



Washington, D.C. 20577

Director
Office of Evaluation and Oversight

Director
Oficina de Evaluación y Supervisión

September 4, 2007

Director Ashok Kumar Lahiri
Chair, Development Effectiveness Committee
Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila, Philippines

I am writing to you as Chair of the Evaluation Cooperation Group of the Multilateral Development Banks (MDBs) to bring to your attention the concerns of our membership regarding the importance of independence in the governance of the evaluation function in our respective institutions.

The ECG was established by the Heads of the MDBs in 1998 in response to a report from a Development Committee Task Force, which asked these institutions to harmonize evaluation practices in order to contribute to "...the public accountability of the MDBs and their ability to justify their use of public resources to shareholder governments, parliaments, and the public." The group was tasked with promoting harmonization of evaluation practices, and to that end has concentrated on the development of evaluation methods and the promotion of good practice standards for the conduct of evaluation work

ECG's good practice standards on public as well as private sector evaluation highlight that it is essential that the evaluation function be clearly independent of Management. Therefore, members are strongly in agreement with the consensus view of the broader evaluation community that independence of the function contributes substantially to the credibility and utility of evaluation findings. A recent review of the World Bank's Evaluation function endorsed this point, noting that independence allows evaluators to communicate their findings directly, protects them from unwarranted external influence and limits possible conflicts of interest.

Independence can be safeguarded using a variety of mechanisms, but for multilateral institutions with Boards of Directors representing shareholding countries, there are distinct advantages to maintaining evaluation independence by connecting this function directly to the Board. Such a relationship establishes evaluation as part of the governance structure of the institution, and clearly separates it from management. From an operational point of view, the critical Board decision regarding independence relates to the appointment of the individual selected to be Head of Independent Evaluation. This individual is both the key manager of the evaluation function and the person responsible for communicating the findings of evaluation work to the institution and the broader development community.

ECG good practice standards therefore clearly establish that the Boards of Directors of the institutions should have the ultimate authority for hiring and terminating the head of the evaluation unit and determining the unit's head appointment terms and reporting structure. If the Board elects to offer renewable contracts to the Head of Evaluation, then the ultimate authority for taking renewal decisions should likewise rest with the Board. While not all ECG member institutions currently follow these

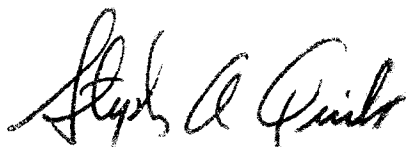
practices, we believe it does constitute good practice for the management of the evaluation function in MDBs, and it would be advisable for all of our institutions to harmonize this aspect of their work.

The ECG believes that serious or repeated breaches of good practice not only undermine the credibility and effectiveness of the evaluation function, but could in future lead some stakeholders and observers of our institutions to call for alternative ways and means of assessing the performance and impact of our organizations. Such initiatives could well be partial or ad hoc, clouding the performance picture rather than illuminating it; and to the extent that such novel mechanisms reported outside established lines, they would lack coherent linkage with management follow up and could eventually undermine the authority and mandate of our institutions' Boards.

Thank you for your consideration of this matter.

I have also sent similar letters on this subject to the Chairs of the Committees on Development Effectiveness and to the Deans of the Boards of the respective MDBs,

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen A. Quick". The signature is written in a cursive, flowing style.

Stephen A. Quick
Chair, Evaluation Cooperation Group of the Multilateral Banks
Director, Office of Evaluation and Oversight, IADB