

**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, 2021 (P.L. 116-260)

United States Department of the Treasury
October 2021

Report of the U.S. Department of the Treasury Pursuant to Section 7029(a) of the Consolidated Appropriations Act, 2021 (P.L. 116-260)

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Executive Summary

Development evaluations help to provide shareholders with accountability by assessing program and institutional performance and supporting learning by determining why programs performed as they did and how programs can be improved. 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)—are widely viewed as standard-setters among development organizations in using evaluations to support high-quality development projects that achieve tangible results.¹ Treasury, in its position on the MDBs’ Boards of Directors, aims to refine the MDBs’ already robust evaluation functions and promote evaluation lessons to improve projects, strategies, and operations.

Section 7029(a) of the Consolidated Appropriations Act, 2021 (the “FY 21 Act”) requires the Secretary of the Treasury to “instruct the United States executive director of each international financial institution to use the voice of the United States to encourage such institution to adopt and implement 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 35 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[.]” Section 7029(a) also requires the Secretary of the Treasury to submit a report on steps taken in FY 20² by the U.S. Executive Directors (USEDs) and the international financial institutions consistent with 7029(a) compared to the previous fiscal year.

The operating environment for independent evaluators became more challenging in FY 20 due to the COVID-19 pandemic, which persisted into FY 21. Many evaluations suffered delays, and travel restrictions have negatively affected evaluators’ ability to perform field visits, leading to new ways of conducting evaluations that rely heavily on country surveillance. Treasury and the USEDs (hereafter, collectively referred to as “Treasury”) continued to engage with the MDBs’ independent evaluation offices on their work plans, evaluations, and tools for learning despite challenges. We used our voice at each institution to maintain focus on the four priorities laid out in the FY 21 Act and on the effectiveness of evaluations to contribute to development objectives at the MDBs. The report finds that during the exceptional restrictions resulting from the

¹ For an overview of evaluation practices at the MDBs, and discussion of these practices relative to other development organizations, see Treasury’s 2014 report to Congress on MDB evaluation.

² When referring to a specific MDB, this report is based on data for that MDB’s FY 20, as opposed to the U.S. government’s FY 20. The World Bank’s FY 20 ran from July 2019-June 2020; at the other four MDBs, FY 20 ran from January 2020-December 2020.

pandemic, the MDBs generally maintained high standards on the four central components of section 7029(a) in FY 20, as follows.

(i) Adoption and implementation of a publicly available evaluation policy. All MDBs maintained a publicly-available evaluation policy. Following up on a 2018 evaluation recommendation, the AsDB continued its collaborative process to draft an AsDB-wide Evaluation Principles document to complement the existing evaluation policy instituted in 2008. As explained below, the AfDB faced some challenges in the implementation of its policy in FY 20, due to the President's termination of the Evaluator General without Board concurrence, based on application of staff rules.

(ii) Strategic use of peer reviews and external experts. In FY 20, 100% of evaluations completed by the MDBs' independent evaluation offices underwent internal review, and, across the MDBs, an average of 89% underwent external review. In particular, Treasury's recent engagement with the IDB on this priority led to a significant milestone in FY 20, as the IDB introduced the practice of obtaining external reviews on all major evaluations for the first time.

(iii) Conducting independent, in-depth evaluations of the effectiveness of at least 25%³ of all loans, grants, programs, and significant analytical non-lending activities. Despite the impact of the pandemic and its travel restrictions, we find that the MDB independent evaluation units have adjusted well to the new normal and are able to conduct independent inquiry into the results of an average of 51% of the annual project portfolio, ranging from 30-65%. This figure is based on a revised methodology that is better suited to the pandemic and post-pandemic world, departing from our previous singular focus on in-person field visits to reflect *all* in-depth research on projects, and reflects both site visits conducted before the pandemic as well as virtual independent research. As a result, this year's coverage ratio cannot be compared to previous years' ratios. In addition, we strongly advise that the coverage ratio and its performance compared to the arbitrary threshold outlined in legislation not be seen as a proxy for MDB evaluation effectiveness, as project evaluations are only one part of the value that evaluators provide to shareholders and clients.

