

EVALUATION AT ADB

Orientation Program for DMC Officials

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R. Keith Leonard

Director

Operations Evaluation Division 1
Operations Evaluation Department

Mission of Evaluation

To help ADB become a learning organization that continuously improves its development effectiveness and is accountable to its stakeholders

Objectives of Independent Evaluation

- ★ Assess the development effectiveness and long-term impacts of ADB assistance to DMCs in order to derive lessons for improving future operations
- ★ Contribute to ADB's accountability to its stakeholders for development results and effective use of resources
- ★ Assist the Development Effectiveness Committee as the focal point of support to, and interaction with, the Board of Directors

Two Tiers of Evaluation

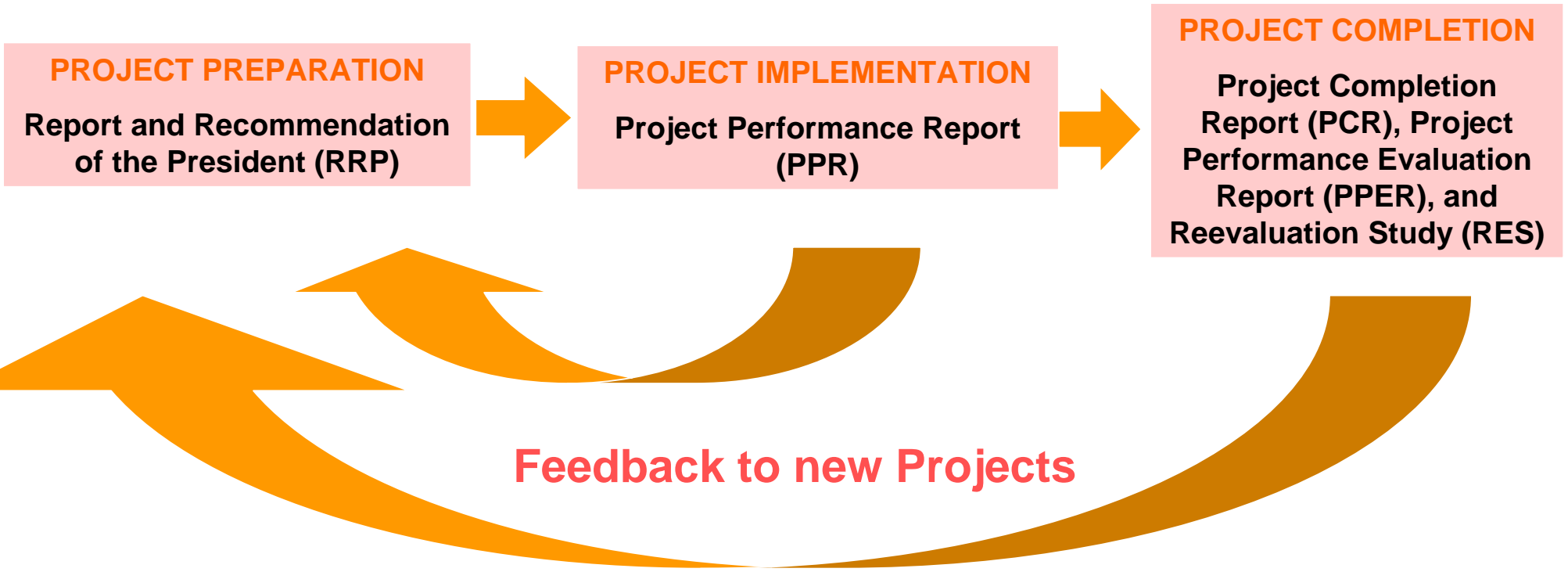
- ★ Self evaluation at completion (PCR/TCR)
- ★ Independent evaluation by the Operations Evaluation Department (OED)

Operations Manual: OM Section K1/BP: Operations Evaluation

Operations Manual: OM Section J1/BP: Project Performance Management System

(available at <http://www.adb.org/Documents/Manuals/Operations/default.asp>)

Project Performance Management System (PPMS) provides Feedback Throughout Project Cycle



3-Is to Support Credibility of Evaluation

- ★ **Integrity** and quality of analysis
- ★ **Impartiality** and transparency
- ★ **Independence** of evaluation department
 - ✧ organizational independence
 - ✧ insulation from external influence
 - ✧ behavioral autonomy
 - ✧ avoiding conflict of interest

