

**JOINT RESPONSE BY THE BOARD, MANAGEMENT AND BDEV TO THE INDEPENDENT PEER REVIEW
OF THE INDEPENDENT DEVELOPMENT EVALUATION OF THE AFRICAN DEVELOPMENT BANK GROUP
(Final report, February 2019)**

The Board of Directors, Management and Independent Development Evaluation (BDEV) of the African Development Bank Group (AfDB) express their deepest appreciation to the Evaluation Cooperation Group and to all the members of the Peer Review Panel¹ for their commitment and participation in the Independent Peer Review (IPR).

INTRODUCTION

The IPR was proposed as a means of receiving feedback on BDEV's current practices and learning from international standards and best practices of other independent evaluation functions, while ensuring benchmarking to global standards. In November 2017, CODE approved the inclusion of this exercise in the 2018 update of BDEV's 2016-2018 rolling work program. The findings and recommendations of this report complement the self-evaluation of the implementation of the Independent Evaluation Strategy 2013-2017 and will contribute to further improving the performance of BDEV and its alignment with international standards in development evaluation. Some recommendations referring to the Board, given its role and responsibilities set under the 2016 Evaluation Policy, will contribute to strengthening evaluation core principles, namely independence.

The IPR examined the extent to which BDEV's products, activities and institutional context align with good practice standards for evaluation, particularly the three core principles: (i) Independence; (ii) Credibility; and (iii) Utility. The Panel has concluded that the independent evaluation function of the Bank "performed relatively well in terms of independence and credibility. As it is a shared responsibility, the performance is less than satisfactory in terms of utility, particularly on the part of Bank management and its use of evaluations. Improvements can be made against all three criteria."

The Board, Management and BDEV note the overall satisfactory assessment of the IPR. They also appreciate all issues raised by the review on all three criteria. The conclusions are mostly in line with the findings of the self-evaluation of the strategy undertaken by BDEV. The following sections and the joint action plan detail the Board's, Management's and BDEV's responses to the recommendations of the IPR addressed to them.

AfDB BOARD RESPONSE

The IPR Panel concludes that "some fine-tuning of the 2016 Evaluation Policy, budget and human resources processes is necessary to further enhance independence", and in that regard, it recommends the Board to:

- Define, in the Independent Evaluation Policy, the grade level of the Evaluator-General at Vice-President level;
- Consider the adoption of an appointment for one term only of 5-6 years for the incoming Evaluator-General, without the possibility for renewal or for any other position in the Bank, as it is the actual trend in other IFIs;

¹ The IPR was conducted by a panel of independent evaluation experts (Panel or Review Panel) from the Evaluation Cooperation Group (ECG), a multilateral network of evaluation functions.

- Institutionalize a selection process for the Evaluator-General that starts early enough to ensure smooth handover from one to the other;
- Determine how the Evaluation Policy can be revised to better ring-fence budget and human resource decisions in practice.

Overall, the Board appreciates the Panel’s review and the conclusions and recommendations addressed to it. They are in line with the Board’s commitment to ensuring the **independence of the evaluation function in the Bank**. However, the Board considers that not all recommendations will require specific actions to be taken, since they are already addressed in the Evaluation Policy or have been further clarified under the new Development and Business Delivery Model (DBDM) of the Bank.

Evaluator-General Grade Level. During its deliberations on the Bank’s reform agenda and the DBDM, the Board decided to limit the number of Vice-Presidencies to seven plus one Senior Vice-Presidency and to normalize several executive level positions, including the one of the Evaluator General, that were previously ranked at vice-president level. This means that the present grade of the Evaluator General is at EL4. On the Panel’s concern about the Evaluator General’s ability to speak truth to power, his/her direct reporting line to the Board is considered to provide sufficient safeguards and independence vis-a-vis the Management of the Bank and is also in line with practices in other Multilateral Development Banks.

Evaluator General Tenure. In principle, the Board is in favor of a term-of-office of only 5-6 years, non-renewable. While understanding that the recommendation would allow the Bank’s practice to better align with those of other IFIs, the Board will pursue further reflections on the pros and cons of this recommendation. It will also assess the option of extending the current term to 6 years, instead of 5, in order to allow the Evaluator General to supervise two BDEV work programs of 3 years each. Any change in the general tenure would require a revision of the Evaluation Policy.

Evaluator-General selection process. The selection and recruitment process of the Evaluator General is defined in the Evaluation Policy. It is the Board’s responsibility, through CODE, to exercise this specific function, which is also clearly defined in the Evaluation Policy. It is CODE’s responsibility to start the process early enough to avoid any major disruptions. One option would be to revise CODE’s Terms of Reference to better reflect this responsibility.

