Evaluation Policy
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## Glossary of Key Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Evaluation</td>
<td>Evaluation is defined as the systematic and objective assessment of an on-going or completed operation, programme, strategy, policy, or business process, and its design, implementation and results (OECD-DAC Glossary).</td>
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<tr>
<td>Monitoring</td>
<td>A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indication of the extent of progress and achievement of objectives and progress in the use of allocated funds (OECD-DAC Glossary).</td>
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<tr>
<td>Independent evaluation</td>
<td>Evaluation by an independent evaluation unit</td>
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<tr>
<td>Self-Evaluation</td>
<td>Evaluation by those who are entrusted with the design and delivery of a development intervention (OECD-DAC Glossary).</td>
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<tr>
<td>Thematic assessments</td>
<td>Generic term used in this Policy to designate all evaluations or evaluation-like activities undertaken by Management besides project level self-evaluation. These include for example demand-driven evaluations, impact evaluations, and external evaluations of donor-funded activities commissioned or undertaken by Management.</td>
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<tr>
<td>Accountability</td>
<td>Promoting accountability for delivering on each institution’s mandate through the assessment of performance and results. Results are evaluated for their contribution to achieving the EBRD’s transition mandate.</td>
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<tr>
<td>Learning</td>
<td>Promoting learning, feedback, and knowledge sharing on results and lessons, to inform decision making on policies, strategies, programs, and projects, and to improve performance and results.</td>
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Introduction

The founding documents of the European Bank for Reconstruction and Development (“the EBRD” or “the Bank”) call for the Board of Directors to establish operating policies with respect to evaluation.¹ A first Evaluation Policy was approved by the Board in 1992 and subsequently revised numerous times to reflect changing organisational circumstances and expectations and evolving good practice. This policy replaces the policy update approved in January 2013.

Coverage and Objectives

This policy governs the EBRD evaluation system, including independent evaluation and evaluation by management (self-evaluation and thematic assessments). It sets out the evaluation-related activities and responsibilities of the EBRD’s Independent Evaluation Department (IEvD), EBRD Management, the EBRD Board of Directors (the Board), and any subordinate bodies designated by the Board. It sets out the principles guiding evaluation at the EBRD and the specific internal roles and responsibilities required to accomplish effective evaluation; it also provides the essential framework for procedures and methods within which the Policy will be executed. In addition, it sets out specific provisions pertaining to IEvD, including the Chief Evaluator and IEvD staff, the IEvD work programme and budget, access to information, utilisation of findings, internal circulation and external disclosure.

The principles and commitments established by the Policy are elaborated in greater detail and executed in practice through complementary instruments, such as: the EBRD’s Operations Manual, Independent Evaluation’s strategic plans, work programmes and budgets, IEvD internal protocols (a living document aimed to ensure quality control and efficient implementation), inter alia.

The Purpose of Evaluation

The EBRD is a publicly-owned institution, established on the basis of a unique mandate and provided with specific instruments whose aim is to “foster transition towards open market-oriented economies and to promote private and entrepreneurial initiative in... countries committed to and applying the principles of multiparty democracy, pluralism and market economics” 1. In EBRD, progress towards a sustainable market economy is considered against six key qualities: competitive, well-governed, green, inclusive, resilient and integrated. In addition, EBRD’s delivery on its mandate should comply with its key operating principles of sound banking, additionality and transition impact.

Evaluation is central to improving EBRD’s effectiveness. The overall purpose of evaluation at EBRD is to promote accountability and learning for enhanced impact. Functioning accountability, effective learning, and sustained transparency are best achieved by complementary and mutually reinforcing systems of self and independent evaluations.

Evaluation plays a critical role in improving EBRD’s effectiveness by contributing in two equally-important and mutually-reinforcing ways: by reinforcing institutional accountability for the achievement of results; and, by providing objective analysis and relevant findings to inform operational choices and to improve performance over time.

- Independent evaluation reinforces institutional accountability through validations, project-level and higher-level evaluations informing the Board, and contributes through lessons to feedback loops for improving performance.

- Evaluation by management forms part of the overall results management architecture of the Bank. It ensures accountability for results through self-evaluation and contributes through lessons to feedback loops for improving performance.

Evaluation plays a key role in generating evidence and learning about what is working well and what is not, looking at the drivers of each. These learning loops help identify better ways of doing things, inform course correction, ensure that lessons are learned during the development process and that resources are allocated to where they are most effective, and help increase ability to respond to change. Ultimately all of this helps to enhance a culture of evaluation in EBRD.
To fulfil this role, evaluation must provide credible evidence, analysis, and objective (and, in the case of IEvD, independent) judgment, along with evidence-based perspectives and insights that are relevant, valued, and actionable. Both services are critical, to Management as it seeks to deliver value and results, to the Board as it seeks to exercise the oversight role that is its exclusive responsibility, and to a wider set of clients and external stakeholders.

