
POLICY DOCUMENT

Evaluation Policy

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European Bank
for Reconstruction and Development



Contents

Glossary of Key Terms.....	3
Introduction.....	4
Coverage and Objectives.....	4
The Purpose of Evaluation	4
Principles Underlying Evaluation at the EBRD	6
The Evaluation System at EBRD.....	8
Standards and Methods.....	14
Access to Information and Distribution of Evaluation Products.....	15
Special Provisions Pertaining to IEvD	16

Glossary of Key Terms¹

Evaluation	Evaluation is defined as the systematic and objective assessment of an ongoing or completed project, programme, or policy and its design, implementation and results.
Monitoring	A continuing function that uses a systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds.
Independent Evaluation	An evaluation carried out by entities and persons free of the control of those responsible for the design and implementation of the development intervention.
Self-Evaluation	An evaluation by those who are entrusted with the design and delivery of a development intervention.
Thematic assessments (definition is not within the OECD Glossary)	Generic term used in this Policy to designate all evaluations or evaluation-like activities undertaken by Management, besides project level self-evaluation. These may include demand-driven evaluations, impact evaluations and external evaluations of donor-funded activities commissioned or undertaken by Management.
Accountability (Institutional)	Obligation to [,] report fairly and accurately on performance results vis-a-vis mandated roles and/or plans.
Learning (definition is not within the OECD Glossary)	Promoting evaluative thinking, evidence-based findings, feedback and knowledge sharing on results and lessons to inform decision-making on policies, strategies, programmes and projects, and to improve performance and results.

¹ The glossary of key terms is based on the OECD Evaluation and aid Effectiveness [Glossary of Key Terms in Evaluation and Results Based Management](#). The definitions are provided as reference. They are interpreted in the context of the EBRD in the rest of the document.

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.² A first Evaluation Policy was approved by the Board of Directors in 1992 and subsequently revised numerous times to reflect changing organisational circumstances, expectations and evolving good practice. This policy replaces the policy update approved in January 2013.

Coverage and Objectives

This policy governs the EBRD’s 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, EBRD Board of Directors (the Board) and any committee 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: 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

² Chairman’s Report on the Agreement Establishing the European Bank for Reconstruction and Development. EBRD. (1990). *Basic Documents of the European Bank for Reconstruction and Development*. London.

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, the Bank’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 the Bank is to support institutional accountability and promote institutional learning for enhanced impact. Functioning institutional accountability, effective institutional learning and sustained transparency are best achieved by complementary and mutually reinforcing systems of independent evaluation and evaluation by Management.

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 promoting institutional learning through the provision of 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. It also contributes through lessons to feedback loops to improve performance.
- Evaluation by Management forms part of the overall results management architecture of the Bank. It ensures institutional accountability for results through self-evaluation and contributes through lessons to feedback loops to improve performance.

Evaluation plays a key role in generating evidence and learning about what is working well and what is not, as well as 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. This also helps increase the ability to respond to change. Ultimately, all these factors help enhance a culture of evaluation in the 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. This is 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 is underpinned by 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 an absence of bias in the attitude and behavioural conduct of the evaluator.
- **Independence:** 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 IEvD has access to all information required to execute its Board-approved work programme. 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 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.

- **Partnerships:** Strong institutional accountability and effective institutional 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, rigorous validation and quality assurance, it can be an excellent source of useful findings and 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 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. Such a culture for enhanced performance across the organisation in turn helps catalyse the full benefits from the evaluation system.

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 to best practice 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 published 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 an applicable form. It must also be embedded into the operational process in such a way as to inform operational efforts and choices.

The Evaluation System at EBRD

Effective evaluation 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 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 operations³ rests with Management, under the oversight of the Board.
- Responsibility for evaluation by Management rests with Management, in consultation with IEvD, and in accordance with the Evaluation Policy.
- Responsibility for independent evaluation rests with IEvD, under the oversight of the Board in consultation with the Board and Management, and in accordance with the Evaluation Policy.
- For the purposes of good corporate governance and institutional capacity, IEvD remains the guardian of evaluation terminology and standards.

³ 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.

- Both independent evaluation and evaluation by Management fulfil a dual, interconnected role of institutional accountability and learning.
- Use of independent evaluation findings is a key means through which the Board exercises 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 of responsibility in the Bank for evaluating strategies, policies, programmes, operations and activities, as well as monitoring and delivering the Bank's overall independent evaluation programme.
- Prepares and implements strategic plans supplemented by multiyear 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 the assessment of its own performance. All are discussed with Management, as well as other oversight departments (namely the Independent Project Accountability Mechanism and the Internal Audit Department). The final decision on strategic plans and work programmes to be submitted to the Board rests with the Chief Evaluator. When finalised, they are submitted to the Board for review and approval.
- Ensures that IEvD activities, products and services effectively meet the institutional accountability and learning needs across the multiple determinants of EBRD's operational performance, in particular by:
 - Conducting independent evaluations for assessing any aspect of the Bank's operational activity that affects attaining results and proposing recommendations to Management and/or the Board based on evaluation evidence.
 - Producing synthesis and knowledge products based on published independent evaluations from IEvD and independent evaluations from other relevant institutions on topics of particular interest and relevance to EBRD and the Board.
- Ensures the integrity of EBRD's evaluation system by:
 - Acting as guardian of the terminology and standards in the EBRD.
 - Developing method/s and processes for independent evaluation and validation of self-evaluation, in consultation with Board and Management wherever necessary.
 - Overseeing the application of evaluation standards by Management with guidance and

- advice, in particular in relation to the self-evaluation system.
- Validating self-evaluations led by Management and assessing the adequacy of the process led by Management.
- Coordinating with Management on the programme of thematic assessments by Management to ensure complementarity as relevant.
- Providing the Board with as regular reporting as it requires on the overall evaluation system at the Bank.
- Reporting annually to the Board on the performance of independent evaluation at EBRD and the results and findings it produces.
- 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 to provide training and capacity building services on evaluation within the EBRD to strengthen the evaluation culture, the understanding of different roles within EBRD and to encourage effective use of evaluation findings.
- Participates in external fora as necessary to represent EBRD's views and interests with respect to evaluation issues. This is also 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 at least once during the term of the Chief Evaluator, and ideally in a timely manner to facilitate the transition with the incoming Chief Evaluator. This is conducted by an external entity selected by the Board.

