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Learning from Evaluation for Improving Project Effectiveness

Independent Evaluation Department (IED)
6 September 2022



Outline: Why, How, and What Do We Learn?



- Role, mandate, importance of independent evaluation
- Evaluation practice at ADB
- ADB's business cycle and complementarity of self and independent evaluation
- Introduction to evaluation criteria (core and non-core) for sovereign projects, validation and rating process, including the performance of ADB and EAs and IAs
- Lessons: what, why and where are these found
- Contextualizing evaluation through examples of SERD projects for improving project performance

Video on independent evaluation at ADB.

<https://youtu.be/9BQ-OAslwGI>



Key Messages: Why, How, and What Do We Learn?



- **Close relationship** of project monitoring, evaluation and learning. Evaluation criteria are harmonized across operations. Self and independent evaluation are complementary and integral to the ADBs business cycle.
- **Partnership** of executing and implementing agencies in project preparation and implementation is crucial for project and program effectiveness and sustainability.
- **Lessons** from evaluation inform decisions that can lead to improvements in project design, preparation and implementation towards development effectiveness.

Why evaluate?



Accountability
&
Learning



Mandate: ADB Evaluation Policy 2008

- **Help** the Board of Directors, ADB Management, and decision makers...understand whether resources have been well spent and outcomes achieved.
- **Emphasize** feedback on performance to improve the development effectiveness of ongoing ADB operations.
- **Independently** and systematically evaluate for relevance, effectiveness, efficiency, sustainability, and impact
- **Assist in** evaluation capacity building in DMCs and ADB.
- **Based** on Organization for Economic Cooperation and Development-Development Assistance Committee (OECD-DAC) evaluation criteria used for public sector operations
- **Aligned** with Good Practice Standards of the Evaluation Cooperation Group (ECG)
- **The ADB Operations Manual** identifies *supporting evaluation capacity development in DMCs* as a key output of the IED [Operations Manual Section K1/BP para. 6 item (v)]

Why evaluate?



Development effectiveness

Maximizing development effectiveness of ADB operations through evaluation feedback

Accountability

Is ADB doing the right things?
Is ADB doing things right? Are
resources properly allocated
and used, and intended
outcomes realized?

Learning

What lessons are critical for
improving development
impact of future policies,
strategies, programs and
projects?

Resource Allocation

How can ADB better improve
resource allocation based on
evaluation knowledge on
what works and what
doesn't?

Evaluation is closely linked with monitoring and learning



Development effectiveness

Maximizing development effectiveness of ADB operations through evaluation feedback

Monitoring

Management tool. Identifies problems, informs decisions, tracks trends & performance **against stated goals**, basis for research, evaluation and learning

(PPFD)

Evaluation

Uses monitoring **data**, research results, systematic **evidence**. Enables **judgement** on merit, value, significance of any intervention – current and for future planning.

(IED)

Learning

Allows to adapt frameworks, processes and accelerate progress. Knowledge from M&E is put into practice through **lessons**. Occurs Individually and organizationally

(IED, ADB wide and DMCs)