(iv) Ensuring that decisions to support such loans, grants, programs, and activities are based on accurate data and objective analysis. Treasury has made learning from evaluation results a priority in its engagement with the MDBs, and thus welcomes the MDBs' progress in this area. Notable in FY 20 was the EBRD's action plan to improve its self-evaluation system; the AfDB's revisions to its readiness review to promote greater attention to lessons learned and a regional pilot of artificial intelligence tools to inform operations; and the AsDB's implementation of its new strategic plan to improve knowledge sharing as well as its roll-out of its new project templates to explicitly require reference to lessons learned.

In accordance with the above, this report details actions taken by Treasury and the five aforementioned MDBs in FY 20. Section I of the report reviews the MDBs' performance on the four central components of section 7029(a). Section II provides an overview of Treasury engagement with the MDBs on evaluation issues.

³ Per section 7029(a) of the FY 20 Consolidated Appropriations Act, applicable to the period covered in this report.

I. Assessment of the MDBs' Performance Consistent with Section 7029(a)

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

Overview. Every MDB has a publicly-available evaluation policy that details the principal responsibilities and governance structure of its independent evaluation office, including its relationship with the MDB's management and the Board of Directors.⁴ These are periodically updated. In addition, individual cases occasionally test the effectiveness of the policy. In FY 20, at the AfDB, the President terminated the Evaluator General based on the application of staff rules. While the Board committee that oversees the evaluation unit and is charged with responsibility for hiring and firing the Evaluator General was *informed*, the decision to terminate was not taken by the Board. Treasury viewed this as inconsistent with the AfDB's evaluation policy.

Actions in FY 20. An AsDB Task Force made up of both the independent evaluation office and regular staff worked to develop an AsDB-wide Evaluation Principles document, which we expect to be finalized in 2021. The Principles will complement the evaluation policy by: (i) covering both independent *and* self-evaluations, (ii) outlining the key principles for evaluation, and (iii) clarifying roles and accountability. At the AfDB, Treasury advocated for the institution to respect the decision-making power of the Board in matters concerning senior evaluation personnel actions, as codified in the evaluation policy. Treasury also was instrumental in AfDB Governors' decision to set up an Ad Hoc Committee to review certain governance issues at the bank, including the independence of oversight and accountability units, such as evaluation.

Priorities for FY 2021. An independent review of the EBRD evaluation system in FY 19 suggested a need for revisions to the EBRD evaluation policy. As the term of the Evaluation Department (EvD)'s head at EBRD is ending, the institution will undertake this revision once a new head is in place. We will engage closely to ensure it remains a publicly-available, high-standard policy. Treasury will also seek to protect the independence of the evaluation unit at the AfDB as a new evaluation head is hired, and we will participate in the hiring process.

(ii) Strategic Use of Peer Reviews and External Experts

Overview. MDB evaluation products receive two types of peer review: (i) internal review by staff from the evaluation office as well as management and operational staff from the MDB; and (ii) external review by peers from the evaluation offices of other MDBs, stakeholders from shareholder governments, and other evaluation experts outside the MDB. Peer review is considered best practice in the industry and a valuable part of ensuring independence and integrity in the evaluation process. The majority of significant evaluation products are 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. While Treasury does not believe it is always necessary or cost-effective to conduct external reviews for

