

**REPORT TO CONGRESS ON
EVALUATION STANDARDS AND PRACTICES AT THE
MULTILATERAL DEVELOPMENT BANKS**



A Report to Congress

in response to

Section 7029(a) of the
Consolidated Appropriations Act of 2016

United States Department of the Treasury
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Report of the U.S. Department of the Treasury Pursuant to Section 7029(a) of the Consolidated Appropriations Act of 2016 (P.L. 114-113)

January 10, 2017

Executive Summary

This report has been prepared pursuant to section 7029(a) of the Consolidated Appropriations Act, 2016 (the “FY 16 Act”). This section requires the Secretary of the Treasury to “instruct the United States executive director of each international financial institution to seek to require that such institution adopts and implements a publicly available policy, including the strategic use of peer reviews and external experts, to conduct independent, in-depth evaluations of the effectiveness of at least 25 percent of all loans, grants, programs, and significant analytical non-lending activities in advancing the institution’s goals of reducing poverty and promoting equitable economic growth, consistent with relevant safeguards, to ensure that decisions to support such loans, grants, programs, and activities are based on accurate data and objective analysis.” The Department of the Treasury (Treasury) is to report to the Committees on Appropriations no later than 180 days after enactment of the Act on steps taken by the U.S. executive directors (the “USEDs”) and the international financial institutions (the “IFIs”) consistent with section 7029(a).

The language in the FY 16 Act is identical to the language included in the Consolidated and Further Continuing Appropriations Act, 2015 (the “FY 15 Act”). Treasury submitted a report to Congress in October 2015 in response to the FY 15 Act (“Treasury’s 2015 report”), a copy of which is attached for reference.

This report details actions consistent with section 7029(a) taken by Treasury, the U.S. Executive Directors (USEDs), and the five major multilateral development banks (MDBs) of which the United States is a shareholder – the World Bank, the African Development Bank (AfDB), the Asian Development Bank (AsDB), the European Bank for Reconstruction and Development (EBRD), and the Inter-American Development Bank (IDB) – since Treasury submitted its previous report.¹ The first section of the report provides an overview of Treasury and the USEDs’ (hereafter referred to collectively as Treasury) engagement with the MDBs on the issue of evaluation. The second section reviews the MDBs’ performance on the four central components of section 7029(a). By Treasury’s assessment, the five aforementioned MDBs have continued to strengthen their performance on section 7029(a) over the past year. A summary of our assessment follows:

- (i) ***Adoption and implementation of a publicly available evaluation policy.*** Each MDB has an evaluation policy that details the principal responsibilities and governance structure of its independent evaluation unit. Over the past year, the AfDB revised its evaluation policy to enhance the independence and effectiveness of its independent evaluation unit, and the World Bank revised its policy to limit the tenure of the independent evaluation unit’s Director General to a single term. All the MDBs also

¹ Sections II(ii) and II(iii) include FY 15 data for each of the MDBs rather than data for October 2015-present.

approved new work programs for their independent evaluation units that utilize strategic and risk-based approaches to more effectively deploy evaluation resources. In the upcoming year, Treasury will use the Board of Directors' approval process for the annual work programs to further enhance the MDBs' strategic use of evaluation resources.

- (ii) ***Strategic use of peer reviews and external experts.*** All evaluations completed in FY 15 by the MDBs' independent evaluation offices underwent internal review, and 56 percent of evaluations also benefitted from external review. While this represents a strong overall level of coverage across the MDBs, external peer review coverage was lower at the EBRD and IDB. In the upcoming year, Treasury will focus its efforts on increasing the use of external review at the EBRD and IDB and formalizing the peer review function at all the MDBs.
- (iii) ***Conducting independent, in-depth evaluations of the effectiveness of at least 25 percent of all loans, grants, programs, and significant analytical non-lending activities.*** Treasury defines an "independent, in-depth evaluation" as an evaluation conducted by the MDB's independent evaluation office that includes a field visit to the project. The average coverage ratio of independent, in-depth evaluations across the MDBs in FY 15 was 59 percent, a 19 percentage point increase from FY 14. All five MDBs increased their coverage in FY 15. Treasury will advocate for additional increases in coverage in the upcoming year.
- (iv) ***Ensuring that decisions to support such loans, grants, programs, and activities are based on accurate data and objective analysis.*** The MDBs have developed robust systems to facilitate the feedback of evaluation results into project design and implementation. Over the past year, they undertook a number of efforts to continue to improve these feedback systems and enhance the quality of evaluation data. For example, the AfDB and IDB expanded their use of in-depth impact evaluations, and the AfDB, AsDB, and IDB instituted new systems to track and hold themselves accountable for the implementation of evaluation recommendations. Treasury believes that the feedback of evaluation results into project design and implementation is a critical area that requires further strengthening, and we will make it a high priority in our engagement with the MDBs in the upcoming year.