DATA : Credible and substantiated

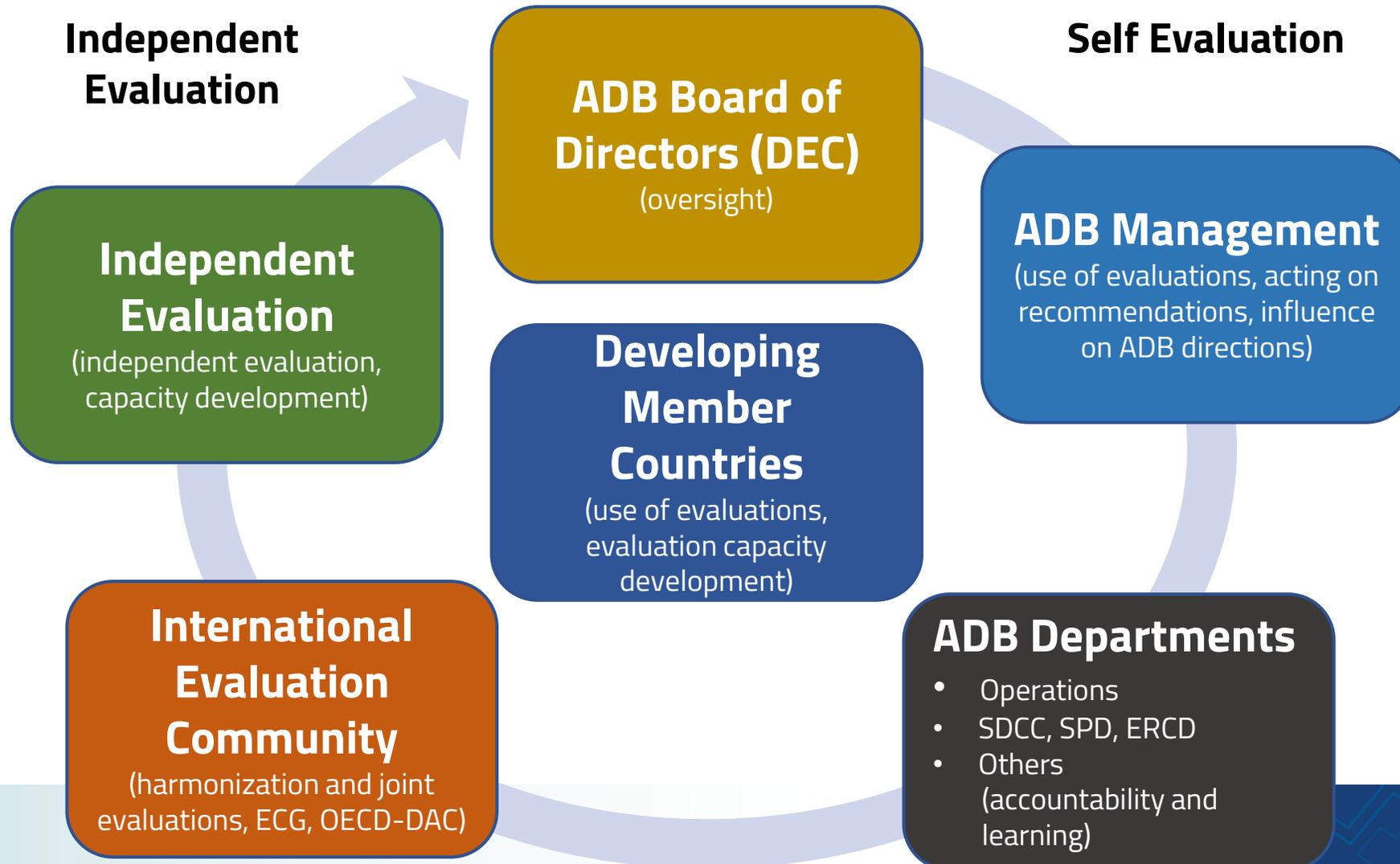
Evaluation Guidelines and Principles



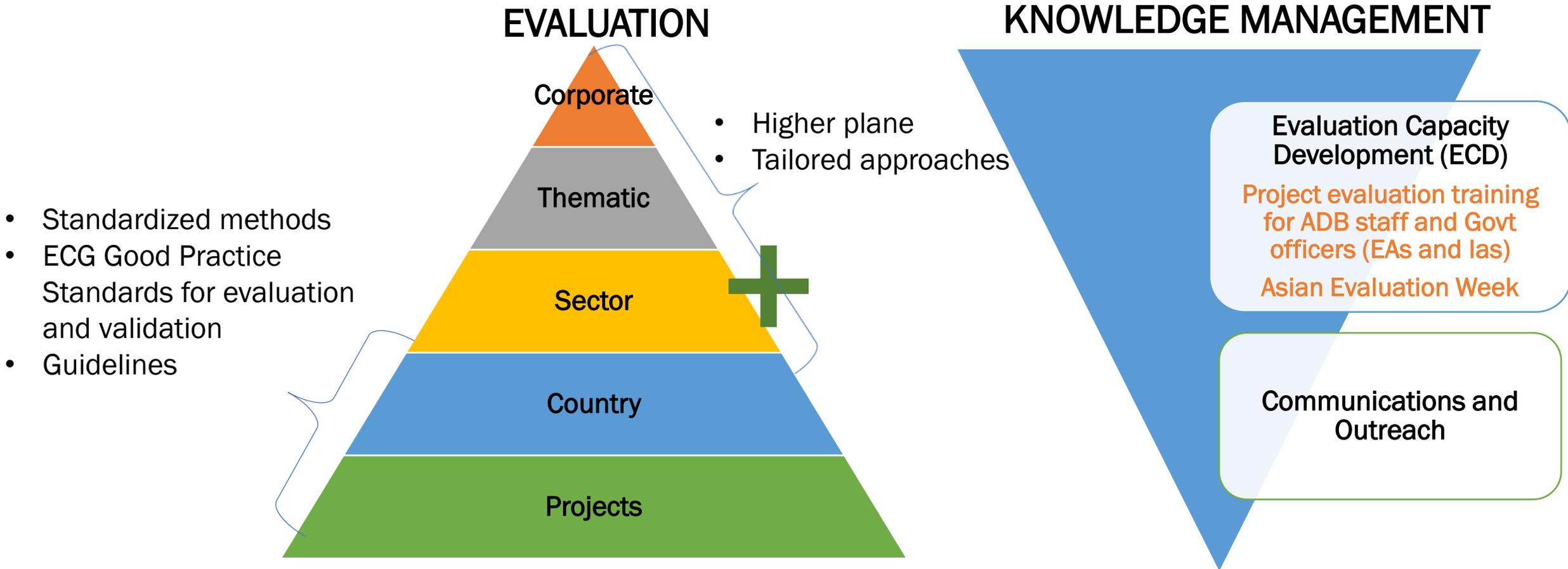
- Framework for Evaluation
- Aligned with ADB's Evaluation Policy (2008).
- Help in achieving consistency in project self-evaluations undertaken by regional departments and IED.
- Cover ADB-financed public sector (sovereign) and private sector operations (non-sovereign operations) and TAs
- Ensure the right expertise and methodology



Who is involved?



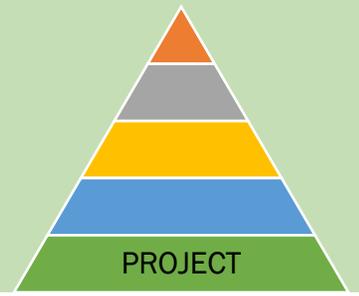
IED's Scope of Work



Major Evaluations in 2021-22



Evaluation Criteria



Sovereign
Project
Assessment

Core Criteria*

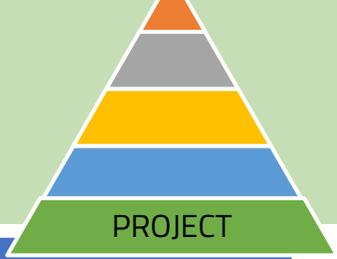
- Relevance
- Effectiveness
- Efficiency
- Sustainability

Non-core Criteria

- Development impacts
- ADB's (and cofinanciers) performance
- Executing agencies performance

*New criterion on **Coherence** included in December 2019 revision by OECD-DAC, after extensive consultation with ECG, including ADB.

Criteria Definitions



RELEVANCE

Is the intervention doing the right thing?

Consistency of project's impact and outcome with the govt's development strategy and ADB's lending strategy,
Adequacy of the design for transformational change
Relevance over time and changes in scope.

EFFECTIVENESS

Is the intervention achieving its intended objectives and outcomes?

Implementation of Gender action plan and safeguards plans
Unintended impacts can affect effectiveness

EFFICIENCY

How well were resources being used?

Using indicators such as the EIRR cost-effectiveness on whole of life basis,
Assess **economic, social benefits vs costs.**
Process efficiency implications (delays, cost overruns, fiduciary governance issues)

SUSTAINABILITY

Will the benefits last?

The likelihood that institutional, financial, and other resources are sufficient to **maintain the outcome over the projects economic life** – skills, O & M
Use indicator of financial internal rate of return (FIRR).
Environment and CC mitigation & adaptation

IMPACT

What long term changes did the project result in?

ADB corporate goals, longer-term development outcomes.
Unintended positive and negative impacts from unseen events

What, for whom and How?

- Long-term changes to which project plausibly contributed, intended or unintended
- Project Attribution : Analysis should focus on the contribution of project outcomes to achieving its impacts identified in the RRP
- Impacts from unforeseen events – positive or negative are outside the project scope and not to be attributed to the project



- ✓ **Highly satisfactory:** Clear evidence that the project had positive impacts beyond the expectations indicated in the RRP and no negative impacts.
- ✓ **Satisfactory.** The project is likely to have positive development impacts, as expected. Negative impacts, if any, were minimal in relation to its gains.
- **Less than satisfactory.** The project may have had some positive impacts, but they were minor or did not outweigh negative impacts.
- **Unsatisfactory:** The project has had very few positive impacts or its negative impacts substantially outweigh any positive development outcomes.