Avoiding Conflict of Interest

- ★ OED evaluators and management exclude themselves from projects they worked on or will work on
- ★ Consultants screened to avoid conflicts of interest

Functions of Evaluation

- ★ Deriving lessons and best practices to promote sustainability and impact of ADB operations
- ★ Recommending measures for the design of future operations, country strategies and programs, sector policies, and changes in business processes
- ★ Assessing the development effectiveness of resource use
- ★ Following up on evaluation recommendations

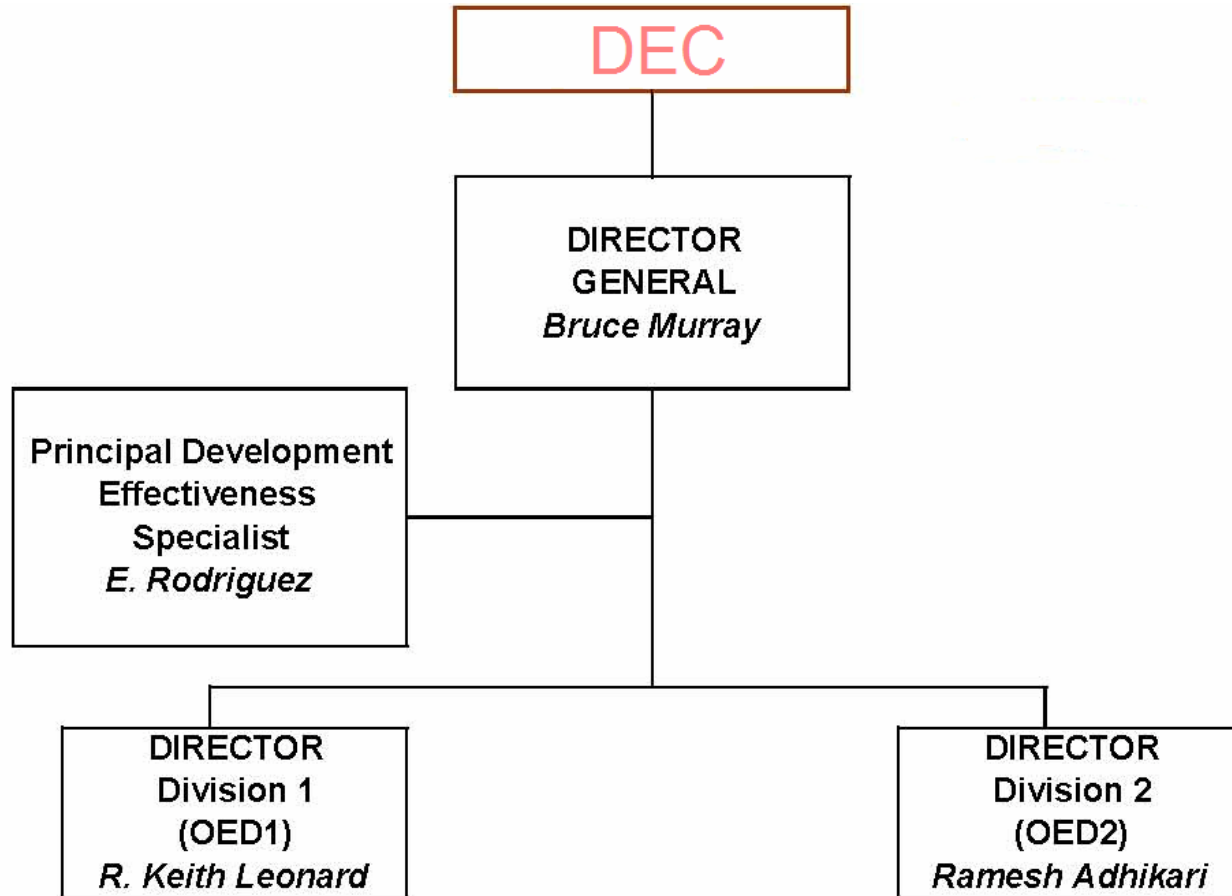
Other Roles of OED

- ★ Review and selective validation of self evaluations
- ★ Building evaluation capacity in DMCs
- ★ Provision of training on project performance management
- ★ Participation in the multilateral development bank Evaluation Cooperation Group
- ★ Participation in the Working Party on Aid Evaluation of OECD's Development Assistance Committee

