

ECG Practice Note

External Review of the Evaluation Function

November 2017

This practice note was prepared following the decision taken at the ECG Fall 2016 meeting (EBRD Headquarters, London), to prepare a one page note on definitions (self-evaluation, peer review, self-assessment) and scope to help shape external requests. A Task Force led by EBRD prepared the practice note which was published following ECG member's approval at the ECG Fall 2017 meeting (IFAD Headquarters, Rome).

What are ECG practice notes?

The Evaluation Cooperation Group (ECG) comprises the independent evaluation departments of multiple multilateral finance organisations. . (www.ecgnet.org).

ECG seeks to strengthen evaluation practice and effectiveness across its member institutions through good practice standards, harmonised approaches and sharing of experience.

Practice notes provide members with guidance (rather than formal methodological standards) on topics of shared interest and operational relevance.

Issue

Evaluation departments of ECG members report directly to Boards of Directors, not to management, a critical feature of their independence and aid to objectivity and credibility. Boards have increasingly authorised external evaluation of evaluation functions themselves -- evaluation of the evaluators -- as a means of strategic review and effective oversight. External evaluation of independent evaluation departments (IEDs) may be conducted through peer review by other ECG members or by engaging unaffiliated third parties; both approaches have been used contributing to a growing body of experience.

A detailed framework for ECG peer review was set out in 2009¹ and was first used by IFAD in 2010. This note complements that existing guidance with respect to external evaluation by unaffiliated third parties.

Purpose of this Practice Note

This note identifies features of external evaluation of evaluation functions – both general and specific – that are broadly regarded by ECG members as likely to contribute to oversight, accountability and effectiveness. It does not represent a comprehensive treatment of the issues or attempt to set out agreed “good practice.” It is intended rather to provide ECG members and others with observations and guidance that they may find useful for their own conduct of external evaluation.

General Principles

- Independent external review can contribute to the value, performance, oversight and accountability of ECG member evaluation departments and functions.
- The value and credibility of an external evaluation depends on critically on its perceived candour, rigour and independence.
- While independence cannot be guaranteed it can be strengthened by clarity on accountabilities, division of labour, decision-making, intended scope, and ownership.
- Sole authority for commission and disposition of independent external reviews rests with representatives of shareholders/owners (Boards of Directors or Governors).
- External evaluations should be completed periodically on the basis of an agreed cycle or to provide insight on specific issues or concerns.

Key Elements

Ownership/Governance: Sole authority for commission and disposition of independent external reviews rests with the relevant governing body or its designee (Boards of Directors or Governors; Board Committees).

Terms of Reference: Sole authority for approval of Terms of Reference for the external review rests with the relevant governing body or its designee. At its discretion and subject to its final approval, terms of reference may be prepared by the body itself, by an external agent contracted for this purpose, or by

¹ ECG (2009). Review Framework for the Evaluation Function in Multilateral Development Banks.

the relevant IED upon request. In no case should the terms of reference be prepared by Management or its representatives.

Terms of Reference: Terms of reference should include details on: scope and principal issues to be examined; timetables and deliverables; resource requirements; process issues such as review and comment; the staffing and skills mix of the external reviewer(s); and, the selection process to be used.

Scope: External evaluations can vary in scope. A narrow focus would be limited to the IED itself (work programmes; products; structure; resources; methods). A wider focus would additionally incorporate management's evaluation-related responsibilities (such as integration of evaluation issues into project/programme cycles; conduct of self-evaluation; actions on evaluation recommendations; and, absorption of lessons). A still more comprehensive focus would also include the Board's evaluation-related roles, such as review and oversight of IED products, activities and resources, and interface with management on matters arising from evaluation activity. The chosen scope ultimately depends on the breadth of issues to be covered; any of these approaches may be both valid and useful. With evaluation in multilateral institutions now widely seen as a set of separate and shared responsibilities linking IEDs, Management and Boards, an external review taking a comprehensive, holistic perspective is likely to provide greatest value and insight.

Frequency: External evaluations should be completed periodically on the basis of an agreed cycle or to provide insight on specific issues or concerns. Periodicity should ordinarily be every 5 years. An external evaluation may be commissioned by the governing body in anticipation of significant institutional changes likely to affect evaluation systems such as a review of the evaluation policy. Completion in advance of appointment of a new head of evaluation can provide Boards, Management and IEDs with valuable operational feedback and strategic review.

Self-assessment: A self-assessment should be completed by the IED in advance of the external review and provided to Board, Management and the external reviewer(s); it should be of comparable scope to the external review. The appended questionnaire provides a structure that may serve for an effort focussed on the IED itself. IEDs may independently self-evaluate at any time, at their discretion and resources permitting.