Adequacy of ownership and assumption of responsibility

- 
- ✓ Ensuring capacity of EA/IA capacity
 - ✓ Establishing project management, monitoring and compliance system
 - ✓ Successfully meeting loan requirements and agreed effectiveness conditions
 - ✓ Compliance with loan covenants, gender and safeguards action plans and fiduciary measures
 - ✓ Maintaining staff continuity after post project completion period
 - ✓ Effectiveness of internal coordination mechanisms e.g. inter departmental and steering committees
 - ✓ Extent and quality of stakeholders engagement - beneficiaries, communities and civil society

Performance of Executing & (Implementing) Agency

Adequacy of ownership and assumption of responsibility



- ✓ Ensuring timeliness and quality of financial statements, and audit reports
- ✓ Maintaining regularity of periodic monitoring reports
- ✓ Ensuring adequacy and timeliness of counterpart funding
- ✓ External Coordination and on-lending activities (TAs, Grants)
- ✓ Project supervision, regular reviews of project performance and evaluation
- ✓ **Preparation of the government PCR**

- ✓ **Highly satisfactory:** Achieved high performance standards at all stages, and there were strong indications of their positive role and contribution. Coordination mechanisms and institutional arrangements were suitable.
- ✓ **(ii) Satisfactory.** Achieved professional performance standards - better than the standards set at the design and implementation stages.

- **Less than satisfactory.** Major shortfall in at least one key performance area.
- **Unsatisfactory.** Shortfalls in several areas or a serious shortfall in one performance area, which led (or could have led, under less favorable circumstances) to an unsatisfactory project performance. Implementing arrangements were too complex or cumbersome and hindered the attainment of envisaged outputs and outcomes.

ADB's Performance (and Co-financiers)

Design and Approval: Quality at Entry & Readiness (RRP)

- Problem-tree analysis, project design, sector, modality, financing
- Project preparation and approval process – team expertise and cross sector engagement
- Project implementation and supervision planning
- Resource allocation



Supervision and Implementation (PAM)

- Compliance of safeguards action plans, loan and fiduciary covenants
- Appropriate mid-course corrections
- Coordination with co-financiers
- Quality and timeliness of project implementation support



Monitoring and Evaluation (Monitoring Reports, PCR)

- Adherence to ADB and country policies
- Staff quality and continuity of financial resources
- Additional technical expertise
- Systemic data gathering
- Attribution of project to outcomes and plausible impact



Ratings: ADBs Performance

- ✓ **Highly satisfactory:** ADB's analytical work, design, and appraisal at entry exceeded previous practice and could serve as an example for other MDBs or financiers. Timely and high quality supervision reports. Handovers due to staff changes were smooth. Problem identification and solving were exemplary.
- ✓ **Satisfactory:** Front-end work quality met ADB's good practice standards., informed on project progress was regular and ADB reacted on major project changes. Supervision reports were timely.
- **Less than satisfactory:** Shortfall in at least one area or ADBs contributions to design quality or appraisal performance was substandard in key areas. ADB's supervision practices were insufficient to monitor project performance adequately and/or ADB did not timely action. Portfolio monitoring and reporting of progress, and covenant compliance and risk management, were uneven.
- **Unsatisfactory:** Shortfalls in several areas or a serious shortfall in one area, which led to a less than successful project performance. Front-end work was substandard bordering on negligence in at least one key area. Supervision was inadequate. Unawareness of material developments and/or did not use information to intervene on a timely and appropriate basis. Portfolio monitoring and reporting on progress, and covenant compliance and risk management were substandard.

TA Validation Criteria

Core

Relevance



Effectiveness



Efficiency

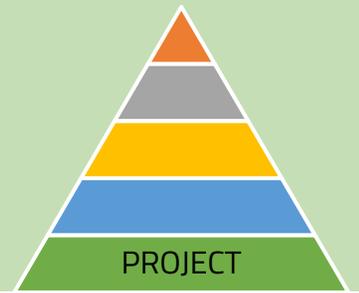


Non-Core

Sustainability



Evaluation Criteria



Nonsovereign
Project
Assessment

NSO Project Success

Development Results

- Financial return
- Economic return
- Social and environmental
- Private sector development

ADB Additionality

- considers both financial and nonfinancial additionality

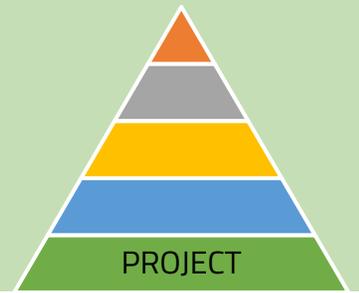
ADB Investment Profitability

- market pricing was achieved and
- minimum return expectations were met for equity

ADB Work Quality

- project preparation
- monitoring and supervision

Evaluation Guru: Evaluating Private Sector Operations



Nonsovereign
Project
Assessment

[https://www.adb.org/news/
videos/evaluation-guru-
evaluating-private-sector-
operations](https://www.adb.org/news/videos/evaluation-guru-evaluating-private-sector-operations)



Evaluation is integral to the Business Cycle

ADB Operations

Self evaluation and
Independent
evaluation
Complimentary

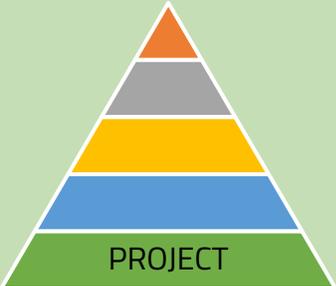
- ✓ Design and Monitoring Framework (DMF)
- ✓ Indicators
- ✓ Results chain: Output to Outcome



