods, adequate resources are also required. A detailed analysis of OED's evaluation methods, approaches and products was beyond the scope of the review (see Appendix 1). A professional peer review of OED would be helpful to more thoroughly review the quality of OED's evaluations activities with a view of maximizing the quality of its work and its overall effectiveness.

IV. PROPOSED CHANGES—UPDATED POLICY

38. On the basis of the above analysis, it can be concluded that ADB has a clearly articulated model of independent evaluation that emphasizes organizational and behavioral independence, protection from external influence and the avoidance of conflicts of interest. However, OED's credibility as an independent evaluation unit could be further enhanced by the following measures: (i) Director General, OED's non-renewable term to be expanded from 3 to 5 years; (ii) Director General, OED, to be appointed by the Board, upon recommendation of the DEC in consultation with the President; (iii) selection process to be led by the DEC and strengthened through the use of an executive search firm and extensive media advertising; (iv) Director General, OED, to be exempted from the PDP process with his/her salary determined by formula; and (v) OED's budget to be approved by the Board separately from ADB's overall administrative budget.

39. To further strengthen OED's effectiveness: (i) interactions between OED staff and operational staff should be intensified to ensure ownership of evaluation results and to accelerate the application of lessons learned; and (ii) a more rigorous system for monitoring progress on implementation of OED's recommendations should be put in place.

40. To give effect to these proposed changes, the 2003 Policy should be revised. The updated policy detailed below will develop and improve on OED's 2003 Policy and 2008 amendment (footnote 6).

A. Policy Principles

1. OED's Mandate and Key Activities

41. OED undertakes evaluation activities to help ADB Management and decision makers in ADB DMCs who are responsible for planning, designing and implementing projects and programs to understand whether resources are well spent, and whether the planned outcomes are achieved. Operations evaluation covers all aspects of ADB operations, including the policies, strategies, practices, and procedures that govern them. The evaluation of ADB operations emphasizes effective feedback on performance and use of lessons identified to improve the development effectiveness of ongoing ADB operations and to enhance their contribution to the development of ADB DMCs.

42. Towards this end, OED independently and systematically evaluates policies, strategies, country and sector assistance, modalities, public sector operations, non-sovereign operations,

and TA operations, including their design, implementation, results, and associated business processes to determine their relevance, effectiveness, efficiency, sustainability, and impact.

43. More specifically, OED's principal responsibilities include:¹⁰

- (i) carrying out the independent post-evaluation of ADB-financed projects and programs by preparing PPERs to (a) assess objectively the effectiveness of the projects and programs in promoting economic and social development of ADB DMCs; (b) provide useful lessons from experience for improving the design and implementation of future projects and programs, and (c) evaluate the development impact of ADB assistance;
- (ii) undertaking CAPEs and SAPEs to feed into country and sector operations strategies;
- (iii) undertaking impact evaluation and SESs on selected issues or topics of broader relevance to ADB's future operations, policies and procedures;
- (iv) preparing an annual review of major evaluation findings and conclusions based on evaluation studies completed during the preceding year;
- (v) formulating, initiating and coordinating action programs to assist ADB DMCs in developing and strengthening their own evaluation capabilities in respect of projects and sectors financed by ADB and, where appropriate and mutually beneficial, to participate in such efforts jointly with other international development finance institutions;
- (vi) reviewing and commenting on draft project and program completion reports as well as draft Board documents including policy papers, country strategies and programs, and new lending and investment proposals with a view to providing effective feedback to concerned operations departments and ensure incorporation of lessons from evaluations and formulation of appropriate monitoring and evaluation frameworks;
- (vii) disseminating within ADB and more broadly important findings and lessons learned from evaluation studies;
- (viii) following up with departments and offices concerned (and, through them, the project authorities concerned) on the steps taken to implement recommendations made in evaluation reports and studies, and report thereon to the Board;
- (ix) carrying out the independent evaluation of ongoing ADB-financed projects and programs and preparing an annual report on portfolio performance, and any other portfolio evaluation reports as required;
- (x) serving as the focal point for ADB interactions with the DEC, through which OED reports to the Board; and

¹⁰ ADB. 2007. *Administrative Order*. Order No. 1.02: Organization Bulletin. Manila.

- (xi) harmonizing evaluation criteria and methods, procedures, and evaluation governance among multilateral development banks, while recognizing the distinct features of each.

2. Evaluation Stakeholders

44. OED serves a wide range of internal and external stakeholders. Major internal stakeholders include:

- (i) The Board of Directors, with the expectation of ensuring efficient use of resources and achieving results on the ground with sustainable development impact;
- (ii) Management, concerned with the use and follow-up of evaluations and how evaluation findings might influence ADB's future directions;
- (iii) Operations staff, concerned with the feedback of evaluations lessons and findings and how those might affect future operations; and
- (iv) Other ADB staff, concerned with knowledge management, dissemination of evaluation findings, lessons and recommendations, and evaluation capacity development.

45. Major external stakeholders include:

- (i) Executing agencies and institutions responsible for implementing ADB-supported projects in borrowing countries;
- (ii) Beneficiaries and targeted population on whom ADB support is having a direct impact;
- (iii) Co-financiers and other partner institutions including NGOs, civil society organizations, development research centers and evaluation networks that are engaged in ADB-financed operations;
- (iv) Multilateral and bilateral institutions concerned with the harmonization of evaluation methods and practices, and other development partners with whom OED may undertake joint evaluations of programs/projects, policies and strategies and dissemination of best practices and organization of evaluation seminars and workshops.

3. Guiding Principles

46. OED operates in line with internationally accepted principles for the evaluation of development assistance, in particular the OECD-DAC evaluation guiding principles¹¹ and the good practice standards issued by the ECG. Among these guiding principles are: impartiality and independence; credibility; usefulness; and partnership.

¹¹ OECD. 1991. *Principles for Evaluation of Development Assistance*. Paris. Available: <http://www.oecd.org>

47. **Impartiality and Independence.** The evaluation process should be impartial and independent in its function from the process concerned with the policy making, the delivery and the management of development assistance. Impartiality contributes to the credibility of evaluation and the avoidance of bias in findings, analyses and conclusions. Independence provides legitimacy to evaluation and reduces the potential for conflict of interest which could arise if policy makers and managers were solely responsible for evaluating their own activities. The requirement for impartiality and independence exists at all stages of the evaluation process, including the planning of the evaluation program, the formulation of the terms of reference, the selection and approval of the evaluations teams, and the actual conduct of the study.

48. **Credibility.** The credibility of evaluation depends on the expertise and independence of the evaluators, the veracity of the evidence and analyses, and the degree of transparency of the evaluation process. Evaluation reports should meet minimum quality standards as defined by the evaluation community of practice and reflected in OED guidelines. Evaluation reports must provide substantiated findings after considering all stakeholders' views on the draft report. Findings must be clearly identified and recommendations presented in a manner that is readily understood by target audiences. Transparency of the evaluation process is crucial to its credibility and legitimacy. To ensure transparency, the evaluation process as a whole should be as open as possible with results made widely available.

49. **Usefulness.** To have an impact on decision making, evaluation findings must be perceived as relevant and useful and be presented in a clear and concise way. They should reflect the different interests and needs of various stakeholders. In this respect, an effective feedback loop from evaluation to Management, policy-makers, operations staff and partner countries is essential. Evaluations must be designed and completed in a timely manner to feed into the decision-making process. This implies that evaluations have an important role to play at various stages during the execution of a project or program and should not be conducted exclusively as an ex-post exercise. Easy access to evaluations findings and recommendations is also essential to make the evaluation function useful.

50. **Partnership.** Establishing constructive partnerships between the evaluation unit and relevant stakeholders is essential, both for generating evaluation recommendations and for ensuring their uptake and ownership. Fostering such partnerships takes time and effort, and depends crucially on the attitude and behavior of those conducting the evaluation. Meaningful partnership also requires, inter alia, that evaluations are perceived by stakeholders as being useful, well informed, relevant, timely, clearly, and concisely presented. The evaluation unit should seek the appropriate engagement of stakeholders throughout the evaluation process, while safeguarding its independence. The unit should ultimately remain solely responsible for the final content of the evaluation. Consistent with this partnership principle, DMC stakeholders should be involved in the evaluation process and the evaluation should seek to reflect their views on the effectiveness and impact of the activities concerned. Participation enhances the quality of evaluation, which in turn has significant implications for long-term sustainability since recipients are solely responsible after the donor has left. Collaboration with other donors should also be encouraged in order to develop evaluation methods, share reports and information, and improve access to evaluation findings. Joint donor evaluations should be promoted in order to improve understanding of each other's procedures and approaches and to reduce the administrative burden on the recipient.