Ring-fence budget and human resources. The Evaluation Policy defines the Board’s responsibility for approving the BDEV budget and human resources, upon CODE’s endorsement and recommendation. As the IPR report itself indicates, “The process applies to the entire Bank (it does not affect BDEV more than other vice-presidencies) ...”, and in practice, when compared to other complexes reporting directly to the Board, BDEV budget allocations are subject to two lines of defense (CODE first and then the Board).

AfDB SENIOR MANAGEMENT RESPONSE

The IPR concludes that AfDB leadership has respected the independence of BDEV. However, it finds that Senior Leadership should build on the asset of a strong independent evaluation function to enhance the Bank’s reputation and credibility (for instance in ADF and GCI negotiations), and to continuously learn from experience to improve services and results for clients. It therefore recommends Management to:

- Signal consistently the need for improved learning and actively seek to use evaluation findings to create a stronger results, learning, and evaluation culture with a clear commitment not to isolate the BDEV Evaluator General from senior management policy discussions;
- Enhance the presence of experienced staff in evaluation reference groups and establish feedback practices within operational vice-presidencies, while encouraging operational staff to engage with BDEV in all knowledge sharing events and throughout the evaluation process;
- Reduce the time taken to prepare management responses to allow a timely release of evaluation findings. Management responses may be restricted to Action Plans with timeframe and units responsible for action implementation;
- Enhance the follow up of implementation of agreed evaluation recommendations.

Enhance learning and evaluation culture, stronger engagement. Management agrees that the engagement of staff and Management throughout the evaluation process is key to ensuring that evaluations are comprehensive and accurate, and provide a valuable source of learning. It will therefore encourage quality engagement throughout the evaluation process and in lessons learned workshops. Management has also established the Management Action Record System to track recommendations of all evaluations, in particular the actions committed to, and has started organizing joint kick-off meetings ahead of the preparation of Management Responses to evaluation reports. The Evaluator-General is welcome to participate in relevant Senior Management meetings as an observer or as a special invitee. The Chair of SMCC/OpsCom will agree with the Evaluator General on which OpsCom/SMCC meetings the Evaluator General will attend taking into account independence considerations.

Management Responses. Management makes every effort at preparing Management Responses in a timely manner, and adherence to the timeline to prepare Management Responses is an existing Bank institutional KPI. However, it also needs to provide sufficient time to allow for learning and Management engagement. Management needs to make sure that the pressure to finalise a response is not at the expense of quality and accountability. To that end, guidelines are shared with the lead department drafting the Management Response ahead of the drafting stage to make sure the timeline is adhered to.

BDEV RESPONSE

BDEV acknowledges the valuable contributions of the Board, Management and staff to this exercise and expresses its gratitude for the findings of the IPR. The Panel concluded that BDEV performed relatively well in terms of independence and credibility. It is noted however that improvements can be made if the following recommendations are implemented:

- The incoming Evaluator General should – further to a familiarization period - develop his/her strategic directions for the term period of the appointment and submit it for approval by the Board through CODE;
- The improved consultation process on the work program can be strengthened further by briefing management about the final evaluation work program to create greater awareness;
- To ensure consistency of evaluation processes and enhanced evaluation methods, the draft BDEV manual (or handbook) should be finalized and implemented systematically to increase impartiality (objectivity in design and process), transparency, and credibility;
- Appropriate evaluation methods should be selected to ensure new insights are generated;

- Build up a system for budget planning and management for BDEV evaluations to ensure efficient resource use, and consider measures to deal with long delayed evaluations;
- Use the Senior Management Coordination Committee, and other such platforms, to brief leadership about strategic evaluations and discuss necessary follow-up actions;
- Enhance the awareness and use of the electronic platforms (Website, EVRD) and increase their user-friendliness with dynamic features and effective search capabilities;
- Accelerate the procedures to fill the vacant positions and continue with investing in staff development, including onboarding arrangements for new staff;
- Establish a system to monitor and record cases of conflicts of interests and how they are managed.

In general, BDEV agrees with the recommendations. BDEV's management has already started addressing some key recommendations through the 3-year work program for 2019-21, such as the increase in stakeholders' consultation and engagement, the development of an evaluation manual, further strengthening of evaluation quality and the timeliness of evaluations.

Strategic level. Once in place, the new Evaluator General will be advised to prepare a "Strategic Directions" letter or a chapter to be added to the three-year Work Program 2019-21, or another format of his/her choosing.