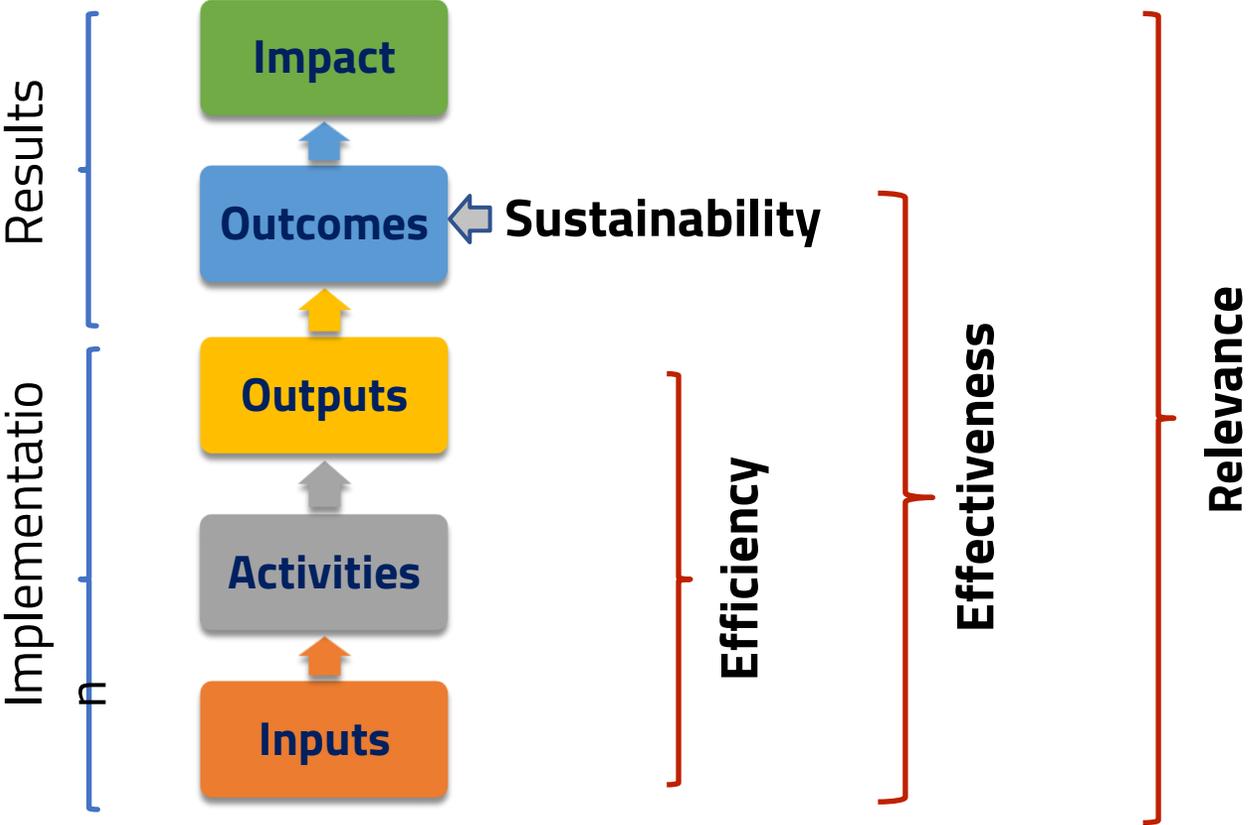
- ✓ Gathering evidence towards results
- ✓ Identifying persistent issues
- ✓ Recommending good practices.
- ✓ Identifying lessons