The report concludes with a brief description of Treasury's broader agenda for improving the MDBs' monitoring, evaluation, and learning practices beyond the four elements of section 7029(a).

I. Overview of Treasury's Engagement with the MDBs on Evaluation

Evaluation was a high priority in Treasury's engagement with the MDBs over the past year. Treasury's approach was guided by the four components of section 7029(a) as well as the six priorities for improving evaluation practices at the MDBs outlined in Treasury's 2014 report to Congress on evaluation: (i) adopting risk-based, strategic portfolio approaches to evaluation; (ii) increasing the use of external and peer reviews as part of the overall evaluation process; (iii)

instituting regular external evaluations of the MDBs' independent evaluation offices; (iv) creating incentives and feedback loops to strengthen monitoring and evaluation (M&E) and the generation, access to, and use of learning and knowledge in MDB programming; (v) strengthening public disclosure of data in transparent and usable forms; and, (vi) bolstering inter-MDB collaboration (and peer pressure) on evaluation.

Key areas of Treasury's engagement with the MDBs' independent evaluation offices, Management, and staff, as well as other relevant stakeholders follow:

- **World Bank.** Treasury's main priority was securing priority reforms resulting from the external review of the World Bank's Independent Evaluation Group (IEG), which was published in August 2015. The team conducting the external review consulted with Treasury and we shared our views for key improvements with them. Many of the reforms that were ultimately proposed by the external review -- such as changes to improve the implementation of evaluation recommendations and the development of a new World Bank-wide evaluation policy that encompasses IEG, other World Bank units that support evaluation, and the Board of Directors -- align with section 7029(a) and Treasury's six priorities from 2014. Two main reforms were secured over the past year: (i) adoption of regular, independent reviews of IEG that are aligned with the IEG Director General's 6-year term, and (ii) establishment of a single-term limit for the Director General. In addition, Treasury encouraged IEG to increase its coverage of independent, in-depth evaluations, and we secured a specific commitment in IEG's 2017-2019 work program to increase coverage of in-depth project assessments in line with the objective of 20-25 percent coverage. Treasury has also used discussions at the Board of Directors on the World Bank's medium to long-term strategy and the International Development Association (IDA)-18 replenishment negotiations to advocate for strengthening learning and the use of impact evaluations.
- **AfDB.** The AfDB Board approved a revised evaluation policy for the AfDB's Independent Development Evaluation (IDEV) unit in September 2016. Treasury was instrumental in shaping the policy to enhance IDEV's independence and effectiveness, including by clarifying IDEV's role as fully independent from AfDB Management. Over the course of the year, Treasury pressed AfDB Management to more systematically track and report on its implementation of evaluation recommendations and to improve the monitoring and external reporting of project results. Treasury also played an active role in the design of the AfDB's new results-based business model, which was approved by the Board of Directors in April 2016, and underscored the importance of evaluation in meetings with new AfDB President Akinwumi Adesina and in the African Development Fund (AfDF)-14 replenishment negotiations.
- **AsDB.** Treasury played an active role in the selection process for the new Director General of the AsDB's Independent Evaluation Department (IED), Marvin Taylor-Dormond. Treasury also pressed for IED to evaluate the AsDB's results-based lending instrument to inform decision-making about potential expansion of the instrument, and IED's 2016-2018 work program includes such an evaluation. To maximize the use of evaluation knowledge, Treasury advocated for IED to play an important role in the

formulation of AfDB's new corporate strategy (Strategy 2030), which is currently being developed. Finally, at Treasury's request, IED posted a direct link to its evaluation policy on its website, thus improving the transparency of its evaluation system.

