

Evaluation Policy

CORPORATE POLICIES



CEB

— COUNCIL OF EUROPE DEVELOPMENT BANK —
BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE

Evaluation Policy

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1. Context and Purpose

Founded in 1956, the Council of Europe Development Bank (CEB) is Europe's oldest multilateral development bank. Operating under the values and principles of the Council of Europe, the Bank helps translating them into reality by financing projects and programmes in its 43 member countries in the various sectors of action defined in its Loan and Project Financing Policy. The CEB supports projects that foster inclusion and improve the living conditions of vulnerable and socially disadvantaged population groups. Its borrowers include governments, local and regional authorities, public and private financial institutions, and non-profit and socially-oriented organisations. CEB-financed operations have to meet specific technical, environmental and social criteria, to be financially sound and be implemented in strict conformity with the Bank's policies and guidelines.

The Bank established in 2002 an independently positioned evaluation function (currently the "Office of Independent Evaluation", hereinafter also referred to as IEV or "the Office") aimed at supporting institutional accountability and organisational learning. This function has so far been operating in line with internal evaluation guidelines that embodied its terms of reference and working arrangements. The purpose of this Policy is to formalise the framework for the Bank's evaluation activities by defining the core principles that guide evaluation work and by clarifying the roles and responsibilities for evaluation at the institutional level.

2. Core guiding principles for evaluation

Evaluation¹ is a fundamental activity through which multilateral development banks (MDBs) assess the performance of their interventions (i.e. projects, programmes, financing instruments, technical assistance, policies, processes, strategies and partnerships), and gather evidence on the results achieved through the evaluated intervention. Evaluations allow to understand the way in which and the reasons why a given intervention does or does not achieve its expected results, whether there were any unintended effects, and what adjustments and innovations should be considered to improve the achievements of future similar interventions.

In order to contribute to learning, accountability and evidence-based decision-making, evaluations must be conducted in accordance with internationally recognised core principles that help to ensure their quality and effectiveness. The following interrelated and mutually reinforcing principles guide the CEB's evaluation work.

Utility

To be useful, evaluations must be undertaken with the aim of adding value by delivering findings that are relevant and timely for institutional accountability, operational improvement and purposeful innovation.

Impartiality and objectivity

Evaluations must be carried out with impartiality and objectivity, guided by evidence based on factual findings. This implies that those who conduct the evaluation must demonstrate professional integrity and behavioural independence by avoiding any form of bias or conflict of interest that could affect the evaluation's findings and conclusions.

¹ To ensure a common understanding of evaluation-related terms used in this Policy, reference is made to the glossary of key terms developed by IEV in its *Evaluation Guidebook* based on the OECD-DAC's *Glossary of Key Terms in Evaluation and Results-based Management* (2022) and the ECG's *Big Book on Evaluation Good Practice Standards* (2012).

Credibility

To be credible, evaluations must be performed in accordance with internationally recognised standards of quality and good practice. This includes using a sound and well-defined methodology, ensuring transparent and explicit evaluation processes, involving the necessary level of technical expertise and applying objectivity and professional integrity throughout the evaluation.

Independence

Independence is a specific attribute of the evaluation function performed by the CEB's Office of Independent Evaluation to ensure that its evaluation work can be carried out without any undue pressure or interference that may affect its impartiality and objectivity. This implies structural and functional independence in addition to the above-mentioned behavioural independence, which is a prerequisite for all CEB evaluation activities.

3. Evaluation at the CEB

Evaluation systems at MDBs are usually based on the specific and complementary purposes of two main evaluation modalities: "self-evaluation" and "independent evaluation". Depending on its subject matter, scope and purpose, evaluation aims to inform decision-making at strategic, operational and project-specific levels.

This Policy describes evaluation-related roles and responsibilities at the institutional level, with a particular focus on the Bank's independent evaluation function, taking into account the specificities of the CEB's institutional and operational set-up.

3.1 Self-evaluation

Self-evaluation refers to the assessments conducted by the entities responsible for the intervention's design and delivery. These self-evaluations are nonetheless carried out in accordance with the principles of behavioural independence, which require professional integrity and an unbiased approach from the operational staff or dedicated units carrying them out.

At the CEB, self-evaluation is embedded in the process through which loan and grant-financed operations are systematically assessed by the Bank's "Operational Units"² throughout the project cycle from appraisal (ex-ante or "quality at entry" assessment) and monitoring (collection of data on specified indicators and on-going assessment of quality and use of funds during implementation) to completion (ex-post or "quality at completion" assessment).

As part of this process, Operational Units design and monitor the implementation of a project-specific results framework and issue a "Project Completion Report" after completion of the intervention. This report is prepared by Operational Units on the basis of data and information collected from the borrowers or implementing entities. It is a key output of the Bank's project-level self-evaluation, reflecting the CEB Operational Units' assessment of achievements and social development results against project objectives.

² "Operational Units" are the CEB internal services responsible for the Bank's operations, including the appraisal, financing, technical assessment and monitoring of projects and programmes from inception to completion.

