

New Development Bank Evaluation Policy

Owner: Independent Evaluation Office

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Change Log

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Abbreviations

DAC	Development Assistance Committee
ECG	UN Evaluation Group
IEO	Independent Evaluation Office
MDB	Multilateral Development Bank
NDB	New Development Bank
UN	United Nations
UNEG	United Nations Evaluation Group

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NDB Evaluation Policy

Chapter I Introduction

1. This policy sets out the overarching framework for conduct of evaluations in the New Development Bank (“NDB” or “the Bank”).

Chapter II Goal and Objectives

2. The overarching goal of evaluation is to improve NDB’s development effectiveness and to further the achievement of the Bank’s mandate. The Independent Evaluation Office (IEO) is responsible for the independent evaluation of NDB strategies, policies, initiatives, processes and operations, with the aim of identifying lessons and providing recommendations for improving the efficiency and effectiveness of the Bank. IEO’s aim is also to inform the Board of Directors and Management of the results achieved by the Bank in order to enhance the accountability of the organization and ultimately to strengthen and drive the quality of the Bank’s interventions in delivering results in its member countries.
3. To support NDB in achieving greater development effectiveness, the evaluation function has three core objectives:
 - Promote accountability for enhanced value for money, developmental results and impact by providing an evidence-based assessment of results achieved through NDB’s financial and other support to member countries;
 - Contribute to enhanced learning and feedback to improve the quality of current and future policies, strategies, programmes, projects, instruments, underlying processes, organization, resources, and capacities required to achieve these results; and
 - Provide independent feedback to the Board of Directors on project and programme governance and oversight to enhance development impact and ensure fulfillment of the NDB’s mandate.
4. These objectives will also serve to promote results, learning and evaluation culture across the Bank to encourage a continuous improvement in the quality of NDB activities.

Chapter III The Evaluation System

5. Evaluation is a Bank-wide activity. NDB distinguishes between two main complementary and mutually reinforcing evaluation modalities: self-evaluation and independent evaluation.

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Self-evaluation

6. Self-evaluation is conducted by the Bank units that are entrusted with the design and delivery of development operations and is under the aegis of NDB Management. As such, Management is responsible for the oversight of its self-evaluation function. Self-evaluation real-time feedback enables NDB management to: (i) take immediate responsive actions to improve project design and implementation performance of Bank policies, strategies, and operations; (ii) learn from experience and inform new actions and measures; and (iii) report performance and results to the Board of Directors, while providing necessary inputs to the IEO to conduct independent evaluation and validations of selected self-evaluations.

Independent Evaluation

7. Independent evaluation is conducted by organizational units (and individuals) that are independent from those responsible for the design and implementation of the Bank's activities. As such, the independent evaluation function is separated from NDB Management. At NDB, IEO is the unit solely responsible for independent evaluations under the direct oversight of the Board of Directors. IEO conducts a range of independent evaluations at different levels (evaluations of projects and programmes as well as of policies, strategies, instruments and corporate processes).
8. IEO independently validates selected self-evaluation products prepared by Management such as project level self-evaluations, with the aim of contributing to strengthening the quality and credibility of the self-evaluation system. IEO ensures that the whole evaluation function at NDB follows internationally recognised good standards and practices in line with the practice at other MDBs and UN organizations. Independent evaluation also complements but is distinct from the other NDB compliance and oversight functions – compliance and investigations, and internal audit.
9. A Management response, and other instruments especially conceived to elicit and summarize the response of recipient countries, to independent evaluations is shared with the Board of Directors to promote the review and acceptance of selected recommendations. Management informs the Board of Directors annually of follow-up to the implementation of independent evaluation recommendations with IEO comments.
10. Monitorable improvement plans (to be approved by the Board of Directors) will be developed to strengthen the Bank's self and independent evaluation systems.

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Chapter IV Core Principles

11. Evaluation at NDB is driven by a set of core principles.

12. **Independence**

13. Independence provides legitimacy to evaluation and reduces the potential for conflict of interest which could arise if policy makers and managers were solely responsible for evaluating their own activities. The evaluation process should be independent in its function from the process concerned with the policy making, the delivery and the management of development assistance.