- **EBRD.** Treasury engaged on an array of issues at the EBRD. Treasury used the Board discussion of the independent Evaluation Department's (EvD) work program in October 2015 to propose an external review of EvD itself, which has not yet had an outside evaluation, and to promote increased external peer review of evaluations. The work program includes a separate section on, and clear commitment to, external peer review of evaluations. Over the course of the year, Treasury consistently advocated for increased use of evaluation evidence in project design and implementation in Board discussions. Treasury also pressed the EBRD to enhance the design of project and country results measurement frameworks, and EBRD Management is undertaking concrete steps to do so, which will be useful for EvD's work in the future.
- **IDB.** Treasury placed a strong emphasis on learning and results at the IDB. Treasury consistently pressed IDB Management to implement independent Office of Evaluation and Oversight (OVE) evaluation recommendations, and supported the development of a database to track implementation of approved recommendations. In August 2016, Treasury used discussion of the IDB's corporate results framework to promote learning from results, enhanced feedback loops, and improved indicators that align with IDB and U.S. priority areas. Treasury also successfully advocated for the strategic alignment of OVE's 2016-2017 work program with the consolidation of the IDB's private sector activities into the Inter-American Investment Corporation (IIC), a part of the IDB Group. In addition, Alexia Latortue, Treasury's Principal Deputy Assistant Secretary for International Development Policy, spoke on a panel at OVE's staff retreat to highlight Treasury's evaluation priorities.
- **Engagement with Other Relevant Stakeholders.** Treasury helped organize the U.S. Government Evaluation Forum, which was held in December 2015. The Forum involved leading evaluation experts from the public, non-profit, and private sectors, and included a discussion on "Independent Evaluation at the Development Banks" between Caroline Heider, Director General of World Bank IEG and Cheryl Gray, Director of IDB OVE. Treasury used the discussion, moderated by Principal Deputy Assistant Secretary Latortue, to promote Treasury evaluation priorities for the MDBs, including the four areas of section 7029(a). Treasury regularly engaged with interagency partners such as the State Department, the U.S. Agency for International Development (USAID), the Millennium Challenge Corporation (MCC), and the Overseas Private Investment Corporation (OPIC) on evaluation issues over the course of the year. For example, Treasury collaborated with the State Department on its work on the Steering Committee of the Multilateral Organization Performance Assessment Network, an organization which assesses the effectiveness of the MDBs and other international organizations. . The Multilateral Organization Performance Assessment Network assessed the AfDB, IDB, and World Bank in 2016. Treasury also frequently consulted with civil society organizations on MDB evaluation and accountability issues, most notably during the recent World Bank safeguards review.

- **Treasury’s Internal Efforts.** Treasury’s International Affairs Division continued to expand its evaluation work. Staff in Treasury’s Office of Multilateral Development Banks, including a staff member with direct responsibility for evaluation, review the evaluations and evaluation and results-related policies and strategies that were brought before the Boards at each MDB, including the independent evaluation units’ annual work programs. Staff in Treasury’s Office of Development Results and Accountability also assesses each proposed MDB project for likely development impact, risks and proposed mitigants, conformity with U.S. legislative provisions, and inclusion of key evaluation components such as strong results measurement frameworks. The Office of Development Results and Accountability is also performing ongoing monitoring of the implementation of MDB projects with higher environmental and social risks.

II. Assessment of the MDBs’ Performance on Section 7029(a)

The following section details the five MDBs’ performance on the four central components of section 7029(a), with a focus on efforts made by the MDBs to strengthen performance in these areas. For components (i) and (iv) the analysis covers the past year; for components (ii) and (iii), which rely on MDB annual data, the analysis covers FY 15² for each of the MDBs.

(i) Adoption and Implementation of a Publicly Available Evaluation Policy

Overview. The MDBs’ evaluation policies detail the principal responsibilities and governance structures of the independent evaluation offices, including their relations with MDB Management and the Boards of Directors.³ However, the policies vary in the level of detail with which they address operational matters, such as specific evaluation practices or how evaluation resources are used, and do not address the conduct of “independent, in-depth evaluations” or establish a threshold coverage level of at least 25 percent of all MDB projects. At all the MDBs, operational matters are addressed annually in the evaluation units’ work programs, which require Board approval. Over the past year, Treasury used the work program Board approval process to encourage the MDBs to conduct more independent, in-depth evaluations and promote the strategic deployment of evaluation resources.

Coverage of Evaluation Policies.