51. **Importance of Developing a Strong Learning Culture within ADB.** In addition to the principles cited above, evaluation should be viewed as an essential management tool to improve effectiveness. Without an appropriate learning-oriented culture within ADB, the ability of

evaluation to be viewed and used as a positive force that contributes to the overall effectiveness of the Bank's activities will be hindered. To bring about such a change within the institution will require a strong commitment and priority both from the Board and from Management, with appropriate resources allocated to support this process.

B. Implementation Procedures and Arrangements

1. Reporting Structure

52. OED reports directly to ADB's Board of Directors, through the DEC.

2. Appointment of Director General, OED

53. Director General, OED will be appointed by the Board, upon the recommendation of the DEC in consultation with the President. The search and selection process will be directed proactively by the DEC, involving an executive search firm and extensive media advertising. Director General, OED will be appointed to a 5-year non-renewable term. During this period, Director General, OED can only be removed by the Board on the grounds of inefficiency or misconduct. Upon completion of the term or after removal, Director General, OED will be ineligible for any staff position within ADB. Director General, OED will be exempt from the formal annual PDP process, though the DEC may undertake periodic reviews of his/her performance as deemed necessary. His/her salary will be determined by formula as the average pay increase granted to all the other directors general. Although Director General, OED, will not be a regular staff member, except as noted above, he/she will be subject to, and covered by, all other rules and regulations applicable to ADB staff.

3. Management of OED's Human Resources

54. Director General, OED will be responsible for the final selection of OED personnel, in accordance with ADB personnel guidelines. BPMSD will handle the administrative processes, in accordance with these guidelines. OED staff will continue to be ADB staff and the terms and conditions of their employment will be the same as for other ADB staff, as provided by staff regulations and administrative orders of ADB. They will include the same performance review process, regulation, disciplinary procedures, and grievance procedures. As with other departments of ADB, selection for OED positions will be made on a competitive basis, based on relevant experience and qualifications. OED staff may work in other departments/offices of ADB before and after working in OED. Transfer of OED staff to other departments/offices will be similarly governed by ADB-wide policies, rules, and regulations.

4. OED's Work Program and Budget

55. Director General, OED will be responsible for preparing a 3-year rolling work program, after consultations with the DEC, Management and other departments, taking into account issues of relevance to ADB DMCs and the current institutional priorities. The Board is responsible for final approval of the coming year's OED work program, after it is reviewed and endorsed by the DEC. As per the 2005 PCP requirements, both the work program and the criteria by which evaluation topics were selected will be publicly disclosed on the ADB website.

56. Director General, OED in consultation with the DEC and BPMSD will prepare an annual budget proposal that will be subject for review first by the DEC and then by the BRC. The budget proposal will then be presented to the Board for approval, separately from ADB's overall

administrative budget. Director General, OED, given his/her unique independent status, will be given authority to reallocate resources across budget items, if the operational requirements of OED so dictate. Such flexibility will be exercised within the framework of a budget forecast approved by the Board. Director General, OED will not require approval from, but will be accountable to, the DEC, for any reallocation within the approved budget. BPMSD will handle the administrative processes.

5. Avoidance of Conflicts of Interest

57. ADB has procedures in place, based on Administrative Order 2.02 on Personnel Policy Statement and Duties, Rights and Responsibilities of Staff Members, to protect against a range of conflicts of interest that could weaken the objectivity and integrity of all ADB staff. Those procedures apply equally to OED staff. In addition, OED adopted in 2005 formal guidelines for avoiding conflict of interests in independent evaluations, which specify conditions under which OED management, staff, and consultants must recuse themselves (Appendix 4). The said guidelines continue to be relevant and will remain in effect.

6. Access to Information and Freedom of Consultation

58. To carry out its mandate, OED will have full, unfettered access to ADB records and information related to evaluation work, with the exception of personal information that is typically restricted. Similarly, as is current practice, OED will be free to consult with any individual or group, within and outside ADB it deems necessary—including government officials, private sector, NGOs, and media in the assisted DMCs.

7. Relationship with ADB Staff and Management

59. The independence of OED should not translate into isolation of OED from operations. Formal interactions between OED and ADB staff and Management will be encouraged in the following areas:

- (i) As is current practice, Director General, OED will continue to participate in senior management forums (such as management review meetings, management committee meetings, etc.).
- (ii) OED will continue to comment on and review important projects/programs and TA before appraisal as well as discussing them in management review meetings, in line with ADB's business processes.
- (iii) All draft OED reports will continue to be circulated to operations departments as well as the assisted DMCs for review and comments.
- (iv) To the extent possible, the scope and methodology of a proposed study will be discussed with the concerned operations departments before the study starts.
- (v) Draft evaluation recommendations will be discussed with ADB operational management, as appropriate.

8. Relationship with DMC Stakeholders

60. Consistent with the partnership principle highlighted in paragraph 48 above, OED should seek to engage DMC stakeholders concerned throughout the evaluation process. More specifically, interactions should be encouraged in the following areas:

- (i) Before the start of an evaluation, consultation with relevant DMC stakeholders will take place as appropriate to review the scope of evaluation questions and to help flag issues and information sources for the evaluation.
- (ii) Draft evaluation reports will be discussed with relevant DMC stakeholders, as appropriate. To the extent possible, the evaluation should seek to reflect DMCs views on the effectiveness and impact of the activities concerned (subject to the understanding that OED is not bound to accept any of these views and must arrive at an independent conclusion).
- (iii) Upon approval of the final report by Director General, OED, relevant DMC stakeholders will be informed of the impending public release of the document.

9. Reporting, Disclosure and Follow-up

61. OED will have sole responsibility for the drafting and final content of all OED reports, press releases and other OED documents or public statements. Director General, OED, will forward the completed OED reports simultaneously to the Board and ADB Management. The DEC will select from OED's work program a number of evaluation reports to review and discuss during its regular sessions. As its current practice, OED will ensure that all evaluation reports upon completion are disclosed to the public and widely disseminated in accordance with ADB's PCP.

62. ADB Management will be responsible for ensuring that the implementation of evaluation recommendations is periodically tracked and reported to the DEC, with copy to the Board.

C. Summary of Key Responsibilities

1. Role of the Board of Directors

63. The key responsibilities of the Board of Directors with regard to OED include:

- (i) Overseeing ADB's evaluation work and assessing the overall impact and quality of ADB's programs and projects as documented in evaluation reports;
- (ii) Approving OED's annual work program and budget;
- (iii) Approving policies aimed at enhancing the independence and effectiveness of OED;
- (iv) Receiving directly from OED all evaluation reports;
- (v) Appointing and/or removing the Director General, OED; and
- (vi) Discussing the DEC annual report and approving its public release.

2. Role of the Development Effectiveness Committee

64. The DEC is a committee of the Board of Directors. Its key responsibilities include:
- (i) Enhancing the ability of the Board of Directors to assess the overall quality and impact of ADB's programs and projects through a discussion of selected OED reports, as well as strengthening the Board's knowledge of evaluation insights;
 - (ii) Discussing and endorsing OED's annual work program and budget;
 - (iii) Ensuring that ADB has an effective and efficient evaluation function. This would include overseeing the selection process for Director General, OED and providing relevant guidance and feedback to OED Management, as appropriate;
 - (iv) Ensuring that the lessons learned from evaluations activities are reflected in ADB's policies and procedures as well as in its projects and programs, and monitoring the implementation of OED's recommendations;
 - (v) Reporting to the Board of Directors on the Committee's work and, as appropriate, making recommendations or seeking guidance on evaluation issues of policy and strategic importance; and
 - (vi) Reviewing the annual Development Effectiveness Review and providing formal comments on the report to the Board.

3. Role of Director General, OED

65. The key responsibilities of Director General, OED include:
- (i) Managing OED as an effective, efficient and independent department; Director General, OED will be responsible for managing OED's personnel, budget and work program under the oversight of the DEC, and in accordance with ADB rules and procedures;
 - (ii) Ensuring high-quality professional work by instituting the necessary enabling environment for and coaching of OED staff and setting quality standards for OED outputs;
 - (iii) Formulating and implementing OED's work program as agreed upon by the Board, and reporting regularly to the Board through the DEC on the activities of the department and other relevant evaluation issues;
 - (iv) Monitoring and reporting periodically to the DEC on actions taken by Management in response to evaluations findings;
 - (v) Engaging stakeholders in the evaluation process and ensuring that evaluation results are communicated to them and the general public;
 - (vi) Assisting ADB operations in the development of their self-assessment capacity; and

- (vii) Cooperating with the heads of evaluation of other institutional financial institutions and development agencies.

4. Role of ADB Management and Staff

66. The key responsibilities of ADB Management and staff include:

- (i) Reviewing all OED reports and responding to their findings;
- (ii) Ensuring that evaluation recommendations are implemented where feasible, and periodically tracked and reported to the DEC with copy to the Board;
- (iii) Reviewing and commenting on OED's proposed work program and budget;
- (iv) Providing feedback on draft OED reports; and
- (v) Ensuring that OED has full access to the information it needs to carry its work, as stipulated in paragraph 55.