**Principles Underlying Evaluation at the EBRD**

Consistent with international best practices, evaluation in EBRD adheres to seven core principles in the three areas of (i) enabling environment; (ii) expertise and methodology; and (iii) utilisation. Except in the case of independence, all principles would apply equally across both evaluation by management and the independent evaluation function at EBRD.

A. **Enabling Environment**

   - **Impartiality** - Impartiality and behavioural independence are important for the utility of all evaluation components. They imply professional integrity and absence of bias in the attitude and behavioural conduct of the evaluator.

   - **Independence** - In addition, IEvD operates independently, under the oversight of the Board of Directors. Independence means that IEvD should be free from any threat to its objectivity. Independence includes structural, functional and behavioural dimensions. Structural independence is ensured when the evaluation function is separate from those responsible for the design and implementation of the entities being evaluated. Separation is ensured when the evaluation function reports to the Board and has its own staffing, work plan and budget, as appropriate to deliver on its mandate. These should not be subject to approval by EBRD Management but directly under the supervision of the Board of Directors. Structural independence also ensures that evaluation staff have full access to the information needed. Functional independence is a related concept and refers to having mechanisms in place for ensuring freedom from influence in the planning, budgeting and reporting of evaluations. It
ensures the ability of the Independent Evaluation Department (IEvD) to decide on what to evaluate and how to go about the evaluation. Behavioural independence implies professional integrity and absence of bias in the attitude and behavioural conduct of the evaluator. It refers to the avoidance of conflict of interest and ensures that current, immediate future, and prior professional or personal relationships and considerations do not influence the evaluators’ judgment or create a perception of subjectivity.

B. Expertise and Methodology

- **Evaluability** - Effective evaluation requires that the intended outcomes of institutional activities are expressed and monitored in a way that can be assessed on the basis of reliable data and objective evidence.

- **Credibility** - Ensuring credibility requires that evaluations be conducted according the agreed standards and be managed by evaluators who exhibit professional and technical competence in working toward agreed dimensions of quality. Credibility also requires that evaluations be conducted ethically, and in respect to a principle of “do no harm” in the design and conduct of evaluations. Of note, whilst IEvD is independent of Management, EBRD’s Staff Code of Conduct applies to IEvD staff, in particular with respect to confidentiality.

- **Transparency** - Effective evaluation requires transparent, specialised systems and processes, as well as the integration of evaluation-related activities into the regular work of the Bank; both must be adequately resourced, with due regard to the balance of costs and benefits. Public disclosure is part of standards for independent evaluation. Reports delivered by the evaluation system should comply with EBRD’s Access to Information Policy.

C. Utilisation

- **Usefulness** - If evaluation is to add value it must be used. To be used it must be of quality, available on a timely basis and in applicable form, and it must be embedded into the operational process in such a way as to inform operational efforts and choices.

- **Partnerships** - Strong accountability and effective learning are accomplished most effectively and efficiently by an internal partnership based on
complementary and mutually reinforcing systems of evaluation by management and independent evaluation. Self-evaluation alone cannot provide a credible evaluation of performance. However, if reinforced by independent evaluation work, regular training, and rigorous validation and quality assurance, it can be an excellent source of useful findings, institutional learning, as well as efficiently meeting accountability requirements. In the same vein, learning from thematic assessments can be multiplied through collaboration with independent evaluation. The partnership concept goes however beyond the components of the evaluation system and should include all stakeholders of evaluation for an effective and efficient system. A well-functioning evaluation system is a key building block for developing an evaluation culture for enhanced performance. In turn, it is a strong culture of evaluation across the organisation that can help catalyse full benefits from the evaluation system.

The Evaluation System at EBRD

Effective evaluation at the EBRD is built upon and accomplished through the activities of three main agents – the Independent Evaluation Department (IEvD), the Board and Management. Together they share roles and responsibilities that are separate in some cases, and joint in others.

The articulation of the evaluation system relies upon several fundamentals:

- Evaluation at the EBRD is a Bank-wide effort, incorporating multiple and interconnected roles and responsibilities for IEvD, the Board of Directors, and Management
- Responsibility for the design and execution of programmes and operations\(^2\) rests with Management, under the oversight of the Board.
- Responsibility for the design and execution of evaluation by management, rests with Management, in consultation with IEvD, and using the Evaluation Policy as reference.

