

## **Note on the Evaluation Cooperation Group of the Multilateral Development Banks<sup>1</sup>**

### **Evaluation Cooperation Group of the Multilateral Development Banks (ECG)**

The Evaluation Cooperation Group was founded in 1995 by the Heads of Evaluation of the Multilateral Development Banks (MDBs). The first meeting of the ECG was held in February, 1996. The EIB became a member of the group in 1998 and the IMF in November 2001. ECG's aim is to strengthen cooperation among evaluators and harmonize their evaluation methodologies, so as to enable improved comparability of evaluation results while taking into account the differing circumstances of each institution. The Chairmanship of the ECG rotates among its members annually. The current Chair of the ECG, since March 22, 2003, is the World Bank Group.

The members of the ECG include the evaluation departments of:

- The African Development Bank
- The Asian Development Bank
- The European Bank for Reconstruction and Development
- The European Investment Bank
- The Inter-American Development Bank Group
- The International Monetary Fund
- The World Bank Group

With the purpose of facilitating the links with evaluation units of other international organizations, the ECG includes as observers the UNDP as Chair of the U.N. Inter-Agency Working Group on Evaluation and the Chair of the OECD/DAC Working Party on Aid Evaluation.

### **MANDATE AND OBJECTIVES**

Recognizing the complexities of international development, the different institutional legacy and culture of each MDB and the benefits to be gained by sharing and learning, the Heads of MDB Evaluation formed the ECG and agreed to formalize and increase their cooperation. ECG's purpose is to: (1) strengthen the use of evaluation for greater MDB effectiveness and accountability, (2) share and disseminate lessons from their evaluations, (3) harmonize evaluation principles, standards and practices, (4) enhance evaluation professionalism within MDBs, and (5) facilitate borrowing member countries' participation in evaluations and promote in-country evaluation capacity development.

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<sup>1</sup> Note prepared for the "Partners in Development Evaluation: Learning and Accountability" Workshop Organized by France and the Development Assistance Committee Working Party on Aid Evaluation, Paris, March 25-26, 2003.

The March 1996 Report of the Development Committee (DC) Task Force on Multilateral Development Banks recommended that the ECG develop a common methodology for evaluating their portfolios, and that these be kept updated over time, with best practices in evaluation techniques being identified and disseminated. They also recommended that a determined effort be made to harmonize performance indicators and evaluation criteria taking into account the differing circumstances of each institution. The lessons learned from these evaluations were to be shared among the MDBs with a view to them being applied quickly in new operations. The ECG founding members are committed to the original Harmonization mandate set by the MDB heads in 1996.

## **EVALUATION METHODS AND PRACTICES:**

Evaluation methods, tools and practices differ among MDBs. Considering the individual missions, objectives and cultures of each member, ECG members interpret harmonization as comparable results to the extent possible and recognize that full standardization of evaluation methods and practices was not considered to be a practical objective. The ECG actively pursues opportunities to harmonize evaluation methods and practices, identify and promote adoption of good evaluation practice among the MDBs.

Harmonization in the ECG began with three comparative analyses: 1) Completion Reports and Performance Review Processes (also termed the Benchmarking study). 2) Country Program Evaluation approaches, and 3) practices in Policy Evaluation.

In an effort to harmonize evaluation criteria and procedures at the individual project level and the corporate reporting thereof, the ECG has produced two good practice papers: *Good Practice Standards for the Evaluation of MDB Supported Public Sector Operations*, completed in 2002, and *Good Practice Standards for Evaluation of Private Sector Investment Operations*, completed in 2001. The scope of the good practice standards encompasses factors bearing on the comparability of reported results, such as the criteria, ratings scales and standards to be used, the governance of evaluation, roles of independent and self-evaluation, and dissemination and disclosure procedures. The Public Sector Paper lays down an agreed set of core criteria for evaluation of individual operations, and a set of additional criteria that recognize the different modalities employed by the different institutions.

- A better understanding of the differing styles and modalities of evaluation methods and practices among ECG members is reflected in the Good Practice Standards of MDB Supported Public Sector Operations. As part of the first benchmarking study carried out in 1999, MDBs adopted a set of evaluation criteria (see box 1). Members enhanced the definitions for these evaluation criteria recognizing that, within the MDBs, evaluation criteria have evolved further since 1999. Most important, it aligned them with recent work done by the DAC<sup>2</sup> which should facilitate harmonization with bilateral agencies. In addition,

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<sup>2\*</sup> Development Assistance Committee (DAC). Working Party on Aid Evaluation. Glossary of Evaluation and Results Based Management Terms. June 2001. All definitions listed in Box 1 correspond to the

members were concerned that the definitions, though designed for application at the project level, should be broad enough for their eventual use in evaluations that go beyond individual operations with MDB financial assistance. Four of the core evaluation criteria form the basic evaluation building blocks; namely:

- relevance,
- efficacy,
- efficiency and
- sustainability;
- aggregate project performance indicator is an aggregation of these four.

