



Policy Paper

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Review of the Independence and Effectiveness of the Operations Evaluation Department

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
BPMSD	–	Budget, Personnel and Management Systems Department
BRC	–	Budget Review Committee
CAPE	–	country assistance 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
MDB	–	multilateral development bank
NGO	–	nongovernment organization
OECD	–	Organisation 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 evaluation
SES	–	special evaluation study
TA	–	technical assistance

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EXECUTIVE SUMMARY

In February 2008, ADB committed to undertake a comprehensive review of its Operations Evaluation Department (OED). The purpose of the review was 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 for the review in April 2008, in consultation with the Board and Management. Two external experts were engaged to assist in the process. 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 Group and other multilateral development banks to distill international best practices.

Originally known as the Post-Evaluation Office, OED was established in 1978. Over the years, the department has undergone several organizational changes, culminating in the establishment of an independent department on 1 January 2004, 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 effectiveness, as amended in 2008, and the associated Operations Manual (OM) section on operations evaluation.

This paper presents key findings from this review process and proposes a number of changes to further enhance OED's independence and effectiveness. The review concludes 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) the non-renewable term of director general, OED 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) the selection process for director general, OED 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 formal performance review process with his/her salary determined by a formula; (v) OED's budget to be approved by the Board separately from ADB's overall administrative budget; and (vi) OED to be renamed the Independent Evaluation Department to reflect its enhanced independent status.

The review further recommends that: (i) interactions between OED staff and operations staff should be intensified to extend the ownership of evaluation results and 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.

To give effect to these proposed changes, the 2003 policy should be revised. If approved by the Board, the revised policy detailed in Section IV of this paper would supersede the 2003 policy and 2008 amendment to the term of appointment of the director general, OED, with effect from 1 January 2009.

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 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 the 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 of an independent department on 1 January 2004, 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 effectiveness,¹ as amended in 2008² and the associated Operations Manual (OM) section on Operations Evaluation.³

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 have been well spent, and whether the planned outcomes have been achieved. To be credible and to provide an objective performance assessment, the evaluation function must be independent from project or program design and implementation. The essential functions of every operations evaluation include (i) deriving lessons and best practices to promote the 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 operational policies, practices and procedures; (iii) assessing the development effectiveness of the use of resources; and (iv) following up evaluation recommendations to sustain the benefits of ADB's operations. 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 lessons learned and appropriate monitoring and evaluation frameworks have been incorporated.

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 that OED now reports 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,

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

² ADB. 2008. *Amendment of Term of Appointment of Director General, Operations Evaluation Department and Appointment of Director General, Operations and Evaluation Department*. Manila.

³ ADB. 2008. *Operations Manual*. Section K1: Operations Evaluation. Manila.

upon the joint recommendation by the DEC and the President, and (ii) ADB Management's role in evaluation has changed from approving evaluation reports to responding to their conclusions.

5. It has been almost 5 years since OED became independent. A review of the 2003 policy is therefore appropriate to assess OED's effectiveness and to consider possible improvements to its structure and operations. In addition, recent events linked to the non-renewal of the former director general OED's appointment in October 2007 have raised some concerns both internally and externally about OED's independence. To address these and to ensure that the evaluation process within the institution remains impartial and credible, in February 2008 ADB committed to undertake a comprehensive review of its evaluation department. The purpose of the review was 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 Group⁴ (ECG) and other MDBs to distill international best practices.

6. This paper presents key findings 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 2008.⁵ 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 THE INDEPENDENCE OF THE OPERATIONS EVALUATION DEPARTMENT

A. Definition and Criteria for Assessing Independence

7. Within the development evaluation profession, a widely accepted definition of independence may be found in the *Glossary of Key Terms in Evaluation and Results Based Management* issued by the Development Assistance Committee (DAC) of the Organisation 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

⁴ The Evaluation Cooperation Group (ECG) was created in October 1995 by heads of MDB evaluation units. The ECG works to strengthen cooperation among evaluators and seeks to harmonize methodology in its member institutions, so as to improve the 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 Organisation for Economic Cooperation and Development-Development Assistance Committee (OECD-DAC) network on development evaluation also participate as observers.

⁵ 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>

pressure”, “full access to information”, and “full autonomy in carrying out investigations and reporting findings”.

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 interest. Organizational independence requires the evaluation function to extend to all operations of the organization, and 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. It also ensures that the evaluation unit and its staff 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 interest 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. 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. The OM 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 (footnote 3). Thus, the 2003 policy and associated OM section seem adequate to meet the comprehensiveness criterion, since they include strategies, policies, operations and internal processes and procedures within OED’s scope of evaluation activities.

10. OED’s work programs over the years reflect a clear structural shift toward higher-level evaluations such as country and sector assistance evaluations, thematic evaluations, and policy and impact evaluations, with a corresponding decrease in the number of project evaluations. In 2007, OED completed 41 major evaluation reports (excluding guidelines, validation reports and publications) comprising three annual evaluation reports, 24 broader evaluation studies, 13 project and program evaluations, and one TA cluster evaluation. The 24 broader evaluations included four country assistance program evaluations (CAPEs), three sector assistance program evaluations (SAPEs), and 17 special evaluation studies (SEs), nine of which covered assessments of ADB policies and strategies. This trend 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	Total	Broader Studies				
					IES	SES	CAPE	SAPE	Total
2003	2	22	6	30	1	4	2	1	8
2004	2	18	2	22	1	5	2	0	8
2005	2	19	1	22	0	2	2	3	7
2006	2	19	2	23	0	7	2	1	10
2007	3	13	1	17	0	17	4	3	24

AER = annual evaluation review, CAPE = country assistance program evaluation, IES = impact evaluation study, OED = Operations Evaluation Department, PPER = project or program performance evaluation report, SAPE = sector assistance program evaluation, SES = special evaluation study, TPER = technical assistance performance evaluation 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 ADB 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 and members of the private sector, nongovernment organizations (NGOs), and the 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 data related to the budget and human resources from the Budget, Personnel and Management Systems 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 to exercise transparency in reporting findings. OED is given the sole responsibility for drafting evaluation reports. Board, Management and staff may comment but have no right to insist on changes (i.e., OED ultimately decides which comments to incorporate). Evidence from various evaluation reports indicates that OED has not shied away from criticizing ADB for its shortcomings, while recognizing its achievements when appropriate.