Enhanced consultation processes and raising awareness on evaluation. BDEV commits to publish and disseminate the 2019-21 Work Program, in particular to members of Senior Management, whilst supplementing with an information session for Bank's Management at the beginning of each year. The department will also continue the work with Management to strengthen participation in evaluation reference groups. If BDEV receives the agenda for SMCC meetings, it will be able to prepare short policy briefs and lessons from past and current evaluations for Senior Management to inform their decision-making. It can also organise on-demand thematic sessions on key evaluations/ issues.

Consistency, transparency and credibility. BDEV is revising and finalizing the evaluation manual through wide consultations and piloting exercises to ensure its quality and adequacy to the Bank's operations. Likewise, BDEV is conducting an internal assessment of its budget planning, management and monitoring tools, while exploring innovative ways to reduce the cost of evaluations.

Strengthening BDEV's team. As set out in the Independent Evaluation Policy, BDEV follows the standard Bank recruitment procedures with regard to filling staff vacancies. It thus relies on the support of the HR department, and cannot accelerate the procedures on its own. However, good progress has been made in filling the vacancies noted by the IPR. As at 16 January 2019, all staff vacancies have been filled, except for the Evaluator General, two division managers, and one team assistant. BDEV is also working with the HR department on developing a competency framework for BDEV staff, which will inform on the strengths and weaknesses of the department. The departmental training plan for 2019 will build on this framework and contribute to improving the staff capacity to deliver the work program.

The Board, Senior Management and BDEV provide a detailed plan of action with respective timelines below.

ACTION PLAN

BOARD				
Issue	Recommendation provided by IPR	Response	Action Plan	Deadline
<u>Independence</u> – Evaluator General grade level.	The Board should define in the Independent Evaluation Policy the grade level of the Evaluator-General at Vice-President level.	Disagree. The current EL4 grade Level was defined and approved in the context of the discussions and decision on DBDM.	No action required.	
<u>Independence</u> – Evaluator General tenure.	The Board should consider the adoption of appointment for one term only of 5-6 years for the incoming Evaluator-General, without the possibility for renewal or for any other position in the Bank, as it is the actual trend in other IFIs.	Partially agree. Agree in principle with the idea of a non-renewable term of office, but more reflection is needed on the pros and cons. Eventually, extension of term to 6 years instead of 5.	- Decision to be taken - Accordingly, revision if needed of the Evaluation Policy for this part only.	Feb/March 2019 April 2019
<u>Independence</u> – Evaluator General selection process.	The Board should institutionalize a selection process for the Evaluator-General that starts early enough to ensure smooth handover from one to the other.	Not applicable. Selection process is already defined in the Evaluation Policy. It is the responsibility of CODE to start the process early enough.	No action required. Eventually CODE Terms of Reference to be revised to better reflect this responsibility.	
<u>Independence</u> – Budget and human resources.	The Board should determine how the Evaluation Policy can be revised to better ring-fence budget and human resource decisions in practice.	Disagree. The Evaluation Policy determines CODE to endorse BDEV PWB, to be then approved by the Board, which already provides adequate influence over budget and human resources.	No action required.	
MANAGEMENT				
Issue	Recommendation provided by IPR	Response	Action Plan	Deadline
“Leadership of the Bank has respected the independence of BDEV. However, Senior Leadership should build on the asset of a strong independent evaluation function to enhance the	Signal consistently the need for improved learning and actively seek to use evaluation findings to create a stronger results, learning, and evaluation culture with a clear commitment not to isolate the BDEV Evaluator general from senior management policy discussions	Agreed. Evaluations provide Management a valuable source of learning and promote a culture of accountability. To this end, Management has: • Established the Management Action Record System to track recommendations of all evaluations;	Going forward, Management will continue implementing the Management Action Record System. Management will invite the Evaluator General to participate in relevant meetings of the Senior Management. The Chair of SMCC/OpsCom will agree with the Evaluator General on	By Q4 2019.

