

Evaluation Policy Framework – IDB Group



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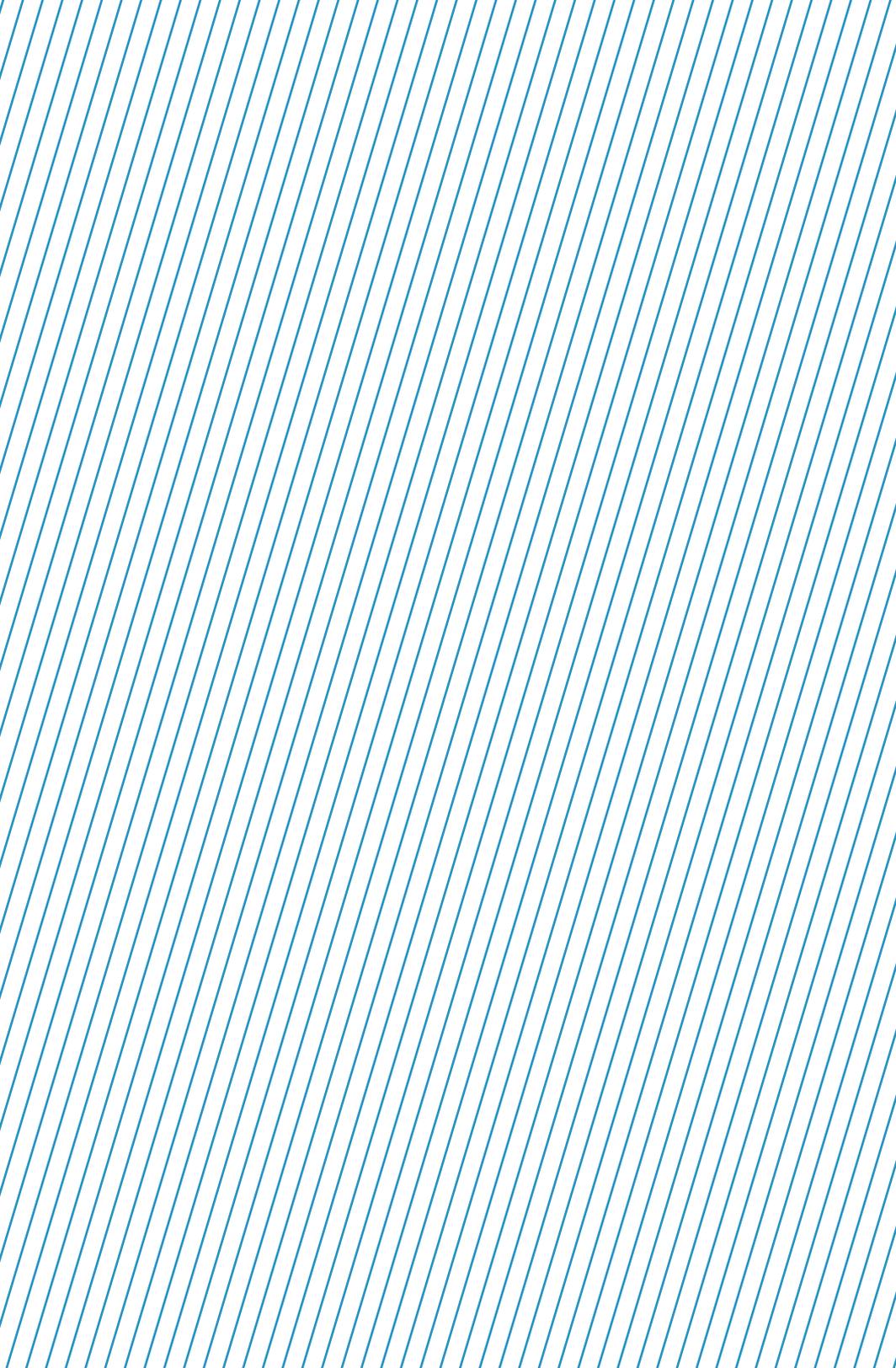
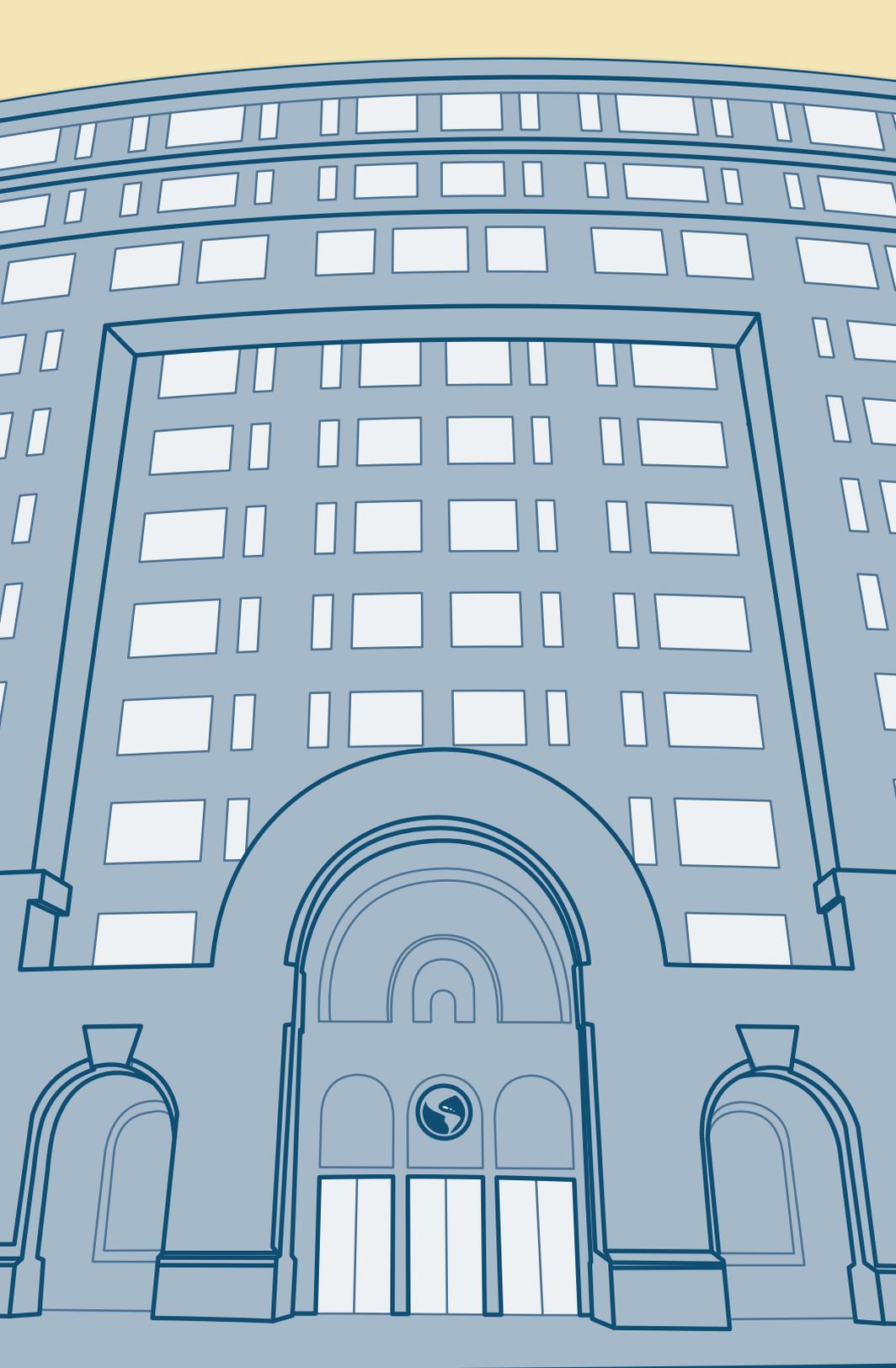