- **World Bank.** The World Bank has a mandate for the Director General of IEG and terms of reference for the independent evaluation function that collectively operate as an evaluation policy⁴ and encompass the IDA, the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the Multilateral

² For the AfDB, AsDB, EBRD, and IDB FY 15 covers calendar year 2015; for the World Bank the calendar year is July 2014-June 2015.

³ At each MDB, the independent evaluation office is under the oversight of the Board of Directors, to which it submits evaluation products, its annual budget and work program, and periodic reports on actions taken by the MDB in response to evaluation findings. The Board also appoints the head of the independent evaluation office and oversees the selection process, performance review, and remuneration.

⁴ Available at http://ieg.worldbank.org/Data/dge_mandate_tor.pdf. Note that the revised mandate has yet to be published publicly.

Investment Guarantee Agency (MIGA). The World Bank Board approved a revised mandate for the IEG Director General in May 2016 to limit the position to a single, six-year term, thereby strengthening its independence.

The Board also approved IEG's 2016-2018 work program in 2015. The work program takes a highly selective and targeted approach, focusing on evaluations that align with the new 2013 World Bank overarching strategy and its twin goals of ending extreme poverty and promoting shared prosperity.

- **AfDB.** The AfDB Board approved IDEV's latest evaluation policy⁵ in September 2016, which incorporated lessons and recommendations included in IDEV's 2012 self-assessment of the AfDB's evaluation system. The new evaluation policy includes IDEV's missions and core objectives, guiding principles (i.e., independence, credibility, impartiality, transparency, usefulness, and partnership), and governance structure, including the respective roles of the Board, the Board's Committee on Development Effectiveness, and Management. It also clarifies IDEV's full independence from AfDB Management for the first time.

In 2015, the Board approved IDEV's new 2016-2018 work program. The work program employs a strategic approach to determine evaluations based on criteria such as timeliness, potential impact, stakeholder needs, and risk.

- **AsDB.** The AsDB Board approved IED's revised evaluation policy⁶ in 2008. At Treasury's urging, IED recently created a direct link to the policy on its website in order to make the policy more transparent and easily accessible.

In 2015, the Board approved IED's 2016-2018 work program. The work program determines evaluations based on criteria such as timeliness, operational priorities, and stakeholder and policy commitments. It also seeks to inform the implementation of the AsDB's new corporate structure, under which the balance sheets for concessional and non-concessional lending will be merged in 2017, and the development of the AsDB's new corporate strategy (Strategy 2030).

- **EBRD.** The EBRD's Board approved its most recent evaluation policy in 2013.⁷ In 2015, the Board approved EvD's 2016-2018 work program. The work program is aligned with the EBRD's medium-term strategic direction – which is focused on re-energizing the transition to market economies in Europe, Central Asia, and the Southern and Eastern Mediterranean – and seeks to maximize the efficiency and impact of EvD's work by prioritizing strategic and thematic evaluations and improving communication of evaluation results.
- **IDB.** The IDB has terms of reference for the Director of OVE and an operational and governance framework document, which together function as an evaluation policy⁸ and

⁵ Available at <http://idev.afdb.org/en/document/revised-independent-evaluation-policy>.

⁶ Available at <https://www.adb.org/sites/default/files/institutional-document/32104/r297-08a.pdf#page=18>.

⁷ Available at <http://www.ebrd.com/documents/evaluation/evaluation-policy-2013.pdf>.

were developed in 2010. In 2015, the Board approved OVE’s 2016-2017 work program. The work program employs a strategic approach to determine evaluations and capacity-building support based on criteria such as timeliness, relevance, innovation, and stakeholder needs.

Next Steps. Treasury will continue to use the Board approval process for the independent evaluation offices’ annual work programs to encourage the MDBs to do more independent, in-depth evaluations and enhance their use of strategic and risk-based criteria in deploying evaluation resources. Treasury will also support the development of a new institution-wide evaluation policy at the World Bank, and press the IDB to post its evaluation policy as a standalone document on its website.

(ii) Strategic Use of Peer Reviews and External Experts

Overview. MDB evaluation products receive two types of peer review: (i) internal review by peer reviewers from the evaluation unit as well as MDB Management and operational staff; and (ii) external review by external evaluation experts, peers from the evaluation units of other MDBs, and stakeholders from client country governments. Typically, each significant evaluation product is independently reviewed by at least one to three external reviewers, including technical experts or evaluation experts, depending on the complexity of the evaluation product and its topic.