14. **Utility/Usefulness**

For evaluations to be useful, they must be relevant, reliable, and credible. Usefulness is enhanced by the quality and credibility of the evaluations as well as the transparency and quality of the evaluation methodology used. Usefulness also relies on the IEO work-programme being demand-driven and a culture of using evaluation evidence for learning and decision making.

15. **Timeliness**

All too often, evaluation findings and recommendations are available too late to be of real value. IEO prioritizes the completion of evaluations in a timely manner to inform decision-making and learning and to strengthen accountability for results. IEO also considers the conduct of real time evaluations in selected instances.

16. **Credibility and Transparency**

Credibility is a key principle if evaluation is to achieve its intended impact. Evaluations need to be conducted by professionals who have professional expertise and be grounded in integrity, objectivity, rigorous approaches, and tested, explicit and transparent methodologies. Methodologies, while adapted to NDB specific mandates and context, must reflect established internationally agreed standards. Impartiality is embedded within the principle of credibility. Transparency of evaluation processes and outputs is an important related principle. Credibility is enhanced through an evaluation process that is transparent and logically consistent from the planning phase through to the preparation of evidenced based recommendations.

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Chapter V Roles and Responsibilities

17. Evaluation is a responsibility shared between the NDB Board of Directors, Management and IEO.
18. The overall evaluation issues at the NDB should be guided by the Board of Directors. The latter oversees the evaluation policy and associated practices of the Bank, including the appointment, annual performance assessment, annual base salary increments, and renewal of the appointment and termination of the Director General of IEO. The Board of Directors approves the evaluation policy, the IEO work programme and budget, and reviews the results of evaluation findings and management responses to evaluation findings.
19. NDB Management is responsible for the self-evaluation function and for reporting on the performance and results of NDB to the Board of Directors. Management ensures that evaluations lead to learning within the Bank and inform future projects, policies, and strategies. In that context, it provides a management response to recommendations of independent evaluations conducted by IEO and reports on the implementation of the response. It is responsible for ensuring that Bank policies, strategies, programmes, and project operations are evaluable and for providing, in a timely manner, all available data and information requested by IEO for conducting evaluations. As noted earlier, Management responds to evaluation recommendations and informs the Board of Directors annually of follow-up to the implementation of the recommendations.
20. As IEO reports directly to the Board of Directors, it may communicate directly with members of the Board individually or collectively. IEO will ensure due cooperation and dialogue with NDB Management. It provides an independent assessment of the Bank's performance and development effectiveness to the Board and Management through its evaluation findings and it also provides recommendations for improvement. IEO will devote attention to knowledge work, synthesising good practices from Bank activities and those of other peers.
21. The Director General of IEO shall be responsible for the preparation of the IEO annual work programme. The work programme will take into account institutional priorities of the NDB and its member countries, and be prepared through a consultative process engaging with key stakeholders, in particular with the Board officials and NDB Management. However, IEO is solely responsible for finalising and presenting its annual work programme and budget to the Board of Directors, for review and approval.

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22. IEO is responsible for setting evaluation norms and standards for evaluations in line with international standards promoted by evaluation networks such as DAC-Evalnet, the ECG, and UNEG. IEO reviews and validates self-evaluations and may periodically evaluate the functioning of the Bank's self-evaluation system.
23. IEO directly disseminates evaluation reports and related products to member countries, key stakeholders and the public at large, using a variety of communication instruments. IEO participates in external evaluation fora, networks, associations and related platforms.
24. IEO should report to the Board of Directors on a regular basis. As and when requested by the Board of Directors, IEO shall provide technical and administrative support for any external evaluations of the Bank launched directly by the Board of Directors.