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I. Introduction

This document outlines and gathers the evaluation principles and the institutional arrangements that guide the evaluation system of the Inter-American Development Bank¹ (IDB) and the Inter-American Investment Corporation (IDB Invest, and jointly with the IDB, the IDB Group), in accordance with IDB Group policies, procedures and regulations.^{2,3}

The IDB Group evaluation system comprises the self-evaluation and the independent evaluation functions and it is a shared responsibility among (i) the Board of Executive Directors,⁴ (ii) the Office of Evaluation and Oversight (OVE), and (iii) Management.⁵

1 The Inter-American Development Bank includes IDB Lab.

2 This document is approved by the Boards of Executive Directors of the IDB and IIC, which would similarly approve any changes in this document. Policies, procedures and regulations applicable to the evaluation system of both institutions should be consistent with norms set forth in this document.

3 The annex provides a list of documents relevant to the evaluation system of the IDB Group.

4 As used in this document, “Board” means the Board of Executive Directors of IDB or the Board of Executive Directors of IDB Invest, as applicable, or the Boards of Executive Directors of IDB and IDB Invest for joint evaluation activities, depending on the context in which the term is used.

5 As used in this document, “Management” means the Management of IDB or the Management of IDB Invest, as applicable, or the Managements of IDB and IDB Invest for joint evaluation activities, depending on the context in which the term is used.

II. Objectives of the Evaluation System of the IDB Group

The objectives of the IDB Group’s Evaluation System are to improve the “operational performance, strengthen institutional learning, and achieve better results from evaluation working together with development partners.”⁶ The evaluation function is a tool to enhance institutional learning and accountability for development results of the IDB Group’s work, including development policies, financed activities, and related processes.

The purpose of the IDB, as stated in the Agreement Establishing the Inter-American Development Bank, is to “contribute to the acceleration of the process of economic and social development of the regional developing member countries, individually and collectively.”⁷ The purpose of IDB Invest, as stated in the Agreement Establishing the Inter-American Investment Corporation, is “to promote the economic development of its regional developing member countries by encouraging the establishment, expansion, and modernization of private enterprises.”⁸

6 “Final Report of the Working Group on Oversight and Evaluation entitled “Strengthening Oversight and Rebuilding Evaluation in the Bank” (1999). These objectives are also reflected on the Merge-Out proposal, document “Delivering the Renewed Vision: Organizational and Capitalization Proposal for the IDB Group Merge-Out” (2015).

7 Agreement Establishing the Inter-American Development Bank at Article 1, Sec. 1.

8 Agreement Establishing the Inter-American Investment Corporation at Article 1, Sec. 1. In accordance with Resolution AG-9/15 and CII/AG-2/15 (the “Busan Resolution”), the IIC shall, guided by the principles of strengthening development effectiveness, development impact and additionality and

The IDB Group evaluation system helps ensure that the Bank and IDB Invest remain effective in providing development results within the region. To achieve this goal, the IDB Group needs to ensure that the activities it supports are effective. To this effect it needs to continuously learn and adapt based on evidence of what works and what does not work. Evaluation supports such adaptive learning while also fostering accountability for achieving results.⁹ Therefore, the objectives of the evaluation system are to:

- foster continuous learning to inform decisions on and improve current and future policies, strategies, programs, operations, activities, and systems;
- provide a basis for each institution's accountability to shareholders for delivering on its development mandate by systematically assessing performance and development results; and
- contribute to transparency by systematically assessing the IDB Group's performance and development effectiveness and by appropriately disseminating the findings in accordance with the access to information policy of the corresponding IDB Group institution.

maximizing the efficient use of resources and the synergies between the IDB Group's public and private sector activities, carry out the full range of operations formerly carried out by the IDB Group NSG windows.

⁹ As international development organizations, IDB and IDB Invest are required by their shareholders to be transparent and accountable for achieving results.

III. Guiding Principles Underpinning the Evaluation System of the IDB Group

The IDB Group evaluation system is anchored in six equally important guiding principles.

Usefulness of evaluations. To achieve their purpose, evaluations must be useful— that is, they must be timely, on topics of strategic interest, and credible. Credibility is grounded in impartiality and the use of rigorous and transparent methodologies.

Evaluability. Evaluability is the “extent to which an activity or a program can be evaluated in a reliable and credible fashion.”¹⁰ The concept of evaluability is central to the IDB Group’s commitment to results. Effective evaluation requires that the objectives of the IDB Group’s activities be expressed and monitored in a way that allows subsequent evidence-based assessment.

Use of internationally agreed standards. The methodologies used for independent evaluation and self-evaluation must be grounded in established internationally agreed standards and adapted to the specific needs, mandates, and governance of each institution.

¹⁰ OECD (2002). Glossary of Key Terms in Evaluation and Results Based Management.

Collaboration. A collaborative and constructive approach among evaluators and key stakeholders (including the corresponding Boards and Management teams) can enhance ownership and the validity of findings and increase the adoption of recommendations and the use of evaluative lessons. While promoting a collaborative approach, care must be taken to safeguard the independence of the evaluators and ensure the quality of the evaluations.