Coverage of Peer Reviews. Treasury’s assessment found that all evaluations completed in FY 15 by the MDBs’ independent evaluation offices underwent internal review, and an average of 56 percent benefitted from external review across the MDBs. As captured by Table 1, there was wide variation in coverage among the MDBs. Coverage of peer reviews in FY 15 was very similar to coverage of peer reviews in FY 14, with the average external coverage ratio decreasing by one percentage point.

The coverage ratios apply to all significant evaluation types (in-depth evaluations, including country program and strategy evaluations, sector and thematic reviews, and impact evaluations; corporate evaluations; and evaluation annual reports) and exclude the independent “validations” of self-evaluations of projects by MDB staff, which are typically only reviewed internally due to their large number.⁹

Table 1. Evaluations Subject to Peer Review <i>(FY 15 Coverage Ratio)</i>		
MDB	Internal Reviews	External Reviews
World Bank	100%	70%
AfDB	100%	100%
AsDB	100%	56%

⁸ Not available online. Treasury has requested public disclosure of these documents.

⁹ For example, the World Bank’s IEG completed 572 validations in FY 15, while it only completed 23 “significant evaluations.”

EBRD	100%	30%
IDB	100%	25%
MDB Average (non-weighted)	100%	56%

In addition to reviewing products for the independent evaluation offices, external experts supported the MDBs’ evaluation work in a number of other ways. Across the MDBs, external experts provided substantive input on ongoing evaluation work, such as country or subject matter expertise or advice on proposed evaluation approaches. At the World Bank, AsDB, and IDB, external experts also developed and provided training to improve the effectiveness of independent evaluation office staff.

Next Steps. The MDBs’ independent evaluation offices have expressed a desire to further formalize their use of the peer review function, including through the establishment of standard procedures and criteria to guide decisions on when to use internal and external peer review, but have yet to enact major reforms in this area. Treasury will highlight this issue in its engagement on the evaluation units’ annual reports and work programs in the coming year. At the EBRD and IDB, Treasury will also use these discussions, as well as discussions on individual evaluations, to advocate for increased coverage of external reviews.

(iii) Conducting Independent, In-depth Evaluations of the Effectiveness of at Least 25 Percent of All Loans, Grants, Programs, and Significant Analytical Non-lending Activities.

Overview. The MDBs’ independent evaluation offices produce a broad range of evaluation products, from project evaluations to assessments of internal corporate processes, and use different definitions for what constitutes an independent, in-depth evaluation. For the purposes of this report, as with Treasury’s 2015 report, Treasury defines an “independent, in-depth evaluation” as an evaluation conducted by the independent evaluation office that includes a field visit to the project. Such field visits add an additional level of depth to an independent evaluation.

Treasury has determined that this definition encompasses two main categories of evaluations conducted by the MDBs’ independent evaluation offices: (i) project performance assessments, and (ii) country program evaluations and thematic and sector reviews. Project performance assessments are in-depth evaluations of the effectiveness of individual projects and, while useful from an accountability perspective, they are time- and resource-intensive. These types of evaluations are not perceived to be the most effective learning tools, as they produce lengthy reports on single projects from which it is difficult to generalize larger lessons that could impact new project design. Country program evaluations and thematic and sector reviews are evaluations of a particular issue/subject (e.g., Indonesia, fragile states, infrastructure) that include in-depth assessments of a number of projects under that issue/subject. These evaluations are perceived to be cost-effective and actionable learning tools as they provide the opportunity to draw cross-cutting lessons from many different projects, are read widely by MDB staff, and can point to ways to improve future project design.

Note that the definition of independent, in-depth evaluations used in this report does not include impact evaluations, such as randomized control trials, which attempt to measure the causal effects of a project using a more experimental approach than other types of in-depth evaluations. While rigorously “in-depth” and useful for learning, impact evaluations are typically not conducted by the independent evaluation offices, and thus do not meet Treasury’s criteria for “independent.”