V. RESOURCE IMPLICATIONS

67. The changes proposed in Section IV of this report to further strengthen the independence and effectiveness of OED are not expected to have any significant impact on ADB's budget.

VI. RECOMMENDATION

68. To further enhance the independence and effectiveness of OED, the Working Group recommends that the 2003 Policy be amended as set out in Section IV. The revised policy would supersede the 2003 Policy and 2008 Amendment of Term of Appointment of Director General, OED.

TERMS OF REFERENCE FOR THE REVIEW OF THE INDEPENDENCE AND EFFECTIVENESS OF THE OPERATIONS EVALUATION DEPARTMENT

1. 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.
2. 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". 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" (paragraph 16 of the Board paper).
3. The purpose of the review is to examine ADB's current arrangements for the operations evaluation function and, having regard to the experience of the past 4 years and international best practices, make recommendations as appropriate in relation to OED's independence and effectiveness.
4. 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, OED, including recruitment and management of OED personnel and management of OED's budget;
 - (v) Procedure for recruitment/appointment/dismissal of the Director General, OED, including selection criteria and circumstances under which the appointment can be terminated;
 - (vi) The process for assessing the performance of the Director General, OED including responsibility for conducting such assessments;
 - (vii) Duration and nature of the term of appointment of Director General, OED; and
 - (viii) Policies and procedures guiding the mobility of OED staff within ADB.

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

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

**Table A1: Timetable for the Review of the Independence and Effectiveness of OED
(Updated as of 25 September 2008)**

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 experts selected.
June 2	Experts begin work, including consultations with the Board and Management.
September 5	Expert's report provided to the Ad Hoc Working Group, the Board, Management and OED.
September 11, 12	Experts travel to Manila to present their findings to the Board, Management and OED, and to answer questions.
September 19	Comments of the Board, Management and OED on the experts' report provided to the Ad Hoc Working Group.
September 26	Ad Hoc Working Group's report provided to the Board and Management for comment.
October 3	Comments of the Board and Management on the Ad Hoc Working Group's report provided to the Ad Hoc Working Group.
October 21 ^a	W-paper circulated.
November 11 ^a	Board considers the W-paper.
November 21 ^a	R-paper circulated.
December 15 ^a	Board considers R-paper.

OED = Operations Evaluation Department, R = restricted, W = working.

^aDates are still tentative at this stage, as proposed Board meetings have yet to be confirmed.

Source: Ad-Hoc Working Group.

**EVALUATION COOPERATION GROUP TEMPLATE FOR
ASSESSING THE INDEPENDENCE OF EVALUATION ORGANIZATIONS**

Criterion	Aspects	Indicators
I. Organizational Independence	The structure and role of evaluation unit.	Whether the evaluation unit has a mandate statement that makes its scope of responsibility extend to all operations of the organization, and that its reporting line, staff, budget and functions are organizationally independent from the organization's operational, policy, and strategy departments and related decision-making.
	The unit is accountable to, and reports evaluation results to, the head or deputy head of the organization or its governing Board.	Whether there is a direct reporting relationship between the unit, and (i) the Management, and/or (ii) the Board, or (iii) relevant Board Committee, of the institution.
	The unit is located organizationally outside the staff or line management function of the program, activity or entity being evaluated.	The unit's position in the organization relative to the program, activity or entity being evaluated.
	The unit reports regularly to the larger organization's audit committee or other oversight body.	Reporting relationship and frequency of reporting to the oversight body.
	The unit is sufficiently removed from political pressures to be able to report findings without fear of repercussions.	Extent to which the evaluation unit and its staff are not accountable to political authorities, and are insulated from participation in political activities.
	Unit staffers are protected by a personnel system in which compensation, training, tenure and advancement are based on merit.	Extent to which a merit system covering compensation, training, tenure and advancement is in place and enforced.
	Unit has access to all needed information and information sources.	Extent to which the evaluation unit has access to the organization's (i) staff, records, and project sites; (ii) co-financiers and other partners, clients; and (iii) programs, activities, or entities it funds, or sponsors.
II. Behavioral Independence	Ability and willingness to issue strong, high quality, and uncompromising reports.	Extent to which the evaluation unit (i) has issued high quality reports that invite public scrutiny (within appropriate safeguards to protect confidential or proprietary information and to mitigate institutional risk) of the lessons from the organization's programs and activities; (ii) proposes standards for performance that are in advance of those in current use by the organization; and

Criterion	Aspects	Indicators
		(iii) critiques the outcomes of the organization's programs, activities and entities.
	Ability to report candidly.	Extent to which the organization's mandate provides that the evaluation unit transmits its reports to the Management/Board after review and comment by relevant corporate units, but without Management-imposed restrictions on their scope and comments.
	Transparency in the reporting of evaluation findings.	Extent to which the organization's disclosure rules permit the evaluation unit to report significant findings to concerned stakeholders, both internal and external (within appropriate safeguards to protect confidential or proprietary information and to mitigate institutional risk). Who determines the evaluation unit's disclosure policy and procedures: Board, relevant committee, or Management.
	Self-selection of items for work program.	Procedures for selection of work program items are chosen, through systematic or purposive means, by the evaluation organization; consultation on work program with Management and Board.
	Protection of administrative budget, and other budget sources, for evaluation function.	Line item of administrative budget for evaluation determined in accordance with a clear policy parameter, and preserved at an indicated level or proportion; access to additional sources of funding with only formal review of content of submissions.
III. Protection from Outside Interference	Proper design and execution of an evaluation.	Extent to which the evaluation unit is able to determine the design, scope, timing and conduct of evaluations without Management interference.
	Evaluation study funding.	Extent to which the evaluation unit is unimpeded by restrictions on funds or other resources that would adversely affect its ability to carry out its responsibilities.
	Judgments made by the evaluators.	Extent to which the evaluator's judgment as to the appropriate content of a report is not subject to overruling or influence by an external authority.
	Evaluation unit head hiring/firing, term of office, performance review and compensation.	Mandate or equivalent document specifies procedures for the (i) hiring, firing, (ii) term of office, (iii) performance review, and (iv) compensation of the evaluation unit head that ensure independence from operational management.
	Staff hiring, promotion or firing.	Extent to which the evaluation unit has control over (i) staff hiring, (ii) promotion, pay increases, and (iii) firing, within a merit system
	Continued staff employment.	Extent to which the evaluator's continued employment is based only on reasons related to job performance, competency or the need for evaluator services.

Criterion	Aspects	Indicators
IV. Avoidance of Conflicts of Interest	Official, professional, personal or financial relationships that might cause an evaluator to limit the extent of an inquiry, limit disclosure, or weaken or slant findings.	Extent to which there are policies and procedures in place to identify evaluator relationships that might interfere with the independence of the evaluation; these policies and procedures are communicated to staff through training and other means; and they are enforced.
	Preconceived ideas, prejudices or social/political biases that could affect evaluation findings.	Extent to which policies and procedures are in place and enforced that require evaluators (i) to assess and report personal prejudices or biases that could imperil their ability to bring objectivity to the evaluation; and (ii) to which stakeholders are consulted as part of the evaluation process to ensure against evaluator bias.
	Current or previous involvement with a program, activity or entity being evaluated at a decision-making level, or in a financial management or accounting role; or seeking employment with such a program, activity or entity while conducting the evaluation.	Extent to which rules or staffing procedures that prevent staff from evaluating programs, activities or entities for which they have or had decision-making or financial management roles, or with which they are seeking employment, are present and enforced.
	Financial interest in the program, activity or entity being evaluated.	Extent to which rules or staffing procedures are in place and enforced to prevent staff from evaluating programs, activities or entities in which they have a financial interest .
	Immediate or close family member is involved in or is in a position to exert direct and significant influence over the program, activity or entity being evaluated.	Extent to which rules or staffing procedures are in place and enforced to prevent staff from evaluating programs, activities or entities in which family members have influence.