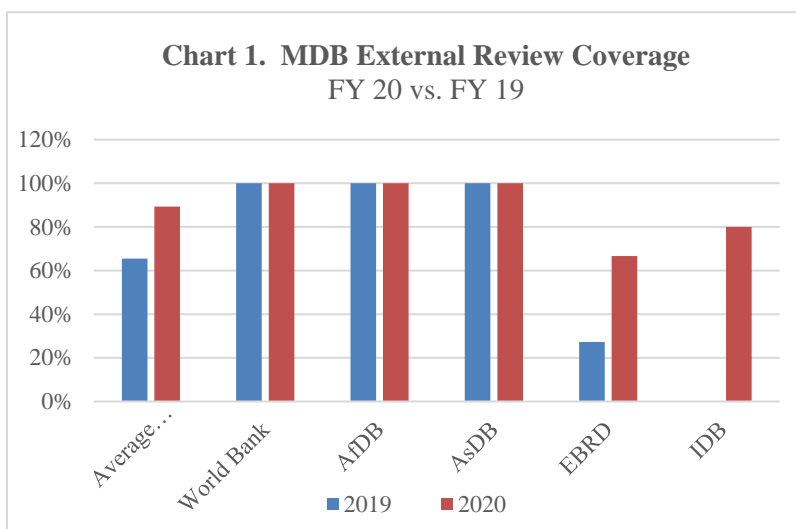
⁴ At each MDB, the independent evaluation office is under the oversight of the Board of Directors, to which it submits evaluation products, its annual budget and work program, and periodic reports on actions taken by the MDB in response to evaluation findings. The Board also appoints the head of the independent evaluation office and oversees performance review and remuneration.

all significant evaluations, they provide an important function, and their strategic use should be a priority for all the MDBs.

Coverage of Peer Reviews. Treasury finds that 100% of significant evaluations⁵ that the MDBs’ independent evaluation offices completed in FY 20 underwent internal review. This has been the consistent result for several years and indicates internal peer review is a well-established practice among MDB evaluation units.

Across the MDBs, an average of 89% of significant evaluations benefited from external review, compared to 65% in FY 19. Four MDBs now require external reviews for all major evaluation products, with the IDB instituting this requirement for the first time in 2020. This change at the IDB follows several years of engagement from the U.S. Executive Director’s Office to reinforce that external peer review is in line with international standards. The EBRD’s use of external reviews also improved in FY 20. Chart 1 shows trends in external review coverage.

MDB	Internal Reviews	External Reviews
World Bank	100%	100%
AfDB	100%	100%
AsDB	100%	100%
EBRD	100%	67%
IDB	100%	80%
Average (non-weighted)	100%	89%



Priorities for FY 21. Treasury will continue to monitor this practice to sustain the current approach.

(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. Treasury has understood the legislative language to mean that Congress wishes the MDBs’ independent

⁵ This includes project evaluations, sector and thematic reviews, country program evaluations, impact evaluations, corporate evaluations, and evaluation annual reports. It excludes the independent “validations” of self-evaluations of projects by MDB staff, which are typically only reviewed internally due to their large number.

evaluation units to conduct in-depth analysis on a certain percentage of projects completed in a given year.

Qualifying Considerations. Treasury notes that there are some issues with relying on a higher coverage ratio of “independent, in-depth evaluations” as the main criterion for assessing the effectiveness of MDB evaluation systems. **Having a *strategic approach to in-depth project evaluations*, as Treasury outlined in its 2014 report and summarized below, is the most crucial threshold for an effective and efficient approach to evaluation.** This strategic approach is likely to differ based on the different operating models and shareholder needs at each institution.