Facts about OED

- ★ 1978 – Postevaluation Office established
- ★ 1999 – renamed as Operations Evaluation Office
- ★ 2001 – became Operations Evaluation Department
- ★ 2004 – Independent, reporting directly to the Board through Development Effectiveness Committee
- ★ Development Effectiveness Committee selects Director General, OED through open competition
- ★ 24 professional staff with country, sector, and thematic responsibilities

OED Organization Chart



OED1

A. Sectors:

Agriculture and natural resources
Rural development
Rural microfinance
Rural water supply and sanitation
Governance general
Public administration (incl. fiscal management)
Decentralization and local government
Law and justice / Corruption and anti-corruption
Education
Health and population / Gender and development
Social protection / Indigenous peoples and resettlement
Millennium Development Goals
Managing for development results
Capacity development
Participation / Poverty reduction
Regional development
Disaster and emergency assistance
Project performance management
Knowledge management / Dissemination
Reform Agenda
Evaluation Methodologies
Candidate Testing

B. Countries

AFG, BAN, BHU, CAM, IND, LAO, MLD
MYA, NEP, PAK, SRI, THA, and VIE

Staffing:

3 Principal Evaluation Specialists
4 Senior Evaluation Specialists
1 Senior Portfolio Evaluation Specialist
1 Evaluation Specialist
1 Senior Evaluation Officer
1 Portfolio Evaluation Officer
2 Evaluation Officers
1 Senior Evaluation Assistant
2 Senior Operations Evaluation Assistants
1 Operations Evaluation Assistant
1 Evaluation Assistant

OED2

A. Sectors:

Energy
Environment
Finance and Industry
Governance (Corporate, Financial, Private Sector)
Private Sector Operations
Transport and Communications
Urban Development and Water Supply

B. Countries

AZE, INO, KAZ, KGZ, MAL, MON, PHI, PNG
PRC, TAJ, TKM, UZB, and Pacific Countries

Staffing:

3 Principal Evaluation Specialists
4 Senior Evaluation Specialists
3 Evaluation Specialists
2 Senior Evaluation Officers
2 Evaluation Officers
1 Senior Evaluation Assistant
2 Senior Operations Evaluation Assistants
1 Operations Evaluation Assistant

Office of the Director General

1 Senior Evaluation Officer
1 Executive Assistant

OED's Main Evaluation Products

- ★ Project Performance Evaluation Report (PPER)
- ★ Technical Assistance Performance Evaluation Report (TPER)
- ★ Reevaluation Study
- ★ Country Assistance Program Evaluation (CAPE)
- ★ Sector Assistance Program Evaluation (SAPE)
- ★ Special Evaluation Study (SES)
- ★ Impact Evaluation Study (IES)
- ★ Annual Evaluation Review (AER)
- ★ Annual Report on Portfolio Performance

Future Work Program

- ★ Gradual shift in OED's product mix from individual project evaluations to broader country, sector, impact, and policy level evaluations
- ★ Reduction in individual project evaluations linked to improvement in quality of project completion reports, i.e. self evaluation by operations staff
- ★ Increased evaluation of private sector operations

OUTLINE WORK PROGRAM FOR EVALUATION REPORTS, 2006–2008
Operations Evaluation Department, Asian Development Bank

| | 2005 | 2006 | 2007 | 2008 |
|---|--|--|---|--|
| Annual Reports | | | | |
| Annual Evaluation Review (Theme Chapter) | 1 (Changes in Project Performance; the Energy Sector) | 1 (Determinants of Project Performance and Lessons from Successful Projects) | 1 (Capacity Building) | 1 (Regional Cooperation and Integration) |
| Annual Review Portfolio Performance (incorporating Special Studies for 2006 Loan and TA Portfolio Assessment ¹) | 1 | 1 | 1 | 1 |
| Evaluation Highlights | 1 | 1 | 1 | 1 |
| Country Assistance Program Evaluations (CAPEs) | BHU INO LAO PAK UZB | IND PRC SRI | MON NEP CARs Regional Pacific Regional | BAN BHU |
| Studies Related to CAPEs | Agriculture Sector Assistance Program Evaluation (SAPE) in Lao PDR ¹ Road SAPE in IND¹ Social SAPE in PAK ¹ Road and Road Sector Assessment Study, PAK ¹ | Energy SAPE in IND¹ Public and Local Government Administration in India (TPER) Building Country Systems in the PRC ¹ (TPER) Transport (Roads and Railways) SAPE in PRC ¹ Law and Development in PRC (TPER) | BAN SAPE (TBD) Water SAPE in Nepal | TBD TBD |

