



# AN EXTERNAL REVIEW OF THE INDEPENDENT EVALUATION DEPARTMENT

DEVELOPMENT EFFECTIVENESS COMMITTEE

---

OCTOBER 2018

# AN EXTERNAL REVIEW OF THE INDEPENDENT EVALUATION DEPARTMENT

DEVELOPMENT EFFECTIVENESS COMMITTEE

---

OCTOBER 2018



Creative Commons Attribution-NonCommercial-NoDerivs 3.0 IGO license  
(CC BY-NC-ND 3.0 IGO)

© 2018 Asian Development Bank  
6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines  
Tel +63 2 632 4444; Fax +63 2 636 2444  
[www.adb.org](http://www.adb.org)

Some rights reserved. Published in 2018.

Publication Stock No. TCS189610-2  
DOI: <http://dx.doi.org/10.22617/TCS189610-2>

The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

ADB does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use. The mention of specific companies or products of manufacturers does not imply that they are endorsed or recommended by ADB in preference to others of a similar nature that are not mentioned.

By making any designation of or reference to a particular territory or geographic area, or by using the term “country” in this document, ADB does not intend to make any judgments as to the legal or other status of any territory or area.

This work is available under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 IGO license (CC BY-NC-ND 3.0 IGO) <http://creativecommons.org/licenses/by-nc-nd/3.0/igo/>. By using the content of this publication, you agree to be bound by the terms of this license. For attribution and permissions, please read the provisions and terms of use at <https://www.adb.org/terms-use#openaccess>.

This CC license does not apply to non-ADB copyright materials in this publication. If the material is attributed to another source, please contact the copyright owner or publisher of that source for permission to reproduce it. ADB cannot be held liable for any claims that arise as a result of your use of the material.

Please contact [pubsmarketing@adb.org](mailto:pubsmarketing@adb.org) if you have questions or comments with respect to content, or if you wish to obtain copyright permission for your intended use that does not fall within these terms, or for permission to use the ADB logo.

Notes:

In this publication, “\$” refers to United States dollars.

Corrigenda to ADB publications may be found at <http://www.adb.org/publications/corrigenda>.

# CONTENTS

---

<b>TABLES AND BOXES</b>	<b>vi</b>
<b>FOREWORD</b>	<b>v</b>
<b>ABBREVIATIONS</b>	<b>vi</b>
<b>EXECUTIVE SUMMARY</b>	<b>vii</b>
Background	vii
Main Findings in Brief	vii
Recommendations	viii
<b>CHAPTER 1: INTRODUCTION</b>	<b>1</b>
Objectives of the External Review	1
Evaluation in ADB	2
Conduct of the Review	2
Scope of the Review	2
<b>CHAPTER 2: EVALUATION POLICY AND QUALITY OF IED'S WORK</b>	<b>3</b>
Overall Assessment of IED's Work	3
The Need for a Revised Evaluation Policy	3
The Quality of IED's Work in Terms of International Evaluation Standards	6
<b>CHAPTER 3: PRODUCT MIX, LESSON LEARNING, AND IMPACT OF IED'S WORK</b>	<b>10</b>
How Appropriate Is IED's Mix of Products?	10
Major Evaluation Types and Topics	11
Validations	13
Use of Ratings	13
Lesson Learning, Communication, and Knowledge Management	15
How Appropriate Are IED's Recommendations?	17
IED's Products and Services: Their Effect and Value Added	19
IED's Relevance to Future Needs and Strategic Challenges	20
<b>CHAPTER 4: IED'S CAPACITY</b>	<b>23</b>
Resources	23
Relationships	28
Processes and Guidelines	30
Consultant Views on IED Evaluation Process	33
<b>CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS</b>	<b>36</b>
Conclusions	36
Recommendations	40
Additional Observations	43

# TABLES AND BOXES

---

## TABLES

1. Compliance of Selected IED Reports with ECG Quality Standards on Methods	8
2. Number of Independent Evaluation Department Reports by Type, 2012–17	10

## BOXES

1. A Reminder on the Original Purpose of Multilateral Development Bank Evaluation	1
2. Reflections on Rethinking an Evaluation Policy	6
3. Acknowledging Limitations	7
4. On the Importance of Destination	11
5. Climate Change Publications	12
6. Validation Feedback	13
7. The Debate About Ratings	14
8. An Evaluative Culture	19
9. Views on Independent Evaluation Department Consultant Use	27
10. Views on Independent Evaluation Department Methodology and Guidelines	32
11. Consultant's Perspective	33
12. Consultant's Perspective	33
13. Consultant's Perspective	33
14. Positive Consultant Views of the Evaluation Process	34
15. Negative Consultant Views of the Evaluation Process	35

# FOREWORD

---

The Development Effectiveness Committee (DEC) assists the Board of Directors at the Asian Development Bank (ADB) to ensure that ADB's operations achieve the desired development objectives and are efficient. DEC's role and the contribution of independent evaluation are an important tool for learning and accountability. These help ADB to achieve its vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty.

DEC's mandated responsibilities include assessing whether ADB's evaluation activities are adequate and efficient. Advising, reviewing, and monitoring the work of the Independent Evaluation Department (IED) is central to DEC's role. Consistent with good practice, DEC commissioned an external review of IED in February 2017 to be carried out in accordance with an established terms of reference by the DEC Chair.

The purpose of the evaluation was to assess the effectiveness of IED with respect to the quality and appropriateness of its work, the implementation of recommendation and their impact on ADB operations, and the robustness of the IED institutional capacity. The review was carried out by two external consultants with extensive experience in development evaluation and involved extensive discussion with IED and ADB staff and Management. The work was supervised by a task force of Board members.\* The views in the report represent those of the external reviewers.

The review highlights the significant contribution that IED can make to the development of ADB as a learning institution. This is critical to strengthen ADB's ability to deliver on Strategy 2030. The evaluation confirmed that IED is in a good position to make such a contribution with the quality of evaluation on par with or supe-

rior to peer institutions and work that is highly valued by the ADB Board of Directors.

The recommendations of the review aim to strengthen IED's influence and value to organization. The recommendations include the need to develop a new whole-of-ADB evaluation policy and clarify the objective of the evaluation. The evaluation also recommends the development of a strategic staffing plan and a range of measures to raise the quality of IED's work. The recommendations build on the changes IED introduced in 2016 based on a self-evaluation.

As DEC Chair, I would like to highlight the importance of evaluation at all levels. The evaluation findings were presented to DEC and the recommendations were fully endorsed by IED and ADB Management. The findings and recommendations provided in this review are helpful for DEC to guide the implementation of recommended measures to improve ADB's evaluation. This report also aims to inform other multilateral development institutions on how their internal evaluation processes could be assessed against international good practice standards.

I would like to thank fellow DEC members for their guidance, IED and ADB Management for their constructive and open engagement, and the task force members for their contribution. I would also like to acknowledge the work of the independent reviewers—Keith Leonard and Patrick Grasso.

**Syurkani Ishak Kasim**

Chair

Development Effectiveness Committee

---

\* Alternate Executive Director Masashi Tanabe, Alternate Executive Director Johannes Schneider, Director's Advisor Yong Seng Soh, Alternate Executive Director Mario Di Maio, and Alternate Executive Director Phil Rose.

# ABBREVIATIONS

---

ADB	Asian Development Bank
AER	annual evaluation review
CAPE	country assistance program evaluation
CPS	country partnership strategy
CPSFRV	country partnership strategy final report validation
DAC	Development Assistance Committee of the OECD
DEC	Development Effectiveness Committee of the Board of Directors of ADB
EBRD	European Bank for Reconstruction and Development
ECG	Evaluation Cooperation Group of the International Financial Institutions
EVIS	Evaluation Information System
IED	Independent Evaluation Department of ADB
IEG	Independent Evaluation Group of the World Bank Group
MARS	Management Action Record System
MDB	multilateral development bank
OAG	Office of the Auditor General
OECD	Organisation for Economic Cooperation and Development
OED	Operations Evaluation Department
PPER	project performance evaluation report
TA	technical assistance

# EXECUTIVE SUMMARY

---

## Background

This study was conducted at the request of the Development Effectiveness Committee (DEC) as part of its oversight of the Independent Evaluation Department (IED), acting on behalf of the Board of Directors of the Asian Development Bank (ADB). It was carried out by a panel of two external consultants with broad experience in development evaluation, in accordance with the study's terms of reference and an approved approach concept note.

## Main Findings in Brief

### There are significant positives:

1. Evaluation by IED is on par with, or superior to, that among peers in the Evaluation Cooperation Group.
2. IED's work is highly valued by the Board.
3. Over recent years, IED has sought to direct its efforts more toward major strategic issues, although it has yet to increase its impact commensurately. Some of its challenges are to better understand the available channels of influence to add value, develop strategies to maximize value added in a dynamic context, and better track and manage for value added.
4. Relations with Management became strained, but now are improving.

### The current IED policy is no longer fit-for-use for ADB as a whole:

5. The current policy is limited to IED, so there is no evaluation policy that covers self-evaluation in the ADB-wide evaluative system.
6. Ambiguity in roles and responsibilities for evaluation has blurred the boundary between independence and engagement for IED.
7. The current policy has promoted a situation in which IED has taken on responsibilities that should be addressed by Management as part of self-evaluation.

### Lack of a results framework for self- and independent evaluation makes it difficult for IED to balance competing demands for different kinds of evaluations:

8. IED lacks a results framework based on a plausible theory of change, so it is not well-placed to manage for the successful delivery of outcomes.
9. The "right" mix of products and services depends on the outcomes IED is setting out to achieve.

### IED is perceived, even internally, mostly as a tool for accountability rather than a source of knowledge and learning, with little understanding of how accountability and learning are entwined:

10. The understanding of IED's role in accountability has not changed since the early 1970s, while in the field of evaluation in general, the meaning of accountability and its relationship with learning have been redefined.
11. Evaluations add value when their findings are used to make performance-enhancing decisions. Some years ago IED reduced its level of upstream engagement (particularly face-to-face contact) and knowledge management work, according to interviewees both in IED and in operations, and understanding why this occurred is important as new efforts are launched.

### IED reports generally follow international good practice standards, but their quality and usability can be improved:

12. IED evaluations generally follow international good practice standards, although these are dated in many cases, and methodology and the use of technology have not kept pace with advances in the field.
13. Standardizing processes via a set of protocols is good, but IED's evaluations have become process heavy and this may be affecting quality; a rethink is necessary.
14. IED's methods are dominated by ratings, whose main benefit is in aggregate reporting; IED should de-emphasize ratings in individual reports to reduce unproductive contention and shift the focus toward learning.



15. IED reports are very user-unfriendly—formats have changed little in decades.

**Staff skills are mixed and need improving:**

16. IED's financial resources and staff positions are adequate.
17. IED lacks a medium-term plan for IED staff skills development or acquisition.
18. Staff mobility out of and into IED is supported in principle, but the independence of IED must be preserved in staff movements.
19. Over time and in response to perceived needs, IED has significantly increased its reliance on consultants—it is timely to review the effects of this evolutionary change as it affects the skills required by staff and likely has other consequences, positive and negative, as well.

## Recommendations

Based on these findings, the panel makes 10 recommendations:

1. IED, DEC, the Board, and Management should launch a participatory process to develop a new, ADB-wide evaluation policy.
2. In tandem with work on the new evaluation policy, IED, DEC, the Board, and Management should reflect on and reach agreement on the objectives of evaluation, their measurable outcomes, and what needs to be done to achieve those objectives, considering both self- and independent evaluation throughout ADB. The parties should engage in an iterative process that produces a combined results framework and theory of change for self- and independent evaluation that links to the corporate results framework.
3. IED should produce a medium- to long-term (5- to 10-year) strategic plan that identifies the required mix of competencies among IED staff, taking into account projected future requirements for evaluation and a policy on the use of consultants, and use this plan as a basis for setting priorities for future recruitment and innovative talent acquisition strategies, mobility, and training and development plans for IED staff.
4. To raise the quality of its work, IED should explore new methods of data collection and analysis, invest in staff training in evaluation skills, monitor the effects on quality of its new organizational structure and protocols, and rigorously oversee the quality of recommendations and lessons in IED reports. It should make its reports more user-friendly immediately.
5. IED should stop making ratings explicit in evaluation reports and, where ratings are reported, use neutral terms that state what the performance was rather than the current normative language.
6. IED should address better gender balance in its staffing.
7. IED should review its use of consultants to reassess and clarify its approach to consultant use.
8. IED should consider appointing a methods adviser to IED's staff or retaining this expertise through period contracts.
9. As part of the ongoing efforts to reform the Management Action Record System, IED should consider tracking whether Management is taking actions that address issues raised by IED, even if the actions taken differ from those recommended.
10. As part of a renewed effort to engage upstream, IED should reestablish a help desk function, find other avenues for greater face-to-face contact, and develop a marketing strategy to raise awareness of its evaluation products and promote their use.

## CHAPTER 1

# INTRODUCTION

---

This document is the report of an external review of the Independent Evaluation Department (IED) of the Asian Development Bank (ADB). The review was carried out by two consultants: team leader Patrick Grasso, former staff member of the World Bank's Independent Evaluation Group (IEG) and the United States Government's General Accounting Office, and Keith Leonard, former staff member of the Evaluation Department of the European Bank for Reconstruction and Development (EBRD) and also of IED (2001–2008).

### Objectives of the External Review

The ADB Board of Directors, through its Development Effectiveness Committee (DEC), is responsible for overseeing IED, an independent department reporting directly to the Board. The Board exercises its responsibility in part through periodic external reviews. Such reviews are considered good practice by the Evaluation Cooperation Group (ECG), which comprises the heads of evaluation of international finance institutions.<sup>1</sup>

The external review addressed six questions:

1. What is the quality of IED's work in terms of international evaluation standards?
2. How appropriate is IED's mix of products, including coverage of evaluation topics, evaluation capacity building, internal training, knowledge management, and other activities?
3. How timely, easy to use, and appropriate are IED evaluation products and services?
4. How appropriate are IED's lessons and recommendations? To what extent have they been endorsed and implemented by Management?
5. What value is added by IED's products and services to ADB, including to ADB's operations and organization? What impact do IED's products and services have?
6. How robust are IED's institutional capacity, skills mix, and review processes, particularly in terms of IED's staffing capacity, relationships with ADB staff and Management, and engagement with the DEC and the Board?

### BOX 1: A REMINDER ON THE ORIGINAL PURPOSE OF MULTILATERAL DEVELOPMENT BANK EVALUATION

"All large organizations, and all administrators, managers, and professionals, if they're honest with themselves, will admit that they have successes and failures...We should learn from these experiences of success and failure. It was for that reason that I set up the Operations Evaluation function in the Bank something on the order of 30 years ago. In particular, it's very, very difficult for any of us who take pride in our activities to admit failure, and it's very difficult, therefore, for us to examine the causes of it. That can best be done by an independent organization, and that was the structure that we provided for Operations Evaluation in the World Bank."

Robert S. McNamara, "Message from Former President Robert S. McNamara on the Occasion of the Operations Evaluation Department's 30th Anniversary," in Patrick G. Grasso, Sulaiman S. Wasty, and Rachel V. Weaving (eds.), *World Bank Operations Evaluation Department: The First 30 Years*, World Bank, 2003.