1. The coverage ratio, as defined to focus on projects, does not adequately reflect the value of institutional evaluations such as *process evaluations*, *thematic evaluations*, or *corporate evaluations*, for which project-level assessments may be a tangential element, and yet they have considerable impact on the MDBs’ operations and development effectiveness. Discovering operational or policy strengths and weaknesses can create a strong case for targeted or systematic improvements that drive significant results across the operations ecosystem. Thematic case studies are particularly valuable, even when done remotely, because they allow for an evaluation that goes beyond lending, and often takes a longer-term perspective. **Through institutional evaluations, evaluators play a critical role in making Board oversight more effective**, by helping hold Management accountable for weaknesses in institutional and operational policies that can affect far more than a single country or sector.
2. The criteria of independent conduct of project evaluations does not recognize the value of the system of *self-evaluation and independent validation*. At all MDBs, the independent evaluation offices receive project teams’ self-evaluation reports on completed projects and validate, according to resources, anywhere from 1/3 to 100% of projects, thus providing through objective review a strong incentive for staff to engage in honest reflection. Such validation, however, is done by desk review and therefore, has not qualified as an “in-depth” evaluation for the coverage ratio. Yet, in many cases, validations of self-evaluations can provide a rich assessment of operational performance. At the AsDB, for example, independent evaluators take their validation role of self-evaluations seriously, conducting desk reviews on 100% of completed projects, and in cases where the evaluators’ view on performance differs from staff views, these validations can get quite in-depth. Several MDBs, including EBRD, have recently undertaken efforts to inject greater transparency and reliability into the self-evaluation system. The EBRD’s self-evaluation reforms will increase emphasis on operational team-led project deep dives, cluster evaluations (deep dives into a group of similar projects), and impact evaluations. **Self-evaluation can provide in-depth insights that are particularly valuable to the learning process and improve project quality across the institution, and their effectiveness rests in large part on the ownership project teams take.**
3. In particular, *impact evaluations*, such as randomized control trials, usually fall within the realm of self-evaluation and are thus excluded from the coverage ratio. **Impact**

evaluations attempt to measure the causal effects of projects using more experimental approaches than other types of evaluations and are rigorously “in-depth” and useful for learning. The independent evaluation offices, however, do not conduct most impact evaluations at the MDBs. The potential for this tool’s use is limited, as well, due to extensive resource requirements.

4. The volume of in-depth research on projects will vary at each MDB depending on the key priorities for accountability and learning that shareholders have from year to year, and thus the specific evaluations undertaken. There has always been significant variation in the number of project-focused evaluations conducted each year, based on resource tradeoffs between these and other evaluation products that can provide a stronger case for necessary changes. Depending on the nature of the specific evaluations the MDB undertakes in a given year, there may therefore be some volatility in the coverage ratio, and a lower figure may not necessarily reflect decreased effectiveness of the evaluation unit.

We thus caution against viewing uniformly higher coverage ratios as a means to raise accountability and learning at these institutions. Ultimately, Treasury will review MDB evaluation units’ work plans according to how well they demonstrate potential to hold Management accountable for broader issues or to directly contribute to learning to drive improved development results.

Methodology. In the first of Treasury’s MDB evaluation reports to Congress, in 2014, we described “in-depth evaluation of projects” as evaluations typically conducted one to four years after project completion and involving travel to the field site and interviews with project staff and beneficiaries. Subsequently, Treasury’s reports have relied on *site visits* as the determinative data point for defining this type of evaluation, and we compared these visits to the number of loans and grants deemed “evaluation ready” in a given year.

Pandemic restrictions limiting travel, however, led to a reduction in site visits in FY 20. MDB evaluation staff at some institutions informed us that evaluation products delivered in FY 20 relied on work done prior to the pandemic, and so the drop was not as precipitous as might have been expected (site visits actually increased at AfDB). This was not uniformly true, however, across all MDBs. Furthermore, all institutions expressed that the pandemic restrictions will more significantly affect evaluations delivered in FY 21, for which most work was done in FY 20.

Even once pandemic restrictions abate, evaluators will probably maintain use of valuable technological methods. Evaluation departments have discovered during the pandemic, and with increasing use of data science, that even though site visits are a valuable method of collecting information, **remote methods are effective for conducting their primary research and can help provide a level of in-depth accountability on a wider coverage of projects.** For example, in-depth evaluation of policy-based lending does not require site visits to be effective. Both the World Bank and the AfDB have increasing experience with geospatial tools to evaluate infrastructure impact. Even country missions have proved effective through remote tools.

Treasury has determined that given these factors, we must reconsider what constitutes an

“independent, in-depth evaluation.” Going forward, Treasury will define an “in-depth evaluation” as *independent evaluators conducting in-depth primary research* on projects. This may include staff interviews, beneficiary surveys, quantitative data collection on outcomes (including geospatial or market research), or other self-verified research relying on sources beyond Bank project documents, *done in-person or remotely*. Consistent with our previous methodology, we will compare what evaluators are able to accomplish to a measure of one-year’s worth of evaluation-ready projects at the MDB.⁶ We expect the new methodology to provide a degree of additional consistency across institutions in defining “independent, in-depth evaluations.”