Note: Items highlighted in bold are 2006 deliverables.

| | 2005 | 2006 | 2007 | 2008 |
|-----------------------------------|--|---|---|---|
| | | Regional Cooperation in CARs¹ ADB's Support for Rural Development in the CARs¹ Environmental Management in CARs (TPER) ^{1,2} | | |
| Special Evaluation Studies | | | | |
| A. Thematic | Power SAPE in PHI ¹ Capacity Development in SRI¹ Civil Society Organizations Poverty Exit and ADB Projects Targeting Poverty Capital Market Assistance Joint Evaluation of GEF Projects | Effectiveness of ADB's Operations in Support of Capacity Development Governance Country Study (Pakistan) ^{1,2} Evaluation of Private Sector Operations | Evaluation of ADB's Support for Regional Cooperation and Integration Evaluation of Selected Special Funds for Poverty and Lessons for Scaling-up/Replicability for ADB Lending (e.g., JFPR; DFID) | Effectiveness of ADB's Approach to Policy Dialogue and Reform (incorporating an Assessment of Degree of Country Ownership in ADB Operations and Evaluation of Program Lending and Use of Conditionality) Evaluation of Results from MTS 2006–2008 Implementation |
| B. Policies and Procedures | Effectiveness of TA Operations Effectiveness of ADB's Partnering Approaches (Phase 1: PFTAC) Evaluation of Fisheries Policy Evaluation of Health Sector Policy Role of Project Implementation Units Urban Sector Policy and Operations | Effectiveness of the Sector Development Program Modality Effectiveness of ADB's Energy Policy Effectiveness of ADB's Approaches to Partnering and Harmonization (Phase II) Performance of ADB's Operations in Support of Rural Development Effectiveness of ADB's Microcredit | Effectiveness of ADB's Adoption of Managing for Development Results (incorporating Evaluability of Country and Project Level Operations) Results Obtained from the Implementation of ADB's Governance and Anti-Corruption Policies Effectiveness of ADB's Support for | Evaluation of the Results of the Innovation and Efficiency Initiative Effectiveness of ADB's Approach to Transport Development Results from ADB's Water Policy Implementation Evaluation of Project Level |

Note: Items highlighted in bold are 2006 deliverables.

| | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|--|
| | | Operations Evaluation of ADB's Safeguard Policies | Decentralization Evaluation of ADB's Accountability Mechanisms | Financial Analysis and Financial Management Effectiveness of ADB Operational Policies: Focus and Redundancy Effectiveness of ADB's Resident Mission Policy |
| Public Sector PPERs | 21 | 21 (7 = carryover from 2005; 14 = 2006) | 17 | 17 |
| Private Sector PPERs | 1 | 3 (2 = carryover from 2005; 1 = 2006) | 3 | 3 |
| Real Time Evaluations | | Project Monitoring and Management | Effectiveness of Project Operations Quality Control/Systems Processes | TBD |
| Technical Assistance Program Evaluation (TPER) | Capacity Building to Support Decentralization in INO ¹ | | Poverty Monitoring | TBD |
| Others | ECG Activities RETA for Selected Evaluation Studies for 2005 OED Follow-up Actions to Independent Assessment Panel Report Guidelines for Country Assistance Program Evaluations | ECG Activities RETA for Selected Evaluation Studies for 2006 | ECG Activities RETA for Selected Evaluation Studies for 2007 | ECG Activities RETA for Selected Evaluation Studies for 2008 |

Note: Items highlighted in bold are 2006 deliverables.

| | 2005 | 2006 | 2007 | 2008 |
|--|---|--|--|------|
| | Guidelines for Project Performance Evaluation Reports Guidelines for Private Sector Operations Evaluations SSTA on Urban Sector Strategy and Operations TA 4581-PRC: Developing a Result-Based Monitoring and Evaluation System for Key Projects | Implementation of TA 4581-PRC: Developing a Result-Based Monitoring and Evaluation System for Key Projects | Implementation of TA 4581-PRC: Developing a Result-Based Monitoring and Evaluation System for Key Projects | |