This group of core criteria, culminating in the aggregate indicator, represent the core standard towards achieving the most comparable operational results across MDBs. The remaining criteria are complementary to the core group and their formulation and application may be expected to differ across MDBs given varying institutional priorities, including two relating to the performance of the individual MDB and the Borrower rather than that of the operation itself. Together, *these evaluation criteria provide a systematic framework for assessing MDB supported public sector operations.*

The *Good Practice Standards for Evaluation of Private Sector Investment Operations*, completed in 2001 was updated by ECG members in 2002 and has been followed by a benchmarking exercise by an independent consultant to assess the degree to which the Good Practice Standards are presently being used across MDBs. The exercise highlighted both areas of convergence and divergence, the latter calling for further efforts at harmonization. Two previous public sector benchmarking exercises indicated that harmonization of evaluation requires greater harmonization at the operational policy level and, in some cases, Management and Board authorization of the required changes and additional resources.

In addition to the Good Practice Papers and as a step toward harmonization, the ECG has produced inventories, surveys, comparison papers, tables and matrices on organizational structures, policies and activities; and evaluation policies and procedures.

To disseminate evaluation findings and methodology to development partners, the ECG publishes a newsletter, *Evaluation Insights*. The Evaluation Cooperation Group (ECG) has an Internet website, it contains a brief description of the ECG, has links to members' websites, and hosts a restricted-access section. This section, reserved for the ECG membership supports workgroup activities such as exchanging document drafts, discussion papers, sharing background reports, offer a membership roster, list upcoming activities, etc. The ECGNet Website further facilitates interaction and information exchange among Members, maintains a historical record of documents and deliberations and has links for the general public to Members' websites as well as the *Evaluation Insights Newsletter*. The ECG site can be accessed at <http://www.ecgnet.org/>.

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respective DAC definitions except in the case of efficacy However, throughout Box 1 the term "project" is used to reflect MDB financed operations rather than the much broader term "development intervention" found in the DAC Glossary.

## **WORK PROGRAM**

Current and near-term future ECG work is focused on higher-level evaluations, evaluation capacity development (ECD), role refinement between independent and self-evaluation (the attestation function of independent evaluation offices) in the context of Country Program/Assistance Evaluation, and technical assistance evaluation methodology. Immediate work at the higher plane includes sharing of experiences on lessons for both Country Program/Assistance Evaluation and Policy Based Lending Evaluation as a first step in the development of Good Practice Papers. Discussions will be held with Management on the development of these guidelines as well as role differentiation between independent and self-evaluation functions.

Members are conducting a self-assessment of evaluation governance (independence) using a *Governance Template* that enumerates good practice principles for underlying dimensions of independence. The template is being used to assess organizational and behavioral independence of the independent evaluation function, the risk of inappropriate interference in its sound functioning and mechanisms to avoid conflicts of interest.

The ECG is cooperating with the newly created RBM community of practice and looks forward to building an integrated relationship between independent evaluation and Management with regard to the practices of RBM. To this end, the ECG participated in the Management Roundtable on Better Measuring, Monitoring and Managing for Results in June 2002 and at the OECD/DAC Development Partnership Forum on Managing for Development Results and Aid Effectiveness (December 2002).

Finally, in light of the recent Monterrey discussion, and taking into account the work done during its initial years, the ECG mandate is being updated to focus at the higher plane: country program evaluation methodology, attestation and evaluability, policy based lending (PBLs) evaluation methodology, governance, cooperation on evaluation capacity development, and evaluating regional and global public goods.

## BOX 1 Evaluation Criteria: WGEC Definitions

### Core Criteria

**1. RELEVANCE** –The extent to which the objectives of a project are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors policies. *Note: Retrospectively, the question of relevance often becomes a question as to whether the objectives of a project or its design are still appropriate given changed circumstances.*

**2. ACHIEVEMENT OF OBJECTIVES (“EFFICACY”)** –The extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance, while recognizing any change introduced in the project since Board approval.

**3. EFFICIENCY** – Extent to which project benefits/output are commensurate with resources/inputs (funds, expertise, time etc.).

**4. SUSTAINABILITY** –The probability of continued long-term benefits, and the resilience to risk of the net benefit flows over the intended useful project life.

**5. AGGREGATE PROJECT PERFORMANCE INDICATOR** – A single measure of overall project performance taking into account the evaluation findings under the criteria listed under 1. through 4. above.-

### Complementary Criteria

**1. INSTITUTIONAL DEVELOPMENT** – The extent to which a project improves or weakens the ability of a country or region to make more efficient, equitable, and sustainable use of its human, financial and natural resources, for example through: (a) better definition, stability, transparency, enforceability and predictability of institutional arrangements and/or (b) better alignment of the mission and capacity of an organization with its mandate, which derives from these institutional arrangements. Such impacts can include intended and unintended effects of a project.

**2. OTHER IMPACTS** – This criterion can include other areas of special focus proposed by WGEC Members, including:

- (i) **POVERTY REDUCTION** - extent to which project achieved planned poverty reduction impact; unintended impact should also be considered.
- (iii) **TRANSITION IMPACT**
- (iv) **ENVIRONMENTAL IMPACT**
- (v) **ADDITIONALITY**
- (vi) **OTHER IMPACTS**

**3. BORROWER PERFORMANCE** – Adequacy of Borrower's assumption of ownership and responsibilities during all phases. Main focus on effective measures taken by Borrower to establish basis for project sustainability, especially – and right from the identification stage – through fostering participation by the project's stakeholders, in addition to its own support.

**4. MDB PERFORMANCE** – Quality of services provided by MDB during all project phases. Main focus on MDBs' role in ensuring project quality at entry, and that effective arrangements were made for satisfactory implementation and future operation of the project.