



## SECRETARIAT

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Distribution: All staff members at Headquarters,  
established offices and Permanent Missions

### **DIRECTOR GENERAL'S BULLETIN**

#### **Evaluation Policy**

1. The purpose of this Director General's bulletin is to promulgate the UNIDO Evaluation Policy as a supplementary policy under the framework of the Charter of the Office of Evaluation and Internal Oversight (EIO), which was approved by the Industrial Development Board at its forty-eighth session in decision IDB.48/Dec.10 and subsequently promulgated in DGB/2020/11 of 11 December 2020.
2. The Evaluation Policy is complemented by the Evaluation Manual and other documents issued by the Director of EIO as needed.
3. This bulletin supersedes the previous Policy issued on 01 June 2018 (DGB/2018/08).
4. This bulletin shall enter into force with immediate effect.



## UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

### EVALUATION POLICY

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## **I. Objective of the Policy**

1. As a supplementary policy under the Charter of the Office of Evaluation and Internal Oversight (DGB/2020/11) (the “Charter”), the objective of this Evaluation Policy is to further outline the nature and scope of the evaluation function; its key services, processes, outputs, roles and responsibilities; as well as the applicable methodological principles.

## **II. Introduction**

2. The Office of Evaluation and Internal Oversight (ODG/EIO) (the “Office”), which is organizationally located within the Office of the Director General, is responsible for the performance and operation of the evaluation, internal audit and investigation functions of UNIDO, in accordance with the terms of its Charter.
3. The evaluation function is one of the core oversight functions under the responsibility of the Director of the Office of Evaluation and Internal Oversight (the “Director of the Office” or “Director”).
4. In order to discharge its mandate, the Office is composed of two divisions: the Independent Evaluation Division (EIO/IED), and the Internal Oversight Division (EIO/IOD). The evaluation function is carried out by the Director of the Office and the Independent Evaluation Division.
5. The evaluation function at UNIDO derives from a decision of the UNIDO Industrial Development Board,<sup>1</sup> which recognized the importance of an efficient and comprehensive evaluation system that is aligned with international policies, standards and practices for measuring the impact of UNIDO’s work at the field level. The Evaluation Policy takes due cognizance of General Assembly resolution 59/250, which called for the systematic evaluation of operational activities of the United Nations system by assessing their impact on poverty eradication, economic growth and sustainable development.

## **III. Evaluation function in UNIDO**

### **Nature and scope of the function**

6. Evaluation is an assessment that is as systematic and impartial as possible of a project, programme or entire strand of activities under a single thematic or institutional heading. An evaluation should provide evidence-based information that is credible, reliable and useful, thereby permitting the timely incorporation of findings, recommendations and lessons into the decision-making processes at the corporate, programme and project levels.
7. Evaluations aim at determining the relevance, coherence, effectiveness, efficiency, impact and sustainability of UNIDO interventions and activities. They focus on the analysis of expected and achieved accomplishments, examining the results chain, processes, contextual factors and causality in order to ascertain the degree of achievement or the lack thereof.
8. Evaluations are distinct from other forms of assessments. They differ from: appraisals (a critical assessment of the potential value of an undertaking before a decision is made to

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<sup>1</sup> IDB.29/Dec.7.

implement it); monitoring (management's continuous examination of progress achieved during the implementation of a project or a programme in order to track compliance with the plan and to take necessary decisions to improve performance); audits (an assessment of the adequacy of management controls to ensure the economical and efficient use of resources; the safeguarding of assets; the reliability of financial and other information; the compliance with regulations, rules and established policies; the effectiveness of risk management; and the adequacy of organizational structures, systems and processes); and research (a systematic examination designed to develop or contribute to knowledge).

9. Evaluation is not a decision-making process *per se*; however, it can serve as an input to provide decision-makers with knowledge and evidence about performance and practice.
10. Findings and recommendations from evaluations shall be used to inform strategies, thematic areas and internal processes, such as the project and programme identification and formulation process, for learning and continuous improvement purposes.