\(^2\) For the purposes of this policy “operations” shall be those activities set out in the Agreement Establishing the Bank; Article 11; 1. Broadly, this includes investments, guarantees, participations and technical assistance.
Responsibility for the design and execution of the independent evaluation work programme rests with IEvD, under the oversight of the Board, in consultation with the Board and Management, and using the Evaluation Policy as reference.

For the purposes of good corporate governance and institutional capacity, IEvD remains the guardian of evaluation terminology and standards.

Both independent evaluation and evaluation by management fulfil a dual, interconnected role of accountability and learning.

Use of independent evaluation findings is a key means through which the Board exercises the institutional oversight and accountability for which it is solely responsible on behalf of shareholders.
1. **The Independent Evaluation Department (IEvD)**

   — Reports solely and directly to the Board.

   — Has primary line responsibility in the Bank for evaluating strategies, policies, programmes, operations, activities, processes and systems, and for monitoring and delivering the Bank’s overall independent evaluation programme.

   — Prepares and implements strategic plans supplemented by multi-year work programmes setting out proposed evaluation priorities, products and activities in detail. It also proposes budgets to deliver its work programmes, and results frameworks to enable assessment of its own performance. All are discussed with Management and submitted to the Board for review and approval.

   — Ensures that IEvD activities, products and services effectively meet accountability and learning needs across the multiple determinants of the EBRD’s operational performance.

   — Ensures the integrity of the EBRD’s evaluation system by:

     o Acting as guardian of the terminology and standards in EBRD;

     o Developing method/s and processes for independent evaluation, in consultation with Board and Management wherever necessary;

     o Overseeing the application of evaluation standards by Management with guidance and advice, in particular in relation to the self-evaluation system

     o Conducting independent evaluations for assessing any aspect of the Bank’s operational activity that affects results attainment and proposing recommendations to management based on evaluation evidence.

     o Producing synthesis and knowledge products based on published independent evaluations from IEvD and independent evaluations from other relevant institutions on topics of general interest to EBRD and the Board.

     o Validating self-evaluations led by Management, and assessing the adequacy of the process led by Management;

     o Coordinating with Management on the programme of thematic assessments by Management to ensure complementarity as relevant;

     o Reporting annually to the Board on the performance of independent evaluation at the EBRD and the results and findings it produces.
— Provides the Board with such regular reporting as it requires on the overall evaluation system at the Bank.

— Facilitates and encourages the use of evaluation findings by disseminating them internally, contributing to shared knowledge platforms, and collaborating as needed with Management on delivering and disseminating relevant knowledge work.

— Collaborates with Management for providing training and capacity building services on evaluation within the EBRD to strengthen the evaluation culture, understanding of the different roles within EBRD and to encourage effective use of evaluation findings.

— Participates in external fora as necessary to represent EBRD views and interests with respect to evaluation issues, and to contribute its expertise and experience to the development of international standards.

— Participates in joint evaluation work with other organisations where appropriate.

— Ensures that the Evaluation Policy remains up to date and in line with international good practice by facilitating a review of the Evaluation System every 4-5 years conducted by an external entity selected by the Board.

2. The Board

— Establishes the Bank’s evaluation policy and oversees its implementation.

— Monitors any interference in the work of independent evaluation and addresses any concern identified.

— Sets the terms of reference for, appoints, supervises, conducts an annual performance assessment of, and appoints the Chief Evaluator.

— Reviews and approves the IEvD work programme and budget.

— Discusses reports prepared by IEvD as it chooses and gives direction on these as it sees fit.

— Requests from IEvD and/or Management any such reports as it sees fit for the purpose of reviewing evaluation findings, monitoring evaluation-related activities across the organisation, and assessing the performance of evaluation-related internal systems.

— Satisfies itself that, where relevant, evaluation findings have been adequately taken into account in matters placed before it.

— Commissions regular external reviews of the evaluation system in EBRD every 4-5 years, including the evaluation policy, to ensure it
remains up to the needs of EBRD and to international good practices.

- Delegates any of its evaluation-related responsibilities to one of its subordinate bodies as it so chooses.

3. **Role of any Board Committee to Which the Board Delegates Responsibility (referred to as Delegated Committee)**

- The roles and responsibilities for evaluation of any committee to which the Board delegates evaluation functions are reflected in the terms of reference for that committee.³

4. **Management**

- Ensures robust and effective engagement in evaluation-related matters before the Board or Board subordinate bodies.

- Ensures an effective system of evaluation by management – including self-evaluation and thematic assessments. This includes:
  - Maintaining an effective self-evaluation system that allows reporting on the Bank’s performance and results;
  - Preparing and coordinating with EvD work programmes for the thematic assessments to avoid duplications and ensuring complementarity as relevant, and sharing the reports;
  - Reporting periodically to the Board on the results and lessons of the evaluation by management system.