Source: Evaluation Cooperation Group. Available: http://siteresources.worldbank.org/EXTGLOREGPARPRO/Resources/ECG_AssessingIndependence.pdf

MULTILATERAL DEVELOPMENT BANKS EVALUATION COMPARISON TABLE
Organization and Activities among Members of the Evaluation Cooperation Group
January 2007

Table A3.1

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
1.1 Separate Evaluation Department	Yes, Evaluation Department (EvD).	Yes, Independent Evaluation Group (IEG).	Yes, independent Office of Evaluation and Oversight (OVE).	Yes, Operations Evaluation Department (OED).	Yes, Operations Evaluation Department (OPEV).
1.2 Location in Organization Chart and Budget	The Chief Evaluator will be directly and only responsible to the Board, and will only take his/her instructions from the Board of Directors as a whole. Based on the work programme for the following year, the budget will be prepared by the Chief Evaluator, and will be presented separately from the rest of the Bank's budget, as an annex to the Bank's budget document. The budget of the EvD will be distributed to the Board of Directors, first for review by the Audit Committee and Budget and Administration Affairs Committee, and then for approval by the Board.	IEG is headed by the Director-General Evaluation (DGE), and includes units in the Bank, IFC and MIGA. The unit reports to Board of Executive Directors through the DGE. Work programs and budget are prepared independently, under the oversight of the DGE, for endorsement by the Board's CODE, and approval by the Board. For administrative purposes, the IEG-IFC Director reports to the IFC Executive Vice President (chief operating officer).	OVE Director reports to the Board of Executive Directors and submits the work program and budget for their approval.	OED reports directly to the Board through the DEC. Within the overall ADB-wide budgetary framework, the Director General of OED, in consultation with the DEC and BPMSD, prepares an annual budget proposal that will be subject to review first by the DEC then by the BRC. The budget proposal is presented for consideration and approval by the Board in a separate resource	Since 1995, OPEV reports directly to the Board and administratively to the President. Work programme and outputs are under the oversight of the Committee of Operations and Development Effectiveness of the Board. Budget is decided within the corporate Budget presented by Management based on OPEV proposal.

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
				envelope but as part of the overall ADB budget proposal.	
1.3 Seniority of Head of Department	The Chief Evaluator which is appointed by the Board of Directors is in principle one level below the vice president.	The DGE is senior vice president level. The Director of IEG-Bank is one level below the vice president, same as other department directors, and is selected by the DGE in consultation with the President and Chair of CODE. The Director of IEG-IFC is one level below the vice president, same level as the investment department and other IFC department directors.	Director of Office: one level below the vice president, equivalent to department manager.	The Director General is one level below the vice president, same level as operations department directors general.	Head: Director, same level as operations department.
1.4 Participation of the Head of the Evaluation Function in Internal Senior Management Meetings	The Chief Evaluator does not participate, neither as member nor as an observer in senior management meetings. The Chief Evaluator gets copies of the agendas and reports on the meetings of the Executive Committee which is chaired by the President.	The DGE participates in the meetings of the operational vice presidents. The Director, IEG-IFC, participates in the relevant meetings of the Portfolio Committee.	The Director of the Office does not participate, neither as a member nor as an observer in senior management meetings.	At MRMs, chaired by the President or a vice president, to examine new lending, policy or strategy proposals before these are completed and finalized for Board submission. At top MCMs, upon invitation.	Director OPEV attends Presidential Meetings. Director/evaluators attend selectively SMCs.
1.5 Access to Information by the Staff of the	In order to discharge their obligation, the EvD's staff will continue to have unrestricted access to	IEG's access to staff and records is unrestricted.	OVE staff has unrestricted access to IADB staff and records.	The approved policy allows OED full, unfettered access to ADB	OPEV's access to AfDB staff and records is unrestricted.

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
Evaluation Department	<p>EBRD staff and records, provided that:</p> <p>(i) The Bank's confidentiality policy and obligations under individual confidentiality undertakings entered into with sponsors, clients and other third parties are preserved; and</p> <p>(ii) Information obtained by the EvD is used to perform the evaluation function, subject only to their obligation to report cases of suspected misconduct in accordance with the Bank's applicable procedures.</p>			<p>records and information related to evaluation work. However, this excludes access to personal information that is typically restricted. Similarly, OED is free to consult with any individual or group within and outside ADB, as it deems necessary, including government officials, the private sector, NGOs, and media in the assisted DMCs.</p>	
2.1 Staffing	<p>Chief Evaluator</p> <p><u>Other professional staff:</u></p> <p>(i) Senior evaluation managers: 5</p> <p>(ii) Principal evaluation manager: 1</p> <p>(iii) Senior economist: 1</p> <p>(iv) Senior environmental evaluation manager: 2</p> <p>(v) Evaluation analyst: 1</p> <p>(vi) Evaluation managers: 2</p>	<p>Director General +</p> <p><u>Bank:</u></p> <p>(i) 1 Director & 4 Group Managers</p> <p>(ii) Principal & Senior Evaluation Specialist: 44</p> <p>(iii) Evaluation Officer: 5</p> <p>(iv) Support Staff: 34</p>	<p>(i) Director +</p> <p>(ii) Deputy Director: 1</p> <p>(iii) Principal Evaluation Officers: 3</p> <p>(iv) Senior Evaluation Officers: 6</p> <p>(v) Evaluation Officers: 7</p> <p>(vi) Junior Evaluation Officer: 1</p>	<p>(i) Director General: 1</p> <p>(ii) Division Directors: 2</p> <p>(iii) Professional Staff: 22</p> <p>(iv) Support Staff: 20</p>	<p>(i) Director</p> <p>(ii) 2 Chief Evaluators</p> <p>(iii) 9 Principal Evaluation Officers (5 Economists; 2 Agronomists; 1 Financial Analyst; and 1 Transport Economist)</p>

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
	<p>Support staff:</p> <p>(i) Executive assistant: 1 (ii) Senior administrative assistant: 1 (iii) Secretary: 1</p> <p>Total staff: 15</p>	<p>IFC:</p> <p>(i) Head of Unit (Director): 1 (ii) Chief Evaluation Officers: 2 (iii) Evaluation Officers: 10 (iv) Research Analysts: 5 (v) Support Staff: 4</p>	<p>(vii) Junior Professional: 1 (viii) Research Assistants: 6 (ix) Support Staff: 5</p>		
2.2 Managing the Staff of the Department	<p>The Chief Evaluator manages the EvD staff to whom the Bank's human resources and other relevant policies apply. Among others, EvD's staff may seek other positions in the Bank but (consistent with rules applicable to staff) need to inform the Chief Evaluator if they have been short listed. The Chief Evaluator has the freedom to make recruitment decisions by him/herself, without Management or the Board being involved.</p> <p>The salaries of the professional staff members of the EvD are determined by the Chief Evaluator. The allocation of salary increases is based on performance and market positioning. In addition to a salary, the remuneration of the EvD's professional staff</p>	<p>The DGE is responsible for managing the IEG's personnel, budget, and work program under the oversight of CODE, and in consultation with the Bank's operational vice presidents, IFC's Executive Vice President. IEG's functions and staff are organizationally independent from the Bank, IFC and MIGA's operational and policy departments and decision-making.</p> <p>The directors are responsible for the selection, performance evaluation, salary review and promotion of IEG staff, under the oversight of the DGE and in consultation with the Vice President, Human Resources, for the relevant agencies.</p>	<p>The Director of the Office has freedom to make recruitment decisions by himself without the Management or Board being involved. Recruitment is subject to the normal procedural rules of the IADB regarding the posting of vacancies and the review of candidates by a committee that included non-OVE staff. The committee makes recommendations to the Director of OVE, who has the final say on recruitment. The salaries of the professional staff members of the office are determined by the director as is the distribution of the</p>	<p>Based on a competitive basis, the final selection of new OED staff is made by the Director General, in consultation with the central personnel department (BPMSD), considering the skills and technical requirements of OED. BPMSD handles the recruitment process in accordance with ADB-wide human resources policies and procedures. The terms and conditions of the services of OED staff are the same as for other ADB staff, as provided by staff regulations and administrative</p>	<p>Human resource management of evaluation staff falls within the corporate human resources policies and procedures.</p> <p>In managing the financial and human resources of the Evaluation Department, the director applies the Bank's human resources policy. He/she will regularly report to the Board of Directors, through the Operations and Development Effectiveness Committee of the Board, on the execution of the work programme and utilization of the budget of the Evaluation Department.</p>

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
	<p>may include a bonus. The Chief Evaluator is not eligible to receive a bonus. The percentage of the bonus pool available to the Chief Evaluator for distribution to professionals in the EvD corresponds to the percentage of the bonus pool actually available to Bank professional staff members in the rest of the Bank. The remuneration of the support staff members of the EvD is determined in accordance with the system applicable to support staff in the Bank.</p> <p>In managing the financial and human resources of the EvD, the Chief Evaluator will consult and cooperate with relevant departments in the Bank. He/she will regularly report to the Board of Directors, through the Audit Committee, on the execution of the work programme and utilization of the budget of the EvD.</p>		annual bonus pool.	<p>orders of ADB. They include the same performance review process, regulation, disciplinary procedures, and grievance procedures. OED staff may work in other departments/offices of ADB before and after working in OED. In this context, OED has adopted formal guidelines on avoiding conflicts of interest in independent evaluations. Transfer of OED staff to other departments/offices is similarly governed by ADB-wide policies, rules, and regulations.</p> <p>Director General, OED is responsible for the distribution of the annual salary increase budget allocated to OED among its staff.</p>	