---

<sup>1</sup> More on ECG can be found at <https://www.ecgnet.org>

## Evaluation in ADB

- 1972 An evaluation function established as a unit within the Economics Office.
- 1978 A separate Post-Evaluation Office created.
- 2001 The Operations Evaluation Department was created.
- 2004 The Operations Evaluation Department became independent and reported to the Board.
- 2008 The department was renamed IED and operated under a revised policy aimed at strengthening IED's independence.

## Conduct of the Review

The review was carried out as described in the approach concept note of 8 June 2017.

## Scope of the Review

The panel was tasked with conducting a review of IED, not the evaluation function in ADB. Therefore, the review focused on the supply side of the evaluation function—not the demand side, where the value of evaluations takes effect. Also, given the focus on IED, the review did not look into self-evaluation, a Management function, apart from IED's role in the self-evaluation process, particularly validation. The review did not consider the wider question of the value added by self-evaluation; such a review should be carried out.

The focus on IED also meant the review did not consider in any depth DEC's role in increasing the value that evaluation adds.

## CHAPTER 2

# EVALUATION POLICY AND QUALITY OF IED'S WORK

---

### Overall Assessment of IED's Work

IED's functioning demonstrates a number of strong positives. The Board of Directors, to which IED reports, highly values IED's evaluation reports and other products, and appreciates its flexibility in responding to fast-changing information needs. Management expresses strong support for the role of evaluation while holding some reservations on certain aspects. IED continues to provide a robust accountability function for ADB along traditional lines, although it has not fully realized its concomitant role as a source of institutional learning.

Based on our collective experience as managers, senior staff, and consultants with independent evaluation departments,<sup>2</sup> we observe that IED's overall performance is on par with, or superior to, that at most peer institutions. Under its new director general, IED has instituted a number of organizational changes designed to strengthen its functioning and address continuing issues. It is premature to express any conclusions on these changes, although we note several times that it is plausible to believe they will have beneficial effects. Much of the report focuses on actions IED can take to enhance the quality of its work and the influence that it exerts—both within ADB and in the broader development community—in a changed and rapidly changing context. We emphasize that these observations are intended to highlight areas where IED can add more value and are made as part of an overall positive assessment of IED's work.

Over recent years, IED has sought to raise the level of its evaluations and its profile within ADB and beyond by tackling more challenging, higher profile, and broader strategic topics. However, this has not yet seen its impact increase commensurately. Also, methodologies and staff skills have not always been fully equal to the task. To maximize positive impact, IED's challenge is to better understand the available channels of influence to add value, develop new strategies to maximize value added in a dynamic context, and better track and manage for value added.

IED relations with Management became strained for what Management cites as “philosophical differences regarding the focus of IED's work and the perceived use of IED's evaluation function to alter ADB's agreed strategic direction.”<sup>3</sup> Relations now are improving, however, and IED has taken specific steps to address lingering issues.

### The Need for a Revised Evaluation Policy

One issue that came up repeatedly during the review was that ADB currently lacks an overall evaluation policy, and its absence negatively affects a number of areas, as discussed in subsequent sections of the report. While this issue was not part of the original terms of reference for this study, the report as a whole makes more sense if seen in the context of the limitations of current policy. This discussion and the recommendations flowing from it track closely with those in an external review of the World Bank Group's Independent Evaluation Group.<sup>4</sup>

---

<sup>2</sup> In addition to their work with ADB, panel members have held senior positions as staff or consultants with the independent evaluation departments of the African Development Bank, Caribbean Development Bank, EBRD, International Fund for Agricultural Development, and World Bank Group, and actively participated in the work of the ECG, including detailed discussions of internal practices, achievements, and issues for each member.

<sup>3</sup> Of course, it is not outside the bounds of independent evaluation to consider the relevance of the institution's strategy as part of IED's work.

<sup>4</sup> World Bank Group. 2015. *External Review of the Independent Evaluation Group of the World Bank Group*. Washington, DC. pp. 26–29. <http://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/ieg-external-review-report.pdf>

Evaluation in multilateral development banks (MDB) is a complex function covering separate but closely intertwined roles for the Board and its DEC, Management, and the specialized IED. The parties involved devote substantial resources to the function. Evaluation adds value when there is clarity and consensus about the strategic purpose of evaluation and how that purpose can best be achieved. An evaluation policy is the means by which the parties involved can create clarity and consensus about the evaluation's purpose and the ways and means to achieve it.

ADB's current evaluation policy is stated in the 2008 *Review of the Independence and Effectiveness of the Operations Evaluation Department*.<sup>5</sup> Section IV (around 8 pages of this 48-page report) is entitled "Proposed Changes and Revised Policy." Through Board approval of the report, Section IV was adopted without change as the evaluation policy. However, the policy does not fully cover the role of evaluation at ADB and should be revised as described below.

ADB has an evaluation policy for IED rather than an evaluation policy for ADB. There are important differences between the two. IED's primary role is to generate evaluation findings. As a secondary role, IED promotes the use of evaluation findings, but it is not a user of evaluation findings for evidence-based decision making—this is the role of the Board and Management.<sup>6</sup> Given this, an evaluation policy for IED necessarily focuses on the supply side of evaluation and not the demand and use sides. Evaluation adds value only when its findings are used, so an evaluation policy that focuses on the supply side will likely fail to cover the essential requirements for value addition.

Further, IED is not the only generator of evaluation findings. All completed operations and country partnership strategies (CPS) are self-evaluated via project, technical assistance (TA), or country partnership strategy

final review reports. Thus, a policy for IED alone fails to establish the strategic importance and purpose of a very large part of evaluation in ADB.

ADB should strengthen its current evaluation policy to include all evaluation practices in all ADB departments, and including the supply side as well as the demand side.

ADB should also strengthen its evaluation policy in a number of other areas:

1. ***The ADB evaluation policy does not adequately establish the strategic purpose(s) that evaluation should accomplish, particularly with a view to using evaluation to increase ADB's relevance and add to ADB's value now and in the future, given a dramatically changing context.*** Evaluation is the vehicle for accountability. To maximize the strategic purpose of evaluation, ADB and IED should reexamine the meaning of accountability in light of current and future needs for accountability. Who should be held accountable, for what, by whom, and how should these needs be met? What larger purposes can be served by these activities? Answering these questions will help ensure that the tools deployed are fit for their purpose, i.e., to effectively and efficiently deliver meaningful assessments for the purpose of accountability, its contribution to learning, and any larger strategic goals.
2. ***The ADB evaluation policy is not results-oriented and is not connected to the corporate results framework.*** The current evaluation policy focuses on the activities expected to be carried out by IED and the outputs it will produce rather than clearly identified outcomes. IED is a strong advocate of results frameworks for others, so why not for its own work? Also, ADB now has a corporate results framework (introduced in 2008, the year the current evaluation policy was adopted).<sup>7</sup> Although IED is independent

<sup>5</sup> ADB. 2008. *Review of the Independence and Effectiveness of the Operations Evaluation Department*. Manila.

<sup>6</sup> IED uses its own and others' evaluation findings only as inputs to new evaluations. The evaluation department is not part of the decision-making apparatus of ADB.

<sup>7</sup> ADB. ADB Results Framework. <https://www.adb.org/site/development-effectiveness/adb-results-framework>.

of Management, it is part of ADB, so it should demonstrably contribute to the achievement of the organization's expected results as contained in its corporate results framework. There should also be a clear articulation of how it will do so. For effective results-based management of the evaluation function in ADB, the evaluation policy should require Board/DEC, Management, and IED to agree on a set of outcome indicators against which the performance of the ADB-wide evaluation system, and IED within this, would be tracked. Those outcome indicators should link to the corporate results framework. However, this should not preclude IED from raising issues about the corporate strategy and results framework where appropriate; this is implicit in its organizational independence.

3. ***The policy should require that after the parties (the Board, DEC, Management, and IED) agree on the expected outcomes, they should also agree on what needs to be done to achieve these outcomes and map these outputs and outcomes in a theory of change.*** Again, IED is a passionate advocate of theories of change, so this same passion should be directed to itself and the evaluation function. The aim is to establish the basis for rational decision making about such matters as the mix of evaluation products, the amount of effort that should be directed toward knowledge management, evaluation capacity building, and meeting accountability requirements. IED's outputs will depend upon the outcomes it seeks.

4. ***The ADB evaluation policy should better address the issue of staff mobility into and out of IED.*** During the course of the external review, the issue of staff mobility became a major point of contention. The existing policy may be open to different interpretations. Management indicates that it views the policy as clear on the question of where decisions on staff movements lie. However, its own statement is ambiguous: Management stated, "the Director General, IED is responsible for the final selection of IED personnel in accordance with ADB personnel guidelines," but it also says that, "the final decision in any personnel action (except for Director General, IED) rests with the President."

It is not clear what the distinction between "final selection" by the Director General, IED and "final decision" by the President means in practice. Clarifying this to protect the independent status of IED is important. Also, the policy should establish the requirement for a medium- to longer-term strategic plan for evaluation in ADB, and more specifically, a medium- to longer-term staffing and staff skills plan. The last external review recommended "that IED should have a long-term strategic plan taking account of future financial and human resource requirements to set priorities for future recruitment and development of IED staff (footnote 5)." This is a sensible proposal that was not acted upon.

5. ***The evaluation policy should more clearly establish the boundary between independence and engagement of IED staff with the rest of ADB.*** A number of IED staff were unclear about where the boundary lay. IED has guidance on managing conflicts of interest; similarly, the evaluation policy should establish whether IED staff should adopt a high, medium, or low engagement approach with the rest of ADB. A high level of engagement would be consistent with a strongly outcome-oriented approach to evaluation and a greater focus on learning. On the basis of the above, the panel concludes that ADB's evaluation policy is not fully fit-for-purpose. A revised policy is needed, with a broader scope, one that is developed by a more inclusive process.

A revised policy would

1. be readable and succinct (5 pages or less) to help ensure that it is used;
2. cover evaluation throughout ADB, not just in IED;
3. clearly describe the strategic purposes and outcomes that evaluation in ADB should accomplish, and in particular
  - a. define how evaluation contributes to accountability and learning in terms of desired outcomes;
  - b. clarify desired outcomes in developing evaluation capacity, within ADB and externally; and
  - c. require that the outcomes link to ADB's corporate results framework;



4. describe the roles of Management, including self-evaluation; ensuring that new projects, policies, and strategies are evaluable; demonstrably incorporating findings from evaluation in new projects, policies and strategies; and responding to and acting on evaluation reports;
5. describe the roles of the Board and DEC in overseeing IED, using evaluation findings in its own decision-making, and giving clear direction to Management based on evaluation findings;
6. describe the roles of IED including its lead role in establishing evaluation methodologies; preparation of multi-year evaluation work programs; preparing results frameworks and theories of change for evaluation in ADB; and preparing medium to long-term staffing and staff development plans;
7. clarify the meaning of independence of IED, particularly in terms of the appropriate nature and degree of engagement by IED with others in ADB; and
8. outline special provisions for IED regarding access to information, approval of IED documents, internal distribution and external disclosure of IED reports, appointment and removal of the director general and deputy director general, budget, and staffing decisions.

To successfully develop an ADB-wide evaluation policy, Management, the Board, DEC, and IED all need to be vitally engaged in drafting the policy through a highly engaged process designed to generate consensus on what all of the parties involved want out of evaluation.

The process requires a commitment of time for a series of reflections and discussions on the strategic purposes that evaluation should serve—including refreshing and redefining the meaning of accountability and learning in more tangible and specific ways in light of current and future changes in the context—and defining those purposes in terms of a series of outcomes that can be measured and reported on.

Moreover, a participatory process to reach agreement on the essential features of evaluation in ADB should be an effective way of resetting the relationship between IED and Management. As they develop the new policy, the dialogue and engagement between IED and Management offer an opportunity for them to develop a more constructive and collegial relationship,

while preserving the essential features of independence and objectivity.

As part of its review, the external panel sought a reflection from the Chief Evaluator of the Evaluation Department of EBRD on the value added by its very different evaluation policy, approved in 2013, and the process that was used for producing the policy (Box 2).

### BOX 2: REFLECTIONS ON RETHINKING AN EVALUATION POLICY

“The successful repositioning of the European Bank for Reconstruction and Development’s evaluation function for greater effectiveness reflects efforts on many fronts. But with hindsight, the critical importance of doing a comprehensive rethink and revision of the Evaluation Policy cannot be overestimated. A fresh assessment of the core purposes of evaluation against the actual needs of shareholders and Management tested long-standing assumptions and approaches. An inclusive process built mutual trust and understanding of different priorities and constraints, which had been wholly lacking. An open and iterative process resulted in full joint ownership by the Board, Management, and the Evaluation Department. As a result, core principles are solidly embedded, distribution of responsibilities and prerogatives is clear, and the perceived value of the system is much increased.”

Joe Eichenberger, Chief Evaluator, European Bank for Reconstruction and Development, November 2017

### The Quality of IED’s Work in Terms of International Evaluation Standards

Like most evaluation units, IED primarily generates written reports from its evaluation work. Reports aim to serve a valuable function in summarizing the results of evaluations by marshaling data in support of findings that lead to conclusions and recommendations. Nearly all other evaluation products and services are ultimately based on these reports. Thus, when questions arise about the quality of IED’s work they almost always refer to the quality of reports. Therefore, the panel conducted a review of 10 reports from three of the major report categories and tested them against ECG quality standards. These included four country

assistance program evaluations (CAPEs) and three corporate/thematic evaluation reports that the panel used as case examples. During the interviews in Manila, it became clear that issues also were being raised about country partnership strategy final review validations (CPSFRVs), so three of these were reviewed for this analysis. All reports were published within the past 2 years. The results are shown in Table 1.

The table shows six major standards, each of which has a number of subordinate standards that are not shown. These standards were designed to apply to CAPEs but are sufficiently general that they can be applied to most kinds of evaluation.

Not surprisingly, most of the evaluations met most of these standards, at least partially, and usually fully. These standards, after all, form the basis for IED's own guidance documents. For example, all the evaluations had specific evaluation questions they were intended to address, and all used multiple data sources; the question of whether other data sources should have been used was beyond the scope of this assessment. Most of the studies applied the standard ratings, except two corporate evaluations where they were not applicable. In at least two cases the application could have been stronger; the panel cannot assess whether the ratings were correct, only whether they followed applicable guidelines. Although most evaluations met most standards, the standards that were more often not met or partially met were evaluability, limitations, MDB contribution, and client participation.

**Evaluability.** Most studies alluded to the evaluability of the activities assessed, but only in general terms, without a statement of limits on what was or was not evaluable; in a sense, evaluability was mostly assumed, although sometimes in the actual work this was found not to be the case. This is a good example of an issue that could be addressed in an ADB-wide evaluation policy, because it is an operational responsibility to ensure that projects and programs are evaluable, not IED's.

**Limitations.** In half the cases, there was little discussion of the limitations on the evaluation methods or

### BOX 3: ACKNOWLEDGING LIMITATIONS

“The completed and ongoing program of operations in the country was too large to be comprehensively evaluated within the available time and budget...”

“Discussions on value addition or innovation are limited to issues considered in completed or ongoing ADB operations...”

“Extensive research is required to verify whether or not the impact, outcome and output targets and indicators specified in project-level design and monitoring frameworks can be, or are likely to be, achieved by target dates specified. The available time and resources for the country assistance program evaluation study did not allow this level of analysis...”