- Ensures institutional processes and resources are sufficient to accomplish evaluation-related activities, including self-evaluation, thematic assessments and collaboration with independent evaluation.

- Ensures easy and timely access to data required for independent evaluation.

- Responds in writing to all IEvD evaluation reports and provides management action plans for implementation.

- Tracks actions taken on agreed or partially agreed recommendations from independent evaluation and periodically reports to the Board on implementation of such actions in a manner agreed with the Board, and in collaboration with IEvD.

- Maintains a focal point(s) for coordination with IEvD and the Board (and/or subordinate bodies) on all evaluation-related matters, in full respect of IEvD’s independence.

³ Currently evaluation functions are delegated to the Audit and Risk Committee. See BDS09-210 (Final) (Rev 4), approved 23 April of 2014 and amended December 2022.
Ensures that proposed operations clearly specify expected results and related performance indicators so as to allow effective evaluation.

Ensures that programmes and strategies identify their expected results with sufficient specificity and associated monitoring so as to allow effective evaluation.

Ensures that relevant evaluation findings and lessons feed into an effective learning loop in EBRD and are adequately reflected in matters placed before the Board.

Collaborates with IEvD for providing training and capacity building services respectively on evaluation within the EBRD to strengthen the evaluation culture, the understanding of the different roles within EBRD and to encourage effective use of evaluation findings.

### Standards and Methods

IEvD is the guardian of evaluation terminology and standards for EBRD’s evaluation system, fulfilled through the ownership of the Evaluation Policy, and by responding to any related request from the Board and/or any related question from Management.

IEvD develops methods to be used for independent evaluation at the EBRD on the basis of best professional judgment, drawing as appropriate on established international standards and methods, and taking due account of any specific circumstances that may exist in the EBRD context. Standards and methods will be set out in the Ops manual, Protocols and Guidance Notes.

Management is responsible for developing methods to be used for evaluation by management. IEvD oversees the application of evaluation standards by Management with guidance and advice, in particular in relation to the self-evaluation system.

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4 The Evaluation Cooperation Group (ECG) was established by the heads of evaluation in multilateral development banks (MDBs) in 1996 to: (i) strengthen the use of evaluation for greater MDB effectiveness and accountability; (ii) share lessons from MDB evaluations and contribute to their dissemination; (iii) harmonise performance indicators and evaluation methodologies and approaches; (iv) enhance evaluation professionalism within the MDBs and collaboration with the heads of evaluation units of bilateral and multilateral development organisations; and (v) facilitate the involvement of borrowing member countries in evaluation and build their evaluation capacity. The ECG uses two instruments to promote evaluation harmonisation among MDBs: Good practice standards (GPS) and benchmarking studies to assess the extent to which the GPS are applied by the ECG members. The EBRD was a founder member of the ECG and, together with the International Finance Corporation, was responsible for developing the GPS on the evaluation of private sector operations, now in its fourth version.
Access to information and distribution of reports

Access to Information
IEvD staff has access to all internal information required to execute its Board-approved work programme. The fundamental operating presumption is one of full information sharing coupled with full respect for confidentiality. IEvD staff is subject to confidentiality rules and restrictions and adhere to applicable EBRD policies and regulations, including the EBRD Code of Conduct.

IEvD attends as an observer in senior level management committees at the invitation of Management, which IEvD may request.

Internal Distribution
Independent evaluation reports will be made available to all relevant internal stakeholders, including the Board, consistent with confidentiality safeguards. The decision on internal disclosure rests with the Chief Evaluator taking account of advice from Management.

Evaluations by Management (self-evaluation and thematic assessments) will be made available to IEvD and all the relevant internal stakeholders consistent with confidentiality safeguards.

External Disclosure
The provisions of the Access to Information Policy regarding external disclosure of evaluation reports apply. IEvD will be consulted and provide comments on any potential change to the AIP.

Public disclosure contributes to building evidence-based public knowledge, supports EBRD stakeholders' learning, and promotes the use of evaluation findings in policy and funding decisions.

Special Provisions Pertaining to IEvD

Chief Evaluator
The Chief Evaluator is directly and only responsible to the Board of Directors as a whole. He/she is not part of Management.