### **The primary objectives of evaluation**

11. Evaluation plays a role in guiding policy and strategy by promoting evidence-based decision-making. Evaluation informs UNIDO management and stakeholders and serves three main purposes: it promotes accountability; supports results-based management; and drives learning and innovation.
12. The evaluation function promotes accountability by the reporting of assessments on the implementation and results of UNIDO processes, activities and interventions to the policymaking organs, management, partner governments, donors and other stakeholders of UNIDO.
13. Evaluations support results-based management through recommendations to project managers, team leaders and UNIDO management at all levels, at Headquarters and in the field, as well as UNIDO stakeholders. Recommendations should be practical, and evaluation users should actively participate in the evaluation process. Recommendations, when accepted by management, can lead to management action plans.
14. Evaluations drive organizational learning and innovation. To this end, they attempt to draw general lessons from specific cases and make these lessons available to all those within or outside UNIDO who might benefit from them. Evaluation findings should be used to improve the services and effectiveness of the Organization, as well as to guide management decisions and/or innovation.
15. The contribution of evaluation to organizational learning goes beyond UNIDO. The Office shares lessons learned from the evaluation function with other organizations of the United Nations system and relevant stakeholders.
16. Joint and system-wide evaluations involving UNIDO, other United Nations and multilateral organizations and bilateral donors are gaining importance as a means of assessing the effectiveness of the United Nations system at the country level. UNIDO is committed to contribute to such initiatives.

## **Types of evaluation**

17. Evaluations take two complementary forms: self-evaluations and independent evaluations. The Evaluation Policy covers independent evaluations; however, the general principles of evaluation mentioned in the policy can apply to self-evaluations.

### **Self-evaluations**

18. Self-evaluations are an integral part of the project or programme monitoring and reporting function, which is a management function. They take the form of a systematic, mid-term or final review of projects or programmes. As such, they are carried out by officials who are responsible for their implementation, i.e., management. Self-evaluations build upon monitoring and reporting and take place according to the rules established in project management guidelines. They are the vehicle for steering corrective action by line management.

### **Independent evaluations**

19. Independent evaluations provide an independent, evidence-based assessment on a given entity under evaluation, such as a project, programme or an entire strand of activities under a thematic, geographical or institutional heading. Independent evaluations are led internally by members of the Office or externally by independent evaluation consultants.

### **Independent project or programme evaluations**

20. Independent evaluations of technical cooperation activities can take the form of mid-term, terminal or ex-post evaluations.
21. The requirements for independent evaluations of projects and programmes are established normally in project or programme documents or cooperation agreements with donors and other stakeholders.
22. When not established by specific requirements, UNIDO guidelines for the management of technical cooperation programmes and projects define the stage, conditions and mandatory financial threshold set for independent evaluations of projects and programmes.
23. Furthermore, the Director of the Office has the discretion to commission independent evaluations of projects or programmes encountering major implementation problems or serious disagreement between stakeholders, as well as of projects or programmes displaying a remarkable success or potential for replicability and learning.

### **Independent country, thematic and strategic evaluations**

24. Independent corporate-level evaluations or reviews, such as country-level, thematic or strategic, are conducted to assess country or regional programmes, policies, strategies and cross-cutting issues or functions. They inform UNIDO management and external stakeholders on policymaking and organizational effectiveness. Corporate-level evaluations are identified and prioritized by the Office through a periodic evidence-gap analysis, which considers, *inter alia*, requests emanating from UNIDO management or policymaking organs.

### **Reporting lines**

25. The Director of the Office shall be accountable to the Director General for the overall functioning and performance of the evaluation function. Staff assigned to the Independent Evaluation Division carrying out evaluation activities (“evaluation personnel”) shall be accountable to the Chief, EIO/IED and to the Director.<sup>2</sup> The Chief, EIO/IED shall be accountable to the Director.
26. The Director of the Office shall submit an annual report on the activities of the Office to the Industrial Development Board, in accordance with the provisions of the Charter. Each report shall include an overview of the key activities of the Office and of the reports produced by the Office, the overall status of implementation of recommendations and management action plans relating to the evaluation and internal oversight functions, and the outlook of the Office for the next year. The report shall also contain a statement by the Director to confirm the independence of the Office and declare whether any situation has occurred representing an impairment of its objectivity or of its functional independence.

## **IV. Roles and responsibilities**

### **Director General**

27. The Director General will promote an enabling environment for evaluation throughout the Secretariat in order to strengthen accountability; support results-based management, decision-making and follow-up; and facilitate the implementation of agreed recommendations and dissemination of lessons learned from evaluations throughout the entire Organization.
28. The Director General and the Executive Board review the Office’s biennial provisional budget and the evaluation work plan, which the Director of the Office shall submit for approval. They may also request ad-hoc evaluations.
29. The Director General has the responsibility to provide the management response to evaluation recommendations, including whether and why management agrees or disagrees with each recommendation. The management response should detail specific actions to implement those recommendations that were agreed to by management. The Director General will follow up the implementation of agreed recommendations and management action plans.