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) have also been disclosed through the OED website. Since January 2004, the final reports have included, 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 the 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).⁶

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 this would reduce 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. When posting a report on its website, OED should specify whether a Management response and/or DEC discussion summary are expected. It should also indicate when those might be posted on the website, if applicable. In addition, OED introduced *Guidelines for Disseminating Findings and Recommendations* in 2007, which require OED staff to integrate a dissemination plan in the evaluation approach paper submitted to the 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. The 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. The director general, OED is appointed for a 3-year non-renewable term. The one-term rule adopted by the Board in 2008 (footnote 2) was considered an improvement on the original provision of a 3-year term with the possibility of renewal for another two, as it eliminated the risk that the director general might avoid criticism to curry favor for renewal. The director general, OED is barred from subsequent employment with ADB. However, the current 3-year term may be too short to attract the optimum number of qualified evaluation professionals. A 5-year term would allow the director general, OED, adequate time to develop and implement appropriate work programs and associated human resource strategies. To further enhance OED's independence, the director general, OED should be appointed by the Board, upon the recommendation of the DEC in consultation with the President. The consultation process would give the President an opportunity to express views and preferences, as an input to the Board's final considerations. The search and selection process should be directed by the DEC, involving an executive search firm and extensive media advertising. Internal and external candidates should be given equal consideration.

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 the 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, 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

⁶ The only exceptions to this rule are the Operations Evaluation Department's annual evaluation reports, such as the Annual Evaluation Review and the Annual Report on Portfolio Performance, which should be made publicly available upon discussion by the DEC. See ADB. 2005. *Public Communications Policy: Disclosure and Exchange of Information*. Manila.

OED staffing decisions should be primarily that of a facilitator (i.e., BPMSD should have no veto power over decisions made by the director general, OED).

18. The terms and conditions of service of OED staff are the same as for other ADB staff, as provided by the staff regulations and administrative orders of ADB. OED staff are subject to the same performance review process, disciplinary procedures, and grievance procedures as other ADB staff. OED staff may work in other departments or offices of ADB before or 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 or offices is similarly governed by ADB-wide policies, rules, and regulations. The 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 ADB 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 ADB, 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 the director general, OED's performance appraisal could undermine OED's independence (both perceived and real). The director general, OED should be exempt from the performance review process, as formal performance assessment could be perceived as a potential channel of influence. This would be consistent with the current practice at the International Monetary Fund. However, the Chair of DEC, in consultation with other DEC members, should provide written annual feedback to the director general, OED on his or her performance, outside the formal performance review process. The director general, OED's salary increase should be determined as the average of the pay increases given to all the other directors general.

21. OED's work program and budget are approved by the Board, not Management. The 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, the 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, 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 ADB. The two budgets—one for OED and the other for the rest of the ADB—could be

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

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, the director general, OED, given his/her 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 require. Such flexibility would be exercised within the framework of a budget approved by the Board. The 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 training and development, given the importance of maintaining a high level of skills 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 ADB interventions and civil society representatives contribute to the evaluation, add to its quality and transparency. However, 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 staff. These include protections against official, professional, financial, and familial conflicts. In addition, OED has formalized practices for avoiding conflicts of interest in evaluations. In March 2005, ADB became the first member of the ECG to adopt formal guidelines to avoid conflicts of interest in independent evaluations, which specify conditions under which OED management, staff, and consultants must recuse themselves. Since the adoption of these guidelines, there have been 20 evaluation reports from which the 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 ADB's operations (i.e., the accountability function); and (ii) to determine whether there were significant lessons to be learned from past experiences to make future operations

better (i.e., the 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, in consultation with the Board, appoints the members of the DEC and designates one of them as the chair. Members are appointed for a term of 2 years, starting on 1 July of the appointment year and ending on 30 June, 2 years later. If a member of the DEC 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 DEC.

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 currently carries out the following responsibilities: (i) recommending to the Board, jointly with the President, the person to be considered for appointment as director general, OED; (ii) advising OED in the preparation of its work program and budget and endorsing it 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 on the achievement of ADB's overarching goal of poverty reduction, and making recommendations on such issues to the Board; and (vi) monitoring and reporting to the Board on the implementation of its decisions.

30. The DEC is responsible for monitoring OED's activities on behalf of the Board of Directors. It follows that the DEC is answerable for the independence and effectiveness 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 is adequate and that OED's recommendations are tracked and acted upon. However, 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 independence and in turn its effectiveness. This is an important internal corporate governance issue. However, to change the current practice of appointing the DEC members would require amending the rules of procedure of the Board of Directors of ADB, which has implications for all other Board committees and is therefore beyond the scope of this review.⁹

⁸ Starting in November 2005, the managing director general of ADB regularly attends the DEC meetings.

⁹ Board members recognize that this issue should be examined in a broader context and have agreed to establish a working group in the first quarter of 2009 to consider the issue.