External Reviewer Selection: Sole authority for selection of the external reviewer rests with the governing body. Board, Management and the IED may propose candidates for a longlist of potential reviewers. External reviewers should have significant skills and experience in evaluation – practical, academic, or both; any potential conflicts of interest should be examined and minimised. The Board governing body will invite IED comment on a shortlist of up to five candidates prior to selecting the successful candidate(s). The governing body may at its discretion invite IED and/or Management to attend or participate in the final selection process.

External Reviewer Reporting: External reviewer(s) report directly to the relevant Board body or its designee.

External Reviewer Support: Support for the review is provided by the IED unless otherwise specified by the governing body. There should be an expectation of good two-way communication during the course of the work.

Draft Report Review and Comment: A draft of the external evaluation should be made available to Board, management and the IED for comment. Comments and suggestions will be incorporated at the sole discretion of the reviewer. All comments should be included in full in the final report.

Final report: The final report includes findings and recommendations at the reviewer's discretion. It is submitted to the governing body, which determines its further review and dissemination, and any other follow-up action or guidance.

Annex: Illustrative Self-assessment questionnaire for the evaluation department

1. Evaluation policy and other guidance

- (i) Is a Board-approved evaluation policy in place; if not please say why not and indicate if there any plans to produce one. In the absence of an evaluation policy, what other documents exist that provide policy guidance for the evaluation function?
- (ii) What have proven to be the strengths of the current evaluation policy?
- (iii) What weaknesses or gaps in the policy have been exposed?
- (iv) Are there plans to update the policy – if so, when and what changes would likely be proposed?
- (v) To what extent is the evaluation policy adequately known and implemented within the institution?
- (vi) Does the evaluation policy relate solely or principally to the functions of the evaluation department versus being “whole of bank” by spelling out distinct roles for the evaluation department, management and the board?
- (vii) In addition to the evaluation policy, what other guidance notes on evaluation methods and process exist?
- (viii) Is there formal guidance on the avoidance of conflicts of interest?
- (ix) What is the relationship between evaluation and internal audit?
- (x) Is the relationship between the evaluation policy and the public disclosure policy appropriate given the independence of the evaluation department?

2. Independence, objectivity and transparency

- (i) To what extent are the evaluation department and the evaluation process independent from line management in practice?
- (ii) Has structural independence led to undesirable isolation (and in what ways) and, if so, what could/should be done about this?
- (iii) The evaluation department is structurally independent, but how is behavioural independence ensured? In what ways and to what extent is behavioural independence demonstrated in practice?
- (iv) To what extent has independence (whether structural or behavioural) fostered objectivity?
- (v) To what extent and in what ways has the evaluation department been able to challenge conventional wisdom within the institution?
- (vi) Is the evaluation process transparent enough to ensure its credibility and legitimacy? If not, what could/should be done about this?

- (vii) Are evaluation findings consistently made public? Are there issues that need to be addressed here?
- (viii) Are the evaluation process and reports perceived as impartial by non-evaluation actors within and outside the institution? Are there issues that need to be dealt with in this area?

3. Financial and human resources

- (i) Is the level of financial resources adequate? If not, what additional level of financial resources would be required and to what areas should this be applied (staff costs, consultants, staff travel, other)?
- (ii) What financial and human resources are dedicated by the evaluation department to knowledge management – is this about the right amount? What changes have occurred over the last 5 years?
- (iii) Does the evaluation department have sufficient staff positions to carry out its functions, and to be value-adding?
- (iv) What are the main challenges associated with ensuring the right number of staff with the right skills and attitudes are in always in place?
- (v) Are changes needed around the position of head of the evaluation department including, but not limited to: selection method; whether single term or extendible; responsibility for performance review; nature of salary increase and method for determining this; and level of the position
- (vi) Does the head of evaluation have sufficient independence in recruiting and managing staff of the evaluation department?
- (vii) Does staff have adequate specific expertise in evaluation; are adequate training programmes available (details below)?
- (viii) Is there an adequate flow of staff between the evaluation department and the operational departments and vice versa? Is this an area that needs further work?
- (ix) To what extent are consultants managed effectively by the evaluation department and value-for-money obtained from the use of consultants?

4. Work programme and partnerships

- (i) Does the evaluation department operate to a multi-year work programme –are there strengths and weaknesses to be addressed?
- (ii) Describe the process for selecting topics for special evaluations – is this process considered adequate and if not, what further changes would be desirable?
- (iii) Describe the process for selecting projects for evaluation, including self-evaluation - is this process considered adequate and if not, what further changes would be desirable?
- (iv) Does the work programme have the right balance among the various evaluation types; and between production of evaluation products and other activities (including but not

restricted to knowledge management activities, training, commenting, working with management directly, etc.?