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
2.3 Average Tenure of the Head of Evaluation and Other Evaluation Staff	Selected under a special procedure that has yet to be determined by the Board, the Chief Evaluator will be appointed for a term of up to 4 years which may be renewed, once or more, for a term of up to 4 years and may extend beyond normal retirement age. In principle, unless the Board decides otherwise, a Chief Evaluator will not hold his/her position for more than 8 years. No limit of tenure exists for other evaluation staff.	<p>The Board appoints the DGE for renewable terms of 5 years. The selection process and remuneration of the DGE are managed under the oversight of CODE (with advice from the relevant Vice President, Human Resources). The DGE can only be removed by the Board and is ineligible for appointment or reappointment to the staff of the Bank Group.</p> <p>The Director IEG-Bank is appointed by the DGE in consultation with the Chair of CODE. There is no time limit on his term. Other staff serve approximately 5–7 years, but are not time-limited.</p> <p>The Director IEG-IFC is appointed by the DGE in consultation with the Executive Vice President and CODE chair. His term is 5 years, renewable; he may not rotate within IFC. He can only be removed by the DGE, for a just cause. Rotation of other staff is encouraged after 4 years but not required.</p>	No limitations except for the director who has a 5-year one time-renewable mandate. In general, the Bank encourages staff rotation after 5 years, but it is often difficult to find an even exchange.	<p>Director General, OED is appointed by the Board, upon joint recommendation by the DEC and the President, for an initial term of 3 years, which may be renewed for a maximum of 2 years. The Director General can only be removed by the Board on the grounds of inefficiency or misconduct. Upon completion of the term, the Director General is ineligible for any other staff position in ADB.</p> <p>Currently, the average tenure of staff is less than 3 years. Rotation is encouraged (about 20% have been rotated for the past 2 or 3 years).</p>	The director is appointed for 5 years renewable only once. Rotation of evaluation staff back to operational posts is recommended.

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
3.1 Consultants: Proportion of Business Covered	Industry expert consultants are employed for approximately 50–60% of post evaluation exercises on investment operations. The assignments are short term (maximum of 3 weeks) and in a support capacity. For special studies (thematic, etc.) longer assignments are usual.	For the World Bank, 22% of budget (60 consultants/years including research assistants). For IFC, 15–20% (consultants & temps as % of staff full costs); about 13–15% of total budget.	30% (about 20% of budget).	15–20% in terms of person-year requirements of the work program are supplied by consultants. In terms of the dollar budget, 2/3 of the discretionary budget are for consultants.	15–20% of administrative budget. About 7 person-years (including consultants recruited under bilateral cooperation funds).
3.2 Internal Secondment	Not so far, but some junior level secondment from other departments is possible.	Possible for IEG-Bank. For IFC–IEG possible and actual in the form of fixed-term development assignments (usually 6–12 months).	Yes, through Bank mobility (rotation) exercise. Staff may rotate in and out of OVE for 2–3 year terms.	Not so far.	Not from operations departments, but for crosscutting themes such as gender, environment- poverty alleviation (specialists from the Environment & Sustainable Development Unit).
4.1 Work Programme	In consultation with the Banking Department (operations), EvD prepares an annual work programme on evaluation of investment operations. Suggestions for selection of TC operations and themes for special studies can come from the Board of Directors and Management. The programme is commented on by Management and reviewed by the Audit Committee of the Board. The Board of Directors approves the work	<u>Bank</u> : Prepared by IEG, discussed with Management, regions and networks. Reviewed by CODE and submitted to the Board for discussion and approval. Every year, the IEG Director prepares a 3-year strategy, work program, and new FY budget proposal, reviewed by the DGE and Management, and discussed with CODE, which sends a report commenting on it to	OVE prepares an annual work plan based on requests from Board of Executive Directors and input from Bank Management. OVE submits the plan to the Policy and Evaluation Committee of the Board for discussion and then Board approval.	The Director General proposes an annual work program of evaluations, after consultations with the DEC, Management, and other departments, taking into account the issues of relevance to DMCs and the current institutional priorities. The Board is responsible for	OPEV prepares its 3-year rolling work programme on a basis of a large consultation with operations departments. Priority areas, sectors or themes from Board members are also included in the work programme, which is reviewed and approved by the Committee of the Board on Operations and Development Effectiveness.

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
	programme, first through adopting the work programme preliminary report and in second instance by approving the work programme final report. Final project selection and choice of special studies are proposed in the work programme final report.	the full Board, prior to the Board's final decision on IFC's budget.		final approval of the coming year's OED work program, after this is reviewed and endorsed by the DEC. By policy, both the work program and the criteria by which evaluation topics are selected are publicly disclosed on the ADB website.	
4.2 Percentage of Projects Subject to Evaluation	<p>100% of Investment Operations ready for evaluation are looked at by EvD, but different evaluation products are prepared each with a different amount of time allocated to the evaluation exercise:</p> <p>(i) 30% through producing a detailed report (i.e., an OPER report whereby EvD staff makes field visit);</p> <p>(ii) 40% through assessing self-evaluation reports prepared by operation staff. Based on the Expanded Monitoring Reports EvD writes the so-called XMR</p>	<p><u>Bank:</u> 100% self-evaluation by operations staff through ICRs. 100% of ICRs reviewed by IEG; 25% of completed projects evaluated by IEG through project performance assessment reports.</p> <p><u>IFC:</u> 51% stratified random sample of self-evaluation reports on investments. All desk-reviewed by IEG, some by field visits following review of self-evaluation reports. Also, all special studies (sector, country) are based on field visits and relevant mini-XPSRs by IEG staff,</p>	<p><u>On closure of a project:</u> 100% self-evaluation by operations staff. 20% ex-post evaluations by OVE. Validation of a sample of 20% of project performance monitoring reports and PCRs by OVE.</p> <p><u>Prior to approval:</u> 100% (of projects approved) quality of entry evaluation by the Development Effectiveness Department.</p> <p>100% (of projects approved every 3rd</p>	<p>100% self evaluation (PCRs) by operating units for public sector lending and 25% for private sector lending. The quality of the PCRs has improved since 2000. Beginning in 2007, OED will independently validate 100% of the PCRs. Rather than independently evaluating a randomly selected sample of completed programs and</p>	<p>Actually 40–50% due to budget constraints. Selection criteria: quality of PCR, importance of sectoral or country issues raised; sectoral or crosscutting issues & priorities.</p> <p>New procedures put in place starting February 2001: PCRs reviewed at 100% (target) with PCR review notes prepared.</p>

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
	<p>Assessments. For this reduced form of evaluation, evaluation staff does not conduct field visits but the ratings assigned by operation staff are validated; and</p> <p>(iii) 30% through reviewing the quality and completeness of self-evaluation reports (no validation of performance ratings by EvD).</p> <p>Selection of the approximately 30% of operations on which an OPER report will be produced is based on a purposive sample with emphasis on:</p> <p>(i) potential for lessons learned;</p> <p>(ii) financial performance of project;</p> <p>(iii) size of bank's exposure; and</p> <p>(iv) adequate spread among operation type, countries and sectors.</p>	<p>plus as of 2006, they are also based on PERs on TAAS.</p>	<p>year) evaluation by OVE.</p>	<p>projects, OED will select a purposeful sample of about 10 projects to evaluate each year. This will free up OED staff resources to focus on broader, more complex evaluations.</p>	

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
	For overall performance, structured sampling technique is applied according to the ECG's GPS on private sector evaluation. Approximately 20% of completed TC operations (by volume) are evaluated through an OPER report, PCR Assessment, or a PCR Review; if TC operations covered in special studies are added, the total coverage is approximately 50%.				
4.3 Basis of Studies (Country, Project by Project, Sector)	<p>Special studies can have a thematic character or can refer to a specific sector. These can be carried out in the form of operation sector policy evaluations.</p> <p><u>Mid-term review of projects</u> can be prepared to advance their progress.</p> <p><u>Evaluation progress reviews</u> whereby EvD revisits former evaluations.</p> <p><u>Sector Study.</u> OPERs on investment operations in a specific sector or sub-sector can be grouped together to do a sector study.</p>	<p><u>Bank:</u> Reviews at project, sector, country, and global levels, plus cross-cutting sector/thematic and corporate/process reviews.</p> <p><u>IFC:</u> Annual reviews based on IEG-validated self-evaluation findings and supplementary portfolio and market data. Special evaluation studies: sector and thematic, process, country, and evaluation briefs all drawing from project-level results. Priority given to topics relevant to IFC's corporate</p>	<p><u>OVE:</u> Evaluations of development impact, ex-post performance and sustainability of individual projects classified into three themes;</p> <p>Country programs evaluations whenever there is a national election.</p> <p>Sector and thematic evaluations.</p> <p>Oversight reports: Bank policies and program.</p>	<p>Project, program, country, subregional, sectoral, thematic topics for special studies, ADB processes, policy reviews, and impact assessments.</p> <p>The selection of evaluation topics are selected and are publicly disclosed on the ADB website.</p>	<p>Policy review prior to a revision by Policy Department Country Assistance Evaluation prior to new country strategy or country portfolio review. Thematic studies + process reviews + impact studies.</p>