Coverage of Independent, In-Depth Evaluations. Each MDB’s overall evaluation coverage ratio was calculated by dividing the number of “independent, in-depth evaluations” (as described above) completed in FY 15 by the number of projects completed annually. Treasury has also developed project performance assessment coverage ratios as a point of comparison. Similar to the overall coverage ratio, each MDB’s project performance assessment coverage ratio was calculated by dividing the number of project performance assessments completed in FY 15 by the number of projects completed annually. Treasury’s assessment found an average overall coverage ratio of 59 percent and an average project performance assessment coverage ratio of 10 percent across the MDBs (see Table 2 for coverage at each MDB).

Table 2. Projects Subject to Independent, In-Depth Evaluation (FY 15 Coverage Ratio)		
MDB	All Independent, In-Depth Evaluations	Project Performance Assessments Only
World Bank ¹⁰	30%	15%
AfDB	90%	10% ¹¹
AsDB	74%	15%
EBRD ¹²	60%	4%
IDB ¹³	43%	3% ¹⁴
MDB Average (non-weighted)	59%	10%

¹⁰ World Bank data does not include non-lending activities (e.g., technical assistance) of IDA and IBRD, due to both their sheer volume (e.g., IDA and IBRD completed 1,388 non-lending activities in FY 15) and methodological difficulties around what constitutes a “significant” and “analytical” non-lending activity, as described in the FY 16 Act. The data do, however, include non-lending activities of IFC.

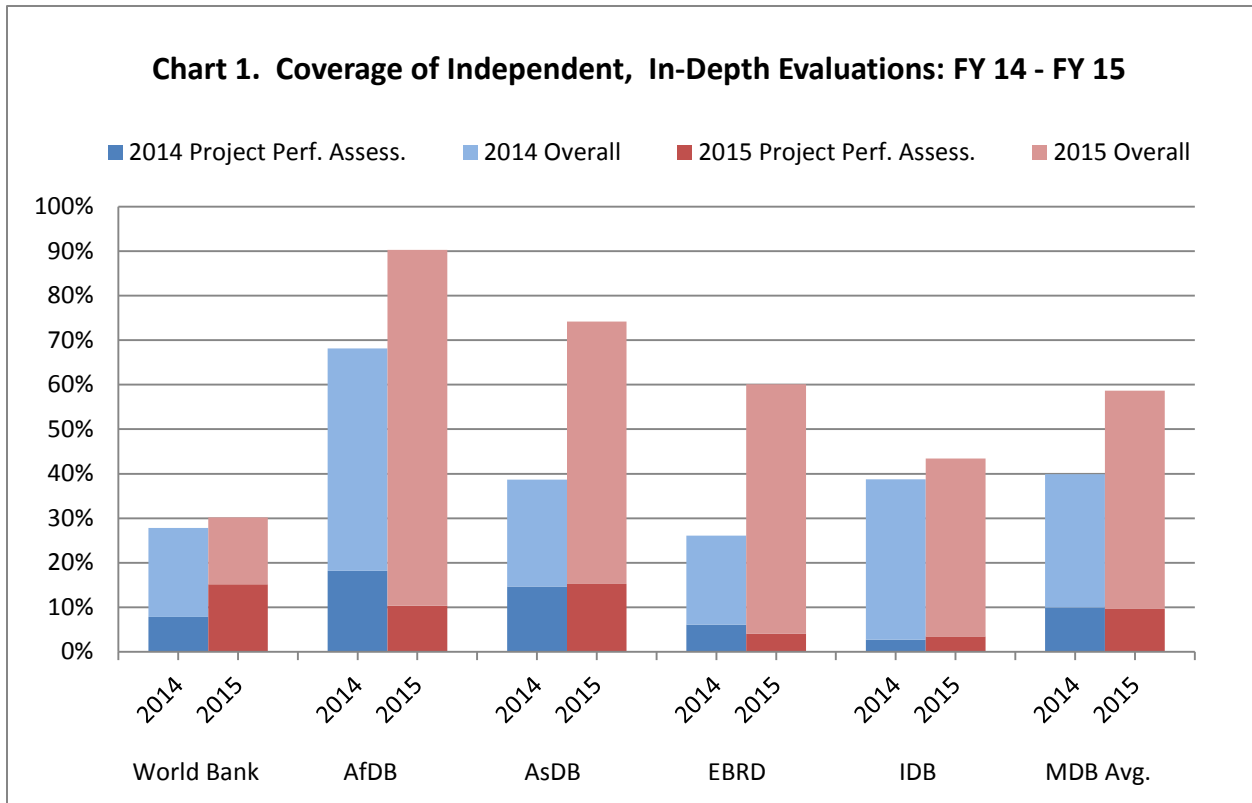
¹¹ Rather than conduct project performance assessments of individual projects, the AfDB’s evaluation unit conducts in-depth evaluations on clusters of similar projects (e.g., projects in the same sector or region), which are perceived to be more relevant and useful for AfDB staff.