Coverage of Independent, In-Depth Evaluations.

Using the new methodology, Treasury finds that evaluators at the MDBs are able to independently research results on a large proportion of the MDBs’ annual project portfolios, with all MDBs achieving a solid coverage ratio (Table 2). Due to the change in methodology, it would be misleading to compare performance in FY 20 to previous years.

Priorities for FY 21. We will continue to engage with the independent evaluation units in FY 21 to seek a balance that is right at each institution between project-level primary research and broader institutional priorities, while conveying the intent of Congress that the coverage ratio meet or exceed a threshold of 35%. As the IDB is the only institution currently below the target number for FY 21, Treasury will encourage the Office of Evaluation and Oversight (OVE) to pursue a higher independent, in-depth evaluation ratio.

Table 2. Projects Subject to Independent, In-Depth Evaluation (FY 20 Coverage Ratio)	
MDB	Coverage Ratio
World Bank	65%
AfDB	64%
AsDB	55%
EBRD	38%
IDB	30%
MDB Average (non-weighted)	51%

(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, strategies, and policies. For project design, the MDBs require that evaluation components, such as results measurement frameworks and the identification of evidence from previous evaluations that was used to inform the design of the project, are included upfront in project proposals. The MDBs also have an array of feedback loops to improve projects’ implementation in real-time, including regularized progress monitoring reports, and project completion reports. As mentioned earlier, several MDBs are increasing their emphasis on the self-evaluation system as a tool to improve learning. Finally, the MDBs have systems that track the implementation of recommendations from the independent evaluation offices, thereby holding themselves accountable for follow through.

Actions in FY 20. The MDBs continued to improve learning from evaluation results in FY 20.

⁶ It is feasible that under this methodology, some institutions could demonstrate a coverage ratio above 100% in the future. This may happen if, for example, the evaluators review the MDB’s sector performance over an extended period of time, which could require research on a large project portfolio.

- The **World Bank** continued to use a “knowledge package,” introduced in 2018, which is an automatically curated set of relevant lessons and evidence and other relevant knowledge, generated on demand for operational project task team leaders to use as they design new projects. Its Independent Evaluation Group (IEG) also mined their database of past health-related crises for lessons learned and put together a Just In Time note that synthesized the major lessons and best practices. That ultimately informed the design of the COVID Multiphase Programmatic Approach. Another ongoing action in FY20 was the work on Outcome Orientation. The WB continued to work to ensure better line of sight between country operations and high-level goals through this reform by piloting efforts to make the link in several countries.
- At the **AfDB**, the Independent Development Evaluation unit (IDEV) arranged eleven learning events in FY 20 to disseminate lessons learned from its evaluations across the organization. IDEV also engaged in a concerted effort to increase the involvement of operations staff in evaluation reference groups, which review the accuracy and quality of work throughout the evaluation process. Stronger participation of operations staff not only improves the quality but also the utility of the evaluation through stronger ownership, adoption, and implementation of IDEV recommendations. One of the Bank’s regional offices is piloting targeted use of artificial intelligence to collate lessons from previous evaluation reports, project completion reports, and other documents, to help inform new project concept notes directly. In addition, Management piloted a new, enhanced readiness review for project preparation, including a specific criterion to assess the extent to which new proposals take account of lessons learned. The new readiness review will be rolled out more widely in FY 21. In the context of COVID-19, IDEV produced two “Lessons Notes” summarizing lessons learned from the Bank’s response to the Ebola outbreak in 2014 and the Bank’s budget support instrument for countries experiencing a crisis. Management drew on these Notes in the design of its COVID-19 Response Facility.
- The **AsDB**’s Independent Evaluation Department (IED) continued to implement the strategic plan to improve knowledge sharing (introduced in 2018), with greater emphasis on online platforms given that many people are working remotely. IED also made progress on its initiative to explore the use of an artificial intelligence engine called EVA to improve access and use of evaluation knowledge (from both self and independent evaluation) in real time, with work on the full product beginning in FY 21 and a full product launch scheduled in FY 22. ADB instituted several changes to improve real-time self-evaluation and continuous learning in sovereign and non-sovereign projects, including launching a Development Effectiveness Forum as a platform to monitor and address, when necessary, development effectiveness during a project’s life. The AsDB also finished its roll-out of new project document templates that require a more explicit reference to lessons from prior relevant projects and independent evaluations.
- The **EBRD** continues to use its Results Management & Self-Evaluation and Knowledge Management Working Groups, created in 2019, to better incorporate evaluation results into project design and strengthen feedback loops. Actions in 2020 included enhancing feedback loops from operations to knowledge, improved IT services, new data