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, the 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 approval 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, if conflict of interest rules are rigorously applied.

33. Third, OED should continue its transparent approach to evaluation that allows lateral inputs from operations departments. All draft evaluation reports are circulated to the relevant operations department(s) for review and comments. In addition, certain reports such as project or 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 evaluation results. In addition, OED reviews the scope and methodology of a proposed study with the main stakeholders, particularly the operations department(s) and government(s) concerned before the study starts.

34. Finally, in recent years OED has introduced a discussion of draft evaluation recommendations with ADB operations 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 recommendations are feasible and to build early commitment to act on them. There is no evidence to date that such consultations have threatened OED's independence. Rather, the interactions between OED and operations staff should be further strengthened in order to ensure ownership of evaluation 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 depends 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 decisions; 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. The quality of implementation is assessed on the effectiveness and timeliness of the actions taken to achieve the desired change. The 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 paragraphs 31–34) aimed at achieving greater accuracy, understanding, and commitment. The weakest link in the

implementation process is effective monitoring and tracking of recommendations, i.e., step (v) above. This is because (i) monitoring and reporting is done by OED while accountability lies with Management; and (ii) OED currently reports annually on the status of actions taken,¹⁰ which may not be sufficient. In 2006–2007, OED developed an 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.

37. A more rigorous system should be established to monitor the cumulative progress of actions on OED recommendations. A small task force consisting of representatives from OED, the Office of Information Systems and Technology, the Office of the Managing Director General, and the Strategy and Policy Department has been established and work is already under way toward the development of a management action record system, which would be based on EVIS. A detailed proposal is being developed and it is envisaged that the system will become operational in 2009. Under the proposal, OED would continue to bear responsibility for the overall maintenance and operation of the system (as a subset of EVIS) and for inputting recommendations from its evaluation studies (including Management response and DEC guidance, if applicable). In addition, OED would continue to prepare its annual report on acting on recommendations (footnote 9). Management, in collaboration with the concerned departments, would be responsible for monitoring actions taken in response to OED recommendations and for recording implementation progress in the system at least twice a year. The information in the system will be available to the Board, Management and staff, through the ADB intranet site.

D. Quality Control and Peer Review

38. 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 review the quality of OED's evaluations activities more thoroughly, with a view to maximizing the quality of its work and its overall effectiveness.

IV. PROPOSED CHANGES AND REVISED POLICY

39. 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 formal performance review process with his/her salary determined by a formula; (v) OED's budget to be approved by the Board separately from ADB's overall administrative budget; and (vi) OED to be renamed the Independent Evaluation Department (IED) to reflect its enhanced independent status.

¹⁰ This is done through the *Acting on Recommendations and Learning from Lessons* annual report which was first published in 2006, as a special chapter in the Annual Evaluation Review. Since 2007, the report is published as a stand-alone document.

40. To further strengthen OED's effectiveness: (i) interactions between OED staff and operations 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.

41. To give effect to these proposed changes, the 2003 policy should be revised. If approved by the Board, the revised policy detailed below would supersede the 2003 policy and the 2008 amendment, with effect from 1 January 2009. The terms of reference of the DEC would need to be amended accordingly, to reflect the proposed changes.

A. Policy Principles

1. OED's Mandate and Key Activities

42. OED undertakes evaluation activities to help the Board of Directors, ADB Management, and decision makers in ADB DMCs who are responsible for planning, designing, and implementing projects and programs to understand whether resources have been well spent, and whether the planned outcomes have been 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.

43. Toward this end, OED independently and systematically evaluates policies, strategies, country and sector assistance, modalities, public sector operations, nonsovereign operations, and TA operations, including their design, implementation, results, and associated business processes to determine their relevance, effectiveness, efficiency, sustainability, and impact.

44. More specifically, OED's principal responsibilities include:¹¹

- (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 the 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

¹¹ ADB. 2007. *Administrative Orders*. Administrative Order No. 1.02: Organization Bulletin. Manila.

beneficial, to participate in such efforts jointly with other international development finance institutions;

- (vi) reviewing and validating project and program completion reports as well as commenting on 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 to ensuring 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 reporting on these to the Board;
- (ix) carrying out independent evaluations 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
- (xi) harmonizing evaluation criteria and methods, procedures, and evaluation governance among multilateral development banks, while recognizing the distinct features of each.

2. Evaluation Stakeholders

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

- (i) the Board of Directors, which is responsible for ensuring the efficient use of resources and achieving results on the ground with sustainable development impact;
- (ii) Management, which is responsible for acting on and following up evaluations and for how evaluation findings might influence ADB's future directions;
- (iii) operations staff concerned with the feedback of evaluation 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.

46. Major external stakeholders include:

- (i) governments, executing agencies and institutions responsible for implementing ADB-supported projects in borrowing countries;

- (ii) beneficiaries and targeted populations directly affected by ADB support;
- (iii) cofinanciers and other partner institutions, including NGOs, civil society organizations, development research centers and evaluation networks, that are engaged in ADB-financed operations; and
- (iv) multilateral and bilateral institutions concerned with harmonizing evaluation methods and practices, and other development partners with whom OED may undertake joint evaluations of programs, projects, policies, and strategies, disseminate best practices, and organize evaluation seminars and workshops.

3. Guiding Principles

47. OED operates in line with internationally accepted principles for the evaluation of development assistance, in particular the OECD-DAC evaluation guiding principles¹² and the good practice standards issued by the ECG. Among these guiding principles are: impartiality and independence; credibility; usefulness; and partnership.

48. **Impartiality and Independence.** The evaluation process should be impartial and independent in its function from the process concerned with policy making and 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 conflicts 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.