ADTA = advisory technical assistance; AER = annual evaluation review; BAN = Bangladesh; BHU = Bhutan; CAPE = country assistance program evaluation; CARs = Central Asian Republics; DMC = developing member country; ECG = Evaluation Cooperation Group; GEF = Global Environment Facility; IND = India; INO = Indonesia; LAO = Lao People's Democratic Republic; NGO = nongovernment organization; PAK = Pakistan; PPER = project/program performance evaluation report; RETA = regional technical assistance; SAPE = sector assistance program evaluation; TA = technical assistance; TBD = to be determined; TPER = technical assistance performance evaluation report; UZB = Uzbekistan.

¹ Inputs for later broader evaluations other than CAPEs.

² Start may slip to 2007.

Note: Items highlighted in bold are 2006 deliverables.

The logo consists of the letters 'ADB' in a white, serif font, centered within a solid black square.

Guidelines for Preparing
Performance Evaluation Reports
for Public Sector Operations

January 2006

Operations Evaluation Department
Asian Development Bank

Available at: <http://www.adb.org/Documents/Guidelines/PPAR/default.asp>

The logo consists of the letters 'ADB' in a white, serif font, centered within a solid dark blue square.

We Assess Project Performance using 4 Criteria (Building Blocks of Evaluation)

- ★ Relevance
- ★ Effectiveness
- ★ Efficiency
- ★ Sustainability

Building Blocks of Evaluation

Relevance (20%) is the consistency of a project's impact and outcome with the government's development strategy, ADB's lending strategy for the country, and ADB's strategic objectives at the time of approval and evaluation and the adequacy of the design

Building Blocks of Evaluation (cont'd)

Effectiveness (30%) describes the extent to which the outcome, as specified in the design and monitoring framework, either as agreed at approval or as subsequently modified, has been achieved

Building Blocks of Evaluation (cont'd)

Efficiency (30%) describes, ex post, how economically resources have been converted to results, using the economic internal rate of return, or cost-effectiveness, of the investment or other indicators as a measure and the resilience to risk of the net benefit flows over time

Building Blocks of Evaluation (cont'd)

Sustainability (20%) considers the likelihood that human, institutional, financial, and other resources are sufficient to maintain the outcome over its economic life

Building Blocks of Evaluation (cont'd)