2. The Board

- Establishes the Bank's evaluation policy and oversees its implementation.

- Monitors and safeguards the independence of the independent evaluation function, including monitoring any interference in the work of independent evaluation and addressing any concern identified.
- Sets the terms of reference for, appoints, supervises, conducts an annual performance assessment of, and removes 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.
- Discusses management responses to IEvD reports, as it chooses.
- Provides guidance on implementation of recommendations to be reflected in Management Action Plans (MAPs) as it chooses.
- Satisfies itself that, where relevant, evaluation findings and recommendations have been adequately taken into account in matters placed before it, including in MAPs.
- 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.
- Commissions regular external reviews of the evaluation system in EBRD at least once during the term of the Chief Evaluator, and ideally in a timely manner to facilitate the transition with the incoming Chief Evaluator, including the evaluation policy, to ensure it is relevant to EBRD's needs and international good practices.
- Delegates its evaluation-related responsibilities to one of its committees as it so chooses.

3. Role of the Board Committee to which the Board delegates responsibility (referred to as Delegated Committee)

- The roles and responsibilities for evaluation of the committee to which the Board delegates the evaluation functions are reflected in the terms of reference for that committee.⁴

⁴ Currently evaluation functions are delegated to the Audit and Risk Committee. See [BDS 22-209](#).

4. Management

- Ensures robust and effective engagement in evaluation-related matters before the Board or Board Delegated Committee.
- Ensures an effective system of evaluation by Management, including self-evaluation and thematic assessments. This encompasses:
 - Maintaining an effective self-evaluation system that allows reporting on the Bank's performance and results.
 - Preparing and coordinating with IEvD work programmes for the thematic assessments to avoid duplications and ensuring complementarity as relevant, as well as 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 for IEvD to all internal information required to execute its Board-approved work programme, and facilitates access to all available external information held by non-Bank stakeholders required to execute its Board-approved work programme.
- Provides and presents to the Board within the envisaged timeline, for all IEvD evaluation reports, a Management Response and a Management Action Plan (MAP) for the implementation of recommendations from independent evaluation that Management agreed or partially agreed upon.
- Tracks actions taken on the final MAPs as agreed and periodically reports to the Board on progress with implementation of such actions, in a timely manner agreed with the Board, and in collaboration with IEvD.
- Maintains a focal point(s) for coordination with IEvD and the Board (and/or Delegated Committee) on all evaluation-related matters, in full respect of IEvD's independence.
- Ensures that proposed operations clearly specify expected results and related performance indicators so

they can report on transition impact and enable effective evaluation.

- Ensures that programmes and strategies identify their expected results with sufficient specificity and associated monitoring to support effective evaluation.
- Ensures that relevant evaluation findings and lessons feed into an effective learning loop across EBRD and are adequately reflected in matters placed before the Board.
- Collaborates with IEvD to provide training and capacity building services on evaluation within the EBRD to strengthen the evaluation culture, the understanding of different roles within the Bank and to encourage the 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. It also includes responding to any related request from the Board and/or any related question from Management.

IEvD develops methods to be used for independent evaluation and validation of self-evaluation at EBRD on the basis of best professional judgment, appropriately drawing on established international standards and methods, and taking due account of any specific circumstances that may exist in the EBRD's context.⁵ 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

⁵ The Evaluation Cooperation Group (ECG) was established by the heads of independent 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.

evaluation standards by Management with guidance and advice, in particular in relation to the self-evaluation system.

Access to Information and Distribution of Evaluation Products

Access to information

IEvD has access to all internal information and available external information generated by third parties that is required to execute its Board-approved work programme, based on the discretion of the Chief Evaluator. 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 Access to Information Policy and EBRD Code of Conduct.

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

Internal distribution

Independent evaluation products 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, who may consult Management.

Evaluations by Management (self-evaluation and thematic assessments) products 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 (AIP) regarding external disclosure of evaluation products 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. The Chief Evaluator is, administratively, a member of EBRD staff but not part of Management.

The Chief Evaluator has final approval authority on independent evaluation products.

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 and the Chair of the Board Steering Group. An external evaluation expert might be included in the Selection Committee at the discretion of the Chair. The Managing Director, Human Resources and Organisational Development, attends as an observer.

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 Selection Committee reviews a shortlist of candidates and conducts interviews and proposes a candidate by majority vote. After completing the selection procedure, the Selection 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 single term of six years, which cannot be renewed. At the end of the appointed 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, appropriate adjustments will be made as necessary within BAAC. The BAAC will review the compensation package being 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 which 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 time frame as appraisals for staff.

During the Chief Evaluator's term, any decision to remove the Chief Evaluator 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 their 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 Directive on Appeals Process.

At least six months before the end of the Chief Evaluator's term, the vacancy is advertised (with Bank staff eligible to apply) and the selection process is initiated.

Management of IEvD 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. This is done during the same meeting as the Board's 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 involvement from the Board or Management. As a principle, staff need to have sufficient knowledge and familiarity with evaluation methodology and practices in order to be assessed through a strong selection process.

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 to clarify 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, 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.