

## **OPERATIONS EVALUATION DEPARTMENT (OED) GUIDELINES TO AVOID CONFLICT OF INTEREST IN INDEPENDENT EVALUATIONS**

### **General Context of Employment at the Asian Development Bank**

1. The code of ethical conduct of the Asian Development Bank (ADB) is given in Administrative Order No. 2.02, *Personnel Policy Statement and Duties, Rights and Responsibilities of Staff Members*, which covers all staff members including staff of the Operations Evaluation Department (OED). The code's policy requires staff members "to conduct themselves at all times in a manner befitting their status as employees of an international organization" and "to maintain a high degree of integrity and concern for ADB's interests and to avoid situations and activities which may reflect adversely on the institution<sup>1</sup>, compromise its operations, or lead to conflicts of interest". In a narrower and particular context, Appendix 6 of Administrative Order No. 2.12 reminds staff members who are granted Special Leave Without Pay to work for private sector organizations that they should be specially careful to avoid conflicts of interest, whether real or apparent, in their activities in the latter organizations. However, the administrative orders do not provide guidelines on how to avoid conflicts of interest, real or perceived, in specific ADB activities.

2. In November 2004, the Board of Directors approved revised fraud and corruption-related terms and definitions under the Anticorruption Policy, which included the introduction of an official definition of conflict of interest as "a situation in which a party has interests that could improperly influence that party's performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations".<sup>2</sup>

### **Specific Context of Evaluation Work by OED**

3. To fulfill its mission effectively, OED must develop and sustain a reputation for excellence by following the principles of independence, impartiality, and integrity. OED evaluations must be—and must be perceived to be—independent, impartial, and devoid of any conflict of interest. In the Board paper establishing the organizational independence of OED<sup>3</sup>, internationally accepted criteria for assessing the independence of evaluation and audit functions were assumed. These include: (i) behavioral autonomy, (ii) organizational independence, (iii) insulation from external influence, and (iv) avoidance of conflicts of interest. In assessing the current policy framework with respect to avoidance of conflicts of interest, the paper stated:

*Avoidance of conflicts of interest refers to the extent to which policies and procedures identify and ameliorate circumstances that may impair the objectivity and integrity of the evaluator. This means excluding staff from evaluating programs, activities, or entities that might lead to conflicts of interest and affording opportunity for a wider range of consultations with stakeholders to ensure against evaluator bias. ADB has (already) in place procedures, based on*

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<sup>1</sup> This provision does not restrict the independence, impartiality, or integrity of OED reports that may at times be critical of ADB.

<sup>2</sup> ADB. 2004. *Anticorruption Policy - Proposed Clarifications and Related Changes to Consulting and Procurement Guidelines*. Manila. (R185-04, 1 October 2004)

<sup>3</sup> ADB. 2003. *Enhancing the Independence and Effectiveness of the Operations Evaluation Department*. Manila. (R263-03, 26 November 2003)

*its Administrative Orders, to protect against a wide range of conflicts of interest—official, professional, financial and family—that could compromise the objectivity and integrity of OED evaluations. All OED reports entail extensive discussions with stakeholders in the borrowing country at various stages before they are finalized.* (para. 12 of Board paper)

4. A footnote to this paragraph noted that Administrative Order No. 2.02 “prohibits against a wide variety of conflicts of interests. In addition, OED follows the unwritten convention that precludes staff or consultants from evaluating works they were involved in or the OED management signing off evaluations of operations that they were previously associated with. This convention, however, *needs to be formalized* (emphasis added).”

5. In relation to potential conflict of interest, the Board paper specified that while OED staff may work in other departments and offices in ADB before and after working in OED, the Director General is barred from working in other areas in ADB after completing her/his term in OED.

6. The objective of these guidelines is to specify how OED evaluators shall be seen to avoid conflict of interest situations while undertaking their evaluation work. These guidelines also respond to the need, which was identified in the Board paper establishing OED independence, to formalize unwritten conventional practice in OED.