¹² The EBRD’s evaluation unit selects from a list of pre-identified “evaluation-ready” projects (i.e., projects that have been completed for at least 18-25 months and are not in corporate recovery). The list does not include all completed projects (while the EBRD completed 239 projects in FY 15, the list included 147) but Treasury believes this is the appropriate approach for EBRD, where most projects are investment operations.

¹³ For each evaluation, the IDB’s evaluation unit establishes a “universe” of evaluable projects, which can include a large number of projects completed over varying time periods. The entire IDB evaluation universe for FY 15 comprised 1,752 projects, far more than were actually completed in FY 15.

¹⁴ Similar to the AfDB, the IDB’s evaluation unit conducts in-depth evaluations on clusters of similar projects.

As displayed in Chart 1, the average overall coverage ratio increased by 19 percentage points from FY 14 to FY 15, with increased coverage at each MDB. The average project performance assessment coverage ratio (in dark blue and dark red) remained flat.



Next Steps. Treasury will continue to urge the MDBs’ independent evaluation units to conduct a larger number of in-depth evaluations, so as to build on the significant increase in coverage in FY 15.

Qualifying Considerations. Treasury notes that a reliance on the coverage of “independent, in-depth evaluations” as the only or even the main criterion for assessing the effectiveness of MDB evaluation systems poses several issues. First, the criterion does not consider valuable monitoring and evaluation work that may not be considered “independent,” including impact evaluations, which are rigorously in-depth and vital to learning which interventions are most effective and why. Second, it does not consider the influence of institutional evaluations such as *process evaluations* or *corporate evaluations*, which rarely involve project-level assessments and yet can have considerable impact on the MDBs’ activities and development effectiveness. Finally, calculating the coverage ratio of any type of evaluation over an entire MDB portfolio is complicated by the fact that MDB projects are active for long and variable amounts of time. If MDB projects were more standard and cyclical, it would be easier and more effective to set and hold the MDBs accountable to a target coverage ratio for a limited period. Because of the reality of the composition of MDB portfolios, variations from year to year will be less telling than trend lines over an extended period of time.

(iv) Ensuring that Decisions to Support such Loans, Grants, Programs, and Activities are based on Accurate Data and Objective Analysis.

Overview. The MDBs have robust requirements and systems to facilitate the feedback of evaluation results into project design and implementation, strategy, and operational policy. For project design, the MDBs have established standard requirements that integrate evaluation components upfront in project proposals, such as strong results measurement frameworks, cost-benefit analyses, risk assessments, and lessons learned sections of the project proposal documents that describe the evidence from previous evaluations that was used to inform project design. For project implementation, the MDBs have developed a range of feedback loops to improve projects in real-time, starting with regularized progress monitoring reports. The MDBs have also instituted systems so that evidence is incorporated into strategic decisions and operational policy, such as systems that track the implementation of evaluation recommendations.

Improvements in the Past Year. The MDBs undertook a number of efforts to strengthen the feedback of evaluation results, and improve the underlying quality of those results, over the past year. On feedback into project design, the EBRD established a requirement that new project proposals specifically take into account any previous experience the EBRD has with that client or sponsor. The World Bank developed websites for its different operational units that provide custom-tailored information on evaluations and lessons learned, and the AfDB instituted a new central database of evaluation findings, recommendations, and lessons for staff to use in project design. On feedback into strategy and operations, the AfDB, AsDB, and IDB instituted systems to track and hold themselves accountable for implementation of evaluation recommendations. The World Bank also piloted a new workshop approach that brings together IEG and World Bank Management to refine and improve uptake of evaluation recommendations.

On data quality, the IDB expanded its use of impact evaluations – highly in-depth evaluations like randomized control trials – incorporating impact evaluations into 45 percent of public sector projects approved by the Board, while the AfDB undertook its first impact evaluation. The IDB and EBRD developed new guidelines to improve the quality of project self-evaluations conducted by operational staff. The World Bank took several key steps, including developing new guidelines and a resource database to support analysis of evaluation results disaggregated by gender.