49. **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 should provide substantiated findings after considering all stakeholders' views on the draft report. Findings should be clearly identified and recommendations presented in a manner that is readily understood by target audiences. The transparency of the evaluation process is crucial to its credibility and legitimacy. To ensure transparency, the evaluation process as a whole should be as open as possible, with results made widely available.

50. **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 evaluation findings and recommendations is also essential to make the evaluation function useful.

¹² OECD. 1991. *Principles for Evaluation of Development Assistance*. Paris. Available: <http://www.oecd.org>

51. **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, among other things, that evaluations are perceived by stakeholders as being useful, well informed, relevant, timely, and 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 governments and other relevant 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.

52. **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 ADB's activities will be hindered. To bring about such a change within the institution will require a strong commitment both from the Board and from Management, with appropriate resources allocated to support this process.

B. Implementation Procedures and Arrangements

1. Reporting Structure

53. OED will report directly to ADB's Board of Directors, through the DEC.

2. Appointment of Director General, OED

54. The director general, OED will be appointed by the Board, upon the recommendation of the DEC in consultation with the President.¹³ The search and selection process will be directed by the DEC, through the use of an executive search firm and extensive media advertising. The director general, OED will have a 5-year non-renewable term. During this period, the 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, the director general, OED will be ineligible for any staff position within ADB. The director general, OED will be exempt from the formal annual performance review process. However, the Chair of DEC, in consultation with other DEC members, will provide written annual feedback on his/her performance. Director general, OED's salary on appointment will be determined by the Board, upon recommendation of the DEC. His/her annual salary increase will be the average of the pay increases given to all the other directors general. Although the director general, OED will not be a regular staff member, except

¹³ The term "consult" in this context means seeking the views and opinions of the President (see paragraph 16).

as noted above,¹⁴ 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

55. The 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 the staff regulations and administrative orders of ADB. These will include the same performance review process, 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 composition will include an appropriate mix of internal and external recruits, as well as staff with previous operational and evaluation experience. OED staff may work in other departments or offices of ADB before or after working in OED. Transfers of OED staff to other departments or offices will be also governed by ADB-wide policies, rules, and regulations.

4. OED's Work Program and Budget

56. The 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.

57. The director general, OED, in consultation with the DEC and BPMSD, will prepare an annual budget proposal that will be subject to review first by the DEC and then by the Budget Review Committee. The budget proposal will then be presented to the Board for approval, separately from ADB's overall administrative budget. The 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 require. Such flexibility will be exercised within the budget framework approved by the Board. The 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

58. ADB has procedures in place, to protect against a range of conflicts of interest that could weaken the objectivity and integrity of all ADB staff.¹⁵ Those procedures apply equally to OED staff. In addition, in 2005, OED adopted formal guidelines for avoiding conflicts of interest in independent evaluations, which specify conditions under which OED management, staff, and consultants must recuse themselves (Appendix 4). These guidelines continue to be relevant and will remain in effect.

¹⁴ All the relevant provisions of the revised policy set out in this section will apply to the incumbent director general, OED, except for the term of his contract, which will remain at 3 years.

¹⁵ ADB. 2007. *Administrative Orders*. Administrative Order No. 2.02: Personnel Policy Statement and Duties, Rights and Responsibilities of Staff Members. Manila.

6. Access to Information and Freedom of Consultation

59. 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 relevant—including government officials, and members of the private sector, NGOs, and media in the assisted DMCs.

7. Renaming OED the Independent Evaluation Department

60. OED will be renamed the Independent Evaluation Department to reflect its enhanced independent status. OED will retain its broad mandate, as stipulated in paragraphs 9 and 42–44 and its primary focus on topics of relevance to ADB's operations.

8. Relationship with ADB Staff and Management

61. 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, the director general, OED will continue to be invited to participate in senior management forums (such as management review meetings and management committee meetings).
- (ii) OED will continue to comment on and review important projects or programs and TA before approval, 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 the relevant operations department(s) 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 department(s) before the study starts.
- (v) Draft evaluation recommendations will be discussed with ADB operations management, as appropriate.

9. Relationship with DMC Governments and other Stakeholders

62. Consistent with the partnership principle highlighted in paragraph 51, OED should seek to engage DMC governments and other 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 governments and other 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 governments and other 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 the director general, OED, ADB's Board of Directors will be informed of the impending public release of the document.

10. Reporting, Disclosure and Follow-up

63. OED will have sole responsibility for the drafting and final content of all OED reports, press releases, and other OED documents or public statements. The 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. OED will continue its current practice of ensuring that upon completion all evaluation reports are disclosed to the public and widely disseminated in accordance with ADB's PCP.

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

C. Summary of Key Responsibilities

1. Role of the Board of Directors

65. 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 activities 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 through the Office of the Secretary all OED 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

66. The key responsibilities of the DEC include:

- (i) enhancing the ability of the Board of Directors to assess the overall quality and impact of ADB's programs and activities 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 the director general, OED and providing relevant guidance and feedback to OED Management, as appropriate;
- (iv) ensuring that the lessons learned from evaluation 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 DEC'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

67. The key responsibilities of the director general, OED include:

- (i) managing OED as an effective, efficient and independent department, including 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 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 evaluation 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 and DMC counterparts to develop their self-evaluation capacity; and
- (vii) cooperating with the heads of evaluation of other international financial institutions and development agencies.

4. Role of ADB Management and Staff

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

- (i) reviewing all OED reports and responding to their findings and recommendations;

- (ii) ensuring that evaluation recommendations are implemented where feasible, and periodically tracked and reported to the DEC with a 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 59.