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
	<p><u>Country Strategy Evaluation</u>. EvD does not carry out formal country strategy evaluation. However, EvD provides lessons learned material to operation staff during the preparation of each new country strategy, thereby contributing to the retroactive analysis section of each new country strategy.</p>	<p>strategic priorities, joint studies with IEG-World Bank & IEG-MIGA.</p>			
5.1 Types of Report & Timing	<ol style="list-style-type: none"> 1. OPER reports on investment operations. Timing: 1.5 years after the full loan disbursement and 2 years after the last disbursement of equity investment. After at least 1 year of commercial operation and in principle 1 year of audited accounts must be available. 2. Timing for producing an OPER report on a TC operation: within a year of final disbursement of grant funds when the PCR is available. 3. XMR assessments are done at the same time as OPER reports. 	<p><u>Bank:</u></p> <ol style="list-style-type: none"> 1. Project performance assessments 2. Country evaluations 3. Thematic & sector evaluation 4. Corporate & process evaluation 5. Impact evaluation 6. ARDE 7. AROE <p><u>IFC:</u></p> <ol style="list-style-type: none"> 1. Self evaluation reports (XPSRs) at project level (completion + minimum 1–2 yrs 	<ol style="list-style-type: none"> 1. Project completion (Bank Operations Staff) 2. Ex-post project performance and sustainability assessments 3. Country program evaluation 4. Sector & thematic evaluation 5. Corporate performance 6. Oversight of self-evaluation and Bank-wide standards 	<ol style="list-style-type: none"> 1. PPER 3 years after project completion. 2. TPER 3. Impact evaluation studies 4. Re-evaluation (5 years after post-evaluation stage) 5. SES 6. SAPE 7. CAPE 8. Annual Report on Loan and TA Portfolio 	<ol style="list-style-type: none"> 1. PPERs 2. Project completion review note 3. Report on development effectiveness 4. Annual report on operations evaluation 5. Review of Bank assistance to country sectors 6. Country assistance evaluation 7. Process and procedure reviews

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
	<p>4. Special studies, mid-term reviews and evaluation progress reviews are carried out at the initiative of EvD and/or at the request of the Board of Directors or Management.</p> <p>5. Reports on EvD's work programme:</p> <p>(i) Work programme preliminary report (September)</p> <p>(ii) Work programme final report (January)</p> <p>(iii) Work programme completion report (March)</p> <p>6. AEOR is presented to the Board in July.</p>	<p>operation)</p> <p>2. IEG special studies: per above topical range</p> <p>3. Annual review of evaluation results</p> <p>4. Annual report on evaluation (process)</p>	<p>7. Thematic oversight reports</p> <p>8. Annual report of the Office of Evaluation and Oversight</p>	<p>Performance</p> <p>9. Annual evaluation review</p> <p>10. Policy/strategy evaluation</p>	<p>8. Sector, policy and thematic evaluations</p> <p>9. Impact evaluation</p>
5.2 Discussion and Clearing of Reports	<p>Operation teams in charge of a project or programme under evaluation are consulted on EvD's draft reports and given 2 to 3 weeks to provide comments. The EvD also consults any other member of Management or staff who has played a specific and substantial role in the process of preparation or</p>	<p><u>Bank:</u> Discussed with appropriate operations staff. IEG reports are issued under the DGE's signature and approval. Reports are then forwarded to the Board.</p> <p><u>IFC:</u> Self-evaluation: All staff involved with the project in</p>	<p>Internal OVE peer review, discussion with relevant Bank technical and operational staff, and the Audit and Evaluation Committee of Senior Management (chaired by the Executive Vice President).</p>	<p>Reviewed by selected OED peers; then forwarded to operational departments and governments (executing agencies) for comment. For complex evaluations, a</p>	<p>Internal Working Group or Quality Control Working Group.</p> <p>External Peer Review for major evaluations.</p> <p>Reports sent for comments to operations departments + Borrowers + Co-financiers.</p>

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
	<p>implementation of the project or programme under evaluation. Based on these discussions, EvD prepares the final report for distribution to Management to receive Management's comments.</p> <p>After receiving an OPER report, a Board summary of an OPER report or a special study from the Chief Evaluator, Management has 10 working days to provide their comments. The Chief Evaluator informs the Audit Committee that he/she has delivered such a report to the Management to seek their comments. Before distribution to the Board (or publication), the Chief Evaluator may still correct the EvD document to take account of the Management's comments; if he/she does so, the Chief Evaluator also gives the Management an opportunity to adjust their comments accordingly, before such comments are distributed (or made available) to the Board of Directors together with the EvD document. Management's comments</p>	<p>the past and present are consulted, 100% of reports are formally reviewed by IEG and (for about one-third, designated by IEG) discussed by a committee chaired by a vice president or credit director or relevant senior credit staff.</p> <p>IEG reports are the responsibility of the Director, IEG-IFC, under the oversight of the DGE, and are transmitted to IFC's Board of Directors through the DGE, following the Management review and opportunity to comment.</p>	<p>Management does not clear or approve the report. The report is submitted to the Policy and Evaluation Committee of the Board (Country Program Evaluations go instead to the Programming Committee of the Board), and then to the entire Board of Executive Directors.</p>	<p>second stage of discussion at the Director General level focuses on understanding of and reality-check on recommendations. The final report is approved by Director General, OED and circulated to the Board and Management, and disclosed to the public simultaneously, inviting a Management response. If a major report, it is discussed by the DEC.</p>	<p>Formal Management Response provided by the Operations Vice Presidency and evaluation reports discussed by the Board's Committee of Operations and Development Effectiveness on country, sectoral or thematic basis.</p>

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
	are published or posted on the Bank's website at the same time as the EvD reports to which they relate.				
5.3 Distribution of Evaluation Reports	Board summaries of OPER reports on investment operations, TC-related OPER reports and special studies are distributed by the Chief Evaluator (through the Office of the Secretary General) to the Board of Directors, together with the Management's comments. If the Management has elected not to provide Management's comments, the Chief Evaluator so informs the Board when distributing the report. Management's comments must be proportionate in length with the document to which they relate.	<p><u>Bank:</u> IEG reports are submitted directly by the DGE to the CODE, and are disclosed to the public in line with its disclosure policy. Reports are posted on OED's website.</p> <p><u>IFC:</u> IEG transmits its reports to IFC's directors through the DGE following IFC's Management review and comment.</p> <p><u>Current:</u> Except for non-investment topical studies and joint studies, disclosure to the public of IEG reports is restricted to a summary.</p> <p><u>Upcoming:</u> The Board has approved IEG's revised disclosure policy in line with the revised IFC disclosure policy; that enables public disclosure of IEG reports that go to the Board; the implementation of the new policy will be in effect for</p>	OVE reports are submitted by the director directly to the Board's Policy and Evaluation Committee and, for Country Program Evaluations, to the Board's Programming Committee.	All public sector evaluation reports are publicly disclosed on the ADB website upon circulation to the President and Board of Directors. A redacted version of private sector evaluations are disclosed, with certain commercially confidential parts removed from the report.	OPEV reports are submitted by the director to the Committee on Development Effectiveness through the Secretary General, and are disclosed to the public in line with its disclosure policy . Reports are posted on OPEV's website.

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
		reports distributed to the Board after April 30, 2006.			
5.4 Publication	<p>Disclosure of evaluation documents is incorporated in EBRD's PIP. The following documents are disclosed:</p> <ol style="list-style-type: none"> 1. Summaries of OPER reports on investment operations (no names of companies and sponsors are disclosed); 2. OPER reports on TC operations; 3. Special studies; 4. Work programme final report; and 5. AEOR. <p>All reports will be edited for commercial confidential information. Lessons learned material has been published on EBRD's web site.</p>	<p><u>Bank:</u></p> <ol style="list-style-type: none"> 1. Country assistance evaluations 2. Thematic & sector evaluation 3. Some corporate evaluations 4. ARDE 5. AROE 6. OED working papers 7. Precis <p>All reports are disclosed in line with the disclosure policy, placed on the web and printed.</p> <p><u>IFC:</u> Currently no, mainly because of confidentiality of either company or IFC investment results data. Generally, only report summaries are released and done via internet homepage and via points of public contact. As per the above, with appropriate editing, reports distributed to the Board after April 30, 2006 will be disclosed to the public.</p>	All reports are published, unless not authorized by the Board.	All reports available online at http://www.adb.org/evaluation . In addition, Evaluation Highlights are published annually.	<p>Reports available for wide distribution after circulation to the Board Committee.</p> <p>Evaluation website within the Institution (AfDB) website.</p>