management capabilities, progress on skills mapping, and greater international outreach. In particular, EBRD launched the Transition Impact module, which introduced a transparent methodology of deriving a project's delivery score and led to improved collection of data during project monitoring, providing a basis for comprehensive portfolio analysis to trigger feedback loops.

- At the **IDB**, the Office of Evaluation and Oversight (OVE) hired a communications officer to increase focus on disseminating evaluation results in various ways, including through events, newsletters, external blogs, and workshops. This year, OVE organized a panel on evaluation lessons that operations teams could find useful to apply in the COVID-19 context. In FY 20, Management completed the development of a lessons learned search engine that enables project staff to search learnings that the Bank has documented on any topic, accessible to all project teams. IDB also initiated a pilot project to strengthen feedback loops during project preparation. Based on a database compiling IDB-wide lessons learned (including from impact evaluations, project completion reports, project monitoring reports, and sector framework documents), project teams are provided with a package of recommendations relevant to the profile of a new project.
- **All the MDBs** continue to promote robust usage of their recommendation tracking systems. The AfDB maintains another system focused on project-relevant lessons learned for use in project design. The World Bank recently completed a substantial reform of the entire Management Action Record (MAR) process of follow up to recommendations by its Independent Evaluations Group (IEG), with the objective to move away from the current action plan-based system to one that is more strategic, thoughtful, and impactful, and develop a new online system to reflect the new process. At the ADB, Management revived the practice of seeking IED's feedback on action plans during their formulation, which should lead to stronger uptake of meaningful actions.

Priorities for FY 21. Learning will continue to be a top priority in Treasury's engagement at the MDBs on evaluation in FY 21. At the World Bank, as the IEG undergoes its periodic external evaluation, we will urge focus on how its knowledge can better inform the institution's operations. Treasury will also work with the World Bank to establish its COVID-19 Lessons Library, and on its planned review of Country Partnership Frameworks and the accompanying self-evaluation instruments including the Performance Learning Reviews and Completion Learning Reviews, with the objective to push country teams to become more outcome oriented in capturing results and foster more learning. At the EBRD, Treasury will help the institution reform its self-evaluation system, with the primary goal of increasing the learning benefit of self-evaluation. Finally, we will continue to monitor the AsDB's artificial intelligence pilot to engage in real-time rapid learning innovations, which will be an important tool in the context of interventions to address the ongoing rapidly evolving pandemic.

II. Summary of Treasury's Engagement with the MDBs on Evaluation

Evaluation remained a key component of Treasury’s (and our U.S. Executive Directors’) engagement with the MDBs in FY 20. Our approach was guided by the four components of section 7029(a), with a special focus, as mentioned above, on learning. Other key priorities included helping the independent evaluation offices develop strategic work plans—e.g., focusing on evaluations in priority areas and that are timed to influence key Board decisions—and working to ensure the offices retain their independence and are well-resourced.