V. RESOURCE IMPLICATIONS

69. 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

70. To enhance the independence and effectiveness of the Operations Evaluation Department, the President recommends that the Board approve the revised policy as described in Section IV of this paper. The revised policy would supersede the 2003 policy, *Enhancing the Independence and Effectiveness of the Operations Evaluation Department*, and the 2008 amendment, *Amendment of Term of Appointment of Director General, Operations Evaluation Department and Appointment of Director General, Operations and Evaluation Department*, with effect from 1 January 2009.

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)**

31 March	Ad hoc working group established.
7 April	Draft terms of reference circulated to the Board.
16 April	Terms of reference finalized.
16 May	International experts selected.
2 June	Experts begin work, including consultations with the Board and Management.
5 September	Expert's report provided to the ad hoc working group, the Board, Management and OED.
11, 12 September	Experts travel to Manila to present their findings to the Board, Management and OED, and to answer questions.
19 September	Comments of the Board, Management and OED on the experts' report provided to the ad hoc working group.
26 September	Ad hoc working group's report provided to the Board and Management for comment.
3 October	Comments of the Board and Management on the ad hoc working group's report provided to the ad hoc working group.
21 October	W-paper circulated.
11 November	Board considers the W-paper.
21 November	R-paper circulated.
15 December	Board considers R-paper.

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

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
Organization and Activities of
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 is directly and only responsible to the Board, and only takes his/her instructions from the Board of Directors as a whole. Based on the work program for the following year, the budget is prepared by the chief evaluator, and is 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 World Bank, International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (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 Committee on Development Effectiveness (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 Development Effectiveness Committee (DEC). Within the overall ADB-wide budgetary framework, the director general, OED, in consultation with the DEC and Budget, Personnel and Management Systems Department (BPMSD), prepares an annual budget proposal that will be subject to review first by the DEC then by the	Since 1995, OPEV has reported 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. The budget is decided within the corporate budget presented by Management based on a proposal from OPEV.

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
				Budget Review Committee (BRC). The budget proposal is presented for consideration and approval by the Board as part of the overall ADB budget proposal.	
1.3 Seniority of Head of Department	The chief evaluator is appointed by the Board of Directors and is in principle one level below the vice president.	The DGE is at senior vice president level. The director of IEG-Bank is one level below the vice president, at the same level 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, at the same level as the investment department and other IFC department directors.	The director is one level below the vice president, equivalent to department manager.	The director general is one level below the vice president, at the same level as operations department directors general.	The director is at the same level as directors of operations departments.
1.4 Participation of the Head of the Evaluation Function in Internal Senior Management Meetings	The chief evaluator does not participate as a member or 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 does not participate as a member or as an observer in senior management meetings.	The director general participates at management review meetings (MRMs), chaired by the President or a vice president, to examine new lending, policy or	The director attends Presidential Meetings. The director and evaluators attend a selection of meetings of the senior management committee (SMC).

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
				strategy proposals before these are completed and finalized for Board submission. At management committee meetings (MCMs), upon invitation.	
1.5 Access to Information by the Staff of the Evaluation Department	<p>In order to discharge their obligations, EvD staff will continue to have unrestricted access to EBRD staff and records, provided that:</p> <ul style="list-style-type: none"> (i) the Bank’s confidentiality policy and obligations under individual confidentiality undertakings entered into with sponsors, clients and other third parties are preserved; and (ii) information obtained by the EvD is used to perform the evaluation function, subject only to its obligation to report cases of suspected misconduct in accordance with the Bank’s applicable procedures. 	IEG’s access to staff and records is unrestricted.	OVE staff have unrestricted access to IADB staff and records.	The approved policy allows OED full, unfettered access to ADB 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 and members of the private sector, NGOs, and media in the assisted DMCs.	OPEV’s access to staff and records is unrestricted.

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2.1 Staffing	<p>Chief Evaluator</p> <p>Other professional staff:</p> <ul style="list-style-type: none"> (i) Senior evaluation managers: 5 (ii) Principal evaluation manager: 1 (iii) Senior economist: 1 (iv) Senior environmental evaluation managers: 2 (v) Evaluation analyst: 1 (vi) Evaluation managers: 2 <p>Support staff:</p> <ul style="list-style-type: none"> (i) Executive assistant: 1 (ii) Senior administrative assistant: 1 (iii) Secretary: 1 	<p>Director general</p> <p>World Bank:</p> <ul style="list-style-type: none"> (i) 1 director and 4 group managers (ii) Principal and senior evaluation specialists: 44 (iii) Evaluation officers: 5 (iv) Support staff: 34 <p>IFC:</p> <ul style="list-style-type: none"> (i) Head of unit (director): 1 (ii) Chief evaluation officers: 2 (iii) Evaluation officers: 10 (iv) Research analysts: 5 (v) Support staff: 4 	<ul style="list-style-type: none"> (i) Director (ii) Deputy director: 1 (iii) Principal evaluation officers: 3 (iv) Senior evaluation officers: 6 (v) Evaluation officers: 7 (vi) Junior evaluation officer: 1 (vii) Junior professional: 1 (viii) Research assistants: 6 (ix) Support staff: 5 	<ul style="list-style-type: none"> (i) Director general: 1 (ii) Division directors: 2 (iii) Professional staff: 22 (iv) Support staff: 20 	<ul style="list-style-type: none"> (i) Director (ii) 2 chief evaluators (iii) 9 principal evaluation officers (5 economists; 2 agronomists; 1 financial analyst; and 1 transport economist)
2.2 Managing the Staff of the Department	<p>The chief evaluator manages the EvD staff. EBRD's human resources and other relevant policies apply to EvD staff.</p> <p>EvD staff may seek other positions in the Bank but (consistent with rules applicable to staff) they need to inform the chief evaluator if they have been short listed. The chief evaluator has the freedom</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 World Bank, IFC and MIGA's operational and</p>	<p>The director has freedom to make recruitment decisions 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</p>	<p>Recruitment is on a competitive basis. The final selection of new OED staff is made by the director general, in consultation with BPMSD, considering the skills and technical requirements of OED. BPMSD handles the recruitment process</p>	<p>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. The</p>