Independence of the office of evaluation. The independence of the evaluation office is essential to maximize the benefits of the evaluation system. It is a condition for impartiality, credibility, and legitimacy. Evaluative independence comprises four dimensions: organizational independence, behavioral independence, freedom from outside interference, and avoidance of conflict of interest.¹¹

- *Organizational independence* means that OVE operates according to a mandate provided by the Board; it is positioned independently from Management and reports directly to the Board. It develops its work program and budget proposal for review and approval by the Board and it has unrestricted access to all information required to execute its work.
- *Behavioral independence* entails the ability to produce candid and uncompromising reports. It requires professional integrity and absence of bias in the behavior of the evaluator. To support behavioral independence, the Director of OVE is selected, appointed, and dismissed by the Board, and evaluators are protected from negative effects of

11 See Evaluation Cooperation Group, *Template for Assessing the Independence of Evaluation Organizations*, <https://www.ecgnet.org/document/annex-ii1-template-assessing-independence-evaluation-organizations>. OVE is a member of the Evaluation Cooperation Group, which promotes a more harmonized approach to evaluation methodology among Multilateral Development Banks.

their evaluative work on their career development.

- *Freedom from outside interference* refers to the ability of the evaluation office to set priorities, design processes, and define products, as well as to decide on the design, conduct, and content of evaluations, reach judgments and disclose its evaluations.
- *Avoidance of conflict of interest* ensures that current, immediate future, and prior professional or personal relationships and considerations do not influence the evaluators' judgments or create a perception of subjectivity.

Appropriate dissemination. For evaluation to support transparency and learning by the IDB Group's stakeholders (the Boards, Management, staff, clients, beneficiaries, and the general public) it must be made available to them and appropriately disseminated in ways that foster its use, in accordance with the respective institution's applicable internal rules and access to information policies.

IV. Architecture of the Evaluation System of the IDB Group

The IDB Group evaluation system includes the different types of evaluations, processes, activities, actors, roles, and responsibilities regarding evaluation in the IDB Group. Effective learning, accountability, and transparency are best achieved by complementary and mutually reinforcing systems of self-evaluation and independent evaluation. The IDB Group’s evaluation system therefore contains two main parts— self-evaluation and independent evaluation.

Self-evaluation. Self-evaluations are conducted “by those who are entrusted with the design and delivery of a development intervention.”¹² The purpose of self-evaluations is to facilitate decision-making, further organizational learning, and accountability. At the core of self-evaluation systems across the IDB Group are self-evaluations of development interventions (e.g., public sector operations, private sector operations, and advisory services), which are embedded in the project cycle. Self-evaluations build on ex-ante evaluability assessments and implementation monitoring, which are an integral part of IDB Group’s project preparation and portfolio management processes. The validity of self-evaluations is strengthened by OVE’s review and validation of them.

¹² OECD (2002). Glossary of Key Terms in Evaluation and Results Based Management.

Independent evaluation. Independent evaluations are “carried out by entities and persons that are organizationally and behaviorally independent from those responsible for the design and implementation of the intervention.”¹³ Independence provides legitimacy, protects from potential and perceived conflict of interest and interference, and allows evaluators to present findings and make recommendations without fear or favor. To conduct impartial evaluations grounded in solid evidence, independent evaluators are granted unrestricted access to all information required to execute their work. In the IDB and IDB Invest, independent evaluations are conducted by OVE, which undertakes independent and systematic evaluations of the IDB Group’s strategies, policies, programs, operations, activities, and systems and reports its findings to the IDB Group Boards, thereby contributing to accountability for development results and continuous learning and improvement. OVE disseminates its findings and recommendations internally and externally, thus supporting institutional transparency and learning by operational staff and the broader development community.

¹³ Ibid.

V. Roles and Responsibilities in the Evaluation System of the IDB Group

Evaluation in the IDB Group is a shared responsibility of the corresponding Board, OVE, and corresponding Management. Evaluation findings are a key input for the Board as it exercises institutional oversight and accountability. OVE, which is independent and reports directly to the Board, undertakes independent evaluations, appraises the IDB Group self-evaluation systems, validates pertinent self-evaluation reports, disseminates findings, and provides oversight and support for the enhancement of the IDB Group's development effectiveness. Each institution's Management is solely responsible for the design, implementation, and self-evaluation of that institution's programs and operations, under the oversight of the Board.