“The sustainability assessment is primarily based on institutional aspects, and financial and debt servicing obligations. The country assistance program evaluation does not address other sustainability factors...”

“Available time and resources did not allow a full-fledged evaluation of regional TA...”

Independent Evaluation Department. 2015.  
*Country Assistance Program Evaluation:  
People's Republic of China.* Manila: ADB.

their application in the study, although clearly they were present. One CAPE, however, had an exemplary section on limitations early in the report that could be a model for IED staff (Box 3).<sup>8</sup> The advantages of this clear statement are obvious: not only does it help the reader understand the applicability of any findings, but it also provides a level of transparency that can assuage concerns about how the study was conducted on the part of evaluatees and others with a stake in the findings.

**MDB contribution.** Another area of weakness in a number of the reports reviewed was analysis of ADB's contribution to outcomes. In some cases, ADB contribution was asserted but without convincingly analyzing how that contribution was accomplished. There is a long literature on contribution analysis and how it

<sup>8</sup> IED. 2015. *Country Assistance Program Evaluation: People's Republic of China.* Manila: ADB.



**Table 1: Compliance of Selected IED Reports with ECG Quality Standards on Methods**

Reports		Criteria																				
Type	No.	Evaluability			Evaluation questions			Multiple evidence sources			Ratings			Client participation			MDB contribution			Disclaimers		
		<i>How well the strategy or program sets out criteria and metrics to be used in its subsequent evaluation</i>			<i>Fundamental evaluation questions defined to guide the assessment</i>			<i>Quantitative and qualitative evidence from both primary and secondary data sources</i>			<i>Formally assessed using a set of well-defined evaluation criteria</i>			<i>Key stakeholders involved from the design of the evaluation through its execution to the discussion of its key findings</i>			<i>Determining whether the MDB has made a contribution to key results or outcomes that is both plausible and meaningful</i>			<i>Limitations of the methodology, and its application, frankly acknowledged</i>		
		F	P	N	F	P	N	F	P	N	F	P	N	F	P	N	F	P	N	F	P	N
CAPE	4	1	3		4			4			3	1		1	3		4			2	1	1
CPS validation	3	1	2		3			2	1		2	1		1		2		1	2	1		2
Corporate/thematic	3	1	2		3			3			1		2	1	2			1	2	2	1	
<b>Total</b>	<b>10</b>	<b>3</b>	<b>7</b>		<b>10</b>			<b>9</b>	<b>1</b>		<b>6</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>3</b>

**F** Fully met    **P** Partially met    **N** Not met

CAPE = country assistance program evaluation; CPS = country partnership strategy; ECG = Evaluation Cooperation Group; GPS = good practice standards; IED = Independent Evaluation Department; MDB = multilateral development bank.

Note: For two corporate evaluations, ratings and MDB contribution were not applicable.

Source: Evaluation Cooperation Group. Good Practice Standards on Independent Country Strategy and Program Evaluations: Methodology-Related GPS. [https://wpqr4.adb.org/LotusQuickr/ecg/PageLibrary48257B910010370B.nsf/h\\_D79D51B472C04E1948257B960034E2DB/4A6183C2F332AF7848257B96003D92C2/?OpenDocument](https://wpqr4.adb.org/LotusQuickr/ecg/PageLibrary48257B910010370B.nsf/h_D79D51B472C04E1948257B960034E2DB/4A6183C2F332AF7848257B96003D92C2/?OpenDocument)

should be carried out, and IED may wish to consider internal training on this.<sup>9</sup>

**Client participation.** Finally, client participation often was inconsistent. Consultation with government and other partner agencies generally was high, but beneficiaries mostly were treated only as a source of input through surveys or focus groups. The full ECG standard calls for evaluators to “endeavor to involve key stakeholders in the [CAPE] process from the design of the evaluation through its execution to the discussion of its key findings.” This is, admittedly, difficult and expensive to do, but that issue is not addressed directly in the reports reviewed.

Even if all of these standards were fully met, that would not guarantee evaluation quality. The real concerns often center around fundamental methodological issues. Most IED (and other MDB) evaluations are built up from project evaluations and depend heavily on ratings at that level. This can lead to inconsistencies. In most cases, IED tends to aggregate project ratings into sector analyses, and in the case of CAPEs and CPSFRVs, the sectoral reviews are aggregated to the country level. This can lead to criticism such as this:

The CAPE analysis relies heavily on completion reports and other official documentation arising from ADB’s loans and technical assistance. We

<sup>9</sup> John Mayne. 2012. Contribution Analysis: Coming of Age? *Evaluation* 18 (3). <http://journals.sagepub.com/doi/10.1177/1356389012451663>.

think that ADB's contribution to [the country's] development goes considerably beyond what is achieved through these activities. ADB staff are engaged deeply in macroeconomic management issues and structural reforms, and at a sector level on project selection, preparation, and execution. Further, the Private Sector Operations Department (PSOD) has fielded many missions to help develop local capital markets, while the Operations Services and Financial Management Department, Office of Anticorruption and Integrity, and Controller's Department have undertaken capacity building of government agencies. The CAPE fails to capture the relevance and impact of these efforts.<sup>10</sup>

In other cases, where IED clearly does take account of factors beyond project ratings, Management can point to an inconsistency in application of guidelines:

With five projects rated most likely sustainable, six likely sustainable, and one less than likely sustainable the CPSFRV's rating is less than likely sustainable. The rating is based on political risk (which is not the case following the landslide election keeping majority party in power for the next 4 years) and the tight fiscal situation (which is temporary and will be shortly addressed by an IMF-led program supported by the international community, including ADB).<sup>11</sup>

Clearly, consistent application of evaluation criteria, whether ratings or others, is an issue that IED has to

work on. The new protocols it has developed should provide processes that can improve consistency, but in the end, this is an issue of Management oversight and continuous training of staff and consultants to ensure they fully understand how to apply criteria.

More importantly, as recommended in its self-evaluation, IED should review its methods and update them to take advantage of developments in such fields as data analytics and evaluation itself. The ECG standards are simply too broad and general to provide the kind of guidance needed to produce the highest quality evaluation products.

Finally, IED could improve the usability of its reports. Many interviewees noted that they often are very long, and that even the executive summaries are sometimes long enough to be full reports. The 10 reports reviewed had executive summaries of 5–11 pages, with an average of about 8 pages. IED might examine other organization's reports for ideas on how to update its reporting. For example, the US Government Accountability Office now uses 1-page summaries for most of its reports. IED need not make such a drastic change but making a report as digestible as possible would increase the usefulness of the evaluation work. Much of the content, for example, could be made available online, leaving the hard-copy document leaner and more user-friendly. Usefulness and use are covered in more detail in the next chapter.

<sup>10</sup> ADB. 2015. *Management's Response to Country Assistance Program Evaluation for Papua New Guinea*. Manila.

<sup>11</sup> ADB. 2017. *Management Response to Mongolia Country Partnership Strategy—Final Review Validation Report*. Manila.

## CHAPTER 3

# PRODUCT MIX, LESSON LEARNING, AND IMPACT OF IED'S WORK

Evaluation is a form of organizational learning, one that is focused on better meeting organizational accountabilities.<sup>12</sup> The common view that learning from evaluation is at one end of a continuum, with accountability at the other, is incorrect. Rather, learning from evaluation is tied directly to helping the organization meet the goals and objectives for which it is held accountable. This view is expressed aptly by the World Bank Group's Director-General of Evaluation:

...evaluation brings together learning and accountability in that we are looking back at projects, programs, policies that have been implemented. The intention is to understand what has happened: did we reach our intended goals? If not, what took us off-course? Should we set different goals, or manage better the implementation process? All of these evaluation questions combine queries that serve accountability—in the sense of whether we delivered what was expected—and learning—in the sense of how can we replicate successful experiences, how can we avoid mistakes that have been made before.<sup>13</sup>

To which former World Bank Director-General Robert Picciotto commented, “accountability for learning and learning to be accountable converge—two sides of the same coin.”

How useful—and used—are evaluations? What impact do they have had on ADB's work? These questions are crucial to assess how well IED is performing this accountability/learning role within its institution. In this chapter, we answer four questions related to this broad issue, showing that overall IED has had some

**Table 2: Number of Independent Evaluation Department Reports by Type, 2012–17**

Evaluation Type	Number
<b>Major evaluations</b>	
Corporate/thematic evaluations	26
Country assistance program evaluations (CAPEs)	8
Sector assistance program evaluations (SAPes)	1
<b>Other evaluations</b>	
Project/program performance evaluations	55
Impact evaluations	2
Technical assistance performance evaluations	7
Evaluation topical/knowledge studies	23
<b>Validation exercises</b>	
Country partnership strategy final review validations	22
Project completion report validations	451

successes, but also that there are areas where it can add more value.

## How Appropriate Is IED's Mix of Products?

The 2016 IED self-evaluation showed the distribution of products completed in 2012–16 and estimated for 2017 (Table 2).

There are no rules or standards on the appropriate mix of evaluation department products. Indeed, one would expect this to vary across institutions, and over time within any given institution. The key questions are:

1. What results is the evaluation department seeking to achieve and will the selected product mix deliver on these results?

<sup>12</sup> Marlène Läubli Loud and John Mayne. 2014. *Enhancing Evaluation Use: Insights from Internal Evaluation Units*. Thousand Oaks, CA: Sage Publications, Inc. <https://us.sagepub.com/en-us/nam/enhancing-evaluation-use/book237154>

<sup>13</sup> Caroline Heider. 2016. *Facing Off: Accountability and Learning—the Next Big Dichotomy in Evaluation?* <https://ieg.worldbankgroup.org/blog/facing-accountability-and-learning-next-big-dichotomy-evaluation>

2. Does the mix reflect a clear understanding of the institution's needs and absorptive capacity? Is the mix relevant?
3. Does IED have the staff and budget resources to produce high quality evaluations? (This point is explored further in Chapter 4.)

Although IED frequently holds others to account for being unclear about the results they are expecting to achieve, and advocates the use of theories of change to link inputs to outcomes via activities and outputs, IED does not manage its own affairs on this basis.<sup>14</sup> Without clarity on expected results from IED, it is not possible to provide a complete answer on whether IED has the right mix of products and services. A justification can always be made for the actual mix, but unless objectives are clear, nothing can be said about whether it is better than another option. The quote from Lewis Carroll's *Alice in Wonderland* seems appropriate: we need to know the destination (Box 4).

There is also the issue that one member of senior management described as “a tension between what IED's oversight body wants and what is practical and useful to staff. What DEC requires is broad evaluations to

help shareholders gain an understanding of the bank's effectiveness.” This broad evaluation is very different from the kind of information that operational staff needs at the project level. As discussed below, IED is taking some steps to revise its product mix to address more operational issues. Currently, the Board and Management support this shift, but as the member of senior management noted, “DEC is supportive, but will they be happy with it when they see it? The institution may want this shift, not because they will use the project/sector evaluations, but because they do not want the big, broad evaluations.” And indeed, one Board member reported being “reluctant to see IED move too far toward project-level evaluations.”

Thus, IED faces a problem common to MDB evaluation units generally: its multiple audiences have different needs that are difficult to satisfy within the budget, staff, and time constraints the department faces. This implies that whatever mix of products it produces at any given time cannot be assumed to be “appropriate” for the medium or long term, and perhaps not even in the short term. A Board member, for example, noted that “It definitely would be better to have flexibility to respond to requests built into the IED work program,” and another indicated positively that, “I didn't know IED could accommodate responsive evaluations; the [named evaluations] are good.”

#### BOX 4: ON THE IMPORTANCE OF DESTINATION

“Would you tell me, please, which way I ought to go from here?” [asked Alice]

“That depends a good deal on where you want to get to,” said the Cat.

“I don't much care where—” said Alice.

“Then it doesn't matter which way you go,” said the Cat.

“—so long as I get somewhere,” Alice added as an explanation. “Oh, you're sure to do that,” said the Cat, “if you only walk long enough.”

Lewis Carroll, *Alice in Wonderland*

### Major Evaluation Types and Topics

Areas of contention in recent years have been the proliferation of topical papers, the larger topics addressed, and the extent to which the reports were based on evidence. The 2016 work program included five topical papers and two books, as opposed to two corporate evaluations, one thematic evaluation, and one CAPE. Moreover, four of the topical papers and one of the books focused on climate change (Box 5). Thus, a significant amount of IED's overall effort went into an important issue, but one on which there was little evaluative evidence from IED's work. It is not obvious what absolute or comparative advantage IED brought to bear on this work. As one operational department

<sup>14</sup> Only the World Bank's Independent Evaluation Group operates to a results framework among members of the ECG. See [https://ieg.worldbankgroup.org/sites/default/files/Data/ieg\\_results\\_framework.pdf](https://ieg.worldbankgroup.org/sites/default/files/Data/ieg_results_framework.pdf)

## BOX 5: CLIMATE CHANGE PUBLICATIONS

### Topical papers

- ADB's Environmentally Sustainable Growth Agenda: A Strategic Framework
- Mitigating the Joint Impacts of Climate Change and Natural Disasters for Quality Growth
- Development Effectiveness, Natural Disasters, Climate Change
- Increasing Penetration of Variable Renewable Energy: Lessons for Asia and the Pacific
- Comparative Institutional Review of Private Sector Operations

### Book

- Climate Change and Natural Disasters: Transforming Economies and Policies for a Sustainable Future

senior manager noted, “It’s not clear that IED has the capacity to deal with such big topics.”

That said, Board members generally found the reports on these broad topics interesting and useful, so clearly there is a place for them in IED’s portfolio, even if Management and operational staff are not enthusiastic.

In contrast to the growth of topical papers, the data in Table 2 show a near absence of sector assistance program evaluations (SAPes) over recent years. Virtually all the regional department director generals interviewed agreed that IED should fill this gap in its work program and uniformly supported IED’s proposal to produce more SAPes. One senior advisor argued that “The Bank is focusing on sector priorities, so it is important to bring a cross-country evaluation perspective. Countries really want to know how things are done elsewhere.” And a senior member of an operational department team said, “We need evaluation, but project and sector-level evaluation get more interaction. Cross-country reviews are needed, and very useful if done by someone with real knowledge.”

That last comment highlights a potential problem with investing in SAPes: IED might not have much to offer to operational staff with more substantive knowledge and

field experience than those conducting the evaluation. Even an IED senior manager noted, in connection with sector work done in CAPEs, that “sector assessments are difficult as [IED staff] are up against specialists who know their sectors well.” This limits the potential for SAPes to add value. At least one MDB evaluation director expressed skepticism about the utility of sector-wide studies, particularly for learning useful lessons, arguing that “lessons derived at a sector-wide level tend to be of marginal use, at best, because they are too broad for ready implementation,” a view that the panel does not share. Thus, it is important that in conducting SAPes, IED ensures that it is able to add real value and monitor that it is doing so through feedback from sector staff and the sector working groups. The recent IED reorganization is designed, in part, to allow evaluators to develop sector expertise that will add value to their work.

The third major report category, CAPEs, must be prepared before the Board considers new country programs. An IED senior manager reported that “the CAPE product is well-liked, although a difficult product to produce.” Board members generally appreciate them; as one said, “CAPEs are useful when the next CPS comes for approval.” Their primary function is to provide Board members with an independent assessment of what worked and what did not in the previous CPS.