- ✓ Contextual
- ✓ Timely
- ✓ Credible

Evaluation Results Chain

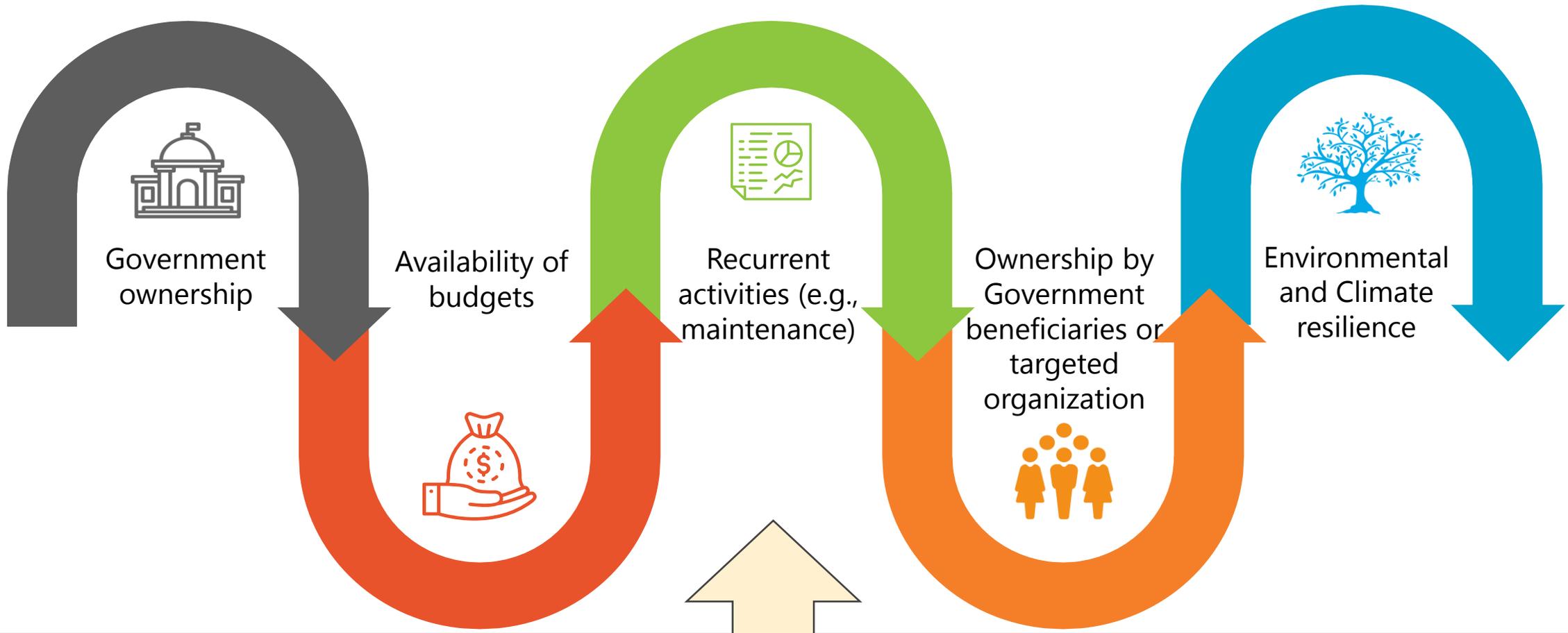


**Sovereign
Project
Assessment**



**Assessment
of Project
Performance**

Factors that can challenge and affect project sustainability



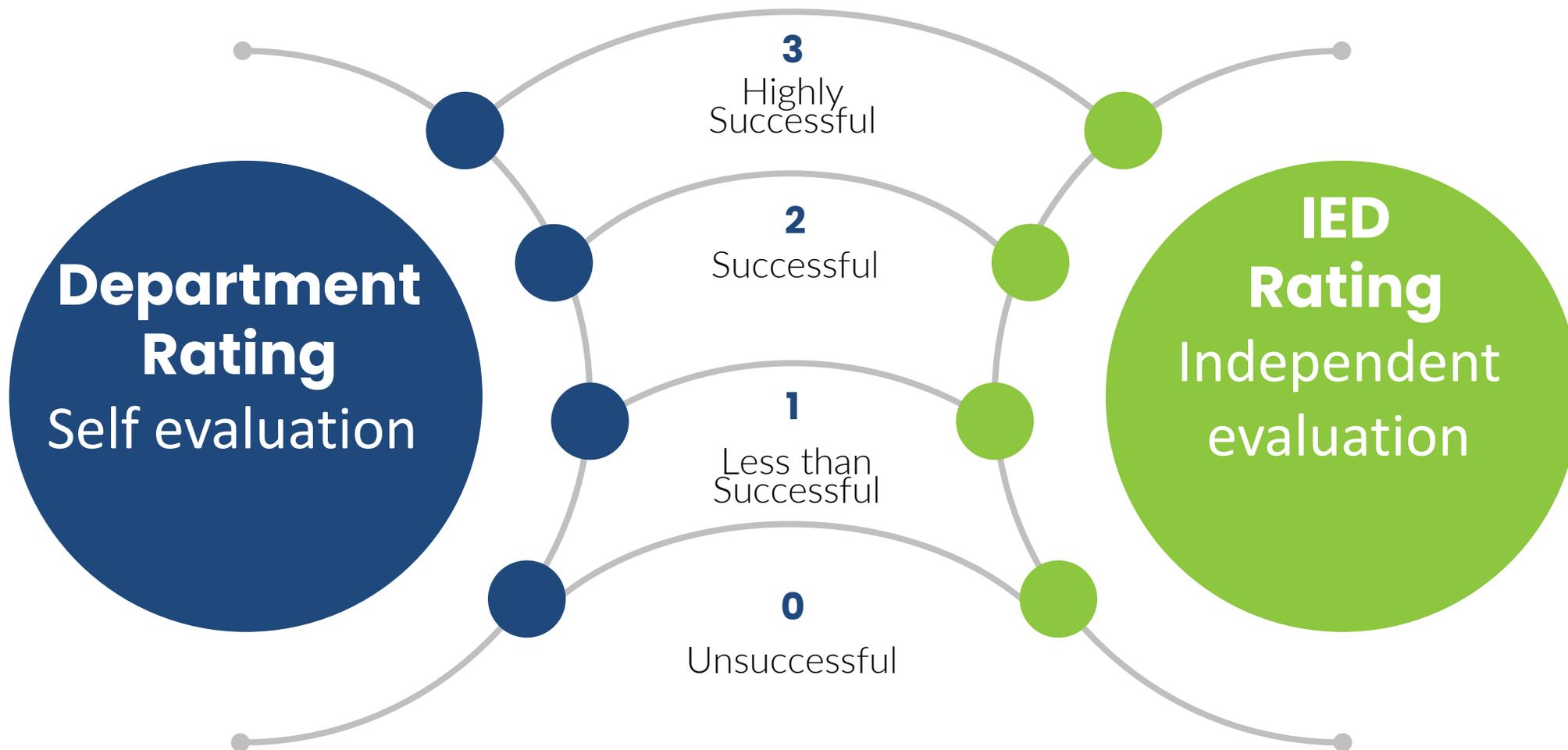
Trade offs: balancing two desirable but incompatible features. **Can lead to a compromise in design outputs.**

Synergies: Increased effectiveness resulting from two or more components working together. **Can enhance outcome.**

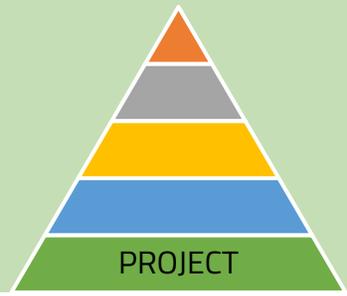
Feedback: Results of an action or an intervention that may affect another. **Provide insights for improving decisions.**

Unintended impacts: Unanticipated consequences that arise from an intervention. Most often negative. Extends beyond scope of project intervention's eco-system. **Account for feedback loops, casual relationships & stakeholder responsibilities.**

Rating on a 4 point scale



Key project-level documents



- **Report and recommendation of the president (RRP):** Board approved document for the proposed project
- **Self-Evaluation: Project completion report (PCR)**
- **Independent Evaluation:**
 - Validation report (PVR): ADB Management provides evidence to support assessments in PCR.
 - Project Performance Evaluation Report (PPER): IED provides evidence to support assessments.

❖ **Government PCR : Government data sources**

Data: Centrality and importance

- **Allows** measurement of action or effectiveness of a project/ program (Right data)
- **Allows** establishment of right baselines and targets
- **Allows** **monitoring of important risks**
- **Allows** determining causes of problems
- **Allows** substantiation of claims, thereby evidence,
- **Provides** indisputable evidence
- **Enables** strategic decisions on actions to be taken



❖ **Make informed decisions**

Data: Baselines vs targets

- **Baseline data:** inform conclusions on success of the project/program, measure impact
- **Where baseline data may come from:**
 - Government documents and other official reports / records
 - Census data (although it may not be close enough to the particular indicator)
 - A new or existing survey from the area of intervention conducted close to the start of the intervention
 - Administrative data, GIS and Satellite data (eg, on land use, such as cropping patterns and deforestation), Real-time data, e.g, traffic flows, pollution levels, etc.
 - Key Informant Interviews, Stakeholders and beneficiary inputs
 - Prior projects and programs that have had robust M&E systems
 - Self-reported data from, e.g., farmers using mobile phones



ADB's Annual Corporate Performance Reports

ADB prepares a suite of three complementary yet distinct corporate performance reports annually. All three reports share the common goals of learning and accountability to ADB shareholders and other stakeholders. The summary below outlines the focus, purpose, and value addition of each report. It also maps areas of focus and information about common areas and topics.