Bank's reputation and credibility (for instance in ADF and GCI negotiations), and to continuously learn from experience to improve services and results for clients."		<ul style="list-style-type: none"> Enhanced its level of engagement with BDEV in organising joint kick-off meetings ahead of the preparation of Management Responses to evaluation reports. 	which OpsCom/SMCC meetings the Evaluator General will attend taking into account independence considerations.	
	Enhance the presence of experienced staff in evaluation reference groups and establish feedback practices within operational vice-presidencies, while encouraging operational staff to engage with BDEV in all knowledge sharing events and throughout the evaluation process	Agreed. Engagement of staff and Management throughout the evaluation process is key to ensure evaluation reports provide a comprehensive and accurate assessment.	Going forward, Management will: <ul style="list-style-type: none"> Work with BDEV to ensure that the quality, seniority of Bank staff throughout the evaluation is adequate. Participate in BBDEV workshops to reflect on lessons learned whenever possible and relevant to specific Bank staff. 	By Q4 2019 By Q4 2019
	Reduce the time taken to prepare management responses to allow a timely release of evaluation findings. Management responses may be restricted to Action Plans with timeframe and units responsible for action implementation	Partially agreed. Management makes every effort at preparing Management Responses in a timely manner. However, it also needs to provide sufficient time to allow for learning and Management engagement. We need to make sure that the pressure to finalise response is not at the expense of quality and accountability.	Adherence to the timeline to prepare Management Responses is already an existing Bank institutional KPI. Guidelines are shared with the lead department drafting the Management Response ahead of the drafting stage to make sure the timeline is adhered to. Going forward, Management commits to: <ul style="list-style-type: none"> Ensure that the lead department meets the 66-day timeline agreed upon with BDEV and SNVP to prepare Management Responses. 	By Q4 2019
	Enhance the follow up of implementation of agreed evaluation recommendations	Agreed. Management already systematically tracks on a bi annual basis the implementation of actions made in response to evaluations in the Management Action Record System (MARS). The share of actions fully implemented increased from	Going forward, Management will: Continue to ensure tracking on a bi annual basis implementation of actions made in response to evaluations.	By Q4 2019

		32% to 58% from September 2017 to September 2018.		
BDEV				
Issue	Recommendation provided by IPR	Response	Action Plan	Deadline
<u>Independence</u> – New evaluation strategy.	The incoming Evaluator General should – further to a familiarization period - develop his/her strategic directions for the term period of the appointment and submit it for approval by the Board through CODE	Agreed in principle, but to be confirmed by the new Evaluator General.	Once in place, the new Evaluator General will be advised to prepare a “Strategic Directions” letter or a chapter to be added to the three-year Work Program 2019-21, or another format of his/her choosing.	TBD
<u>Independence</u> – in the sense of impartiality, is also affected by the absence of an updated manual that ensures all evaluations follow transparent good practice methods and processes. <u>Credibility</u> – (...) a major shortcoming is the absence of an updated evaluation manual to define methods and processes which might introduce greater transparency in BDEV’s work.	To ensure consistency of evaluation processes and enhanced evaluation methods, the draft BDEV manual (or handbook) should be finalized and implemented systematically to increase impartiality (objectivity in design and process), transparency, and credibility. Appropriate evaluation methods should be selected to ensure new insights are generated.	Agreed. A Chief Quality and Methods Adviser has joined BDEV in September 2018 and is developing and finalizing the evaluation manual (currently in draft form), which will address these concerns. While harmonizing internal procedures and methods, the manual aspires to meet international standards and expectations. The Q&M adviser will also contribute to the start-up phase of new evaluations by advising on appropriate evaluation methods.	Develop the manual through wide consultations and piloting exercises to ensure its quality and adequacy to the Bank’s operations	By end of Q2 2019
<u>Utility</u> - BDEV has invested in engaging with management by increasing consultations in three important areas: *Work program	The improved consultation process on the work program can be strengthened further by briefing management about the final evaluation work program to create greater awareness	Agreed. Once the BDEV Work Program for 2019-2021 has been approved by the Board, the Acting Evaluator General will reach out to members of Senior Management to inform them about the evaluations to be undertaken in their area over the period. In addition, at the beginning of each individual evaluation, a meeting will be	Publish and personally disseminate the Work Program 2019-21 to members of Senior Management. Supplement with an information session for Bank’s Management at the beginning of each year.	By end of Q1 2019