However, from an operational staff perspective, these reports are not as useful. A member of senior management was blunt: “Frankly, we did not get value from the two CAPEs, even though one showed deep understanding of the country,” but did not provide insights. This manager argued that CAPEs “are becoming less relevant in many countries where the Bank is largely responding to the clearly expressed preferences of clients.” More pithily, the director of a non-operational department said, “CAPEs are a waste of time.”

Again, this highlights the different needs of IED’s varied audiences. CAPEs play an important role in informing the Board, but not necessarily in shaping strategy. As an IED senior manager observed, “IED is not a big player in determining the next strategy. Its impact is at a more general level: it keeps the departments on their toes.” This would seem to be an appropriate role for IED, but

it is unclear whether there is a net value added given the considerable cost of CAPEs.

## Validations

Validations are by far the most numerous of IED's products. As discussed earlier, validations are important to verify the institution's self-scoring of performance (self-evaluations) and provide the basis for aggregate reporting for much of the rest of IED's evaluation work. But validations, particularly contested ratings, are also a source of tension with the rest of the institution. If IED is to fulfill its broader mission, especially institutional learning, it is important that IED's role is clear and limited, given the sheer number of validations. An excessive focus on ratings reinforces the image of IED as an enforcer of accountability rather than a vehicle for learning.

CPSFRVs generated almost uniformly negative comments in interviews (Box 6). An IED senior manager described them as "one of the most controversial products. It looks at a very young program, and there is no agreed methodology."

IED identified the lack of methodology as a major problem in its 2016 self-evaluation; this lack contributes to the quality issues discussed in Chapter 2. IED staff report that the "mission creep" (i.e. some project and country validation exercises turn into mini-evaluations) strains staff resources and sours relations with oper-

ational staff. At the very least, IED needs to develop an appropriate methodology for these studies, and to monitor their quality closely. Similar considerations apply to project validations, but these came up infrequently in interviews.

Ratings are a major concern because they show up in corporate scorecards, as one interviewer observed. However, our experience at other institutions where this is not the case shows that ratings are inherently a source of contention. In the end, self- and independent project ratings have tended to converge in recent years.

## Use of Ratings

ADB is a prolific user of ratings for evaluations: IED rates the performance of projects, including sovereign and nonsovereign operations via project performance evaluation reports (PPERs) and validations; country strategies and programs via CAPEs and CPSFRVs; and sector assistance via SAPEs. Management uses the same rating methodology for completion reports. Reports are structured around the rating criteria and give them high prominence. Guidance notes for the conduct of evaluations largely concerns how to derive ratings. As an IED staff member said, "CAPEs are about ratings, ratings, ratings."

Ratings are the greatest cause of friction between IED and those whose projects, programs, policies, or strategies are being evaluated. Some degree of tension between IED and others can be constructive: to bring about change, it is necessary to be dissatisfied with the status quo. However, if the friction caused by ratings does not lead to performance-improving change, then it becomes counterproductive, and the evaluation does not add value. IED often finds itself in this situation.

The use of ratings is always contentious, particularly when they are derived (in whole or in part) from qualitative evidence, proxy measures, and the exercise of evaluator judgment. Qualitative evidence is good for explaining why things are the way they are, but not for measurement. In the world in which IED is conducting evaluation, the evidence is often incomplete and/or not definitive, so evaluators have to make judgments. It is hard to isolate those judgments from values, and this ambiguity can contribute to a lack of consistency in rat-

### BOX 6: VALIDATION FEEDBACK

"A particular country partnership strategy final review validation was a disaster. We spent several person months to debate this." (operational department senior manager)

"Validations of the country partnership strategy final reports are a complete waste of time. The final report on which it is based is the product of 100+ years of country experience by the team preparing it." (senior advisor)

"IED tries to do too much with staff with insufficient country knowledge." (operational department DG)

Interviews with ADB and staff



ings. Judgments are also necessary to fit performance into one of a limited number of categories (usually four categories in the case of IED). Further, overall performance is judged on the basis of aggregating a diverse range of criteria and sub-criteria that are supposedly given equal weighting, but evaluator judgments are continually being made, usually not transparently, on what is more important and what is less important. The net result is that ratings are often built on a fairly flimsy foundation. There is a need to acknowledge this and use ratings accordingly.

The use of ratings originated in a time when evaluation in ADB was almost exclusively about accountability, a time when PPERs were called project performance audit reports. The explicit use and presentation of ratings met, and continues to meet, the accountability purpose, but it generally hinders the concomitant learning that accountability is intended to foster. Too often the discussion that follows an evaluation is about the ratings rather than the performance issues that underlie the ratings and the lessons that can be extracted from this (Box 7). Although IED and Management may agree with criteria ratings and the overall rating in many cases, perhaps a majority of them, the differences of opinion when they do occur tend to create an overall negative attitude toward evaluation that gets in the way of learning.

### BOX 7: THE DEBATE ABOUT RATINGS

The debate is not necessarily about the rating, but what underpins it. It is disappointing to see validation that does not provide evidence and seems to be based on an ideological position (senior advisor).

Interview with ADB staff

Of course, contentious ratings are only those that are downgrades from self-evaluation ratings. No one disagrees with good ratings, but equally no discussion takes place on what can be learned from success. Ratings, whether positive or negative, do not foster learning.

In rethinking the use and prominence given to ratings in evaluations, IED, as well as Management and DEC, should think about future needs for learning and accountability. What is the direction of travel? Are there now other ways of holding Management to account for

the results produced by ADB's products and services—ways that are more efficient and effective than the use of ratings? For example, ADB now has a corporate scorecard and an annual development effectiveness report, which did not exist until the last decade. Should this make a difference to IED's role in accountability?

Ratings have advantages. They allow aggregation of performance assessments. A framework for rating also provides a structure to performance assessment, which, if used by all evaluators (including those doing independent or self-evaluation) can make performance assessments more consistent. A rating framework also can indicate what aspects of performance are problematic, through criteria and sub-criteria with low ratings. This could be a source of learning if defensiveness can be overcome.

What should be the way forward? An option we suggest is to continue to use rating frameworks for assessing performance, but not to include individual ratings (overall, criteria and sub-criteria ratings) in evaluation reports. Rather than give ratings, IED would describe performance in neutral terms that state what the performance was rather than using the current normative language. Such statements might be more easily agreed upon because they are more verifiable. For example, rather than saying “this project is *rated* successful” say “this project met expectations.” An assessment scale (not a rating scale) of *exceeded expectations, met expectations, met some expectations, did not meet expectations* is much more neutral and verifiable. Evaluation reports would assess performance rather than assign ratings. However, like ratings, such assessments can be aggregated and can be reported or used in aggregate form.

For CAPEs, CPSFRVs, and SAPEs, in addition to using neutral descriptive terms rather than ratings, IED could consider not deriving an overall rating or performance assessment, as the rationale for aggregating a diverse range of criteria assessments into an overall rating is even weaker than it is for projects.

### Lesson Learning, Communication, and Knowledge Management

Over the last decade, IED has not been as effective as it might have been in communicating the learning and

lessons from its evaluation work. This is not unique to IED, and is endemic across the MDBs.<sup>15</sup> In its 2016 self-evaluation, IED found a number of shortcomings with its communication and knowledge management activities, including an ad hoc approach, lack of targeting knowledge to operational staff, and difficulties communicating lessons in a useful way.

For example, IED maintains a database of lessons, the Evaluation Information System (EVIS). This system contains more than 2,100 lessons drawn from all types of IED reports. EVIS allows users to browse by various categories, such as country, sector, and report type. However, few interviewees were familiar with it, and none reported using it. Data provided by IED show that between January 2016 and October 2017 there were 172 unique visitors per month to this database. Of these, an average of 29% were repeat visitors. By any standard, this is a low level of use.

In part, the problem of low use may stem from the often anodyne quality of some of the lessons. For example: “Successful activities need to be institutionalized and scaled up.” Alternatively, the lesson may be so specific to its context it cannot be applied elsewhere. In addition to problems with its content, the system is not adequate in terms of usability. It can be searched, but lessons are presented by individual report rather than topic, making them very difficult to find. EVIS also needs to be purged. A similar system in EBRD contained over 3,000 so-called lessons. The evaluation department did an initial purge and then divided the remainder up by sector or theme for the concerned departments to identify those which they considered useful. The result was a compact group of 300 lessons. There must be a continual process of renewal of lessons databases and lessons should frequently be communicated in multiple ways.

Lesson learning was a major focus of the 2017 annual evaluation review (AER).<sup>16</sup> The data gathered specifically for the review indicated that “overall learning from documented lessons is weak” and “not easy.” The AER

acknowledges that “the quality of documented lessons within project evaluation documents needs improving.” The desk review of a sample of documents concluded that “the casual path from findings to lessons and recommendations is often tenuous.” There are many other findings that concur with general experience in MDBs and the findings of the 2008 external review. Thus, the problem and its many dimensions are well-known. Importantly, the review compares what happens in “best practice organizations” with the situation in ADB. For example, “lessons in best practice organizations are identified through structured and facilitated team discussions.” We strongly endorse the effectiveness of face-to-face dialogue and note that this should be an essential factor in determining the appropriate level of engagement by IED staff with would-be users of its lessons.

According to evidence gathered for the AER review, the fundamental reason for this reality is a non-supportive organizational culture. Again, we agree. However, changing organizational cultures is notoriously difficult, with leadership from the top being a key ingredient of success. The recommendation in AER 2017 was to “strengthen within ADB, a learning culture, that values, among other learning components, the generation and use of documented lessons from project evaluations, facilitated by robust systems, procedures, and ways to measure progress.”

Management responded positively, noting that learning and knowledge were part of the developing Strategy 2030, and that migrating information to Outlook 360 would “enable a systematic approach to collecting, storing, finding, and using knowledge, including lessons learned, throughout the project cycle,” presumably including lessons from IED evaluations. Management also noted work is already in place, such as a peer review system “guided by documented lessons learned and best practices and regular project and midterm review missions that facilitate identification and documentation of lessons during project implementation.” However, Management asked for “flexibility”

<sup>15</sup> See, for example, *External Review of the Independent Evaluation Group of the World Bank Group*, which finds the same issues and presents similar recommendations for addressing them. Footnote 4, pp. 29–36.

<sup>16</sup> ADB. 2017. *Annual Evaluation Review 2017*. Manila. <https://www.adb.org/sites/default/files/evaluation-document/214201/files/2017-aer.pdf>.



in responding to IED's recommendation that each regional department establish a focal point for transmitting the lessons from project evaluation and other forms of knowledge, and indicated that it might well go beyond what IED had recommended.

DEC asked Management and IED to work together to develop an action plan and road map to strengthen learning from documented lessons. DEC should hold both Management and IED accountable for carrying out this work and reporting on what actions they will take.

These efforts certainly are worthy but unlikely to happen soon, given the difficulties of implementing cultural change. Therefore, IED must accept that, in the medium term at least, it will probably have to work within a relatively unfavorable context. Getting lessons adopted and creating value added from evaluation will require some smart strategies. One option is to "work with the willing" rather than try and change the whole system. This would mean trying to find a regional department or even a division willing to pilot an effective lesson-learning approach with the guidance and support of IED. This "divide and conquer" approach has succeeded in ADB before—in the 1990s the then Agriculture Department adopted the logical framework approach for its operations, which eventually led to its adoption across the whole of ADB.

In terms of communicating evaluation findings, IED also has had knowledge product lines, including *Learning Curves* (brief documents intended to feed evaluation findings and recommendations to a broad audience) and *Learning Lessons* (syntheses of lessons from across evaluations). However, IED has produced them only episodically, with the most recent on the IED website from 2013 and 2015, respectively. Several operations interviewees cited these as useful and wished there were more of them.

Despite these issues, IED has done relatively well in communicating its messages online. For example, 2015 data show that IED ranked second only to ADB Corporate in Facebook followers with nearly 50,000, one of only three units with more than 10,000.<sup>17</sup>

On Twitter, IED ranked fourth, with about 2,500 followers. Much of the Twitter traffic took place during the learning event "Think Sustainable, Act Responsible," suggesting such events can promote IED's messages effectively. IED's website traffic increased significantly in 2015 over 2014, and tellingly the average time users spent on individual pages more than doubled.

So, IED has messages that resonate with many users and has a range of tools to reach them. Resolving the issues of targeting, usability, and consistent strategy is central to more effectively promoting IED's findings, lessons, and messages.

IED is aware of these issues, and has taken steps to address them. It has established two units under its deputy director general, one for communication and outreach and a second for knowledge and evaluation capacity development. The plans for these units appear promising, with clear statements of a vision and outline theories of change. Their success will depend how effectively the units engage the evaluators, who hold the relevant knowledge, as opposed to becoming stand-alone efforts within IED.

The knowledge management unit can take on a valuable function by acting as a point of contact for ADB staff seeking out evaluation information or referral to IED staff with relevant knowledge to answer questions on evaluation findings and lessons. Several interviewees specifically mentioned the absence of a help desk in IED as a gap to be filled. IED should also reflect on the fact that it had an active knowledge management function, including a help desk, from around 2004 to sometime after 2008, and, to avoid mistakes of the past, seek to understand why it fell into abeyance.

However, knowledge management and communication units cannot be solely responsible for carrying IED's messages. For IED to be effective, all IED staff must engage with operational and policy staff to bring IED's knowledge to bear on decisions. This is perhaps the most effective form of knowledge sharing, because it is only through interpersonal contact that the different parties bring knowledge to the table and

<sup>17</sup> IED. 2015 *Knowledge Sharing and Outreach Report*. Manila: ADB.

engage in a discussion on how to apply and customize the knowledge to the current context. Knowledge can rarely be packaged into neat parcels that can be used “off the shelf”; rather, it has to be customized to context. For this reason, a lesson divorced from its context of time and place may be of little use. This is a major failing of lessons databases and the fundamental reason why face-to-face engagement is essential.

IED has done this kind of knowledge management in the past. In the initial period after formal independence, IED maintained a high level of engagement under successive director generals. However, over time, confusion arose about how far evaluators can go in such engagement. As suggested in Chapter 2, a new evaluation policy should make clear that information sharing is not a violation of independence, and needs to be encouraged. As one operational director general put it, “All evaluations are useful in that they focus attention and give another entry point to talk about the issues.”

IED participates in a number of capacity-building activities including the Centers for Learning on Evaluation and Results initiative, a global monitoring and evaluation global program aimed at building capacity in developing countries. IED also holds capacity-building events in connection with its own work. Although we did not assess this work, we note that IED has a history of involvement and plans to continue such efforts.

### How Appropriate Are IED's Recommendations?

Like ratings, recommendations are a key point of contention between evaluators and those whose work is being evaluated. This is true not only at ADB, but in virtually all evaluation situations. Therefore, it is not surprising that interviewees among ADB Management and operational staff had criticisms of IED's recommendations. The major issues they raised include the following:

1. Recommendations do not always follow from, nor are they supported by, the findings and conclusions of the evaluation study; sometimes they appear to be preconceived ideas held by IED staff or consultants who participated in the evaluation.
2. Recommendations sometimes are too vague, providing little guidance on what actions are needed to

implement them; at other times they are too prescriptive, impinging on Management's prerogatives.

3. In making recommendations, IED does not always consider the costs or trade-offs involved in implementing them.
4. IED sometimes recommends actions that already are underway by Management.