	FOCUS	PURPOSE AND VALUE ADDITION
Annual Evaluation Review	The AER is produced to promote accountability and learning. It focuses on the operational performance and results of ADB and provides a synthesis of the evaluations prepared by IED in the preceding year. It provides an in-depth analysis of performance trends of completed operations. It includes a special topic to strengthen results and reports on the Management's acceptance and implementation of IED recommendations.	The AER provides consolidated issues and lessons from independent evaluations.
COMMON FOCUS ↕ performance of completed operations		
Development Effectiveness Review	The DEFER is Management's flagship report on ADB's performance in achieving the priorities of its corporate strategy using indicators in the corporate results framework as the yardstick. It focuses on operations financed by ADB, assessing ADB's development effectiveness, highlights actions ADB has taken to improve, and identifies areas where ADB's performance needs to be strengthened.	The findings provide the Board of Directors and ADB Management with performance information to guide ADB's strategic and operational directions and resource planning.
COMMON FOCUS ↕ performance of active portfolio		
Annual Portfolio Performance Report	The APPR provides a strategic overview and analysis of the performance trends, size, composition, and quality of ADB's active portfolio based on key indicators. It includes all operations and projects, including those funded by special funds and cofinancing fully administered by ADB. It identifies key issues, actions taken by departments to support improvement, and lessons for future ADB interventions, and makes recommendations for improvement to ADB Management	The APPR provides ADB Management with evidence-based recommendations grounded on an in-depth analysis, including by region, of ADB's full portfolio of activity committed sovereign and nonsovereign operations and projects.

Development Effectiveness through Improved project and program performance

Annual Evaluation Review (AER), 2021

- The AER is a tool for accountability and learning. Provides a high-level perspective on ADBs performance based on evidence from IEDs evaluations and validations.
- Each year an in-depth assessment of a theme or topic, critical to performance and results is included and every 2 years it uses the knowledge accumulated through high-level evaluations to examine ADBs progress toward delivering the results in Strategy 2030 priority areas.
- The AER 2021 synthesizes findings from three sector-wide evaluations of ADB support for energy; transport; and agriculture, natural resources, and rural development to improve sector planning and management.
- The theme chapter is ADB's institutional approach for supporting the achievement of the SDGs and the risks posed by the COVID-19 pandemic.

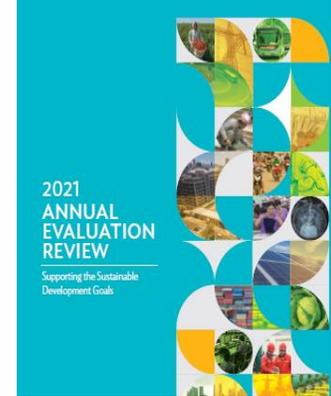
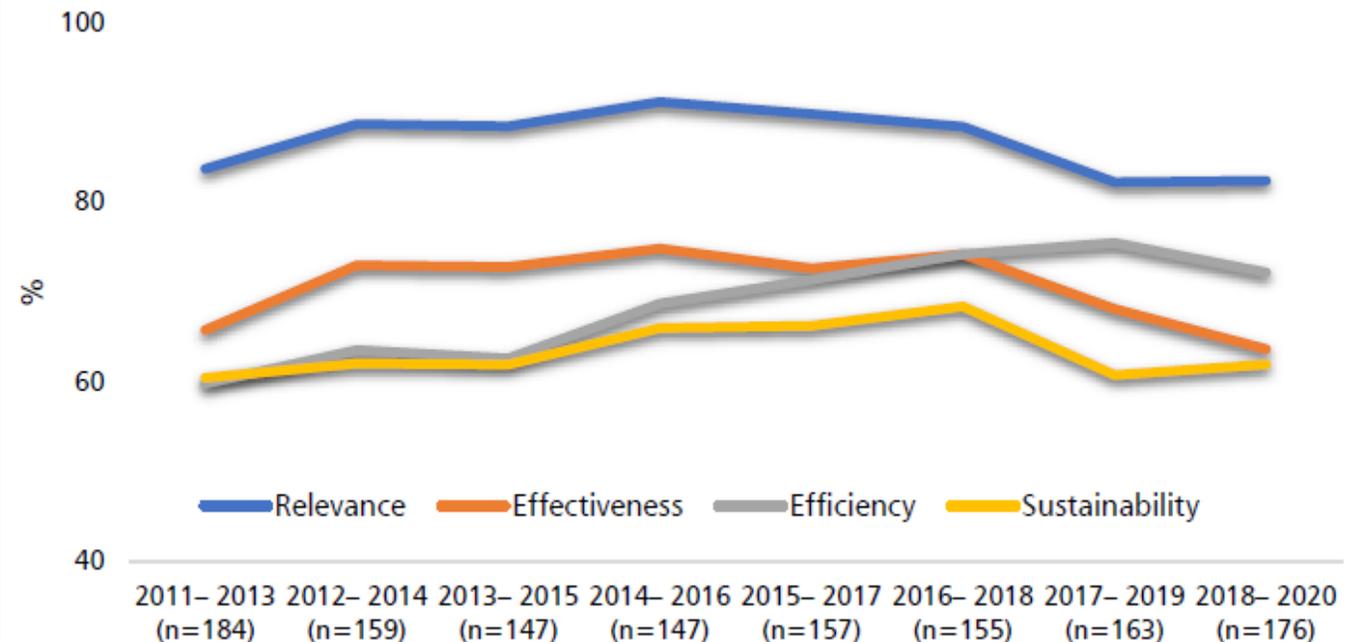


Figure 4: Performance of Sovereign Operations by Evaluation Criteria, 2011–2020 (3-year moving average)



n = number of completed sovereign operations assessed by the Independent Evaluation Department.
Source: Asian Development Bank (Independent Evaluation Department).

Why, How, and What Do We Learn?



- Lessons from evaluation inform decisions that can lead to improvements in project design, preparation and implementation.

EVALUATION

When We Evaluate Development Projects, We Must Ask: What Lessons Have We Learned?