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
5.5 Identity of Promoters of Projects	No names of projects, project sponsors and promoters will be disclosed outside the Bank because of confidentiality obligations towards the Bank's clients, as most of EBRD's activities are with the private sector .	<u>Bank</u> : Not applicable. <u>IFC</u> : Not disclosed.	Not disclosed. Source data is subject to disclosure policy.	List of contributors to each evaluation report is publicly disclosed (in a box at the start of a report) under the ADB public communication policy. Exceptions only in the case of confidential information for private sector operations.	No restriction on the identity of the promoters/projects .
6.1 Costs	A strict budget system is in place. Budget is approved annually by the Board of Directors and is presented separately from the rest of the Bank's budget. Average cost per evaluation exercise: 25–45 man-days (Bank staff) plus on some exercises consultant time; up to 12 weeks (evaluation staff) for special studies plus 3–4 weeks consultant time on all studies.	Cost for individual studies varies, depending on the nature of the study, and are estimated in approach papers.	Budget for evaluation reports and services estimated by staff time, consultants and travel costs required, and are reported by gross activity. Budget is approved by the Board.	Depends on the nature of study, but the budget assumes that, normally, an individual project evaluation takes 3–4 staff months while broader evaluations take 10 staff months of work (which could take 18 months of elapsed time, given multi-tasking).	Budget for evaluation reports and services estimated by staff time, consultants and travel costs required, and are reported by activity. Budget is approved by the Board.
6.2 Budget	1.4% of EBRD's general administrative expenses (1.3% if depreciation is included in the general administrative expenses).	<u>Bank</u> : 1.5% Bank's administrative budget. <u>IEG</u> : Historically 0.9% of IFC total; 0.8% in 2005.	1.1%	2% of ADB's administrative budget.	1.74% of administrative budget of AfDB (2005).

ADB = Asian Development Bank, AEOR = annual evaluation overview report, AfDB = African Development Bank, ARDE = annual review of development effectiveness, AROE = annual report on operations evaluation, BPMSD = Budget, Personnel and Management Systems Department, BRC = Budget Review Committee, CAPE = country assistance program evaluation, CODE = Committee on Development Effectiveness, DEC = Development Effectiveness Committee, DGE = Director General Evaluation, DMC = developing member country, EBRD = European Bank for Reconstruction and Development, ECG = Evaluation Cooperation Group, EvD = Evaluation Department, FY = fiscal year, GPS = good practice standards, IADB = Inter-American Development Bank, ICR = implementation completion report, IEG = Independent Evaluation Group, IFC = International Finance Corporation, MCM = management committee meeting, MIGA = Multilateral Investment Guarantee Agency, MRM = management review meeting, NGO = non-government organization, OED = Operations Evaluation Department, OPER = operation performance evaluation review, OPEV = Operations Evaluation Department, OVE = Office of Evaluation and Oversight, PCR = project completion report, PER = project evaluation report, PIP = public information policy, PPER = project/program performance evaluation report, SAPE = sector assistance program evaluation, SES = special evaluation study, SMC = senior management committee, TA = technical assistance, TAAS = technical assistance and advisory projects, TC = technical cooperation, TPER = technical assistance performance evaluation report, XMR = expanded monitoring reports, XPSR = expanded project supervision report.

Source: 2007 Evaluation Cooperation Group.

Table A3.2

	European Investment Bank	International Monetary Fund
1.1 Separate Evaluation Department	Part of the Inspectorate General which groups Operations Evaluation (EV) and Internal Audit.	Yes, Independent Evaluation Office (IEO).
1.2 Location in Organization Chart and Budget	EV reports to the Board of Directors via Management Committee; administrative link to one member of the Management Committee. Budget approval annually. EV's budget is approved by the Management Committee, within the overall EIB budget approved by the Board. EV has budget autonomy to reallocate funds within certain limits and rules.	The IEO reports directly to the Executive Board of the Fund. It is completely independent of Management, and operates at "arm's length" from the Board. The IEO budget is approved by the Executive Board based on a proposal prepared by the Director of IEO. The budget approval process does not influence the content of the evaluation program, but does determine its overall size.
1.3 Seniority of Head of Department	Title: Inspector General, reporting directly to the President.	The Director of the IEO is at the same level as other heads of department (i.e., the level immediately below that of the deputy managing directors of the IMF).
1.4 Participation of the Head of the Evaluation Function in Internal Senior Management Meetings	Yes.	The Director of the IEO does not participate, neither as member nor as observer, in senior management meetings.

	European Investment Bank	International Monetary Fund
1.5 Access to Information by Staff of the Evaluation Department	Unrestricted access.	IEO has access to all regular policy papers. The IEO director has the right to obtain information from members of Management and staff to carry out the work program of the IEO, except to the extent that the information requested is subject to attorney-client privilege.
2.1 Staffing	Head of Operations Evaluation + 3 evaluation experts + 3 evaluators + 3 assistants.	Director plus 3 B-level (managerial) staff, 7 professionals, and 2 administrative assistants.
2.2 Average Tenure of Head of Evaluation and Other Evaluation Staff	Normally 5 years. Independent management of staff as in any EIB general directorate. Fully responsible for the selection, performance evaluation, salary, review and promotion of staff in consultation with EIB Human Resources Department.	<p>The director is appointed by the Board of Directors for a non-renewable period of 6 years. To ensure against a conflict of interest the director cannot subsequently join IMF staff in any capacity. Staff serving in the IEO can have a maximum tenure of 6 years with no restrictions on future employment in the Fund.</p> <p>During their period of service, IEO employees perform under the supervision of the Director of the IEO, and do not take any direction with respect to their work related functions from any other person or authority. The director informs the Executive Board at least 2 weeks in advance of any action to appoint, promote, or dismiss IEO employees who have managerial responsibilities.</p> <p>IEO employees receive the same benefits as Fund staff members with fixed-term appointments. The director approves the IEO employees' term of service; establishes performance plans; conducts performance assessments; approves classifications of positions and decides upon salary adjustments within the Fund's structure of staff grades and salaries; and approves changes in titles or levels.</p> <p>In these matters, the same rules and procedures applicable to staff members are applied by the director to the IEO employees. In the event that the special status of the IEO makes it necessary to alter these rules and procedures, the Director of the IEO, after consultation with the Director, HRD, and the Executive Board, may adapt these rules and</p>

	European Investment Bank	International Monetary Fund
		procedures to the same extent as may be authorized by the Managing Director with respect to the staff.
3.1 Consultants: Proportion of Business Covered	Generally, post-evaluations prepared with the help of consultants (equivalent to 20/25% of the activity).	About 20% of the budget (FY2006).
3.2 Internal Secondment	Not so far, but provided for.	Up to 50% of staff can be from the Fund. However, they are not seconded by Management. They are recruited by the director and allowed to go to the IEO with the option to return to Fund staff at the same grade as before they joined IEO. Returns at a higher grade are neither ruled out nor automatic.
4.1 Work Programme	2-year rolling work programme prepared by EV in consultation with other directorates, approved by the Management Committee and by the Board of Directors.	Prepared by the director based on consultations with Executive Board, Management, and a variety of interested groups outside the Fund. The IEO should avoid interfering with ongoing operational activities. The annual work program is reviewed by the Executive Board, but is not approved by it.
4.2 Percentage of Projects Subject to Evaluation	No fixed percentage.	There is no fixed percentage. The IEO can evaluate all aspects of Fund activity, not just programs.
4.3 Basis of Studies (Country, Project by Project, Sector)	All types of studies, mainly by sectoral themes or grouped according to country or region.	Studies include thematic studies across several countries and studies focused on individual country programs. Draft issues papers for all evaluation projects are posted on the IEO website for comments. Final issues papers are determined after taking account of comments. These are also published and interested parties are invited to submit substantive inputs for consideration by the evaluation team.
5.1 Types of Report & Timing	<ol style="list-style-type: none"> 1. Project evaluations: 45–55 in-depth investment evaluations which are summarized in synthesis reports (5–6 per year). 2. Annual report on evaluation activities. 3. Overview report on evaluation results. 	3 to 4 evaluation reports are submitted to the Board each year. IEO also issues an Annual Report. The IMFC receives regular reports on the activities of the IEO.

