

Project Evaluation: key methodological building blocks

Simona Somma
Evaluation Specialist
Independent Evaluation Department
Asian Development Bank



Why is evaluation important?

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

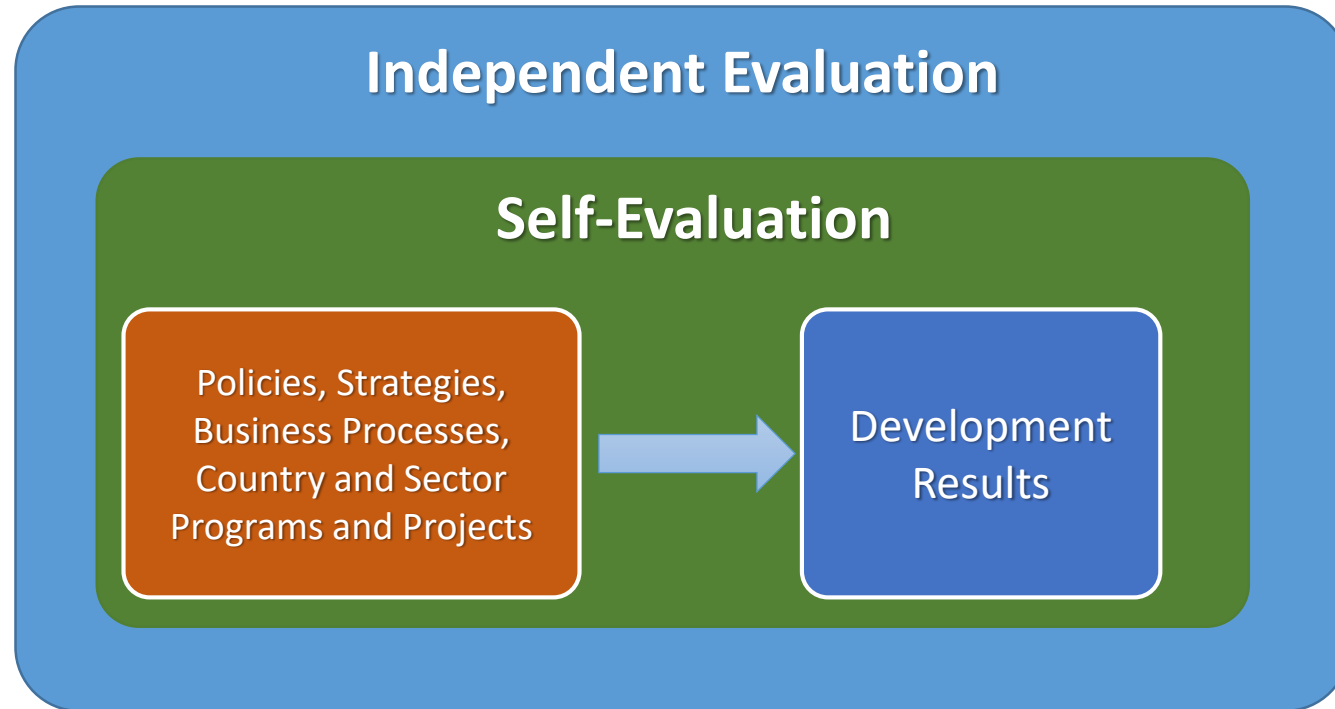
How can ADB better improve resource allocation based on evaluation knowledge on what works and what doesn't?

Development effectiveness

Maximizing development effectiveness of ADB operations through evaluation feedback



ADB's evaluation architecture



ADB's evaluation architecture (cont.)

LEVELS OF EVALUATION

SELF EVALUATION

INDEPENDENT EVALUATION

Corporate

Development Effectiveness Review

Annual Evaluation Reviews

Corporate Strategies

Corporate and Thematic Evaluations

Country

CPS Final Review

CPS Final Review Validations

Country Assistance Program Evaluations

Sector

Sector Strategy Reviews

Sector Assistance Program Evaluations

Sector-wide Evaluations

Project

Project Completion Report

Project Performance Evaluation Reports

PCR Validation Reports

Impact Evaluations



ADB Evaluation Framework

- **Evaluation policy**
- **IED has the mandate for establishing ADB evaluation standards and guidelines**
- **Evaluation guidelines cover:**
 - Country assistance strategy and program performance
 - Public sector operations performance
 - Private sector operations performance
- **Evaluation guidelines are consistent with Good Practice Standards of multilateral development banks**
- **Project completion reports (PCRs) and TA completion reports (TCRs) are prepared in accordance with these Guidelines**



Evaluating Sovereign Operations



Methodology

- Evaluation Criteria

Core Criteria (OECD/DAC)

- Relevance
- Effectiveness
- Efficiency
- Sustainability

Noncore Criteria

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

- Rating system: core criteria uses a qualitative description and a four point scale





RELEVANCE

Consistency of a project's outcomes with the government's development strategy and policies, ADB's corporate strategies, and adequacy of the design to deliver the intended outcomes

Relevance of the objectives

Relevance of design

Relevance throughout implementation and on completion.