IED has not had, in the memory of current staff, an evaluation report quality framework. It should. The Evaluation Department of EBRD, for example, has such a framework based on international good practice. Its *Evaluation Report Quality Framework Checklist* addresses some of these issues by raising the following questions:

1. Do the recommendations flow logically from the conclusions?
2. Are the recommendations a plausible solution to the problems/issues identified?
3. Are they fair, unbiased by personal or stakeholders' views, few in number, strategic in nature, not too general, and sufficiently detailed to be operationally applicable but not overly prescriptive to allow for the exercise of Management discretion?
4. Are the cost and resource implications of the recommendations identified, are they sequenced/prioritized, and are they accepted or likely to be accepted by those responsible for implementing them?

IED's new protocols call for IED to develop recommendations in dialogue with relevant operational staff. Particularly, IED plans to consult with Management on recommendations as IED develops them to check their utility and feasibility. This is good practice, provided IED is careful to retain its independence in deciding on the final recommendations, and has been welcomed by many of those interviewed as a good step to make recommendations more practical and actionable. A future assessment of IED should review the effectiveness of this process in improving both the quality of recommendations and their use by Management.

One of the most serious concerns raised in interviews was that IED recommendations often are not supported by specific conclusions that reflect findings based on data and analysis. Our review of select reports confirms that the linkage from data to findings to con-

clusions to recommendations is sometimes weak or obscure. To address this concern, IED could employ a reverse-engineering approach when reviewing the quality of recommendations, and work back from each recommendation to the specific conclusion it addresses, then to the findings that led to that conclusion, and finally to the data supporting those findings.

Another frequent complaint about recommendations was that they often call on ADB to “do more” without assessing the costs of doing so, including opportunity costs as other activities may lose funding under a fixed budget. For example, one report recommended that ADB “Step up implementation support internally and in country agencies to fully achieve the policy objectives. Close supervision and monitoring are needed and this will be facilitated by deploying the necessary staff in headquarters and resident missions.” The report includes no analysis of what this might cost, and what other activities might need to be curtailed to ensure such funding.

This is a common problem across all evaluation practice, and a complicated one to address. Clearly, no single evaluation can take account of all the direct, indirect, and opportunity costs implied by a given recommendation. Nevertheless, the evaluator should try to ensure that “more” actually is the answer, try to estimate at least the direct costs of implementing the recommendation, and recognize that there may be alternative ways for Management to achieve the same ends without incurring those costs.

Given current issues with recommendations, monitoring Management’s implementation of IED recommendations, as done through the Management Action Record System (MARS), may not be the best way to put IED’s evaluation products to work in improving ADB’s development outcomes and processes. As the 2016 self-evaluation reported, MARS has problems of its own: it is fragmented by individual recommendations and sub-recommendations, which are presented without context or linkages to related recommendations, not prioritized, and tracked only at the time of an action due date.

In contrast, both Board members and Management indicated their needs are very different. From the Board we heard that they would prefer a statement on what actions were taken as a result of an evaluation.

From Management’s perspective, MARS is too focused on whether Management’s actions comply with the recommendations rather than on whether they are fixing identified problems. A better approach would be to track whether Management is taking actions that address issues raised by IED, even if the actions taken differ from those recommended. IED may wish to confer on this issue with the Office of the Auditor General (OAG), which monitors risk mitigation and reduction rather than compliance with recommendations, as their work offers a useful model.

Even more broadly, the tracking system could be turned around to focus on the problem and its resolution. Circumstances may change between the time a recommendation is made, an action plan developed, and the agreed action is scheduled to take place. The problem or opportunity that gave rise to the recommendation may have resolved itself, or it may have been resolved by other factors. Some of ADB’s actions also may have contributed to problem resolution. Whatever the case, there is potentially valuable learning here on how problems are resolved.

Formally, Management has agreed with a majority of IED recommendations, although the 2016 self-evaluation reported that the percentage accepted fell from 95% in 2012–13 to 65% in 2014–15, and in many cases acceptance was only partial. Interview responses confirm this. The most recent IED data on completed recommendations, for 2016, show that with three exceptions, all recommendations in the 14 reports covered were accepted by Management, and of the 68 accepted recommendations, 58 (85%) were fully or largely implemented.<sup>18</sup> That is a high success rate for IED. By way of comparison at the World Bank Group, of 178 recommendations tracked in their Management Action Record, available online,

<sup>18</sup> During the DEC discussion of the 2017 *Annual Evaluation Review*, on the subject of implementation of IED Recommendations “DEC members commended the close communication between IED and Management prior to finalization of report and sharp reduction of unacceptance of recommendations by making recommendation more actionable. But they encouraged IED and Management to challenge each other when there is a disagreement.”

10% are rated by IEG as fully completed, 10% as highly adopted, and 42% as substantially adopted.<sup>19</sup> That is a total of 65%, substantially below the 85% at ADB. Whether this rate of acceptance added any value is not known as this is not assessed, but the data do show a high level of adoption of IED's recommendations.

There is a final issue about recommendations. Currently, actions taken on recommendations is the only formal follow-up on an evaluation report. Not all valuable findings or lessons result in a recommendation. Actions taken to address problems are important, but they are not the only follow-up required on evaluation reports. The focus on recommendations and actions taken (or not) may detract from learning.

A review of evaluation recommendations, Management responses, and feedback loops among evaluation departments at several international finance institutions is in draft at this time. While we cannot yet disclose the details of this report, we can observe that IED's recommendation formulation processes are as strong as, or stronger than, that at the six other international finance institutions included in the study, with one glaring exception: IED does not have a set of formal recommendation standards. As noted elsewhere, it should have one presented as a checklist. On processes for obtaining Management responses, IED is in line with the other organizations. And in terms of tracking implementation of recommendations, only IED has as robust a system; except for the World Bank's IEG, none has a system such as MARS.

### IED's Products and Services: Their Effect and Value Added

Measuring the effect or value added of IED, or any evaluation function, is inherently difficult. There is no standard metric that can be applied, and little direct evidence of application of evaluation work to operations or Management. As we have seen, uptake of recommendations is not a particularly helpful way to think about IED's impact. At present, IED lacks a results framework based on a plausible theory of change that

could help to identify and measure its impact, or more likely its outcomes, which limits the panel's ability to assess the effect IED is having on the institution.

If ADB does not routinely use evaluation to manage its work, IED's impact will be suboptimal. In AER 2017, DEC noted that: "DEC members noted that there is lagging in implementation and instruments in promoting learning culture and acknowledged the importance of learning culture as ADB is pursuing to be a knowledge bank" (footnote 16). Thus, the Board and Management have important roles to play: the Board in ensuring that Management takes evaluation findings and lessons into account, and Management in creating an institutional culture in which evaluative information is routinely put to use (Box 8).

#### BOX 8: AN EVALUATIVE CULTURE

The key to an evaluative culture is the routine use of results information to learn from past experience and to inform decision-making on the design and delivery of programs. In an organization with an evaluative culture, decisions on design and delivery would rarely be made without credible empirical information on relevant past experience and on clear statements of what results will be accomplished if decisions are taken.

John Mayne. 2008. *Building an Evaluative Culture for Effective Evaluation and Results Management*. Rome: Institute for Learning and Change. p. 11

Qualitative evidence from the Board supports IED's positive impact. Interviews with Board members uniformly confirm that they find many IED reports, particularly those on corporate issues, valuable in their oversight of ADB. They report finding the data informative, and more significantly they point to issues raised by IED as providing a useful basis for discussion with Management on key issues. Several Board members also indicated that they share IED findings with their governments on a regular basis and find a receptive audience. This is not to say that they have no concerns about the quality, timeliness, or utility of this work, nor that they find every report useful, but on

<sup>19</sup> World Bank Group. Management Action Record Database. <http://ieg.worldbankgroup.org/Managementactionrecord>.

the whole there appears to be a reasonably high level of satisfaction that IED is serving their information needs.

Management and operational staff had a more mixed view of IED's impact. Aside from previously noted concerns about the quality of reports, recommendations, and ratings, many pointed out that IED's impact is blunted by an excessively narrow definition of its independence. In particular, the sectoral managers and staff considered that IED could be more effective if its staff participated regularly in thematic groups, where they could provide information on relevant IED findings and lessons to a receptive audience that has an incentive to use such information. In addition, they noted that IED no longer participates systematically in preliminary discussions of new programs and projects, where it could feed evaluative knowledge directly into operations on a real-time basis. IED management indicates that it currently is undertaking such knowledge-sharing activities and plans to expand these efforts.

Crucial to IED's impact, interviewees almost uniformly indicated a desire for high-quality evaluation and a thirst for the lessons and knowledge that evaluation can bring. This is key, because whatever efforts IED makes to improve the quality and utility of its evaluation work, it cannot force anyone to use the results. In the end, the impact of IED largely depends on whether ADB as an institution embraces a culture of evaluation.

Finally, there is an important value IED brings to ADB: its independence provides credibility to the institution. This should not be underestimated. In the 21st century, the credibility of organizations of all types is increasingly judged by the degree of transparency and self-reflection they demonstrate. Having an independent evaluation department is an asset to ADB, regardless of the value its individual products and services add.

## IED's Relevance to Future Needs and Strategic Challenges

### Future directions of ADB

From the interviews and the documents reviewed, we have extracted a number of points that should influence decisions IED makes to ensure its future relevance. First are the sector and thematic working

groups, created to "raise the bar on knowledge and technology." The sector working groups illustrate future ADB priorities: education, energy, finance sector development, health, transport, urban, and water. The thematic working groups also signal where ADB sees its future influence: climate change and disaster risk management, environment, gender equity, governance, public-private partnerships, regional cooperation and integration, rural development and food security (agriculture), and social development.

IED has sufficient staff positions to be represented on all these working groups. However, it should only nominate members who are credible, can contribute with authority, and are good listeners and communicators. IED also should invest in the continued development of staff who are members of sector and thematic working groups to ensure that their knowledge remains current.

ADB identified the remaining challenges in Asia and the Pacific:

1. over 330 million living in absolute poverty;
2. large infrastructure gaps;
3. implementing the Sustainable Development Goals;
4. implementing the 21st Conference of Parties climate change actions;
5. promoting the private sector;
6. enhancing gender equality;
7. urbanization;
8. aging; and
9. widening inequalities.

Key messages for the future of ADB are

1. attracting public-private partnerships and strengthening capital markets;
2. doubling annual climate financing; and
3. doubling private sector operations.

The growth of private sector financing will be accompanied by a more diverse range of products and areas of engagement. IED will need to keep up with not only the increased share of private financing, but also the growing diversity of sectors and instruments. For its evaluations to be authoritative, IED needs technically competent evaluation team leaders to cover the growing and more diverse range of private sector operations.



The key takeaways for IED are that infrastructure financing will continue to be the core of ADB's business, along with the growing role of private sector operations and the growth in climate financing. As discussed in the next chapter, IED faces significant challenges in the areas of staff skills.

### **Future relevance of IED's product and service mix**

To keep IED's product and service mix relevant, we note:

1. CAPEs and CPSFRVs will need to focus more on responsiveness, delivery, and results rather than selectivity and strategic positioning, as ADB's business is less determined by its preferences and more by what its clients want.
2. The sector working groups should become a key internal client for SAPEs; single country, and the more value-adding cross country SAPEs will be more in demand both internally and by countries and clients.
3. Growing private sector operations and the sophisticated nature of a broader range of private sector offerings will require more IED resources and innovative ways for IED to attract credible staff, quasi-staff, or consultant resources.
4. Validations, if continued at 100% or some lesser degree of coverage, should require reasonable quality in the underlying completion report. Validations should not become mini-evaluations; given that underlying reports are variable at best, Management should prioritize efforts to improve their quality.
5. IED will add greater value by doing fewer evaluations in total, doing fewer complex evaluations, doing them better, and increasing their impact. Resources saved can be redirected.
6. To promote the uptake of evaluation findings, IED should selectively reengage upstream as new projects, programs, policies, and strategies are developed. IED evaluators, though not part of decision-making, should help inform the process. The results from such reengagement should be tracked to determine the value they add.
7. The package of activities bundled under knowledge management and communication require a greater share of IED resources if the department wishes to increase its value; otherwise, users are not going to flock to IED's products and services.

8. IED should devote a larger share of resources to developing the evaluation capacity of its own staff, of those doing self-evaluations (internally and externally), and maybe more generally, depending on what outcomes IED is expecting to achieve.

More generally, IED faces other challenges, including the pace of change in the global economy and the need for IED to be more nimble and less process-bound.

The dynamic changes to the global economy have presented a major challenge to all institutions, and in Asia the pace of change is especially rapid. This puts a premium on organizational flexibility and nimbleness in an institutional environment where predictability and prudence also are valued. For IED, this means that work programs need to be adaptable to rapidly-changing circumstances, so that quick-turn-around reports or briefing papers can be produced in a timely way. It may be necessary to leave slack resources available for such products, which implies not overcommitting to lower-value-added products, such as validation reports.

To facilitate such work, IED needs to consider adapting its methods, particularly of data collection, to current technology. For example, surveys now routinely use social media to identify respondents, with higher response rates than more traditional methods. IED also could identify possible action teams that can be mobilized to carry out studies on short notice.

IED also will sometimes need to relax its processes to deliver reports more quickly or allow more time for evaluations.

At the same time, many new sources of evaluative knowledge are entering the field. The proliferation of evaluative organizations offers IED both a challenge and an opportunity. On the one hand, having alternative sources of knowledge relevant to ADB's work could diminish IED's value to the institution. On the other, IED can tap into information that is collected by others to inform its own evaluations. To do so, IED staff must be aware of such work, possibly through the new knowledge management group. Beyond that, IED can consider ways it might partner with other evaluation organizations in the region.

Meeting these demands will be challenging, but it will keep IED relevant. President Nakao, in his vision statement for his new term, made clear that he intended to “enhance ADB’s credentials as a knowledge institution... based on ADB’s cross-country experiences.”<sup>20</sup> IED can make a unique contribution to this part of the President’s vision.

---

<sup>20</sup> Takehiko Nakao. 2016. Vision Statement for the New Term. Manila: ADB, p. 2.

## CHAPTER 4

# IED'S CAPACITY

---

This chapter examines the robustness of IED's institutional capacity, skills mix, and review processes, particularly in terms of IED's staffing capacity, relationships with ADB staff and Management; and engagement with the DEC and the Board. We also consider IED's guidelines and processes in total, rather than just review processes, as these are an essential part of its institutional capacity.

### Resources

#### Staff resources

A 2017 self-assessment by IED did not consider whether the staff resources it has available were adequate.<sup>21</sup> This external review addresses this gap.

**Staff numbers.** IED should determine the number (as well as type and expertise) of its staff by its work program and the results it is setting out to achieve. However, like most other MDB evaluation departments, IED does not do so. Staff positions are relatively fixed and budgeted separately and centrally, so there is only a loose association, based on historical output delivery (by numbers of the main types of product), between the work program and the staff resources available to deliver it. IED's results have been specified largely in terms of outputs rather than outcomes.

Staff positions have not varied much from year to year during 2010–2017.<sup>22</sup> Over the same period, the total number of major products has stayed relatively constant (excluding project validations), which seems to indicate a broad balance between staff numbers and output. However, this does not tell the full story.

First, there is the issue of vacancies. Since 2010, IED has operated with 12%, 7%, and 3% vacancies for international, national, and administrative staff, respectively. A number of people consulted said the difficulty of recruiting good internal candidates to IED, particularly for senior positions, and the slow recruitment process contributed to a high level of vacancies. Vacancies are likely to constrain IED's output both quantitatively and qualitatively. Also, the shortage of good senior staff may decrease operationally relevant insights from evaluation and lower the perceived credibility of the department.