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	<p>to make recruitment decisions 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 professional staff 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 EBRD 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 EBRD.</p> <p>In managing the financial and human resources of the EvD, the chief evaluator will</p>	<p>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>includes 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 annual bonus pool.</p>	<p>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 orders of ADB. They include the same performance review process, regulations, disciplinary procedures, and grievance procedures. OED staff may work in other departments or 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 or offices is similarly</p>	<p>director 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>

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	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.			governed by ADB-wide policies, rules, and regulations. The director general, OED is responsible for the distribution of the annual salary increase budget allocated to OED among its staff.	
2.3 Average Tenure of the Head of Evaluation and Other Evaluation Staff	The chief evaluator is 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 the position for more than 8 years. No limit of tenure exists for other evaluation staff.	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. The director IEG-Bank is appointed by the DGE in consultation with the Chair of CODE. There is no time limit on his/her term. Other staff serve approximately 5–7 years, but are not time-limited.	No limitations except for the director, who has a 5-year one-time renewable mandate. In general, IADB encourages staff rotation after 5 years, but it is often difficult to find an even exchange.	The 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. ^a 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.	The director is appointed for 5 years renewable only once. Rotation of evaluation staff back to operational posts is recommended.

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		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.		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).	
3.1 Consultants: Proportion of Business Covered	Industry expert consultants are employed for 50–60% of post-evaluation exercises on investment operations. The assignments are short-term (a maximum of 3 weeks) and in a support capacity. For special studies, such as thematic studies, longer assignments are usual.	For the World Bank, 22% of budget (60 consultant-years including research assistants). For IFC, 15–20% (consultants and temps as a percentage of staff full costs); 13–15% of total budget.	30% (about 20% of budget).	15–20% in terms of person-year requirements of the work program. In terms of the budget, two thirds of the discretionary budget is for consultants.	15–20% of the 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 the IADB 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 and environment-poverty alleviation (specialists from the Environment and Sustainable Development Unit).

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4.1 Work Program	In consultation with the Banking Department (operations), EvD prepares an annual work programme on evaluation of investment operations. Suggestions for selection of technical cooperation (TC) operations and themes for special studies can come from the Board of Directors and Management. The program is commented on by Management and reviewed by the Audit Committee of the Board. The Board of Directors approves the work program, first by adopting the work programme preliminary report and second by approving the work programme final report. Final project selection and choice of special studies are proposed in the work programme final report.	<p>Bank: Prepared by IEG, discussed with Management, regions and networks. Reviewed by CODE and submitted to the Board for discussion and approval.</p> <p>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 the full Board, prior to the Board's final decision on IFC's budget.</p>	OVE prepares an annual work plan based on requests from the 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 a 3-year rolling 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 final approval of the coming year's OED work program, after this is reviewed and endorsed by the DEC. As a matter of policy, both the work program and the criteria by which evaluation topics are selected are publicly disclosed on the ADB website.	OPEV prepares its 3-year rolling work programme on the basis of an extensive 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.

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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 (e.g., an operation performance evaluation review (OPER report), for which EvD staff make a field visit).</p> <p>(ii) 40% through assessing self-evaluation reports prepared by operations staff. EvD staff prepare expanded monitoring report assessments. For this reduced form of evaluation, evaluation staff do not conduct field visits but the ratings assigned by operation staff are validated.</p> <p>(iii) 30% through reviewing the quality and completeness of self-evaluation reports (no validation of performance ratings by</p>	<p>Bank: 100% self-evaluation by operations staff through implementation completion reports (ICRs). 100% of ICRs reviewed by IEG; 25% of completed projects evaluated by IEG through project performance assessment reports.</p> <p>IFC: 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. Since 2006, they are also based on project evaluation reports (PERs) on technical assistance and advisory projects (TAAS).</p>	<p>On closure of a project: 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>Prior to approval: 100% (of projects approved) quality of entry evaluation by the Development Effectiveness Department.</p> <p>100% (of projects approved every third year) evaluation by OVE.</p>	<p>100% self evaluation through project completion reports (PCRs) by operations units for public sector lending and 25% for private sector lending. The quality of the PCRs has improved since 2000. Since 2007, OED has independently validated 100% of the PCRs. Rather than independently evaluating a randomly selected sample of completed programs and projects, OED will select a purposeful sample of about 10 projects to evaluate each year. This frees up OED staff resources to focus on broader, more complex evaluations.</p>	<p>40–50%. Selection criteria: quality of PCR, importance of sectoral or country issues raised; sectoral or crosscutting issues and priorities.</p> <p>The target is for OPEV to review all PCRs, 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>EvD).</p> <p>Selection of the approximately 30% of operations on which an OPER report will be produced is based on a selected sample with emphasis on:</p> <ul style="list-style-type: none"> (i) potential for lessons learned; (ii) financial performance of project; (iii) size of bank's exposure; and (iv) adequate spread among operation type, countries and sectors. <p>For overall performance, a structured sampling technique is applied according to the Evaluation Cooperation Group's good practice standards on private sector evaluation. Approximately 20% of completed TC operations (by volume) are evaluated through an OPER report, project completion report (PCR) assessment, or a PCR review. If TC</p>				