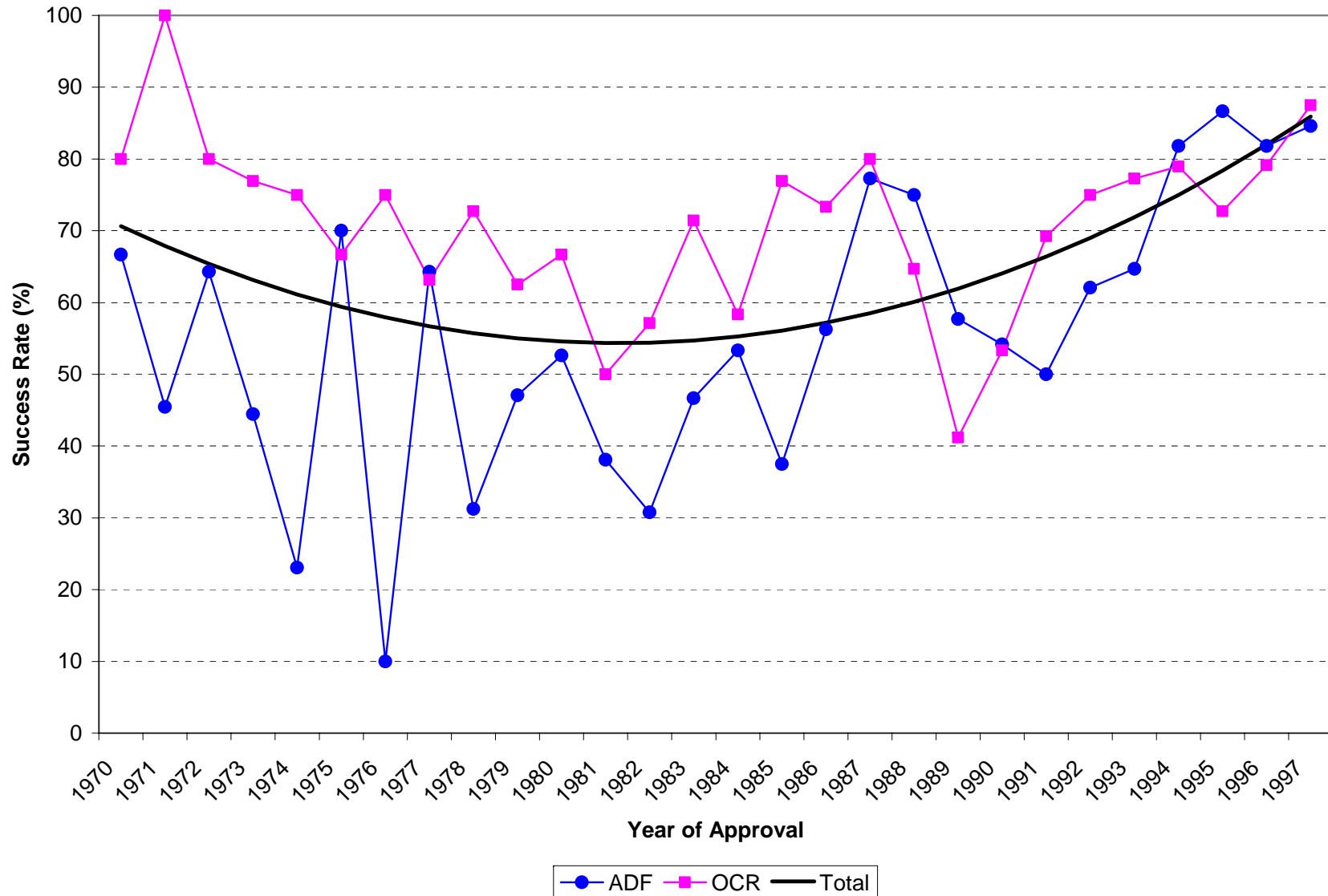
- ★ Relevance, effectiveness, efficiency and sustainability are rated on scale of 0, 1, 2, 3
- ★ **Highly Successful:** Overall weighted average is greater than 2.7
- ★ **Successful:** Overall weighted average is between 1.6 and less than 2.7
- ★ **Partly Successful:** Overall weighted average is between 0.8 and less than 1.6
- ★ **Unsuccessful:** Overall weighted average is less than 0.8

Evaluation Results

As of 31 December 2005, 980 loan projects had been completed and rated:

- ★ 64% rated highly successful, generally successful, or successful
- ★ 28% rated partly successful
- ★ 8% rated unsuccessful

Trends in Project Success



Project Success By Sector

| Major Sector | Total | | | Total (%) |
|---------------------------------|--------------|--------------|------------------|--------------|
| | 1970s (%) | 1980s (%) | 1990-1997 (%) | |
| Agriculture | 37 | 47 | 52 | 46 |
| Energy | 78 | 78 | 87 | 81 |
| Government-owned DFIs | 42 | 52 | 47 | 46 |
| Social Infrastructure | 65 | 48 | 72 | 63 |
| Transport and Communications | 84 | 74 | 87 | 83 |
| Industry | 75 | 100 | 50 | 72 |
| Multisector/Others | 100 | 64 | 63 | 64 |
| Total | 60 | 58 | 71 | 64 |

DFIs = development finance institutions.

Project Success By Country Classification

| Country Classification | Proportion of Projects Rated Successful | | | |
|------------------------|---|-------|-----------|-------|
| | 1970s | 1980s | 1990-1997 | Total |
| Graduated Economies | 85.1 | 90.0 | none | 86.0 |
| C | 65.5 | 55.1 | 77.2 | 65.2 |
| B2 | 55.3 | 59.3 | 68.1 | 63.1 |
| B1 | 40.3 | 60.4 | 70.6 | 59.6 |
| A | 58.3 | 50.0 | 73.8 | 61.3 |
| Total | 60.1 | 58.0 | 71.3 | 63.6 |

Disclosure of Information

- ★ Evaluation reports and studies prepared since 1995 are public documents (except for private sector operations).
- ★ Available at www.adb.org/evaluation