Qualitative rating for relevance

- *Highly relevant.* Outcomes **fully aligned** with country development priorities and ADB country and corporate strategies. **Design** had **innovative** features, significant **demonstration value** for other projects, or **transformative effects**.
- *Relevant.* Outcomes **largely aligned** with country development priorities and pertinent to ADB country and corporate strategies. **Design appropriate** to achieve outcomes except for some minor limitations.
- *Less than relevant.* Outcomes **were not or were no longer aligned** with country development priorities or ADB country and corporate strategies. **Design had significant deficiencies** that could have been foreseen and were not addressed quickly enough.
- *Irrelevant.* Project outcomes were **not in line** with country development priorities and needs or with corresponding ADB country and corporate strategies. **Design not technically sound or feasible.**



EFFECTIVENESS

The extent to which the outputs and outcomes, as specified in the project document, either as agreed at approval or as subsequently modified, were achieved

Doing things right by achieving outcomes

Extent to which the project outputs and outcomes have been achieved

Safeguards and gender are assessed under this criterion



Qualitative rating for effectiveness

- **Highly effective.** Outcome and output **targets were met and some or all were exceeded.**
- **Effective.** Outcomes and outputs **targets were substantially achieved** (about 80% or more were fully met, or, on average about 80% or more of each target was met)
- **Less than effective.** **Shortcomings** in meeting project outcomes and outputs – achievement between 40% and 80%
- **Ineffective.** Majority of **targets (more than 80%) not achieved**





EFFICIENCY

How economically resources were converted to results, using indicators such as the economic internal rate of return, cost-effectiveness, and process efficiency

Extent to which project has converted its resources economically into results

Economic internal rate of return (EIRR)

Cost-effectiveness of the investment (relative to industry practice, least cost analysis)

Process efficiency (delays, cost overruns, fiduciary and governance issues)



Qualitative rating for efficiency

- **Highly Efficient.** EIRR higher than 12%, benefits produced at least cost compared with industry alternatives, and process efficiency is rated highly. At least 18% if the EIRR is the only basis for assessment.
- **Efficient.** EIRR equal to or greater than 12%, and benefits produced at least cost compared with industry alternatives, process efficiency ratings are positive.
- **Less than efficient.** EIRR is less than 12%, or not likely to be the least cost option when compared with industry alternatives.
- **Inefficient.** EIRR is significantly lower than 12%, or EIRR generated is marginal (a notional figure of 6% may be used), and project is not the least-cost option.





SUSTAINABILITY

The likelihood that institutional, financial, and other resources are sufficient to maintain the outcome over its economic life using indicators such as the financial internal rate of return

Resilience of project net benefit streams to uncertainties and risks

Maintenance of project assets and continued demand for project services

Provision of coping and mitigating mechanisms that reduce risks adversely affecting project benefits

Impact of project on environmental sustainability and climate change



Qualitative rating for sustainability

- **Most likely sustainable.** Positive effects **exceed expectations** on institutional, environmental, social criteria, and material risks to sustainability are fully mitigated.
- **Likely sustainable.** Positive effects **meet expectations**.
- **Less than likely sustainable.** Positive effects **below expectations** and limited and therefore no measures to mitigate negative impacts.
- **Unlikely sustainable.** Highly **negative effects** have been identified for which no mitigating measures have been put in place.



Quantitative assessment

Core criteria uses four point scale and uses only integers i.e., 3, 2, 1 or 0

This scale is used for all four subcriteria, viz., relevance, effectiveness, efficiency and likely sustainable

Each subcriteria is assessed independently, although these are logically and institutionally inter-linked



Criterion	Weight (%)	Rating Description	Rating Value
1. Relevance	25	Highly relevant	3
		Relevant	2
		Less than relevant	1
		Irrelevant	0
2. Effectiveness	25	Highly effective	3
		Effective	2
		Less than effective	1
		Ineffective	0
3. Efficiency	25	Highly efficient	3
		Efficient	2
		Less than efficient	1
		Inefficient	0
4. Sustainability	25	Most likely	3
		Likely	2
		Less than likely	1
		Unlikely	0



Overall assessment rating

Highly Successful

- Overall weighted average is greater than or equal to 2.5

Successful

- Overall weighted average is greater than 1.5 and less than 2.5

Less than Successful

- Overall weighted average is greater than 0.75 and less than or equal to 1.5

Unsuccessful

- Overall weighted average is less than 0.75



Overall rating calculation

Relevance	3	3	3	2	1	1	2	0
Effectiveness	3	3	2	2	2	2	1	1
Efficiency	3	2	3	3	3	2	1	1
Sustainability	3	2	2	3	3	2	1	1
Overall	3	2.5	2.5	2.5	2.25	1.75	1.25	0.75
	HS	HS	HS	HS	S	S	LS	U



Assessment of noncore criteria

Core Criteria

- Relevance
- Effectiveness
- Efficiency
- Sustainability

Non-core Criteria

- **Impacts**
 - **Socioeconomic**
 - **Environment**
 - **Institutional**
- **ADB's performance**
- **Executing agencies performance**



Development impacts

- Focused on long-term changes to which the project has plausibly contributed
- Contributions to ADB corporate goals
- Longer-term development outcomes
- Unintended positive and negative development impacts (excluding negative impacts from lack of application of social and environmental safeguard measures, which are assessed under the effectiveness criterion)



ADB and Cofinancier performance

- **Quality at entry**
- **Quality and timeliness of project implementation support**
- **Responsiveness to emerging implementation issues**
- **Quality of project monitoring and evaluation**
- **Adherence to ADB policies**
- **Staff quality and continuity and other resource issues**
- **Narrative assessment cofinanciers' performance, rating is not mandatory**



Borrower/EA performance

- Degree of continued high-level support for implementing project
- Success in meeting loan covenants, effectiveness, and other fiduciary requirements
- Timeliness / quality of EA/IA actions including counterpart funding, committed policy actions, engagement with stakeholders, and project supervision activities
- Ownership and assumption of responsibility of all participating government entities in entire project cycle
 - ✓ Staff quality and continuity in key executing and implementing agencies
 - ✓ Effectiveness of the project steering committee/internal coordination



THANK YOU FOR YOUR ATTENTION!

ANY QUESTIONS?

For enquires:

Simona Somma, ssomma@adb.org

Resources:

Evaluation Guidelines available at

<https://www.adb.org/documents/guidelines-preparing-performance-evaluation-reports-public-sector-operations>