- (v) Does the evaluation department routinely conduct joint evaluations with other development financing institutions? Are there issues surrounding the conduct of such evaluations?
- (vi) To what extent does the evaluation department use local evaluators or, when not possible, third party evaluators from countries of operation? Are there issues to be addressed here?

5. Quality of Evaluation Products

- (i) What quality control mechanisms does the evaluation department employ to ensure the quality of evaluation products and to what extent are these producing consistently high quality products? What changes, if any, are needed in this area?
- (ii) Does the evaluation department have formal quality standards for its evaluation products and to what extent are these used in practice to ensure quality? Are there issues that need addressing in this area?
- (iii) How and to what extent is the evaluation department able to determine the usefulness of evaluation reports from the point of view of the board and any board committee through which the evaluation department reports to the board; management; and the operational side of the institution? Are there areas that need addressing here?
- (iv) How is the quality and credibility of evaluation products/processes perceived throughout the institution?
- (v) Does the evaluation department routinely or periodically assess the quality of self-evaluations carried out by operational teams and, if so, what is the quality and how has this been changing over time? What issues need to be addressed regarding self-evaluation?
- (vi) In what ways and to what extent does the evaluation department consider that self-evaluation is value-adding? Who derives value from the exercise of self-evaluation?

6. Dissemination, feedback, knowledge management and learning

- (i) Describe how evaluation findings are disseminated. Are the methods of dissemination considered adequate? What changes could/should be made?
- (ii) Are evaluation reports routinely shared with clients – if not, should this change?
- (iii) If not all evaluation reports are made public for reasons of commercial confidentiality is the balance about right between disclosure and non-disclosure, or are changes desirable?
- (iv) What mechanisms are in place to ensure feedback of evaluation results to policy and decision makers, operational staff and externally? Are these adequate?
- (v) What mechanisms are in place to ensure that knowledge from evaluation is accessible to staff and other relevant stakeholders? Are these adequate?
- (vi) Is evaluation viewed as an integral part of the institution's knowledge management system (to the extent that it has one)? What changes are needed, if any?

- (vii) Is evaluation considered a learning tool by bank staff? How can this change for the better?

7. Evaluation Use

- (i) Who are the main users of evaluations within and outside the institution? Is usage considered good? What needs to be done about this area, if anything?
- (ii) To what extent does the evaluation department know who uses its evaluations and how? Are there issues here that need to be addressed?
- (iii) To what extent do evaluations respond to clearly identified needs from board, management, operations, non-banking departments, clients, civil society or others? Are there issues to be addressed here?
- (iv) What mechanisms exist for ensuring the quality of recommendations?
- (v) How effective is the system for monitoring and reporting on actions taken on recommendations? What, if any, further changes are needed?
- (vi) Is the incorporation of evaluation findings into new operations, strategies, policies or processes satisfactory? What changes would be desirable?
- (vii) To what extent are there links with decision making processes in the institution to ensure the use of evaluation findings in decision-making? For example, is there a “just in time” dissemination system to provide evaluation findings to decision-makers when they need them and in a readily digestible format? Could/should improvements be made in this area?
- (viii) What recent examples are there of major operational, policy and/or process changes attributable to evaluation findings and recommendations – that is, what influential evaluations has the evaluation department produced? What features made these influential?
- (ix) Are there examples of how evaluation has fulfilled an accountability role?
- (x) What are the perceptions of non-evaluation actors (operation and policy departments, and field offices) regarding the usefulness and influence of evaluations?

8. Provision of training

- (i) Describe the role, if any, of the evaluation department in providing training to other staff of the institution. Are there issues here that need to be addressed?
- (ii) Describe the role of the evaluation department in evaluation capacity development in or for countries of operation. Are there issues here than need to be addressed?
- (iii) Describe the types of training available/utilized for staff of the evaluation department to enhance their evaluation knowledge and skills. Are there issues here than need to be addressed?

9. Performance assessment of the evaluation department

- (i) How is performance of the evaluation department assessed? What criteria are, or should be used to monitor and report on the evaluation department’s performance? What, if any, changes are needed in this area?

- (ii) Does the evaluation department use a theory of change and/or results framework as part of its own results monitoring and reporting system? What, if any, changes could/should be made?
- (iii) To what extent does the evaluation department monitor its own performance and to what extent does it use performance monitoring information to improve its performance? What, if any, changes could/should be made?
- (iv) To what extent are outcome-based indicators used in assessing staff performance? What, if any, changes could/should be made?

10. Engagement with board, management and external stakeholders

- (i) Describe the nature and quality of engagement by the evaluation department with the board. Are there issues that need to be addressed here?
- (ii) Describe the nature and quality of engagement by the evaluation department with management and others in the institution. Are there issues that need to be addressed here?
- (iii) Describe the nature and quality of engagement by the evaluation department with outside stakeholders. Are there issues that need to be addressed here?