Staff may vary considerably in their productivity, writing ability, and insightfulness, among other dimensions, so the output of the department, quantitatively and qualitatively, may not be directly related to the number of staff available. Staff variability may also cause variability in the quality of evaluation products. Anecdotally, this is the case in IED.

By failing to take account of vacancies and wide variations in ability to deliver, work programs are often overambitious. Interviewees commonly expressed the view that IED was trying to do too much given their resources, including staff. This is a common problem among MDB evaluation departments, and one that has proven quite resistant to resolution, since it sometimes involves saying “no” to people whose work program ideas IED has sought.

It is not possible to say whether IED has the right number of staff, since it not clear what resources are needed to produce each of its products in an efficient manner, the outcomes the department is trying to produce have

---

<sup>21</sup> IED. 2017. Independent Evaluation Department of the Asian Development Bank—A Self-Evaluation. Manila: ADB.

<sup>22</sup> The number of budgeted staff positions for international staff, national staff, and administrative staff has risen by 7%, 20%, and 17%, respectively over 2010–2017. However, the number of staff positions has never risen by more than 1 per year for each of the three categories. One person providing comments on the report indicated that DEC has recommended and the Budget, Personnel, and Management Systems Department has accepted that staff should increase from 2019.



not been defined, and there is no plausible theory of change showing what needs to be done to produce those results.

In terms of gender balance, IED performs poorly in the 2016 review of evaluation systems in development cooperation by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD-DAC); IED comes fourth from bottom of the list of 46 agencies.<sup>23</sup> At the time of reporting, two of five senior positions were occupied by women. At the administrative level, 13 of 14 positions were occupied by women. However, at the level of professional evaluator, only 11 of 32 positions were occupied by women. This is not specifically an IED problem. In ADB, outside IED, 52% of women staff are in assistant positions, the same percentage as in IED; by contrast, only 20% of men are in such positions. Outside IED, women hold 35% of international staff positions and men hold 65%; inside IED, the percentages are similar but lower, 30% and 70% respectively.

**Skills and experience.** It has not been possible to quantitatively assess whether IED staff have the right skills for three reasons:

1. No inventory of IED staff skills has been conducted (as far as we are aware).
2. IED does not have a results framework that clearly establishes the outcomes IED wishes to achieve and a theory of change showing how it intends to do so. Consequently, the variety and “quantity” of skills required to deliver these outcomes cannot be determined.
3. Until early 2017, IED was not using a time recording system to determine the cost of each of its products was, and what breakdown of staff skills was being used on each type of product. There is still some uncertainty as to whether the time recording system will produce the granularity and accuracy of data required for product costing.

Still, interviews with staff in both IED and operations have provided valuable qualitative insights into skill

and experience issues affecting IED. Skills and experience are different, and both are essential to make a good evaluator. Skills are needed to fulfill the technical requirements of the job. Skills may be acquired via academic and continuing professional development training, or on the job. Work experience, particularly varied work experience, helps in the generation of solutions and insights from data gathering and analysis: making sense of data, knowing what’s important and what’s not, and being able to use experience to chart a way forward. An ability to come up with insights and solutions, whether innate or gained through experience, makes the difference between a technically competent evaluator and an evaluator who adds value. Experience can only be gained through applying and using knowledge on the job. Experience may be broad or narrow—broad experience across countries and sectors, research experience, and hands-on project experience all can contribute to making a more effective evaluator.

The skills required to be an effective staff member of the evaluation department can be divided into three categories: evaluation-specific skills, other technical skills, and personal qualities.

**Evaluation skills and knowledge.** Although these skills are highly desirable, maybe essential, in practice it often is not possible to get candidates with evaluation skills, if there is a wish to recruit at least a proportion of IED staff internally from other parts of ADB. When the output of IED was mostly project or project-related evaluations, a lack of evaluation skills and experience in new recruits was not a major problem—they could learn on the job—but as the proportion of more complex corporate, thematic, country strategy, and program evaluations has increased, evaluation/research skills are more and more important, and it is much more difficult to acquire these skills on the job.

The absence or short supply of staff with well-developed evaluation skills means one or both of two things: the ambition of the IED work program may exceed the capacity of its staff to deliver it to an acceptable standard; or some staff of the department (those with good

<sup>23</sup> OECD. 2016. *Evaluation Systems in Development Co-operation: 2016 Review*. Paris: OECD Publishing. <http://dx.doi.org/10.1787/9789264262065-en>

evaluation skills) may become overloaded while others are underemployed. Anecdotally, both situations have arisen in IED, the first from time to time while the second may be a more chronic problem. This problem is well-known and not uncommon in MDB evaluation departments, but has proven hard to resolve as it involves doing less and doing it better. An insufficient number of staff with the needed evaluation skills may also lead to a greater reliance on consultants, as we will address later.

The type of evaluation skills also matter. Ideally, staff would have evaluation skills in both qualitative and quantitative methodologies. IED tends to use more qualitative methods of inquiry: interviews, focus group discussions, case studies, and open-ended survey questions. Our observations indicate that staff skills in qualitative data capture, analysis, and presentation could be improved. In the self-evaluation in 2016, staff reported the main skill gaps in evaluation were specialized evaluation skills, such as impact evaluation.

Evaluations are generally stronger when both qualitative and quantitative methods are used as the quantitative methods are good at revealing and quantifying the existence of a problem or issue while qualitative inquiry is better at explaining why things are the way they are, which is the first step in determining solutions. Again, our observation shows an opportunity for IED staff to use a wider variety of quantitative data sources, capture methods, means of analysis, and presentation. IED may need to enhance staff skills in these areas.

**Other technical skills.** The most important other technical skills are country and language experience; thematic area experience; and sector skills in the areas of ADB's main investing activity in both public and, increasingly, private sectors. Here, IED needs to be selective as it may not be able to cover all sectors, countries, or thematic areas by staff with credible expertise.

IED would benefit from a forward plan of the highest priority staff skills required, perhaps anticipating future

major evaluations and strategic shifts in ADB's operations. Having such a plan was a recommendation of the 2008 external review of IED, but IED has not acted upon it.<sup>24</sup> As reported in IED's self-assessment (footnote 21), IED staff identified "mentoring, orientation training, evaluation capacity development within IED," as among the most important areas of change they would like to see.

Real sector, thematic, or country expertise is an important part of evaluator credibility. Evaluations are deemed credible not only on their own merits, but also the perceived credibility of the person(s) carrying them out. With the creation of the sector and thematic working groups in the Sustainable Development and Climate Change Department, it may be even more important now for IED to have or obtain this expertise and experience.

The tendency in most evaluation departments is to become more generalist. This is usually fine for project-level evaluations that are primarily designed to serve accountability purposes, as the main requirement is to do a good quality evidence-based evaluation. However, for learning purposes, and for more complex evaluations where the stakes and scrutiny are higher, well-developed technical skills are essential. Evaluators need to be able to communicate findings showing real understanding of the sector, thematic area, and/or country. Interviewees, particularly from operational departments, often expressed the view, sometimes justifiably, that IED evaluators lacked sector, thematic, or country context knowledge. In some cases, they also considered that IED evaluators do not always understand how ADB works or the constraints faced by operational staff. Indeed, the self-evaluation reported that IED staff cited deeper knowledge of ADB operations as a priority for skills development.

**Personal skills.** A variety of personal and communication skills are extremely important in evaluation but often overlooked. Good writing skills in English are essential, as the product of all evaluations is a writ-

<sup>24</sup> Footnote 5. The recommendation stated "Finally, OED [Operations Evaluation Department] should develop a long-term strategic plan, taking into account future financial and human resources requirements. The plan should identify the ideal mix of competencies among OED staff, taking into account projected future requirements for evaluation, and use this as a basis for setting priorities for future recruitment and for training and development of OED staff."

ten report. This can be problematic in a multicultural organization such as ADB, but the need to be able to write effectively in English cannot be avoided, and has probably been insufficiently considered in IED recruitment. Good oral communication skills also are essential, particularly given that learning is becoming more important. Good listening skills are of paramount importance in conducting evaluations, a point also made by OAG regarding its own work. The experience of some interviewed by the panel was that IED staff and the department as a whole did not listen to their views. Good interpersonal skills, particularly empathy and an ability to be a team player, are also necessary.

**Skills development.** Skills can come ready-made through recruitment or be developed through continuing professional development. Interviews with IED staff indicate that the department has done little to develop advanced skills of its staff in a structured way, as recommended by the previous external review. This is a general concern across ADB. Citing data from the 2015 Staff Engagement Survey, the Board’s Human Resources Committee reported: “The following areas have been continuously declining since 2008: (i) work tools and conditions, (ii) work organization and efficiency, and (iii) job satisfaction.”<sup>25</sup>

As noted above, experience is important as well as skills. Evaluators are always drawing on their experience as they assess the meaning of the evidence before them. They are also using their experience to exercise evaluator judgment. Experience can be particularly important in crafting recommendations and coming up with solutions to problems, because the available evidence may not suggest the solution. Experience can also be an important component of evaluator credibility. For these reasons, a good proportion of staff in an evaluation department should have significant and varied work experience prior to joining IED.

One IED staff member commented that IED has not defined the skills needed by staff, let alone assessed extent to which staff possess skills at a desired level

of competency. IED should address this significant deficiency.

As discussed previously, the mobility of long-serving IED staff out of the department is a major issue. We support mobility in and out of IED in principle, balanced against the special considerations of IED: a revised evaluation policy should address this issue. Work will need to be done to overcome the generally negative perception of IED as a place to work. The reality is that from a purely selfish Management perspective, a stint in IED is a great way of broadening the experience of “high-flyers” prior to their promotion to Management positions. IED and Budget, Personnel, and Management Systems Department need to promote this opportunity and to use the few successful cases that exist to do so.

In the future, IED should consider more flexible hiring of international staff (or quasi-staff) to ensure it has the right staff resources when it needs them to deliver on its work program and the results expected of IED. IED will likely need to hire specialist staff on short-term contracts in anticipation of major evaluations. IED already has this flexibility with its consultants at ADB headquarters and could usefully adopt it for international staff.

### Consultant resources

Within the development community there are two main ways independent evaluation is conducted, with various blended options also prevalent. One way is to contract out evaluations to consultants. In this scenario, the in-house evaluation unit is a contract manager who sets terms of reference, selects and manages consultants and, in some cases, exercises quality control over their outputs. Staff also “sell” the evaluation findings internally, and may not have strong, or indeed any, evaluation, sector, or country expertise. This is the option frequently followed by bilateral development agencies and some multilateral organizations (such as the European Union).

<sup>25</sup> ADB. 2016. *Annual Report of the Human Resources Committee (2015-2016)*. Manila. p 1. <https://www.adb.org/sites/default/files/institutional-document/211156/annual-report-human-resources-committee-2015-2016.pdf>

A second option is to conduct evaluations largely in-house. Under this option, evaluation unit staff lead and conduct evaluations, using consultants when needed to provide expertise not possessed by the staff member(s) responsible for the evaluation. This is the model used by most members of the ECG.

There are pros and cons to both approaches. MDBs probably chose the in-house model initially because it complemented the internal audit function; for example, the ADB Post-Evaluation Office, as it was called, produced project performance audit reports. More recently, with increased focus on learning, the argument has been made that doing evaluations in-house is better for learning.

Between these two options are various blended models. IED used to follow the model of in-house evaluators conducting evaluations, supplemented by consultants as needed. However, there is evidence that IED is now following a blended model. Interviewees expressed a widely-held, negative perception that IED relies heavily on consultants (Box 9).

To provide a second source of evidence on IED's use of consultants, we selected three recent thematic evaluations and four CAPEs for an in-depth look at the quality of IED's evaluation reports and to identify a group of consultants to survey.

For the seven evaluations in the sample, IED used 86 consultants, an average of 12.3 per evaluation. International consultants made up almost half of the total number of consultants, with the balance being national consultants (30%) and headquarters consultants (21%). The number of consultants on the three thematic or corporate evaluations ranged between 6 and 19.

We cannot reliably make generalizations about IED's use of consultants based on this purposefully-selected sample. Nonetheless, it gives sufficient cause for thought on the extent to which IED has moved into a more blended model of contracting out, and to reflect on what this might mean for the quality and credibility of IED evaluations.

Validations of project completion reports are jointly carried out by staff and consultants: IED estimates the input of consultants to be 35%–40% of total time input. For country partnership strategy completion report validations, the consultant input is judged to be a little higher at 40%–50% of total time input.

A third strand of evidence comes from budget data, which show that IED's expenditure on consultants has

### BOX 9: VIEWS ON INDEPENDENT EVALUATION DEPARTMENT (IED) CONSULTANT USE

"IED relies heavily on consultants who are not paid well, so [they] don't get the best consultants." (Board member)

"What tacit knowledge exists in IED, since they rely so much on consultants?" (operational department deputy director general)

"Anecdotal evidence is that IED is overreliant on consultants...does IED have the ability to manage consultants? Does IED have the right skills in the first place? International staff spend a lot of time managing consultants." (Board member)

"To some extent, consultants ran away with the study." (IED senior manager)

"To what extent is IED held hostage to consultants? Without knowledgeable staff IED can't stop consultants "running wild"...at a certain point the ownership of findings needs to pass to IED staff." (senior manager of non-operational department)

"The IED evaluation team did not have sufficient depth so the evaluation was too consultant-driven." (senior adviser)

"IED relies far too much on consultants... one CAPE was done entirely by consultants, no IED person visited the country." (operational department director general)

"IED has a shop of contract managers." (operational department director general)

Interviews with ADB and IED staff

grown over the last 5 to 10-years. IED funds consultants from two sources: ADB's internal administrative budget and TA funds. Over 2011–16, the funds budgeted for consultants stayed constant at 12% of the total budget (11% in 2011); the actual expenditure was higher, averaging 16% and ranging from 11% to 22%. The funds from IED's research and development TA was 47% higher for 2013–16 than for 2008–12. Around 80% of 2015 TA funds went to consultants. While IED may have been somewhat constrained on its use of consultants funded from the administrative budget, it has had significantly higher funds available from TA.

We have not conducted any comparative analysis to see how this level of consultant input compares with other MDBs, but since only ADB has access to such a large TA resource for hiring consultants it is reasonable to suppose that ADB has a higher usage of consultants than do the other ECG members.

There is no right or wrong answer about whether a greater reliance on consultants is good or bad. Contracting out, in-house, or blended approaches are all legitimate and each method has its pros and cons. IED indicates that it has moved into a blended model as a "conscious decision to call upon expert consultants to fill expertise gaps" in the face of a constant staff complement and a need to do deeper evaluations covering a broader range of topics. However, the consequences of a greater reliance on consultants may not have been fully thought through, including the need for staff skills in contract management and, perhaps, reduced credibility of IED staff.

We suggest IED review its use of consultants.

### **Budget resources**

IED helpfully provided its own estimates of comparative expenditure among ECG members. These data show ADB was about average among MDBs in terms of both total resources available for evaluation and as a share of the overall institutional budget. For FY 2017, IED's administrative-sourced budget is \$12.1 million, with a further \$2.4 million of research and development TA and \$0.5 million capacity development TA, for a total financial resource availability of \$14.98 million. IED's overall administrative budget is 1.87% of the ADB total.