### **Director of the Office and Independent Evaluation Division**

30. The Director of the Office shall provide the Director General, management at large and UNIDO stakeholders with the results from evaluation work as well as independent and evidence-based information that is credible, reliable and useful, in order to enable the timely implementation of agreed recommendations and dissemination of lessons learned from evaluations throughout the Organization and external stakeholders.
31. The Director of the Office and the Independent Evaluation Division shall, in accordance with the Evaluation Policy, manage and carry out independent evaluations, provide quality

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<sup>2</sup> In this Policy, the terms “staff” and “personnel” when referring to persons assigned or providing services to the Office shall have the same meaning as in the Charter.

assurance within UNIDO and follow up the management response or agreed management action plans to such evaluations.

32. The Office lends methodological support and ad-hoc or advisory support to self-evaluations, which are conducted by project managers.

### **UNIDO appraisal and approval processes**

33. The appraisal and approval processes of UNIDO ensure that programmes and projects comply with established quality criteria. To this end, those involved in the appraisal and approval processes should consider prior evaluation findings and recommendations when reviewing new programmes and projects and ensure that sufficient funds are allocated to monitoring and reporting as well as to evaluation activities. Upon request, the Office provides advisory services for the approval of programmes and projects, for the integration of evaluation findings and recommendations, and for the evaluability of a programme or project.

### **UNIDO line management**

34. UNIDO line managers (Managing Directors, Directors, Chiefs) support evaluations by ensuring that all necessary information is provided, while programme and project personnel under their supervision fully cooperate throughout evaluations. Line managers are responsible for ensuring that evaluation recommendations are addressed through management responses and agreed management action plans, and implemented within the set timelines. Line managers also ensure that recommendations and lessons learned are further taken into account in their respective areas of responsibility.

### **Programme and project managers**

35. Programme and project managers are immediate clients of project and programme evaluations and are actively involved in the evaluation process. They can assume administration and/or support functions in relation to a programme or project evaluation in accordance with existing project and programme evaluation guidelines.
36. Programme and project managers contribute to the preparation, execution and follow-up of evaluations in line with existing guidelines. They provide the independent evaluators with a complete information dossier well in advance of the evaluation. In the case of country-level programmes, the UNIDO representative in the respective field office, or the official responsible for the respective country at Headquarters, as the case may be, assumes responsibility for the preparation of the information dossier and shall be the evaluator's central access point.
37. Programme and project managers ensure that the necessary evaluation funds are properly allocated in the programme or project budget and that evaluations are included in the project structure.
38. Programme and project managers contribute to the preparation and coordination of management responses to evaluations in accordance with existing guidelines. They also assume primary responsibility for a timely follow-up on agreed evaluation recommendations.

### **Synergies with internal auditing function**

39. Notwithstanding the different roles and the different nature of the three functions of EIO (internal auditing, evaluation, and investigation), there are commonalities and opportunities for synergies, particularly between the internal auditing and evaluation functions. The work plans of the internal auditing function and the evaluation function shall generally be reconciled to supplement each other and to avoid any unnecessary duplication or overlap. Relevant observations from past internal audit and evaluation engagements may feed into the planning of engagements for both functions. Joint and complementary engagements may also be undertaken, where appropriate.

## **V. Evaluation principles**

### **Evaluation ethics**

40. Evaluation personnel must respect the right of institutions and individuals to provide information in confidence and ensure that sensitive data cannot be traced to their source. They must ensure that those involved in evaluations are given an opportunity to examine the statements attributed to them.
41. Evaluation personnel must be sensitive to beliefs, manners and customs of the social and cultural environments in which they work. In the light of the Universal Declaration of Human Rights, they must be sensitive to and address any form of discrimination or gender inequality.
42. Should an evaluation reveal evidence or sufficient suspicion of wrongdoing, the assigned evaluation personnel will inform the Director of the Office.

### **Involvement and consultation of stakeholders**

43. Transparency and consultation with key stakeholders are essential at all stages of the evaluation process, as they facilitate consensus building and ownership of evaluation findings, conclusions and recommendations, as well as improve the usefulness, credibility and quality of the evaluation.

### **Impartiality and independence**

44. The key elements of impartiality are objectivity, professional integrity and absence of bias. Impartiality shall exist at all stages of the evaluation process. It also implies that the views of all stakeholders are taken into account. Thus it provides legitimacy to evaluation and reduces the potential for conflict of interest.
45. Evaluation personnel must have no vested interest and be free to conduct their evaluative work impartially. They must be able to express their opinions in a free manner.
46. As provided in the Charter, the staff of the Office and members of an evaluation team must not have exercised managerial functions over, or operational responsibility for, the activity subject to evaluation.