Chapter IV Independence of IEO

25. Independence of the Bank's evaluation function is essential to maximize the benefits of an evaluation system as it contributes to legitimacy and credibility, minimizes bias, and ensures that evaluations are free from external or internal influence or pressure as well as from perceived or real conflict of interest. IEO is administratively, functionally, structurally and behaviorally independent of NDB's Management to ensure that the process for conducting evaluations is not influenced by the decision makers responsible for the products and processes being evaluated. At the same time, IEO is an integral part of NDB, and its staff are staff of the NDB.
26. NDB has in place a number of processes to ensure the independence of IEO. IEO, acting independently, prepares its annual work programme informed by discussions with the Board, NDB Management, and other stakeholders for approval by the Board of Directors. The responsibility for the conduct of independent evaluations rests exclusively with IEO. Within the overall framework of independent evaluation, IEO will build partnerships and ensure stakeholder engagement at key stages in evaluation processes. NDB Management actively cooperates in independent evaluation processes managed by IEO and shares all the necessary data, information and reports with IEO to conduct its evaluations. IEO shares evaluation reports with Bank Management before they are issued to verify factual accuracy and to obtain comments, but not to negotiate judgements about quality and results of evaluation findings.
27. The Director General of IEO has the authority to issue and submit final evaluation reports and related products to the Board of Directors and subsequently publish them, without prior clearance from anyone outside IEO. It uses a variety of communication tools and instruments to disseminate independent evaluation results and lessons, including through a dedicated section on the NDB website devoted to independent

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evaluations. IEO is solely responsible for all content posted on its webpages. Corporate Communications provides, for IEO consideration, advice on communication-related aspects. With the support of Corporate Communications, the Director General of IEO interacts with media on evaluation matters without the approval of NDB Management.

28. Considering the importance of the independence of IEO, the selection procedure, appointment and dismissal of the Director General of IEO is the responsibility of the Board of Directors. The Director General of IEO will be recruited for a four-year term. Subject to the decision of the Board, his/her mandate may be renewed once, for a duration to be also determined by the Board of Directors. If the Director General of IEO reaches the age of 65 years during a fixed term of four years, he/she will continue to serve for the remainder of that term. In such cases, the appointment may not be renewed beyond that fixed term of four years. The Director General of IEO may not be reappointed within NDB to another position or recruited as a consultant, following the expiry or termination of his/her appointment.
29. Subject to the annual Work Programme and Budget approved by the Board of Directors, the Director General determines the staffing and organisation of IEO.
30. The Director General is responsible for all the functions performed by IEO including the management of personnel and budget under the oversight of the Board of Directors and in consultation with the concerned Vice Presidents. The Director General has the delegated authority from the Board of Directors to make all staffing, personnel and consultants decisions, including appointment, extension, performance assessment, annual base salary increment, promotion, and termination of IEO staff members, recruitment of consultants, which do not conflict and conform with NDB policies for human resources, and to grant any waiver that may be required to deliver IOE work programme in accordance with the provisions of this policy. Separate procedures, in line with Bank policy, will be put in place for IEO personnel management (e.g., recruitment, promotions, waivers, etc.) to ensure the independence of IEO without Management interference.

Chapter VII Implementation of the Policy

31. Implementation of the NDB Evaluation policy will be supported by the preparation of implementing guidelines that define the role and responsibilities of IEO vis-à-vis other organisational units of the Bank. The guidelines will be prepared by IEO in cooperation with Management, and issued by the Director General of IEO and shared with the Board of Directors for information.

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32. Furthermore, IEO will prepare an evaluation manual that sets out the methodology and processes that will be applied in the assessment and evaluation of the results of NDB policies, strategies and operations. The development of the evaluation manual will provide the opportunity to establish 'state-of-the-art' evaluation criteria for assessing NDB performance. While building on good international practice¹, the key evaluation criteria should be relevant to the NDB and the specific context of any evaluation undertaken. Evaluation criteria should not be used mechanistically, but tailored depending on the nature of the operation and purpose of the evaluation.
33. The manual will also include a description of the instruments (e.g., ratings) that may be deployed to assess performance of the indicators selected. The manual will define the main counterparts who will be responsible for the implementation of IEO recommendations. In this regard, depending on the topic of evaluation, one or more NDB department will be responsible for such implementation. However, the ultimate responsibility for implementation of IEO recommendations and reporting on their implementation status to the Board rests with the NDB President. Lastly, the manual will clarify that the timelines for individual evaluations will be carefully determined by IEO in consultation with the NDB and member countries concerned, to ensure all parties are able to contribute towards independent evaluations in an appropriate manner.
34. NDB is committed to the continuous improvement of the evaluation function through periodic reviews conducted by Management and the Director General of IEO and through external reviews conducted by peers (e.g., by the Evaluation Cooperation Group of the MDBs) and/or independent external evaluation.

¹ Including the OECD/DAC evaluation criteria.