The Chief Evaluator is selected/removed in accordance with a procedure established by the Board of Directors.
A Selection Committee for the Chief Evaluator is established consisting of the members of the Delegated Committee, the Chair of the Board Steering Group, and the Vice President in charge of Human Resources. The Selection Committee is chaired by the Chair of the Delegated Committee. The Selection Committee appoints an executive search firm to conduct an extensive search. Subsequently, the Committee reviews a shortlist of candidates and conducts interviews and proposes a candidate by majority vote. After completion of the selection procedure, the Committee makes a recommendation to the President for the engagement of the Chief Evaluator, without prejudice to the role of the Budget and Administrative Affairs Committee (BAAC). Before the end of the selection process, a hearing of the proposed candidate will be organised with interested Board Directors. The President will then consult with the Board in an Executive Session before sending a formal recommendation to the Board for its approval.

The Chief Evaluator is appointed for a term of four years, which may be renewed once only. At the end of his/her term, or after removal, the Chief Evaluator is ineligible to perform remunerated services for the EBRD, unless the Board of Directors decides otherwise.

The Chief Evaluator will be of grade-rank and remuneration comparable to the level immediately below Vice-President or equivalent. The Chief Evaluator is not entitled to variable remuneration based on performance and as such, adjustments will be made as necessary within BAAC to compensate for the gap. The BAAC will review the compensation package to be offered to the Chief Evaluator taking into account any views the Delegated Committee may have and provide its recommendation concerning these aspects to the President.

The same annual salary adjustment that is approved by the Board of Directors for the Vice Presidents will apply to the salary of the Chief Evaluator, unless the Board of Directors decides otherwise. The Delegated Committee will conduct a periodic performance review of the Chief Evaluator, which should be completed in the same timeframe as appraisals for staff. During the Chief Evaluator’s term, any decision to remove him/her for cause is subject to approval by the Board, and such a decision is made on the basis of a Report prepared by the Delegated Committee to be transmitted by the President to the Board. In the transmittal document, the President may express his/her disagreement with the course of action recommended by the Delegated Committee. The Chief Evaluator may only be removed under the same circumstances and conditions as applicable to other staff members and any such decision is subject to recourse in accordance with the Grievance and Appeals procedures.

At least six months before the end of his/her term, the incumbent Chief Evaluator informs the Board of Directors, in writing, whether s/he is interested in seeking a new term. If so, the Board of Directors consults with the President in an Executive Session and thereafter the President sends a recommendation to the Board for its approval. If the Chief Evaluator is not interested in a renewal, or if the renewal has
not been approved, the vacancy is advertised (with Bank staff eligible to apply) and the selection process is initiated.

**Management of EvD Resources**

Based on the approved multi-year work programme, a budget for IEvD is prepared by the Chief Evaluator. This is presented separately from the rest of the Bank’s budget. Such budget, which must be sufficient to enable IEvD to carry out the proposed work programme, is approved by the Board, at the same meeting as the Board decision on the Bank’s general budget, but with a separate vote on IEvD’s work programme and budget.

The Chief Evaluator manages IEvD staff, to whom the Bank’s human resources and other relevant policies apply. The Chief Evaluator is free to make recruitment/removal decisions, within the limits of the IEvD budget, without Management or Board involvement.

The salaries of IEvD professional staff members are determined by the Chief Evaluator in consultation with the Human Resources Department and within the limit of the budget.

The allocation of salary increases is based on performance and market positioning. In addition to a salary, the remuneration of the IEvD’s professional staff may include performance based compensation.

In managing IEvD financial and human resources, the Chief Evaluator consults and cooperates with relevant departments and units in the Bank, in particular the Budget Unit and the Human Resource Department.

**Conflict of interest**

The Bank’s Code of Conduct for staff members protects staff against official, professional, financial, and family circumstances that may compromise the integrity and impartiality of their work in general. But it does not specifically address the actual or potential conflicts of interest that staff and consultants involved in independent evaluation may face in their work. This section aims at clarifying the principles that apply in such cases.

To avoid any real or perceived conflict of interest, IEvD staff and consultants will recuse themselves from evaluating:

- Any operation / strategy that they previously worked on, or had line responsibility for the work on, or that they had a personal influence over, in a previous capacity either in the Bank or prior to joining the Bank. This includes evaluation advice to the evaluability of a strategy. Judgement will be exercised by staff and consultants together with IEvD management to determine the materiality of such responsibility or influence, depending in particular on the time elapsed since its occurrence;

- An entity that they had substantial decision-making, financial management, or approval responsibility for or personal influence or financial stake in prior to joining the Bank or in which their future
employment is a significant possibility. Similarly, judgement will be exercised by staff and consultants together with IEvD management to determine the materiality of such responsibility, depending in particular on the time elapsed since its occurrence.

Decisions taken during the execution of an independent evaluation in relation to any real or perceived conflict of interest will be transparently reported in the final report.