The roles and responsibilities of the Boards of Executive Directors of the IDB and the IIC are to:

- Oversee the evaluation system, adopt the evaluation policy, and oversee its implementation.
- Set the terms of reference for, appoint, and supervise the Director of OVE.
- Approve OVE's annual work program and budget and oversee its implementation.

- Review OVE's evaluation work and approve recommendations to be implemented by Management.
- Oversee Management's implementation of OVE's approved recommendations.
- Consider Management's self-evaluations and reports on results, as appropriate.
- Ensure, whenever relevant, that evaluation findings are appropriately taken into account in matters circulated to the Board. As needed, request inputs from OVE based on its evaluation work.
- Commission and oversee reviews of the independent evaluation function.
- Delegate to the appropriate committees responsibilities related to the evaluation functions, as necessary.

The roles and responsibilities of OVE are to:

- Report solely and directly to the corresponding Board.
- Prepare a multiyear rolling work program, setting out proposed evaluation priorities, products, and activities. Propose annual budgets to deliver the proposed work program and submit both to the corresponding Board for consideration.
- Ensure the integrity of the IDB Group's self-evaluation system by agreeing with Management on standards, methods, and processes; reviewing and validating self-evaluations; and periodically evaluating the adequacy and functioning of the system.
- Undertake independent and systematic evaluations and oversight studies of the IDB Group's performance and the development effectiveness of its work,

including evaluations of specific IDB Group projects and programs, country programs, and sectoral, thematic and corporate issues, and report its findings and recommendations to the Board.

- Provide support to the Board on its oversight role and, as requested, provide inputs to Board deliberations based on previous evaluation findings.
- While safeguarding the independence of evaluations, allow an appropriate level of consultation with and input from Management and other relevant stakeholders.
- Monitor and report to the Board annually on the actions taken by Management to implement Board-endorsed recommendations.
- Disseminate findings and lessons arising from evaluations within the IDB Group, to regional member countries, and to the development community at large in accordance with the access to information policy of the corresponding IDB Group institution. Support a learning environment based on cooperation, information-sharing, and constructive feedback.
- Cooperate with evaluation offices from other IFIs and development agencies, donors, and the development community at large to identify best practices and to share information. Participate in external fora to represent IDB Group's views and interests with respect to independent evaluation issues and contribute expertise and experience to the development of international standards.
- Encourage the participation of counterparts in evaluations and encourage and assist them in building effective monitoring and evaluation systems and capacity in the LAC region.

The roles and responsibilities of Management are to:

- Ensure an effective self-evaluation system, including the evaluability of its policies, strategies, programs, and operations, adequate monitoring, and timely completion of self-evaluations. Submit corresponding self-evaluations to OVE for review and validation with the agreed-upon scope and periodicity.
- Collaborate and agree with OVE on the establishment of adequate evaluation standards, methods, and processes for self-evaluation, and uphold these standards.
- Periodically report to the Board on the scope and operation of the self-evaluation system and the results of IDB Group-financed operations based on OVE-validated ratings of completion reports.
- Maintain a focal point for coordination with OVE and the Board on all evaluation-related matters. Support a learning environment based on cooperation, information-sharing, and constructive feedback.
- Provide OVE with unrestricted access to all information required to execute OVE's work.
- Respond to OVE evaluations in writing, prepare action plans to implement Board-endorsed evaluation recommendations, track and update implementation, and report implementation progress to the Board.
- Support borrowers and clients in their evaluation activities through joint evaluations and technical support.
- Prepare knowledge products based on monitoring and evaluation findings and disseminate them within and outside the IDB Group to promote learning on most effective solutions and approaches to development.

- Cooperate with self-evaluation offices and development effectiveness units from other IFIs and development agencies, donors and the development community at large to identify best practices and to share information. Participate in external fora to represent IDB Group's views and interests with respect to self-evaluation and development effectiveness issues and contribute expertise and experience to the development of international standards.

VI. Communication, Disclosure, and Dissemination

IDB Group communicates evaluation findings and recommendations to its internal users for purposes of learning in accordance with the corresponding institution's regulations governing internal distribution of documents.