中文



The concept of learning lessons, ingrained in us since we were children, has applications in the world of international development. Photo: ADB



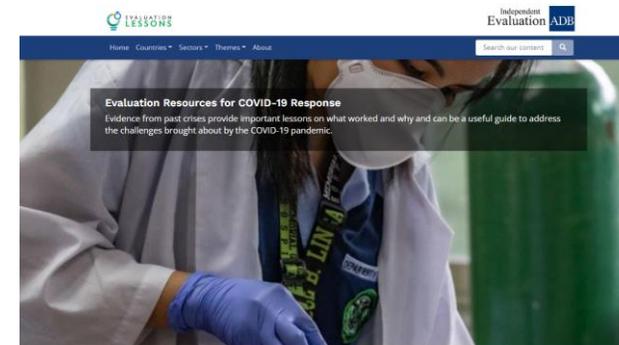
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By Sonia Chand Sandhu

Each time a lesson is learned in international development, we are closer to our goal of using valuable resources in the right way.

<https://blogs.adb.org/blog/when-we-evaluate-development-projects-we-must-ask-what-lessons-have-we-learned>

Each time a lesson is learned in development, we are closer to our goal of using valuable resources in the right way



Featured Lessons Synthesis



Addressing the COVID-19 Crisis: Lessons from Support International Finance Institutions' Support to the Lessons from ADB's Social Protection Interventions: A

<https://lessons.adb.org/>

What are lessons? and how these are differentiated



Lessons: are contextual, actionable, verifiable, substantiated with evidence, can make a difference, replicable



Fact: an event and factual data (not disputed)

Finding: conclusion from the facts (can be disputed)



Issue: A significant and negative fact or finding that needs urgent attention – stays unresolved!

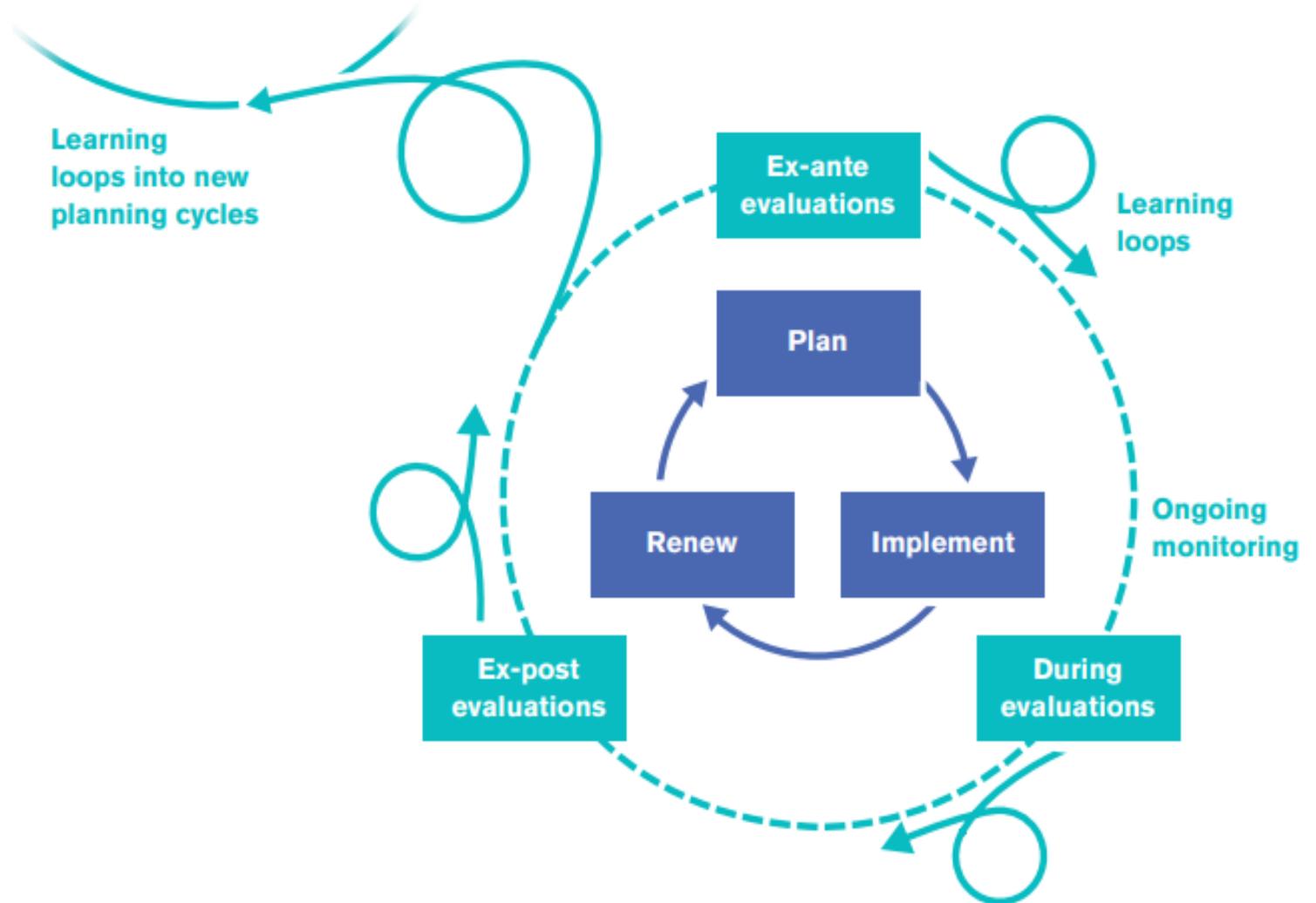


Recommendation: suggests actions for way forward based on findings, lessons and issues (resolved or unresolved)

Business Cycle in ADB Operations

Learning loops enable replication of lessons

- ✓ **Ex-ante evaluations:** assess quality of intervention **prior to start**. Can influence design. Use predictive approaches
- ✓ **Expost (or end of term)** assess quality of implementation. Use retrospective approaches
- ✓ **Formative or mid-term evaluations** investigate and ensure the **quality of implementation** to inform improvements, identification of early symptoms of unintended effects. Use a mix of predictive and retrospective approaches



Learning lessons using “systems” thinking

Addressing the COVID-19 Crisis:
Lessons from Support for
Public Financial Management