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	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>Mid-term reviews of projects can be prepared to advance their progress.</p> <p>Evaluation progress reviews are when EvD revisits former evaluations.</p> <p>Sector studies are undertaken when OPERs on investment operations in a specific sector or sub-sector can be grouped together as a sector study.</p> <p>Country Strategy Evaluation. EvD does not carry out formal country strategy evaluation. However, EvD provides lessons learned material to operations staff during the preparation of each new country strategy, thereby contributing to the</p>	<p>World Bank: Reviews at project, sector, country, and global levels, plus cross-cutting sector/thematic and corporate/process reviews.</p> <p>IFC: 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 strategic priorities, joint studies with IEG-World Bank and IEG-MIGA.</p>	<p>OVE: Evaluations of development impact, ex-post performance and sustainability of individual projects classified into three themes.</p> <p>Country program evaluations whenever there is a national election.</p> <p>Sector and thematic evaluations.</p> <p>Oversight reports: Bank policies and programs.</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 is publicly disclosed on the ADB website.</p>	<p>Policy review prior to a revision by Policy Department country assistance evaluation before a new country strategy or country portfolio review.</p> <p>Thematic studies, process reviews, impact studies.</p>

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	retroactive analysis section of each new country strategy.				
5.1 Types of Report and 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. OPER reports on TC operations. Timing: within a year of final disbursement of grant funds when the PCR is available. 3. XMR assessments. Timing: at the same time as OPER reports. 4. Special studies, mid-term reviews and evaluation progress reviews. Timing: carried out at the initiative of EvD and/or at the request of the Board of Directors or Management. 	<p>World Bank:</p> <ol style="list-style-type: none"> 1. Project performance assessments 2. Country evaluations 3. Thematic and sector evaluation 4. Corporate and process evaluation 5. Impact evaluation 6. Annual review of development effectiveness (ARDE) 7. Annual report on operations evaluation (AROE) <p>IFC:</p> <ol style="list-style-type: none"> 1. Self evaluation reports (XPSRs) at project level (completion and minimum 1–2 yrs operation) 2. IEG special studies: per above topical range 	<ol style="list-style-type: none"> 1. Project completion (operations staff) 2. Ex-post project performance and sustainability assessments 3. Country program evaluation 4. Sector and thematic evaluation 5. Corporate performance 6. Oversight of self-evaluation and Bank-wide standards 7. Thematic oversight reports 8. Annual OVE report 	<ol style="list-style-type: none"> 1. Project or program performance evaluation report (PPER), 3 years after project completion. 2. Technical assistance performance evaluation report (TPER) 3. Impact evaluation studies 4. Re-evaluation (5 years after post-evaluation stage) 5. Special evaluation study (SES) 6. Sector assistance program evaluation (SAPE) 	<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 8. Sector, policy and thematic evaluations 9. Impact evaluation

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	<p>5. Reports on EvD's work programme:</p> <p>(i) work program preliminary report (September)</p> <p>(ii) work program final report (January)</p> <p>(iii) work program completion report (March)</p> <p>6. Annual evaluation overview report is presented to the Board in July.</p>	<p>3. Annual review of evaluation results</p> <p>4. Annual report on evaluation (process)</p>		<p>7. Country assistance program evaluation (CAPE)</p> <p>8. Annual report on loan and TA portfolio performance</p> <p>9. Annual evaluation review</p> <p>10. Policy or strategy 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. EvD also consults any other member of Management or staff who has played a specific and substantial role in the process of preparation or 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</p>	<p>World Bank: 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>IFC: Self-evaluation: All staff involved with the project in the past and present are consulted, 100% of reports are formally reviewed by IEG and (for about one third, designated by IEG)</p>	<p>Internal OVE peer review, discussion with relevant IADB technical and operational staff, and the Audit and Evaluation Committee of Senior Management (chaired by the executive vice president). Management does not clear or approve the report. The report is submitted to the Policy and Evaluation Committee of the Board (country</p>	<p>Reviewed by selected OED peers; then forwarded to operational departments and governments (executing agencies) for comment. For complex evaluations, a second stage of discussion at the director general level focuses on the understanding of the</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 and co-financiers. Formal management response provided by the operations vice president and evaluation reports discussed by the Board's Committee of Operations and</p>

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	<p>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 its 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 its comments accordingly, before such comments are distributed (or made available) to the Board of Directors, together with the EvD document. Management's comments are published or posted on the EBRD website at the same time as the EvD reports to which they relate.</p>	<p>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 Management review and opportunity to comment.</p>	<p>program evaluations go instead to the programming committee of the Board), and then to the entire Board of Executive Directors.</p>	<p>recommendations and whether they are realistic. The final report is approved by the director general, OED and circulated to the Board and Management, and disclosed to the public simultaneously, inviting a Management response. Major reports are discussed by the DEC.</p>	<p>Development Effectiveness on a country, sectoral, or thematic basis.</p>
5.3 Distribution of Evaluation Reports	Board summaries of OPER reports on investment operations, TC-related	World Bank: IEG reports are submitted directly by the DGE to the	OVE reports are submitted by the director directly to the	All public sector evaluation reports are publicly	OPEV reports are submitted by the director to the Committee on