IDB Group discloses to the public evaluation work in accordance with either IDB's Access to Information Policy or IDB Invest's Disclosure of Information Policy (or any successor thereto), as applicable to each institution. Specific guidelines describe disclosure implementation arrangements.

Dissemination activities are carried out to communicate evaluation findings, recommendations, and lessons learned in a timely manner, using a variety of approaches to target different audiences.

The corresponding access to information policy and guidelines shall apply to all matters addressed in this document concerning disclosure.

VII. Review of the Independent Evaluation Function

An external or peer review of the independent evaluation function should be undertaken every six years. The ultimate objective is to ensure the proper functioning of the independent evaluation function of the IDB Group, while providing the Board with a tool to exercise their oversight role. Periodic reviews also indicate the IDB Group's commitment to transparency and continuous improvement. The six-year frequency is defined so that the review results coincide with the appointment of a new OVE Director, providing valuable insights for the incoming Director. For each review, the Board will define whether it will be conducted by an external team of consultants ("external review") or by peer institutions ("peer review") and will approve the corresponding terms of reference, which will follow international good practice for the conduct of such reviews.

Between external reviews OVE will conduct a midterm self-evaluation to assess its performance and provide an opportunity for improvement. The self-evaluation will allow both OVE and the Board to take stock of achievements, identify areas of improvement, and detect potential new issues that may require attention.

Annex

List of Documents

Name	Reference	Year
1. Report on the Ninth General Increase in the Resources of the Inter-American Development Bank	AB-2764	2010
2. Report on the Eighth General Increase in the Resources of the Inter-American Development Bank	AB-1704	1994
3. Delivering the Renewed Vision: Organizational and Capitalization Proposal for the IDB Group Private Sector Merge-out. Resolution	AG-9/15 CII/ AG-2/15	2015
4. Delivering the Renewed Vision: Organizational and Capitalization Proposal for the IDB Group Private Sector Merge-out	CA-556 CII/ CA-165	2015
5. Policy and Evaluation Committee (PEC) Terms of Reference	DR-525-47	2017
6. IIC Committee of the Board of Executive Directors Terms of Reference	CII/DR-684-1	2016
7. OVE Director Terms of Reference	RE-366-18	2017
8. Development Effectiveness Framework	GN-2489	2008
9. Review of the Development Effectiveness Matrix for Sovereign Guaranteed and Non-Sovereign Guaranteed Operations. New revised version	GN-2489-5	2011
10. IIC 2017-2019 Business Plan	CII/GA-77-2	2016
11. The IIC's Basic Organization Structure and Staffing Plan	CII/GA-75-1	2015
12. Policy Document on Ex-Post Evaluation of Operations	GN-2254-5	2003
13. IDB's Evaluation Recommendation Tracking System – Protocol for Implementation. Third Revised Version	GN-2707-5	2016
14. IDB Access to Information Policy	GN-1831-28	2010

15.	IDB Access to Information Policy Implementation Guidelines. Revised version	GN-1831-36	2013
16.	IDB Invest Access to Information Policy	CII/GN-129-14	2019
17.	IDB Organization Manual – chapter on Evaluation and Audit Committee	OR-303	2016
18.	IDB Organization Manual – chapter on OVE	OR-OVE	2016
19.	IDB Organization Manual – chapter on SPD	OR-SPD	2017
20.	IDB Invest Operations Manual – chapter on Ex-Post Transaction Evaluation	----	2019
21.	Service Agreement Between IDB Invest and OVE	----	2019
22.	IDB Administrative Manual - Procedures to Review, Respond and Follow-Up on Evaluations Prepared by OVE	AM-140-1	2016
23.	OVE Mandates, Mission, and Medium-term Work Program	RE-244-2	2000
24.	Final report of the Working Group on Oversight and Evaluation entitled “Strengthening Oversight and Rebuilding Evaluation in the Bank”	RE-238 Corr	1999
25.	The Oversight and Evaluation Function: A Shared Responsibility	----	1998
26.	Bank Evaluation System	RE-200	1995

ABOUT THE OFFICE OF EVALUATION AND OVERSIGHT - OVE

Established in 1999 as an independent evaluation office, OVE evaluates the performance and development effectiveness of the activities of the Inter-American Development Bank Group (IDB Group). These evaluations seek to strengthen the IDB Group through learning, accountability and transparency.

OVE evaluations are disclosed to the public in accordance with IDB Group policies to share lessons learned with the region and the development community at large.

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