## **Competencies and professional standards**

47. The evaluation function shall be conducted in alignment with the *Norms and Standards for Evaluation* of the United Nations Evaluation Group (UNEG) and the evaluation criteria of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC). Furthermore, the evaluation function competencies and professional standards shall be aligned with the provisions of the UNEG *Evaluation Competency Framework*.
48. The Director of the Office, with the support of the Chief, EIO/IED, ensures that evaluation personnel have proven competencies in evaluation and in the management of evaluations, and that they collectively possess the necessary level of knowledge, skills and experience to perform the responsibilities of the Office.
49. The Director of the Office ensures that formal job descriptions are issued in line with existing guidelines and that the selection criteria state the necessary professional requirements, skills and competencies for hiring evaluation managers and evaluators and for contracting evaluation experts.

## **VI. Evaluation management**

### **Evaluation planning and budgeting**

50. Proper and efficient evaluation implies that there is a clear intent to use the evaluation findings, recommendations and lessons learned. The biennial evaluation work plan ensures that evaluations are chosen and undertaken in a transparent and timely manner so that they provide decision-makers with relevant and timely information to address key evidence gaps or institutional requirements. It also identifies opportunities for joint evaluations with donors, other United Nations organizations and external stakeholders.
51. The biennial evaluation work plan describes the planned evaluation activities over a given UNIDO biennium. The Director of the Office prepares the evaluation work plan at the beginning of the biennium in consultation with UNIDO line management and considering inputs from the Independent Oversight Advisory Committee. The Director of the Office updates the biennial evaluation work plan when needed, to accommodate any necessary adjustments.
52. The evaluation budget is managed by the Office and is mainly derived from three sources: a) regular budget resources for the Office in the UNIDO Programme and Budgets; b) operational budget resources specifically allocated by the Director General or the Executive Board for the implementation of the biennial evaluation work plan; and c) resources for independent project or programme evaluations included in programme and project budgets.
53. Specific procedures for the planning and implementation of evaluations are described in the Evaluation Manual and other guidance provided by the Office.

### **Evaluation reports**

54. Evaluation reports present in a complete and objective manner the methodology followed, the limitations of the evaluation and key concerns, the evidence-based findings, conclusions and recommendations as well as dissenting views, and agreed management action plans (if any) of an independent evaluation. They are brief, to the point and easy to understand. They include an executive summary that encapsulates the essence of the information contained in the report. They may also include a chapter on lessons learned for wider applicability.
55. Evaluation reports are prepared in accordance with the specific evaluation terms of reference and guidance provided by the Office. Draft reports are shared with key stakeholders for comments and factual validation. The evaluation team is responsible for the reliability and quality of the information contained in the report, which should reflect any factual corrections brought to the team's attention prior to being finalized. In the event of differing views being expressed, these are reflected in the analysis and in the report.

### **Quality assurance and evaluation capacity building**

56. The Office maintains an internal quality assurance process, and all independent evaluations are subject to quality assessments by the Office. Quality control is exercised throughout the evaluation process. The quality of an evaluation report is assessed and rated against a set of established criteria.
57. The Office enhances its organizational capacity and the competence of its staff by fostering the exchange of experience and identifying good evaluation practices at the international level. Active participation in the United Nations Evaluation Group (UNEG) plays a prominent role in this respect.
58. The Office is the focal point of evaluation know-how in UNIDO. In collaboration with the Department of Human Resources Management, it designs and carries out training for UNIDO staff and other stakeholders on subjects that are relevant to evaluation. The Office also carries out outreach and capacity-building activities to strengthen the national evaluation capacities of Member States and at UNIDO.

### **Follow-up on evaluations**

59. The follow-up to self-evaluations comes under the responsibility of programme and project managers and their line managers.
60. For all independent evaluations managed or conducted by the Office, the Director of the Office issues the evaluation reports to the Director General, the Executive Board or other relevant managers, together with a management response sheet (MRS). The MRS is assigned to a relevant UNIDO manager to enable tracking for each recommendation. Items tracked include comments of acceptance, partial or non-acceptance of evaluation recommendations, agreed management action plans, deadlines for implementation, and information on the actions taken to address recommendations.
61. UNIDO line managers ensure that those responsible for follow-up keep information in each MRS up to date.
62. The Office monitors the information in the MRSs and compiles periodic reports on the level of acceptance of recommendations and on the status of implementation of the follow-

up activities related to individual recommendations, and draws attention of UNIDO management to that status.

### **Dissemination and disclosure**

63. The biennial evaluation work plan, the terms of reference of independent evaluations and all evaluation reports are posted on the relevant pages of the UNIDO public website.

## **VII. Interpretation, Review and Amendment**

64. This Policy shall be interpreted in conformity with the provisions of the Charter.
65. This Policy shall be reviewed by the Director of the Office, in consultation with the Independent Oversight Advisory Committee, normally at least once every five years.