These mandatory self-evaluation modalities are detailed in the Bank's relevant projects and loans-related policies, guidelines and procedures, notably the operational *Handbook for the Preparation and Implementation of Projects* and related guidelines.³

The CEB's self-evaluation activities may occasionally include demand-driven evaluations. These may be evaluations contracted to external consultants and managed by the CEB Operational Units at the request of specific donors (e.g. the European Commission in the context of EU grant programmes managed by the CEB), or impact evaluations managed by the CEB Operational Units as part of their analytical research and study work aimed at attributing results to specific CEB project financing activities.

3.2 Independent evaluation

Independent evaluations are carried out by entities that are fully independent of those in charge of the design and implementation of the intervention.

At the CEB, the independent evaluation function is fulfilled by the Office of Independent Evaluation (IEV) which is structurally independent from the CEB's Operational Management.⁴ The Head of the Office of Independent Evaluation (also referred to as the "Chief Evaluator") reports functionally to the Administrative Council and administratively to the Governor. The position is established at an appropriate level of seniority in line with the function.

This set-up is aimed at ensuring that IEV can plan and undertake evaluations and report on evaluation findings and recommendations to the Administrative Council without any undue influence or interference from the Bank's management.

This Policy describes IEV's functioning and clarifies the institutional processes and requirements for IEV to fulfil its mandate.

Mandate

The evaluation function contributes to the Bank's accountability and learning by evaluating selected ongoing or completed interventions and formulating recommendations on issues of relevance to the CEB's mission, objectives and impact.

As a follow up to its evaluations, the Office of Independent Evaluation encourages CEB's Operational Management to address the issues identified and operationalise the key lessons derived from evaluations. It reports regularly to the CEB's Governor and Administrative Council on independent evaluations' follow-up processes which include the design and implementation by the CEB Operational Units of agreed action plans.

The Office of Independent Evaluation may also decide to undertake different types of evaluation-related work, such as evaluative reviews, evaluability assessments, impact evaluations, or develop new evaluation products in consideration of institutional needs and innovations in the field of evaluation.

IEV provides evidence-based feedback and insights aimed at strengthening the quality of the CEB's interventions in delivering results in line with the Bank's mission. It disseminates and promotes the

³ This Handbook and its applicable guidelines are reviewed and updated by CEB Operational Units on a regular basis in order to reflect, inter alia, the evolution and enhancement of the Bank's self-evaluation practices.

⁴ "Operational Management" refers to the Bank's management in charge of Operational Units.

uptake and use of findings and lessons from its own evaluations and from relevant external evaluations, to promote and strengthen a culture of accountability and learning within the Bank and among its stakeholders.

IEV acts as the Bank's repository and reference point for evaluation terminology and good practice standards. It fosters the enhancement of the CEB's self-evaluation practices and operations' evaluability by promoting the use of internationally recognised standards and evidence-based assessment approaches. In this regard, IEV may provide guidance to CEB Operational Management and Units, upon their request, on evaluation related matters, within the scope of its mandate and subject to resource availability.

Institutional arrangements and safeguards

The following institutional arrangements are aimed at clarifying the respective roles and responsibilities of the Chief Evaluator, the CEB Operational Units, the Governor and the Administrative Council in ensuring the utility, credibility and impartiality of independent evaluation work.

The Head of the Office of Independent Evaluation (or Chief Evaluator) sees to it that IEV fulfils its mandate by:

- representing the evaluation function at relevant Administrative Council meetings and CEB Management-level committees, to ensure that independent evaluation work informs, where appropriate, the Bank's decision-making processes, and to keep abreast of the Bank's evolving strategic and operational priorities and orientations, without taking part in operational decision-making;
- designing and ensuring the implementation of IEV's work programme⁵ in accordance with its resources and in a manner that prioritises the relevance and utility of the evaluation activities and their alignment with the function's accountability and learning purpose;
- consulting with the CEB Operational Management and considering possible suggestions in view of the Bank's strategic and operational priorities and learning needs when defining IEV's work programme, while retaining, in line with the principle of independence, full discretion in selecting the topics and interventions to be evaluated;
- ensuring independent evaluation reporting by validating final evaluation reports and IEV deliverables prior to their transmittal to the Governor and Administrative Council;
- seeking and incorporating, as such, CEB Operational Management's formal responses prior to issuing final evaluation reports;
- reporting to the Administrative Council on IEV's work programme, annual activity report, evaluation reports and follow-up to evaluations;
- defining the operational guidelines and procedures for the CEB evaluation function⁶, including the standards and modalities for preparing, conducting and following up on evaluation work, the types of evaluations and their reporting formats, the range of evaluation and knowledge products, taking into account institutional needs and international good practices;
- managing IEV's human and financial resources;
- engaging, consulting and collaborating with peer development finance institutions' evaluation outfits and external stakeholders, as deemed relevant.

⁵ Although updated on a yearly basis, IEV's work programme is in fact a rolling work plan in which evaluation activities initiated in a given year may be carried forward and completed in a subsequent year.

⁶ These are set out in detail in the *Evaluation Guidebook* prepared and updated as necessary by IEV.