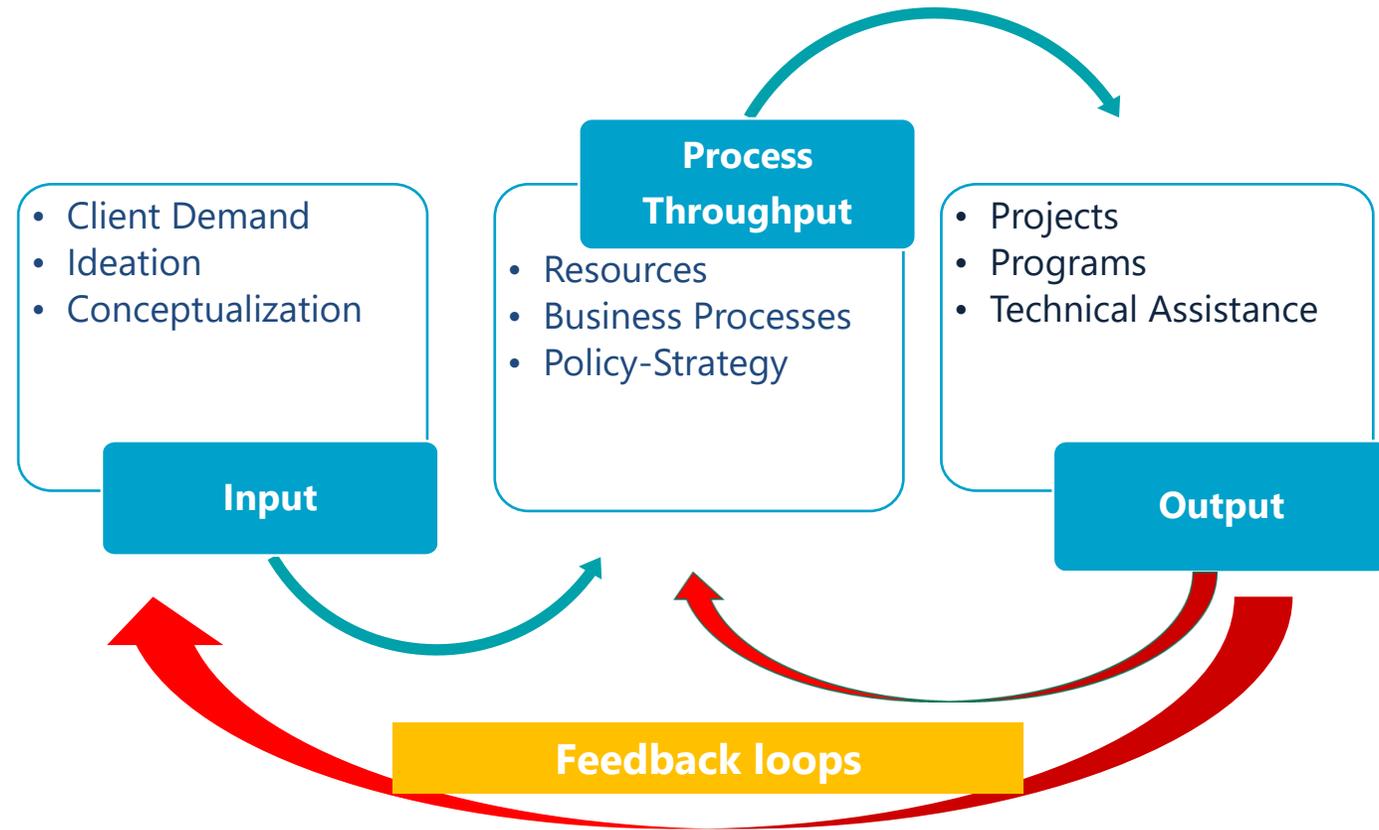
Synthesis Note No. 6 (COVID Series-2) February 2021

<https://www.adb.org/documents/series/syntheses-evaluation-findings>



Constructive feedback leads to:

- ✓ Richer lessons,
- ✓ Deeper learning
- ✓ Stronger project design
- ✓ Effective implementation



ADB – Policies, Strategies, PCRs, TCRs, PVRs, TCRVs, CPSs, CKPs
DMCs, Development Partners, Academia,
Beneficiaries, Civil Society, Evaluation Community



Why write lessons?



Establish good practices

Analyze successes
and problems

Improve future
project design and
outcomes

Improve Accountability



Leap frog development.
Innovate !

LEARN

"What Works and
Why" and "Why Not"

Build Intellectual
Capital

Tacit to Explicit
Knowledge

Enhance value of
PCRs and TCRs!

Replicate good
practices

Strengthen feedback



The lessons database

The lessons database provides a vital source of information on what worked, what did not and why in ADB operations since 2010. When applied, these lessons have the potential to improve business processes, better the use of resources, and enhance development effectiveness.

<https://lessons.adb.org/>

ADB Lessons database

Featured Lessons Synthesis



<https://lessons.adb.org/>

What's in it?

- Database of lessons distilled from ADB's operations found in self and independent evaluation reports.
- First among its kind in the Evaluation Cooperation Group.
 - ✓ Publicly accessible
 - ✓ Multiple search functionality
 - ✓ Sector
 - ✓ Theme/topic
 - ✓ Country

Evaluation Influence



Learning by utilizing evaluation knowledge

Towards Development Effectiveness



- 1. Evaluation is a critical part of ADB's business cycle**
- 2. Evaluation is essential for accountability and learning**
- 3. Independent and self and evaluation are complimentary**

Evaluation Knowledge RESOURCES

Evaluation HEAD-Lines



Evaluation Bytes, Briefs, Illustrated



What Works & What Doesn't



- **IED Website:** <https://www.adb.org/site/evaluation/main>
- **Project Evaluation Guidelines for public sector operations:** <https://www.adb.org/documents/guidelines-preparing-performance-evaluation-reports-public-sector-operations>
- **TCR Validation Guidelines:** <https://www.adb.org/documents/technical-assistance-completion-report-validation-guidelines>
- **Guidelines for the Preparation of Project Performance Evaluation Reports on Non-sovereign Operations:** <https://www.adb.org/sites/default/files/institutional-document/32539/final-revised-pper-nso-guidelines.pdf>
- **PAIs:**
 - i. **Project completion report:**
<https://lnadbg1.adb.org/cos0003p.nsf/f47286b4d1eb6e9b482569e500308fb9/2867397288c097b948257b0100297468!OpenDocument>
 - ii. **TA completion report:**
<https://lnadbg1.adb.org/cos0003p.nsf/f47286b4d1eb6e9b482569e500308fb9/8180f91a4fb637d248257b010029746a!OpenDocument>
- **ADB Evaluation Academy:**
 - i. Evaluation training programs – IED-ECD-RDs ; BPCT
 - ii. Shanghai International Program for Development Evaluation Training (SHIPDET)
- **Asian Evaluation Week**

Why, How, and What Do We Learn?



Examples and learning from validations of SERD Projects