Treasury also honed in on specific priorities at each of the MDBs, including the following:

- **World Bank** - Treasury continued to engage on how to improve the system for operationalizing lessons learned from major evaluations for quicker and more efficient incorporation of best practices. Treasury supported efforts to improve feedback loops throughout the evaluation process for better project design and outcomes. Treasury also continued to advocate for strong independence of the IEG, while also supporting a constructive relationship between the IEG and World Bank Management. Treasury increased its interaction with IEG in FY 20 both bilaterally and through its position on the Board. This included holding multiple bilateral briefings including on IEG’s work plan to convey USG priorities; on evaluation findings and approach papers; and on USG expectations for an early evaluation of the WBG’s initial COVID-19 response. Treasury specifically requested the latter evaluation to ensure effective oversight and learning on the billions of dollars allocated to the WBG’s COVID-19 response. IEG also initiated the good practice of quarterly advisors’ meetings to encourage increased interaction between IEG and the Board, and Treasury actively participated in these meetings. Additionally, Treasury worked closely with IEG to support several important reforms that aim to improve more effective evaluation action follow-up, related reporting on action items, and knowledge management.
- **AfDB** – Treasury advocated for the independence of the AfDB’s Independent Development Evaluation (IDEV) department during discussions on an action plan to strengthen accountability units and during the termination of the Evaluator General. Treasury also urged timely follow through on implementation of evaluation recommendations, most notably recommendations on private sector development, access to finance, and fragility, in anticipation of new thematic strategies coming forward in 2021.
- **AsDB** – Treasury provided guidance to IED for evaluations of several keystone policies, notably the AsDB Energy Policy and the 2009 Safeguard Policy Statement (SPS). The evaluations will feed into reviews of the respective policies. The revised Energy Policy, scheduled for Board consideration in late FY 21 or early FY 22, will be critical to shift borrowers away from reliance on fossil fuels and align AsDB support in the sector with the Paris Agreement, with greater emphasis on renewable energy sources. The 2009 SPS will be reviewed over several years, with an updated policy potentially finalized in FY 23. Treasury also strongly urged IED to initiate a real-time evaluation of AsDB’s \$20 billion pandemic response package, and we expect several interim evaluation notes and a final report in FY 21.

- **EBRD** – Treasury, through the ED’s office, has used its voice in the Board to urge the EBRD President and other Bank senior leadership to prioritize follow-through on the improvements to the Bank’s evaluation system recommended in the external assessment completed in 2019. One of the key conclusions of that external assessment was that the Bank’s self-evaluation system needed to be substantially reformed and rebuilt. To that end, the ED’s office has engaged with Management and external consultants to help define the purpose and objectives of the self-evaluation system. We have encouraged Management to put forward various options, and associated costs, for Board consideration later in 2021.
- **IDB** – Treasury, through the ED’s office, successfully encouraged greater use of external peer reviews. We also advocated for measures to strengthen the use of evaluation lessons internally and the ED’s office has pressed IDB management to swiftly implement OVE recommendations that will strengthen the independence of the IDB Group’s accountability mechanism, the Independent Consultation and Investigation Mechanism (MICI). We also urged the Office of Evaluation and Oversight (OVE) to more strategically align corporate evaluations on governance, the IDB’s innovation lab, and policy-based lending with the vision of the new IDB President.

Looking ahead, the WB will soon undergo an external assessment of its evaluation department. These external assessments, which are conducted periodically, provide a valuable opportunity to enhance the effectiveness of the MDBs’ evaluation functions and result in specific recommendations. At the World Bank, next year’s review will focus heavily on the utility of IEG’s work as well as how to improve its impact in the organization. Treasury will continue to engage closely in follow-up discussions to implement appropriate recommendations. Following up on the 2019 external assessment of EBRD’s evaluation system, Treasury will engage on specific options for the self-evaluation system and the more complex, long-term challenge of how best to measure wider impact and link the Bank’s aggregate contribution to country progress, taking into account both its mandate to support systemic change and its private sector orientation. Finally, Treasury will work closely with others at the AsDB and AfDB to facilitate hiring new chief evaluators, following the completion of the current Director General’s term at the AsDB and the termination of the Evaluator General at the AfDB.