Next Steps. While recognizing the MDBs’ efforts to improve the feedback and quality of evaluation results, Treasury believes this is a critical area that can be further strengthened. On feedback loops, one particular area Treasury believes the MDBs have room for improvement is real-time feedback and adjustment during project implementation. Treasury will use Board discussions of the MDBs’ annual development effectiveness reports to raise this issue with MDB Management. Treasury will also use these discussions to promote further strengthening of the requirements and incentives for MDB staff to use evidence in project design. Treasury will use discussions of evaluation units’ annual work programs to propose assessments of the impacts and sustainability of projects several years after completion, to generate more useful learning on how to make projects sustainable over the long-run.

On data quality, Treasury will advocate for the increased production of systematic or meta-analyses, which synthesize lessons from across a number of evaluations, and the strategic use of external peer reviews. Recognizing that MDB recipient countries play an important role in the development of project data, Treasury will also continue its work with the MDBs and other relevant stakeholders to help build data and statistical capacity in developing countries as part of the implementation of the 2015 Financing for Development outcomes and the Sustainable Development Goals.

III. Conclusion

Treasury's assessment is that all five MDBs are committed to enhancing their evaluation standards and practices. With support from Treasury, each, in different ways, has significantly strengthened its performance on section 7029(a) over the past year. Among other improvements, the MDBs approved new work programs that strategically deploy evaluation resources to maximize their impact; increased their coverage of independent, in-depth evaluations by 19 percentage points; and undertook a number of efforts to improve feedback loops and evaluation data quality. However, work remains to be done to enhance evaluation at the MDBs, and Treasury looks forward to further strengthening of standards and practices in the upcoming year.

As set out in the next steps sections of this report, Treasury will implement a proactive agenda based on the four elements of section 7029(a). Treasury will also continue to engage on the six priorities identified in its 2014 report for improving MDB evaluation practices, many of which overlap with section 7029(a).

- 1) **Adopting risk-based, strategic portfolio approaches to evaluation.** As set out in Section II of this report, Treasury will use the Board approval process for the independent evaluation offices' work programs to further the use of strategic and risk-based criteria for deploying MDB evaluation resources.
- 2) **Increasing the use of external and peer reviews as part of the overall evaluation process.** As also noted in Section II, Treasury will press the MDBs' independent evaluation offices to follow through on their intention to further formalize their use of the peer review function. Treasury will also continue to advocate for increased coverage of external reviews at MDBs where coverage is lower.
- 3) **Instituting regular external evaluations of the MDBs' independent evaluation offices.** The World Bank's IEG and IDB's OVE were recently externally evaluated, and the AsDB's IED will be externally evaluated in the near future. However, the AfDB's IDEV and EBRD's EvD have never been externally evaluated (though IDEV received an internal evaluation in 2012) and Treasury is not aware of any imminent plans to do so. Treasury will thus advocate for external reviews for both units. Treasury will also advocate for the institutionalization of a regular external evaluation schedule for all the independent evaluation offices other than IEG, where this was put in place over the past year.

- 4) **Creating incentives and feedback loops to strengthen monitoring and evaluation and the generation, access to, and use of learning and knowledge in MDB programming.** As set out in Section II, this is a high-priority area of engagement for Treasury. In particular, Treasury will focus on incentivizing the use of evidence in project design and strengthening real-time feedback during project implementation.
- 5) **Strengthening public disclosure of data in transparent and usable forms.** While the MDBs are generally transparent in disclosing evaluation results, the information is not always in the most accessible or user-friendly format. Treasury will continue to press the MDBs to improve the usefulness of public evaluation results and data, including by providing project data in easily digestible forms (e.g., open databases and spreadsheets).
- 6) **Bolstering inter-MDB collaboration on evaluation.** The MDBs' independent evaluation offices are part of a network called the Evaluation Cooperation Group. The Evaluation Cooperation Group promotes strong, harmonized evaluation practices across the MDBs, including through regular benchmarking against a set of best practices. Treasury will encourage the Evaluation Cooperative Group to be more proactive in its efforts to induce improvement at institutions that lag behind their peers when benchmarked. Treasury will also advocate for greater cross-MDB collaboration on institutional results measurement frameworks and propose the development of an MDB-wide database of evaluation results and recommendations, to enhance learning across institutions.