Of course, whether the budget is adequate or not depends on how much IED is asked to do, or how much it voluntarily takes on. The practical reality for most evaluation departments is that the work program expands to match the funds available and there is no reason to suspect that this is any different for IED, since over 2011–2016 IED used 98.7% of its administrative budget.

It is reasonable to assume that not all IED's products and services add equal value. However, since IED has only recently adopted a time-recording system, and it does not have a product cost-accounting system, IED does not know what its various products and services cost, nor does it determine what value they add. IED is no different from any other evaluation department in this regard. Nonetheless, the question should be asked whether this reality is good enough, particularly for a department that frequently admonishes others for not having adequate information on which to assess performance.

## **Relationships**

We explored two sets of relationships via interviews: relations with the Board, including DEC, and relations with the rest of ADB.

### **Relationship between IED and the Board, including DEC**

Most Board interviewees are very positive about IED and generally value IED's work highly. While overall very positive, some Board interviewees requested that IED produce fewer reports and make them more user-friendly. Board members have made these two observations for decades, but for reasons that are not entirely clear, addressing them has proved to be extremely difficult.

Since the Board approves IED's work program following DEC review, the power to ensure that IED does fewer evaluations clearly rests with the Board. Successive Boards seem to have been reluctant to exercise that power. That said, personal communication after the field work by the panel indicates that the DEC has requested a significantly reduced IED work program for 2018–20, in part to ensure fewer evaluations, and in part to allow greater flexibility to include non-programmed work at short notice. If this does result in a



work program with fewer evaluations, this problem may finally be addressed.

The lack of user-friendliness is dealt with more fully elsewhere in this report. This issue is easy to address with the right expertise. The power to resolve it rests with IED.

One Management interviewee asked whether DEC saw its role as overseeing IED's work or promoting IED. The Operations Manual section K1/BP clearly establishes that oversight of IED is a function of DEC.<sup>26</sup> However, the question is whether DEC has the expertise or time to exercise oversight over IED's work on an ongoing basis?

Usually, Board members do not have the time or expertise to assess the quality of IED's products and services, so the Board generally exercises its oversight role by commissioning periodic external reviews such as the current review. This is not unique to ADB. A 2015 external review of the World Bank Group's IEG found that their Board's Committee on Development Effectiveness, equivalent to DEC, "should be equipped with better tools and information to allow it to effectively provide proper governance oversight over IEG and to regularly assess IEG's overall strategic directions and the quality, credibility, utility, and impact of its work."<sup>27</sup> Some of the recommendations in that report, such as developing a framework for IEG's work, aligning that work with corporate strategic objectives, and producing more concise and focused reports, are similar to recommendations proposed in this report.

The inability of DEC to oversee the quality of IED's products and services regularly is problematic when an evaluation is very contentious: DEC finds itself in a difficult position between IED and Management, without the knowledge or wish to decide who is right and who is wrong. However, as some resolution is desirable, DEC either needs to come to its own view or it instructs both parties to follow up and resolve their differences. Some Board interviewees noted that the way DEC works does not help it to arrive at a conclusion and give clear direction to Management and/or IED.

DEC is indeed also expected to champion IED and its work. How well it is filling this role is beyond the scope of this review. But its dual roles in overseeing the work of IED and promoting the use of the findings, lessons, and recommendations from IED's evaluations are complementary, not conflicting.

### **Relationship between IED and the rest of ADB**

Not surprisingly, the relationship and views about IED from the rest of ADB were more mixed—in some cases, quite strongly negative, though most interviewees tried to identify some positives and many noted the changes made by the new director general.

One interviewee with broad experience across ADB in operational and non-operational roles noted that a degree of tension between IED and the rest of ADB can be positive. We agree. Change often requires creating dissatisfaction with the status quo. If Management and IED always agreed, the evaluation department would not be fully realizing its potential to add value. IED needs to ask the difficult questions that others are not asking, but just as importantly, it needs to do so based on credible and robust evidence, and in the right way.

Some interviewees also noted that IED can be an ally of Management, particularly when Management wishes to make changes that require Board approval. The Board trusts the independent view of IED, and Management can and does use this to advance its cause where there is an alignment between IED findings and Management's wish for change.

Some interviewees on the Management side pointed to the importance of good listening skills with the further observation that IED staff and the department in general did not listen. This is a crucial observation that IED needs to note and address. Some encouraging developments since the appointment of the new director general were noted, but all IED staff who interface with others in the bank need to possess good listening skills. With good listening skills comes empathy, which is also an essential characteristic of an effective communicator.

<sup>26</sup> ADB. 2018. Operations Manual. <https://www.adb.org/documents/operations-manual>

<sup>27</sup> Footnote 4, p. 29.

An important observation made by some was that IED had reduced its engagement on the upstream processing side in recent years, though IED indicates that this impression is incorrect, and some IED staff reported high levels of engagement in commenting on draft documents and attending concept review and Management review meetings. Interviewees indicated that they would welcome IED's further engagement on the upstream side. Certainly, this would be consistent with an approach focused on learning and creating value added from evaluation.

Another important observation made by some interviewees is that the tone adopted by IED matters—for example, giving praise where praise is due, and we concur.

Effective personal relationships were identified by one interviewee as being more important than reports. Elsewhere in this report we note that some IED staff are unclear about the degree of engagement they should have with the rest of ADB, and this hinders the development of good relationships.

The role of the director general, IED is important in setting the overall tone of the relationship between IED and Management and the Board. Given changes over the recent past, it is legitimate to ask whether the director general of IED has too much power to influence IED's direction. Obviously, some degree of discretion to change the direction is needed. However, there have been some major pendulum shifts. A clearer evaluation policy and a greater focus on ends rather than means (through a results framework and theory of change for evaluation) would reduce the discretionary room without overly constraining it. Developing a refreshed view on the meaning of accountability as a part the process of developing a new evaluation policy also would help.

It cannot be contested that relationship between Management and IED has not been good over the last 5 years or so. This does need to be addressed. While a few bad experiences can influence the whole relationship, the whole relationship is not thereby broken. The source of friction between IED and Management has centered around ratings, recommendations, and the scope and ambition of some IED evaluations. We

have discussed these issues elsewhere in the report and offered suggestions on how to reduce the friction. Dealing with this would go a long way toward improving the relationship with Management.

The interviewees agree that IED's new director general is making progress, and we concur. No major actions are needed, but there is a need for a reset in the relationship. Important steps include

1. providing support for all staff to develop good listening skills so that they can act in an empathetic manner;
2. clarifying the appropriate level of engagement between IED staff and the rest of ADB and encourage the development of good relationships;
3. managing IED to set the tone for engagement, including focusing on constructive contribution, and an absence of fault-finding and blame apportionment, adoption of a neutral tone, and communicating this focus clearly to all staff;
4. ensuring that preconceived views or biases are addressed and not apparent, and discussing and communicating the meaning of objectivity to IED staff;
5. staying within the bounds of evidence and not going beyond what the evidence bears out;
6. taking opportunities to help Management when they present themselves, accentuating the positives in the relationship, and giving praise where praise is due; and
7. considering expanding upstream engagement as part of the wider review of the evaluation policy and developing a results framework and theory of change.

## Processes and Guidelines

IED has the following process and methodological guidelines available.

1. Operations Manual section K1/BP on independent evaluation issued on 1 October 2013 (4 pages including definitions, ADB independent evaluation system, policy on independent evaluation, scope and outputs of independent evaluation, oversight of independent evaluation);

2. 2015 Guidelines for the Preparation of Country Assistance Program Evaluations and Country Partnership Strategy Final Review Validations issued on March 2015;
3. Guidelines for the Preparation of Project Performance Evaluation Reports on Nonsovereign Operations issued on November 2014;
4. Guidelines to Avoid Conflict of Interest in Independent Evaluations issued on December 2012;
5. Guidelines on the Evaluation of Public Sector Operations issued on April 2016; and
6. Protocols for IED functioning—this a major “work in progress” that is documenting all IED processes covering (so far): concept note; conceptualization meeting, engagement of consultants, on-the-job training through PPER, peer review, Board meetings, one-stop review meeting, evaluation approach paper, field mission, back-to-office report, case study analysis, field work synthesis meeting, storyline, government or borrower’s review, report editing, heads of department meeting; meeting on evaluation recommendations, and after action review.

Project (sovereign and nonsovereign) and country program evaluation guidance are based on long-standing international norms and good practice standards developed by OECD-DAC and ECG. Rather, this report comments at a more general level.

Rating methodology is the central focus of guidance on performance assessment. Elsewhere in this report we suggest de-emphasizing ratings in IED project, SAPE, and CAPE reports and using descriptive performance assessments instead. Those performance assessments would still be subject to guidance so they can be used for aggregate reporting (including in the annual development effectiveness report).

We observed a lack of guidance on how to conduct evaluations—both practical suggestions from experienced evaluators and guidance on qualitative and quantitative data gathering and analysis techniques. In addition, the methodologies used by IED are limited and have shown little change over the last 10 or more years. Most evaluations involve some mix of literature and document review, quantitative analysis of portfolio

data, interviews, and surveys. The recording of qualitative data, particularly interviews, is rudimentary (handwritten notes). The data—what people actually said rather than the evaluator’s interpretation—is included in reports or their attachments only to a limited extent, if at all. Finally, IED does not use qualitative data analysis software to extract maximum value from the data, and continues to rely on Excel for quantitative data analysis and the generation of charts.

Given the growing complexity of the evaluations being carried out by IED, the department would benefit from having a methods adviser as part of its staff or available on an intermittent contract basis. A dedicated staff member would not only act as an in-house adviser on methodology as approach papers are being prepared and during evaluations, but also would be tasked with investigating new approaches and new technology for gathering, analyzing and presenting data.

IED could usefully adopt the practice followed by the OAG in having an external advisory panel that provides its services free of charge. Another approach would be to have a mentoring system for staff.

The development of IED protocols involves a major exercise to document all steps in the evaluation process. The development is in response to a lack of consistency in process among IED evaluators, and also to document new steps being introduced into the evaluation process. There is no doubt that this will be a valuable reference document. There are some risks though. Individual process steps are there for good reason, but collectively they add up to a considerable amount of time. There is some evidence that the time to gather evidence, particularly via field visits, and the time to draft the report are being squeezed with potential negative consequences on evaluation quality.

Interviewees, mostly IED staff, expressed a number of views on IED methodology, guidance and evaluation process (Box 10). Some of these interviewee comments reflect points made above, but some other important issues are raised. The first of these is that even with detailed guidance, considerable variation in application can occur among evaluators. Internal quality control processes need to be vigilant on this.



## BOX 10: VIEWS ON INDEPENDENT EVALUATION DEPARTMENT (IED) METHODOLOGY AND GUIDELINES

“During conduct of the country assistance program evaluation (CAPE), I saw that some sector assessments were very kind while others were very strict even though they were following the same guidelines—how to reconcile these differences is not covered in the guidelines... there are no sector assistance program evaluation (SAPE) guidelines.” (IED staff)

“People need to self-correct... we should be evaluating responsiveness... waste of time evaluating achievements against objectives.” (senior adviser outside IED)

“The evaluation was conducted against the country partnership strategy targets... the CAPE guidelines maybe don’t give enough attention to the counterfactual... the wrong targets were set, and we evaluated against these.” (IED staff)

“The IED protocols being drafted contain some new ideas but a lot of just ‘putting it on paper’...evaluation team leaders were feeling a lack of guidance... there was a lot of variation.” (IED manager)

“Part of IED review was to introduce new tools, but as yet we are not using new tools.” (IED staff)

“The new protocols don’t guarantee quality evaluations, but they should ensure that all are proceeding in the same way, but don’t want IED staff to be victims of process, want to improve quality.” (IED manager/director)

“The methodology used by IED has not changed, no significant change in the way data is collected.” (IED manager/director)

“Extrapolation of findings from a limited number of case studies into general recommendations suffers from the problem of a weak evidence base.” (non-operational department deputy director general)

“Country partnership strategy final report validations lack a methodology...don’t know how to go from project to sector to overall.” (also applies to CAPEs) (IED staff)

“The amount of actual work on conducting the evaluation is below around 40%. The rest of the time is taken up with changing things and their order, followed by interdepartmental comment when the time given to incorporating comments from people who actually know is too short... IED has been adding to process but often feel on your own... evaluations are not budgeted according to needs, rather they get the same budget.” (IED staff)

“We should be good at methodology but, strangely, a discussion on methodology barely exists.” (IED staff)

“Maybe IED should look backwards at what it used to do, to look at why it stopped doing things, and to assess whether it should resume these activities.” (IED staff)

“CAPE methodology is really weak on the assessment of effectiveness...CAPE guidelines are very sector-focused.” (IED staff)

Interviews with IED staff

The absence of an internal discussion on methodology is certainly not unique to IED, but it is undesirable. Fortunately, it is easily resolved if there is a will to do so. IED's protocols provide for an after-action review: this can be the basis for a discussion on methodology within IED and beyond.

Some positive changes being introduced by IED simply reestablish things that were done before. IED could usefully understand the reasons why these things were stopped. Presumably they were stopped for a good reason, so understanding what went wrong is the first step in learning lessons—what worked, what didn't, and why.

### Consultant Views on IED Evaluation Process

To add a different perspective—one that had not been discussed in IED's self-assessment (footnote 21) or the previous external review (footnote 5)—we surveyed consultants from a purposefully selected group of evaluations. Given the large number of consultants frequently involved in IED's major evaluations, a complete survey was not feasible.

There were 43 complete responses, a response rate of 52%. Since the sample of evaluations was purposefully selected, no generalizations should be made, but the findings do provide useful data, particularly from the 173 responses to the five open-ended questions. Details follow, and a fuller description is available on request.

**Was the evaluation carried out according to the approach paper?** Two-thirds of respondents considered that the evaluation was carried out according to the approach paper, while 17% said they didn't know, 14% answered "in part," and the balance of 2% responded that the evaluation was not carried out in line with the approach paper (Box 11).

#### BOX 11: CONSULTANT'S PERSPECTIVE

"The evaluation followed the approach paper methodology, but some adjustments were made, and some details added to tailor it to the situation encountered on the ground."

The "don't know" responses (17%) reflects a combination of consultants who were not provided with (or did not seek out) the approach paper, and consultants who were isolated from the study as a whole and focused on their specific tasks (Box 12).

#### BOX 12: CONSULTANT'S PERSPECTIVE

"I was not aware of, or advised of the evaluation approach paper, other than through the terms of reference."

The "in part" respondents (14%) pointed out areas of divergence from the approach paper, including the evaluation taking longer than expected, with specific reasons including delays in country and project selection, the time taken to amalgamate diverse inputs, IED management's changes to ratings that necessitated bringing text into alignment, and the time required to accommodate ADB Management views (Box 13).

#### BOX 13: CONSULTANT'S PERSPECTIVE

"The longer time for completion was contributed by the considerable back and forth discussions among ADB units/ departments and the IED on various issues including the findings and recommendations."

#### What worked well with the evaluation process?

Respondents identified several aspects as working well (Box 14), including

1. the value of site visits;
2. cooperation from resident missions;
3. communication with staff in ADB headquarters;
4. cooperation by governments and ADB clients;
5. leadership by IED staff;
6. team dynamics and communication;
7. team member skills and professionalism;
8. the quality of analytical work;
9. the flexibility to adjust as needed; and
10. soundness of methodology.