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	<p>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 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>	<p>CODE, and are disclosed to the public in line with its disclosure policy. Reports are posted on OED's website.</p> <p>IFC: IEG transmits its reports to IFC's directors through the DGE following IFC's Management review and comment.</p> <p>The Board has approved IEG's revised disclosure policy in line with the revised IFC disclosure policy. This will enable public disclosure of IEG reports that go to the Board. The implementation of the new policy will be in effect for reports distributed to the Board after 30 April 2006.</p>	<p>Board's Policy and Evaluation Committee and, for country program evaluations, to the Board's Programming Committee.</p>	<p>disclosed on the ADB website upon circulation to the President and Board of Directors. A redacted version of private sector evaluations is disclosed, with certain commercially confidential parts removed from the report.</p>	<p>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.</p>
5.4 Publication	<p>Disclosure of evaluation documents is incorporated in EBRD's public information policy. 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 	<p>World Bank:</p> <ol style="list-style-type: none"> 1. Country assistance evaluations 2. Thematic and sector evaluation 3. Some corporate evaluations 4. ARDE 5. AROE 6. OED working papers 7. Precs 	<p>All reports are published, unless not authorized by the Board.</p>	<p>All reports available online at http://www.adb.org/evaluation. In addition, evaluation highlights are published annually.</p>	<p>Reports available for wide distribution after circulation to the Board Committee.</p> <p>Evaluation website within the AfDB website.</p>

	European Bank for Reconstruction and Development	World Bank Group	Inter-American Development Bank	Asian Development Bank	African Development Bank
	<p>disclosed);</p> <ol style="list-style-type: none"> 2. OPER reports on TC operations; 3. Special studies; 4. Work program final report; and 5. Annual evaluation overview report. <p>All reports are edited for commercial confidential information. Lessons learned material is published on the EBRD website.</p>	<p>All reports are disclosed in line with the disclosure policy, placed on the web and printed.</p> <p>IFC: Currently not published, mainly because of confidentiality of either company or IFC investment results data. Generally, only report summaries are released on the internet home page and via points of public contact. As per the above, with appropriate editing, reports distributed to the Board after 30 April 2006 will be disclosed to the public.</p>			
5.5 Identity of Promoters of Projects	<p>No names of projects, project sponsors and promoters are disclosed outside EBRD because of confidentiality obligations toward EBRD clients, as most of EBRD's activities are with the private sector .</p>	<p>World Bank: Not applicable.</p> <p>IFC: Not disclosed.</p>	<p>Not disclosed. Source data are subject to disclosure policy.</p>	<p>List of contributors to each evaluation report is publicly disclosed (in a box at the start of a report) under the ADB public communications policy. Exceptions are made only in the case of confidential information for private sector operations.</p>	<p>No restriction on the identity of the promoters or projects .</p>

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6.1 Costs	<p>A strict budget system is in place. The budget is approved annually by the Board of Directors and is presented separately from the rest of the Bank's budget.</p> <p>Average cost per evaluation exercise: 25–45 person-days (EBRD staff) plus on some exercises consultant time</p> <p>Up to 12 weeks (EBRD staff) for special studies plus 3–4 weeks consultant time on all studies.</p>	<p>The cost for individual studies varies, depending on the nature of the study. Costs are estimated in approach papers.</p>	<p>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.</p>	<p>This 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).</p>	<p>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.</p>
6.2 Budget	<p>1.4% of EBRD's general administrative expenses (1.3% if depreciation is included in the general administrative expenses).</p>	<p>World Bank: 1.5% Bank's administrative budget.</p> <p>IEG: Historically 0.9% of IFC total; 0.8% in 2005.</p>	<p>1.1% of IADB's administrative budget.</p>	<p>2% of ADB's administrative budget.</p>	<p>1.74% of administrative budget of AfDB (2005).</p>

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.

^a In February 2008, Director General, OED's term was amended to a 3-year non-renewable term.

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	<p>EV reports to the Board of Directors via the Management Committee; it has an administrative link to one member of the Management Committee.</p> <p>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.</p>	<p>The IEO reports directly to the Executive Board of the IMF. It is completely independent of Management, and operates at "arm's length" from the Board.</p> <p>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.</p>
1.3 Seniority of Head of Department	The inspector general reports directly to the President.	The director 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 does not participate as either a member or an observer in senior management meetings.
1.5 Access to Information by Staff of the Evaluation Department	Unrestricted access.	IEO has access to all regular policy papers. The 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	<p>Head of Operations Evaluation</p> <p>3 evaluation experts</p> <p>3 evaluators</p> <p>3 assistants.</p>	<p>Director</p> <p>3 managerial staff</p> <p>7 professionals</p> <p>2 administrative assistants.</p>

	European Investment Bank	International Monetary Fund
2.2 Average Tenure of Head of Evaluation and Other Evaluation Staff	<p>Normally 5 years.</p> <p>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 Human Resources Department.</p>	<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 IMF.</p> <p>During their period of service, IEO employees are supervised by the director, 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 IMF 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 IMF's structure of staff grades and salaries; and approves changes in titles or levels.</p> <p>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, after consultation with the director, Human Resources Department (HRD) and the Executive Board, may adapt these rules and procedures to the same extent as may be authorized by the managing director with respect to the staff.</p>
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).

	European Investment Bank	International Monetary Fund
3.2 Internal Secondment	Not so far, but provided for.	Up to 50% of staff can be from the IMF. 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 as IMF staff at the same grade as before they joined IEO. Returns at a higher grade are neither ruled out nor automatic.
4.1 Work Program	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 IMF. 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 IMF 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 and 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. 	Three to four 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.
5.2 Discussion and Clearing of Reports	All reports discussed with all (in-house) services concerned and 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.

	European Investment Bank	International Monetary Fund
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 the Management Committee, plus the 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 EIB internet site (paper copies distributed as requested). In-depth reports and annual reports are posted on the EIB 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% of the total EIB administrative budget.	About 0.5% the total IMF administrative budget.

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

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