The Governor warrants an enabling environment for IEV to fulfil its mandate, define and implement its work programme, and report on its activities and findings without interference or undue influence from the CEB's Operational Management.

The Governor sees to it that IEV's reports and deliverables are transmitted as such to the Administrative Council.

The Governor further ensures that evaluation findings and recommendations are duly considered and that Operational Units follow up on endorsed recommendations through the implementation of agreed actions.

Under the leadership of the Governor, the CEB Operational Management is responsible for drawing up the strategies, policies, and implementation modalities for CEB financing activities. The Operational Units are further responsible for the self-evaluation and evaluability of CEB operations (which may eventually be subject to independent evaluation) with a view to reporting their performance and results.

Operational Management and Units play a key role in fostering a culture of learning and evidence-based decision-making by cooperating and building synergies with the CEB evaluation function. They facilitate the implementation of independent evaluations and uptake of evaluation lessons by:

- taking part in consultations and contributing to discussions initiated by IEV in relation to its work programme, evaluation-related activities, findings and recommendations;
- informing IEV of pertinent developments and innovations regarding their self-evaluation activities and processes, including possible demand-driven evaluations managed and conducted by Operational Units;
- providing IEV with all relevant data, information and feedback that may be required pertaining to CEB operations that are or may be subject to independent evaluation;
- supporting IEV staff in having access to the evidence base required for carrying out their evaluation work by ensuring the commitment of CEB borrowers and grant beneficiaries to favourably receiving possible evaluation visits and to providing IEV staff and consultants with all relevant data, information and feedback necessary for their evaluation work;
- reviewing draft evaluation reports, upon IEV's request, to flag any factual inaccuracies or clarify possible misinterpretations; preparing formal comments for the CEB Operational Management's response to final evaluation reports;
- following up on evaluation findings and recommendations by implementing agreed action plans.

The Administrative Council supports the CEB's evaluation function in fulfilling its mandate and performing its accountability and learning role by:

- approving the CEB's Evaluation Policy and any revision thereof;
- approving the Office of Independent Evaluation's work programme and the resources allocated to IEV within the Bank's annual budget;
- receiving IEV's evaluation reports and deliverables (or summaries thereof) and making use of them in its reflections and decision-making processes as it deems appropriate;
- being informed of the activities of the Office of Independent Evaluation through its annual activity report and consulting the Chief Evaluator on evaluation-related matters as it deems appropriate;
- providing feedback on the above and suggesting themes and topics for independent evaluation, as it sees fit.

Resources

In order to ensure the relevance, credibility and utility of its work, the evaluation function must have an adequate level of human and financial resources. The Administrative Council and the Governor ensure that IEV is provided with sufficient and appropriate resources to fulfil its mandate and implement its work programme in an autonomous and effective manner.

The Office of Independent Evaluation must have sufficient experienced staff with knowledge of the CEB's areas of intervention and technical evaluation skills and expertise in order to properly manage and conduct evaluations. It must also have a separate budget for recruiting external consultants, including sector-based experts, to provide technical support as it deems necessary. It must have, in addition, a dedicated budget for missions and outreach activities.

Notwithstanding its functional and operational independence, IEV benefits appropriately from the CEB's support services as is the case for other administrative units of the Bank. The recruitment and management of the Office's human resources are carried out in accordance with the existing regulations, rules and procedures applicable to CEB staff. As regards the recruitment of the Chief Evaluator, the Governor informs the Administrative Council of the selection criteria and process and consults with it before proceeding with the appointment. Operational Units whose activities may be subject to evaluation by IEV may not be involved in the recruitment process of the Office's staff.

The Head of the Office has full autonomy and responsibility for managing IEV's human resources and allocating its budget in accordance with the Office's operational needs and priorities. IEV's budget is managed in a cost-effective manner that ensures both predictability and flexibility in the implementation of planned activities.

Knowledge management and outreach

Knowledge management and dissemination of evaluation findings are essential for accountability, learning and decision-making. Evaluation reports and related key deliverables are made available to the CEB management and staff as well as to the concerned external stakeholders (CEB borrowers and project implementing entities), as deemed appropriate by IEV. For evaluation knowledge sharing and accountability purposes, the CEB Office of Independent Evaluation proceeds with external disclosure of its evaluation findings in appropriate formats in accordance with the IEV-related provisions of the CEB's Public Information Policy.

IEV cooperates with the evaluation functions of other institutions, including multilateral development banks, European institutions, bilateral and national development finance institutions and international organisations such as the OECD and UN organisations, to foster good evaluation practices and collaboration. IEV staff also participate in peer group networks and associations that promote the exchange of evaluation know-how and experience. Its independent evaluation work further provides the CEB with an opportunity to discuss evaluative practices and encourage their development for learning and accountability purposes at the level of its external stakeholders (borrowers and project implementing entities). The Office may also engage, as it deems appropriate, with academia and think tanks on topics of interest to the CEB's mandate and social development agenda.

Abbreviations and acronyms

CEB	Council of Europe Development Bank
ECG	Evaluation Cooperation Group
EU	European Union
IEV	Office of Independent Evaluation (CEB)
MDB	Multilateral development bank
OECD-DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
UN	United Nations



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