	European Investment Bank	International Monetary Fund
5.2 Discussion and Clearing of Reports	All reports discussed with all (in-house) services concerned & when practicable, with relevant promoters. The Management Committee decides to send the report to the Board of Directors without change of substance.	IEO reports are submitted to Management and to the relevant country authorities for comments (not clearance). Comments of Management and the country authorities are appended to the IEO report along with comments of IEO, and transmitted to the Board for consideration.
5.3 Distribution of Evaluation Reports	In-depth evaluations (on which synthesis reports are based) to all staff concerned. Synthesis reports and annual reports to all staff, plus Management Committee, plus Board of Directors.	IEO reports are circulated simultaneously to IMF Management and the Evaluation Committee of the Executive Board, but are not changed in the light of the comments received (except for factual corrections). IEO may submit its own comments on Management's comments for consideration by the Board. With Board approval, the reports are published along with the comments of Management, staff and—where appropriate—the relevant country authorities. IEO's comments on Management comments, and the Chairman's summary of Board discussions are also published.
5.4 Publication	Synthesis ex-post evaluation reports are posted on the Bank's internet site (paper copies distributed as requested). In-depth reports and annual reports are posted on the Bank's intranet.	To be determined after Board discussion of each evaluation. The terms-of-reference indicate that there is a strong presumption that reports will be published.
5.5 Identity of Promoters of Projects	Promoters and projects should not be identifiable in published reports.	Not applicable.
6.1 Costs	Cost per study measured on the basis of time management system and consultants contracts Budget approval annually.	Costs per study depend on the nature of the study and are measured on the basis of staff time, consultants and travel costs.
6.2 Budget	About 0.8% total EIB administrative budget.	About 0.5% total IMF administrative budget.

EIB = European Investment Bank, EV = Operations Evaluation, HRD = Human Resources Department, IEO = Independent Evaluation Office, IMFC = International Monetary and Financial Committee, IMF = International Monetary Fund.

Source: 2007 Evaluation Cooperation Group.

OPERATIONS EVALUATION DEPARTMENT GUIDELINES TO AVOID CONFLICT OF INTEREST IN INDEPENDENT EVALUATIONS

A. General Context of Employment at the Asian Development Bank

1. The code of ethical conduct of the Asian Development Bank (ADB) is given in Administrative Order No. 2.02, *Personnel Policy Statement and Duties, Rights and Responsibilities of Staff Members*, which covers all staff members including staff of the Operations Evaluation Department (OED). The code's policy requires staff members "to conduct themselves at all times in a manner befitting their status as employees of an international organization" and "to maintain a high degree of integrity and concern for ADB's interests and to avoid situations and activities which may reflect adversely on the institution,¹ compromise its operations, or lead to conflicts of interest". In a narrower and particular context, Appendix 6 of Administrative Order No. 2.12 reminds staff members who are granted Special Leave Without Pay to work for private sector organizations that they should be specially careful to avoid conflicts of interest, whether real or apparent, in their activities in the latter organizations. However, the administrative orders do not provide guidelines on how to avoid conflicts of interest, real or perceived, in specific ADB activities.

2. In November 2004, the Board of Directors approved revised fraud and corruption-related terms and definitions under the Anticorruption Policy, which included the introduction of an official definition of conflict of interest as "a situation in which a party has interests that could improperly influence that party's performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations".²

B. Specific Context of Evaluation Work by OED

3. To fulfill its mission effectively, OED must develop and sustain a reputation for excellence by following the principles of independence, impartiality, and integrity. OED evaluations must be—and must be perceived to be—independent, impartial, and devoid of any conflict of interest. In the Board paper establishing the organizational independence of OED,³ internationally accepted criteria for assessing the independence of evaluation and audit functions were assumed. These include: (i) behavioral autonomy, (ii) organizational independence, (iii) insulation from external influence, and (iv) avoidance of conflicts of interest. In assessing the current policy framework with respect to avoidance of conflicts of interest, the paper stated:

Avoidance of conflicts of interest refers to the extent to which policies and procedures identify and ameliorate circumstances that may impair the objectivity and integrity of the evaluator. This means excluding staff from evaluating programs, activities, or entities that might lead to conflicts of interest and affording opportunity for a wider range of consultations with stakeholders to ensure against evaluator bias. ADB has (already) in place procedures, based on its Administrative Orders, to protect against a wide range of conflicts of interest—official, professional, financial and family—that could compromise the

¹ This provision does not restrict the independence, impartiality, or integrity of OED reports that may at times be critical of ADB.

² ADB. 2004. *Anticorruption Policy: Proposed Clarifications and Related Changes to Consulting and Procurement Guidelines*. Manila.

³ ADB. 2003. *Enhancing the Independence and Effectiveness of the Operations Evaluation Department*. Manila.

objectivity and integrity of OED evaluations. All OED reports entail extensive discussions with stakeholders in the borrowing country at various stages before they are finalized. (paragraph 12 of the Board paper)

4. A footnote to this paragraph noted that Administrative Order No. 2.02 “prohibits against a wide variety of conflicts of interests. In addition, OED follows the unwritten convention that precludes staff or consultants from evaluating works they were involved in or the OED management signing off evaluations of operations that they were previously associated with. This convention, however, *needs to be formalized* (emphasis added).”

5. In relation to potential conflict of interest, the Board paper specified that while OED staff may work in other departments and offices in ADB before and after working in OED, the Director General is barred from working in other areas in ADB after completing her/his term in OED.

6. The objective of these guidelines is to specify how OED evaluators shall be seen to avoid conflict of interest situations while undertaking their evaluation work. These guidelines also respond to the need, which was identified in the Board paper establishing OED independence, to formalize unwritten conventional practice in OED.

C. The Guidelines

7. These guidelines will apply to all OED staff, including the Directors and the Director General, and to all external OED consultants.

8. Evaluators, both staff and consultants of OED, will recuse themselves from evaluating: (i) any project, program, or activity that they worked on or had line responsibility for the work on, including preparation, appraisal, administration, and completion reporting, or that they had a personal influence or financial stake in, in a previous capacity either in ADB or prior to joining ADB; or (ii) an entity that they had a significant decision making, financial management or approval responsibility for or personal influence or financial stake in prior to joining ADB, or in which their future employment is a significant possibility. Evaluators will similarly recuse themselves when there is such involvement in a project, program, activity, or entity on the part of immediate family members, defined in Administrative Order No. 2.02 to mean spouse, child, mother, father, brother or sister. The onus is on OED evaluators to inform OED management of any such potential conflict of interest, or potential perception of conflict of interest, before evaluator assignments are finalized.

9. If a former ADB staff member or consultant is being considered for a consulting assignment in an OED evaluation, particular care will be exercised by the concerned OED professional staff to ensure that the concerned person was not personally involved, directly or indirectly, in the subject of the evaluation during his/her past term as staff or consultant of ADB. Such OED action will be in addition to the initial process observed by the Budget, Personnel and Management Systems Department (BPMSD) and the Central Operations Services Office (COSO) in the screening of consultants.

10. In a case when the potential conflict of interest or perception of conflict of interest is identified after an evaluation has started, OED management will decide if the assigned evaluator should thereafter recuse himself/herself from the evaluation and, if so, whether the evaluation should be continued using the work undertaken to that point or restarted.

11. OED management, the Directors and the Director General, will recuse themselves from supervising any aspect of evaluation work on any project, program, activity or entity that they were associated with in a previous capacity or expect to be associated with in a future capacity. Such supervision, including planning, quality control, providing guidance to evaluators, and review and approval of evaluation reports will be fully delegated to other members of OED management as appropriate to the subject matter. In such cases, the recusing member of OED management will not be involved in any aspect of the periodic performance assessment of the evaluators, including comments in the annual staff performance evaluation report (PER), in relation to the specific evaluation work from which the member of OED management recused herself/himself.

12. Any such recusal by an OED evaluator or member of OED management shall be clearly noted in the Authors' Box shown in the table of contents of the OED report concerned. In cases when the degree of involvement by an evaluator in a project, program, activity or entity is considered by OED management to be immaterial to a potential bias in the evaluation, this will be so noted in the report.

13. With due recognition of OED's functional and organizational independence, a conscious non-observance of these guidelines that results in a clear and serious conflict of interest reflecting adversely on ADB or compromising its operations in a major way, and which may be considered as unsatisfactory conduct under Administrative Order No. 2.04, *Disciplinary Measures and Procedures*, may be subject to the provisions in the latter administrative order or other applicable provisions observed in ADB.

D. Responsibility

14. OED management and evaluators are responsible for exercising sound professional ethics and personal good judgment in applying these guidelines to themselves. It is not possible to specify all-inclusive guidelines. OED management and evaluators are responsible for conforming with the intent and spirit of the guidelines in all matters not specifically stated above. Should evaluators have any doubt as regards their proper course of action in any matter related to a conflict of interest issue, they must seek the advice of Director General, OED and this should be noted in the relevant report, if any. In a case when the Director General must either recuse herself/himself from providing such advice or also requires advice, the advice of the Development Effectiveness Committee (DEC) should be sought; in such a case, the information elevated to the DEC and the corresponding resolution should be similarly noted in the Authors' Box shown in the table of contents of the relevant report.

15. Every OED report should include, in its Authors' Box, an affirmation that to the knowledge of OED management the guidelines to avoid conflict of interest in independent evaluations have been followed.

Operations Evaluation Department
6 April 2005