<p>*During a number (but not all) evaluations to create better understanding of evaluative insights and sponsor improved receptivity to evaluation findings</p> <p>*Outreach and knowledge sharing events</p>		<p>requested with the relevant VP and/or director, to inform, consult and involve him/her in a timely manner.</p> <p>In line with this recommendation, BDEV also sees necessary to increase Management and operational staff involvement and engagement in the evaluation process, particularly in reference groups, and the implementation of recommendations.</p>	<p>Work with Management to strengthen participation in evaluation reference groups, possibly through an incentive system and performance indicators for evaluation focal points and reference group members.</p>	<p>By December 2019</p>
	<p>Use the Senior Management Coordination Committee, and other such platforms, to brief leadership about strategic evaluations and discuss necessary follow-up actions</p>	<p>Agreed. BDEV will be happy to regularly participate in SMCC meetings, if the practice of inviting the EG to the SMCC is reinstated. Otherwise, BDEV will work with the SVP to organize special briefing sessions on key evaluations, as was done for the Quality Assurance evaluation in 2018.</p> <p>As part of its pursuit of increased stakeholder engagement, BDEV has already started organizing internal learning workshops on completed evaluations.</p>	<p>If BDEV receives the agenda for SMCC meetings, it can prepare short policy briefs and lessons from past and current evaluation for Senior Management to inform their decision-making.</p> <p>Work with Senior Management on the modalities of organizing on-demand thematic sessions on key evaluations/ issues.</p>	<p>By Q2 2019</p> <p>By Q2 2019</p>
	<p>Enhance the awareness and use of the electronic platforms (Website, EVRD) and increase their user-friendliness with dynamic features and effective search capabilities;</p>	<p>Agreed. The EVRD is currently being updated with the latest PCR validation notes, after which a Bank-wide sensitization campaign will be undertaken.</p>	<p>Organize a Bank-wide sensitization campaign, with follow-up webinars and at least one demonstration session per year, in order to promote these platforms.</p>	<p>By December 2019</p>
<p><u>Independence</u> – staffing: In line with Bank practices, the President and HR department make all final HR decisions. This can and has materially affected BDEV’s staffing decisions and undermined its independence in HR</p>	<p>Accelerate the procedures to fill the vacant positions and continue with investing in staff development, including onboarding arrangements for new staff.</p>	<p>Partially agreed. As set out in the Independent Evaluation Policy, BDEV follows the standard Bank recruitment procedures with regard to filling staff vacancies. It thus relies on the support of the HR department, and cannot accelerate the procedures on its own. However, good progress has been made in filling the existing vacancies noted during</p>		

<p>matters. It has contributed to delays in filling positions of managers and staff, contributing to the vacancy rate of 26%.</p>		<p>the IPR. As at 16 January 2019, all staff vacancies have been filled, except for the Evaluator General, two division managers, and one team assistant.</p> <p>BDEV is working with the HR department on developing a competency framework for BDEV staff, which will inform on the strengths and weaknesses of the department. The departmental training plan for 2019 will build on this framework and contribute to improving the staff capacity to deliver the work program.</p> <p>On the issue on new staff onboarding, the finalization of the evaluation manual should give sufficient information to new staff to conduct evaluations. Together with the existing peer collaboration within the department, this should provide the necessary support needed to ensure a good integration of new staff.</p>	<p>Develop a training plan in a participatory approach with staff. The training plan will include a good mix of core and soft skills and competencies relevant to evaluation, teamwork, management, etc.</p>	<p>By End of Q1 2019</p>
<p><u>Independence</u> - Conflict of interest guidelines exist to manage the intellectual independence. However, there is no system in place to track whether conflicts of interest have arisen and how they have been dealt with or managed.</p>	<p>Establish a system to monitor and record cases of conflicts of interests and how they are managed</p>	<p>Agreed. BDEV is currently developing a tool in order to commit staff against conflict of interest. This will be implemented, and a system will be in place soon in BDEV.0, in order to record and monitor this commitment.</p>	<p>Set up a conflict of interest management system</p>	<p>By End of Q1 2019</p>
<p><u>Independence</u> – The standard budget process can provide Bank management with an opportunity to adjust</p>	<p>Build up a system for budget planning and management for BDEV evaluations to ensure efficient resource use and consider measures to deal with long delayed evaluations.</p>	<p>Partially agreed. BDEV does have a system for budget planning and monitoring which serves as a basis for its budget submissions, the work program and allocation of resources to individual evaluations. This</p>	<p>Conduct an internal assessment of the budget planning, management and monitoring tools, and explore innovative ways to reduce the cost of evaluations.</p>	<p>By September 2019</p>

<p>allocations to BDEV. The process applies to the entire Bank (it does not affect BDEV more than other vice-presidencies), and risks have not materialized in that BDEV's budget has grown, at times well above the average allocations for the Bank as a whole.</p> <p>(...) A potential risk to credibility could arise from the cost of evaluations.</p>		<p>system is synchronous with the Bank's budget system and BDEV does inform other Bank systems such as ATRS.</p> <p>BDEV however agrees that its system is due for a review, to explore ways to improve on its current tools for enhanced planning, monitoring, reporting and accountability.</p> <p>BDEV will closely monitor the aspect of financial cost of its evaluations going forward and seek to achieve savings through the use of innovative data collection tools.</p> <p>As part of its commitment to reduce the cost of evaluation, BDEV is already gradually reducing the use of consultants and increasing staff involvement in the early stages of evaluations.</p>		
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