### **The Guidelines**

7. These guidelines will apply to all OED staff, including the Directors and the Director General, and to all external OED consultants.

8. Evaluators, both staff and consultants of OED, will recuse themselves from evaluating: (i) any project, program, or activity that they worked on or had line responsibility for the work on, including preparation, appraisal, administration, and completion reporting, or that they had a personal influence or financial stake in, in a previous capacity either in ADB or prior to joining ADB; or (ii) an entity that they had a significant decision making, financial management or approval responsibility for or personal influence or financial stake in prior to joining ADB, or in which their future employment is a significant possibility. Evaluators will similarly recuse themselves when there is such involvement in a project, program, activity, or entity on the part of immediate family members, defined in Administrative Order No. 2.02 to mean spouse, child, mother, father, brother or sister. The onus is on OED evaluators to inform OED management of any such potential conflict of interest, or potential perception of conflict of interest, before evaluator assignments are finalized.

9. If a former ADB staff member or consultant is being considered for a consulting assignment in an OED evaluation, particular care will be exercised by the concerned OED professional staff to ensure that the concerned person was not personally involved, directly or indirectly, in the subject of the evaluation during his/her past term as staff or consultant of ADB. Such OED action will be in addition to the initial process observed by the Budget, Personnel and Management Systems Department (BPMSD) and the Central Operations Services Office (COSO) in the screening of consultants.

10. In a case when the potential conflict of interest or perception of conflict of interest is identified after an evaluation has started, OED management will decide if the assigned evaluator should thereafter recuse himself/herself from the evaluation and, if so, whether the evaluation should be continued using the work undertaken to that point or restarted.

11. OED management, the Directors and the Director General, will recuse themselves from supervising any aspect of evaluation work on any project, program, activity or entity that they were associated with in a previous capacity or expect to be associated with in a future capacity. Such supervision, including planning, quality control, providing guidance to evaluators, and review and approval of evaluation reports will be fully delegated to other members of OED management as appropriate to the subject matter. In such cases, the recusing member of OED management will not be involved in any aspect of the periodic performance assessment of the evaluators, including comments in the annual staff performance evaluation report (PER), in relation to the specific evaluation work from which the member of OED management recused herself/himself.

12. Any such recusal by an OED evaluator or member of OED management shall be clearly noted in the Authors' Box shown in the table of contents of the OED report concerned. In cases when the degree of involvement by an evaluator in a project, program, activity or entity is considered by OED management to be immaterial to a potential bias in the evaluation, this will be so noted in the report.

13. With due recognition of OED's functional and organizational independence, a conscious non-observance of these guidelines that results in a clear and serious conflict of interest reflecting adversely on ADB or compromising its operations in a major way, and which may be considered as unsatisfactory conduct under Administrative Order No. 2.04, *Disciplinary Measures and Procedures*, may be subject to the provisions in the latter administrative order or other applicable provisions observed in ADB.

### **Responsibility**

14. OED management and evaluators are responsible for exercising sound professional ethics and personal good judgment in applying these guidelines to themselves. It is not possible to specify all-inclusive guidelines. OED management and evaluators are responsible for conforming with the intent and spirit of the guidelines in all matters not specifically stated above. Should evaluators have any doubt as regards their proper course of action in any matter related to a conflict of interest issue, they must seek the advice of Director General, OED and this should be noted in the relevant report, if any. In a case when the Director General must either recuse herself/himself from providing such advice or also requires advice, the advice of the Development Effectiveness Committee (DEC) should be sought; in such a case, the information elevated to the DEC and the corresponding resolution should be similarly noted in the Authors' Box shown in the table of contents of the relevant report.

15. Every OED report should include, in its Authors' Box, an affirmation that to the knowledge of OED management the guidelines to avoid conflict of interest in independent evaluations have been followed.