**BOX 14: POSITIVE CONSULTANT VIEWS OF THE EVALUATION PROCESS**

“Extraordinarily high level of in-country cooperation by the government and non-government personnel in the countries visited... I enjoyed a high level access to senior officials and Ministers... ADB staff (headquarters and resident office) were free with their time and offered wide-ranging and at times entertaining insights into the work of ADB.”

“I was fortunate to work in a very good evaluation team led by a highly competent evaluation officer. Documentation was collected and analyzed in a timely manner, the field visits were very well organized, and for the initial writing phase I was given the freedom and support to prepare a professional assessment without bias.”

“Clear guidelines were provided on the type of analysis and product required.”

“Field work well organized and supported by the resident mission.”

“The openness to discussions by the operations units and ADB clients... the receptiveness of the ADB team to suggestions and new methodologies... Independent Evaluation Department management was good at maintaining its independence.”

“Good leadership, good exercise of adaptive management, decisiveness, good rapport among consultants...”

“The international experts were willing to listen to the local experts... the evaluation project leader was flexible enough in terms of time management.”

**What didn't work well and why?** Respondents identified several aspects as not working well (Box 15), including

1. the existence of hidden agendas and prejudged messages;
2. changes to ratings and “toning down” of reports by IED;
3. leadership by IED staff;
4. timelines;
5. defensiveness on the part of Management; and
6. some methodological issues.

Of the respondents, 27 (63%) raised significant issues and 9 (21%) indicated that they saw nothing in the evaluation that did not work well. It is reasonable to surmise that the balance of 16% skipped the question without comment as they had nothing to say about what didn't work well.

**If you had the opportunity to do the assignment again, what would you do differently?** Things consultants would do differently include

1. seeking greater clarity on expectations from IED;
2. being prepared to walk away if quality and independence are compromised and if learning opportunities are not captured;
3. generating more coordinated understanding among team members and evaluation leader on the nature of the outputs required;
4. improving survey questionnaires and increasing sample sizes; and
5. creating more opportunities for team discussion and sharing of findings with operations departments.

As with the previous question, some respondents did not see any weaknesses, so they did not see the need to do anything differently.

**Additional comments.** Some respondents added comments, including

1. a missed opportunity for the evaluation to contribute more;
2. IED too easily influenced to reflect certain views or tone down its findings;
3. a number of positive comments about the evaluation being a professionally satisfying experience and well-conducted exercise;
4. insufficient time allocated for quality work; and
5. a frustrating experience.

Clearly, the experience of the consultants working on the seven selected evaluations was mixed. Whether the evaluation proceeded smoothly was closely linked to the ability of the IED staff member leading the evaluation.

On factors affecting quality, a number of survey respondents pointed to tight deadlines. By far the common negative view from consultants related to IED management either having a predetermined agenda or a desire to tone down findings.

### BOX 15: NEGATIVE CONSULTANT VIEWS OF THE EVALUATION PROCESS

“This was not a particularly happy experience. It seemed to me there were some prejudged messages that ADB wanted to hear that skewed the conduct of the evaluation...I found the guidance on the content and scope of the evaluation report contradictory and unhelpful.”

“There were a number of “hidden agendas” in the evaluation which emerged only gradually over time...it would have been helpful to have had clearer instructions on dealing with some of these sensitivities...uncertainty on project selection and team member involvement gave the sense that things were being hidden...definition of “real time” [evaluation] created uncertainty in visit timing and purpose...project selection was biased toward projects with minimal issues related to our evaluation, so we did not see the most significant cases...I felt it was difficult to make critical comments without backlash, and that the institution was not interested in lifting standards—this kind of institutional blockage undermines the purpose of evaluation...it would have been helpful to have had more informed assistance from Independent Evaluation Department (IED) staff.”

“The process was far too long and was clearly subjected to significant internal political pressures...in my view, the later arbitrary changes in ratings downgraded the value of the original work...this led to a loss of credibility and, quite correctly, opened IED to criticism from [the regional department].”

“Lack of an honest climate in viewing findings and recommendations...”

“The report prepared at the end of the evaluation was truncated/toned down to be made ‘understandable to everybody’”

“The time spent on preparing the report was way beyond what was planned.”

“Excess involvement by [IED] management in relation to editing and downgrading evaluation ratings.”

“The study author seemed to struggle with the theme of the evaluation, changing emphasis and leaving me as a consultant confused on what to do...as drafting progressed, I became unclear of the direction I was meant to be working toward and seemingly became redundant.”

## CHAPTER 5

# CONCLUSIONS AND RECOMMENDATIONS

---

### Conclusions

Evaluation by IED is on par, or superior to, that of its peers in the ECG. The big issues for IED are to

1. better understand the available channels of influence to add value, develop strategies to maximize value added, and better track its realization; and
2. challenge its long-held assumptions and ways of doing things to assess whether they fully meet current and future challenges and changing strategic imperatives for ADB as a whole.

**Over recent years, IED has sought influence at a higher strategic level but has yet to increase its impact commensurately.**

IED has come through a turbulent period where its aim was to markedly increase the department’s influence at a strategic level. However, the department has not yet achieved commensurately greater impact—although like most evaluation departments, IED does not routinely attempt to assess its results in outcome terms.<sup>28</sup>

**IED’s work is highly valued by the Board.**

IED’s work is highly valued by the Board. By and large, Board members welcome the shift to more strategic evaluations and they welcome IED’s independent voice as a counterbalance to Management views.

**Relations with Management are strained but are improving.**

Relations became strained with Management, particularly those with whom IED most frequently interfaces: operations departments, the Strategy, Policy, and Review Department, and the Sustainable Development and Climate Change Department. Despite sometimes difficult relationships, most see the value that evaluation adds, whether potential or as currently realized.

**Financial resources and staff positions are adequate.**

IED’s resources—staff positions and budget, including TA—are not generally constrained quantitatively. Any constraint is due to IED overextending the resources available, rather than an absolute shortage of resources. The number of staff positions is adequate, but vacancies and the time taken to

---

<sup>28</sup> IED and its predecessors have long produced influential evaluations, both before and after independence. The 2014 publication *Ten Years of Independent Evaluation at the Asian Development Bank: Evaluation for Better Results* describes eight influential evaluations. The issue is to increase the proportion of evaluations that are influential, deepen their influence, and better characterize influence and how this is changing over time. Influence should be couched in terms of measurable outcomes. ADB. 2014. *Ten Years of Independent Evaluation at the Asian Development Bank: Evaluation for Better Results*. Manila.

**Staff skills are mixed and need improving.**

fill them reduces IED performance. Staff skills are mixed and need improving in some areas. As the department focuses less on project-level evaluations and more on complex thematic, corporate, or country program evaluations, the mismatch between skills required and those available has grown. Thus, some staff are overloaded while others are underemployed.

**A medium-term plan for IED staff skills development or acquisition is needed.**

IED needs to develop and carry out a medium-term plan for skills it requires and a skills development and/or acquisition program. This is a recommendation of the previous external review that IED has not acted on. Developing skills in evaluation methods should be an ongoing and high-priority task, as should maintaining sector knowledge and developing skills such as listening, communicating, and negotiating.

**Staff mobility out of and into IED is supported in principle, but the independence of IED must be preserved.**

While refreshing and enhancing staff skills in IED through mobility is important, the independence of IED needs to be preserved. Decisions on staff mobility into and out of the department should be clarified in a revised evaluation policy. Any other alternative puts power in the hands of Management.

**IED should produce fewer evaluations, do them better, and increase their impact.**

Skills are not the only issue affecting IED's ability to deliver a consistently high quality suite of products and services. There is strong evidence that IED is trying to do too much with the resources it has available. The quality of its products and the department's impact would likely be greater if it delivered fewer products and services, did them better, and increased their ability to add value.

**IED evaluations generally follow international good practice standards, but methodology and the use of technology have not advanced.**

IED's evaluations generally follow OECD-DAC and ECG good practice standards, particularly in terms of rating methodologies, which have been periodically refreshed and updated.<sup>29</sup> The actual methodologies (qualitative and quantitative methods of inquiry) and technologies used (data gathering and analysis techniques) are standard and have changed little in a decade or more. IED's methodological approaches have not kept pace with its move to more complex evaluations.

**IED reports are very user-unfriendly—formats have not changed in decades.**

IED's reports are not user-friendly. Reports to the DEC and the Board could usefully be restricted to 1–2 pages of executive summary and a maximum of 10 pages total, with no annexes. The reports should be professionally laid out. Evidence undergirds evaluation, but the bulk of the evidence, details of the methodology, and background material should not be included in the report going to the Board, DEC, or senior managers.

**IED has become a high user of consultants and should review of the pros and cons of this practice.**

IED uses a lot of consultants. In the past, IED followed the MDB norm of in-house evaluations with limited use of consultants to cover specific skills gaps, but recently the department moved to a blended approach of

<sup>29</sup> Neither the ECG nor OECD-DAC standards have been updated for many years. This does not automatically mean that they are no longer relevant. However, periodic reflection should confirm their ongoing relevance in light of changes in the context.



semi-contracting out a significant part of evaluation. Thus, more staff are becoming part-time contract managers. This and other consequences of a greater reliance on consultants—a shift that evolved through a series of decisions, work plan by work plan, rather than a formal decision to move in this direction—must be reassessed to ensure it serves IED’s needs, especially in terms of internal credibility.

Consultants describe mixed experiences in working on IED evaluations. The ability of the IED team leader strongly affected (positively and negatively) how well the evaluation went. A number of consultants expressed their perception of an agenda or preconceived outcome for some evaluations. Some also expressed concern about toning down reports and adjusting ratings upwards in response to pressure from Management. Some also noted that time constraints affected the quality of the work. For others, the experience was enriching.

**Standardizing processes via a set of protocols is good, but IED’s evaluations have become process heavy and this may be affecting quality. A rethink is necessary.**

IED is creating a set of protocols for all steps of its evaluation process to ensure that all staff know each step and what it requires. This is, of course, highly desirable. However, IED’s evaluations have become very process heavy. Many steps have been added over the years to serve worthwhile purposes, but the timeframe to deliver evaluations is more or less the same. Thus, the increased number of steps has reduced the time available to gather data, particularly from the field; analyze data; reflect on their meaning; write reports; and engage with evaluation stakeholders. This could be one of the factors driving a greater reliance on consultants. IED staff are particularly concerned about the compression of time available for data gathering, analysis and reflection. Quality control steps and increased participation are ineffective if the underlying data and analysis are deficient. Also, IED needs to have a lighter process option when it wants to be more agile in providing information when it is needed.

**IED’s methods are dominated by ratings, whose main beneficial use is for aggregate reporting. Ratings should be de-emphasized in individual reports to reduce unproductive contention.**

A majority of staff in IED and ADB see the main role of IED as serving accountability needs rather than learning. This perception likely stems from IED’s focus on ratings based on the degree of success. Ratings are a major point of contention between IED and the rest of ADB. The main benefit of ratings is in aggregate reporting in the development effectiveness reports and annual evaluation reviews. To remove a major point of unproductive contention, IED should de-emphasize ratings in individual evaluations.

**The understanding of IED’s role in accountability has not changed since the early 1970s and needs rethinking.**

The accountability purpose of evaluation in ADB is still served largely by the same mechanisms that were in place at the founding of the Post-Evaluation Office in 1978 and probably since the function was first established in 1972. Much has changed since then. It is beyond time that the meaning of accountability and IED’s contribution to accountability should be rethought. Accountability for what, by whom, and how?

**Evaluations add value when their findings are used to make performance-enhancing decisions.**

**IED upstream engagement and knowledge management work appears to be less than before.**

**Understanding why is important before a new effort is launched.**

**Independence should not mean isolation; engagement is essential for value-addition. IED staff are confused about what level of engagement is appropriate.**

**IED does not practice what it preaches about the need for results frameworks based on a theory of change, so it can't manage for results.**

Evaluations add value when their findings are used to make decisions that enhance performance. Interviews across ADB reported that IED's upstream engagement, particularly face-to-face engagement, was significantly less than it had been before. After having stopped its help desk function and reduced other knowledge management activities some years ago, IED is now initiating a new push on knowledge management and communication. Understanding why these prior efforts stopped is important so lessons can be learned. The aim of a new drive on knowledge management and communication should be to deliver on clearly defined outcomes for IED, which points to the need for an IED results framework based on a plausible theory of change. IED is operating in a context where incentives do not favor learning, so IED must work harder to ensure its findings are used than it would in a more favorable environment. A larger effort on upstream engagement should involve the support of Management and careful tracking of the value added. Management support can best be built through joint reflection on a revised evaluation policy, results framework, and theory of change.

The engagement between evaluators and those who are expected to make performance-improving decisions strongly affects the ability of evaluations to add value. It is commonly said that the independence of evaluation offices should not mean isolation, but what is the appropriate level of engagement? The answer to this question really depends upon the outcomes expected of evaluation. If the objective is to contribute to performance-improving decisions, then a high level of engagement may be considered necessary, which can be achieved without putting at risk the objectivity that comes from independence. Regardless of how IED will answer the question, IED staff are confused about the appropriate level of engagement. This needs to be addressed in a revised evaluation policy and communication with IED and those directly affected in Management. The formulation of a revised, ADB-wide evaluation policy provides a good opportunity to clarify this issue.

Like most evaluation departments, IED does not practice what it preaches about the need to have results frameworks based on a plausible theory of change. IED should manage for results in its own work. Only on the basis of clear objectives can the department make reasoned decisions on how to allocate its resources to various activities that will deliver the outputs to achieve desired outcomes. IED should bear in mind two considerations. First, it is important for IED to demonstrate by its own actions that it believes what it is advocating for others regarding the importance of results frameworks and theories of change. Second, a results framework by itself is not enough: it can become a sterile document produced to comply with a requirement and then never used. While the process of developing a results framework and theory of change can be very useful for clarifying objectives and challenging assumptions, the resulting documents should be used to track and report achievements, and to make changes to such

**The right mix of products and services depends on the outcomes IED is setting out to achieve.**

**Validations have often become mini-evaluations, based on limited evidence, whose value is questionable.**

### **Recommendation 1**

things as product mix and staff skills in light of the results being achieved or not achieved. The documents must have practical use.

IED's most effective mix of products and services depends on its desired outcomes based on a theory of change. Given the lack of clarity on expected outcomes, we cannot be specific regarding IED's current product mix.

Validations are no longer validations as they were originally conceived, but have become mini-evaluations based on limited evidence. For validations to be credible, the underlying self-evaluation should be of acceptable quality; otherwise, the validation does not have enough evidence to work with. Improving the quality of the underlying self-evaluation should be the priority in such cases. Conducting mini-evaluations on poor quality completion reports is likely to result in outputs of doubtful validity and utility.

## **Recommendations**

The panel makes 10 recommendations, of which the first six are more overarching and most likely to address many of the issues raised in this report.

**IED, DEC, the Board, and Management should launch a participatory process to develop a new, ADB-wide evaluation policy.**

The current policy is for IED only. The new policy should recognize that evaluation is an ADB-wide function for which IED, the Board, DEC, and Management have separate but mutually reinforcing responsibilities.

The current policy focuses on activities and outputs. The new policy should require evaluation to be managed on the basis of a results framework based on a plausible theory of change.

The current policy is silent on matters such as mobility of staff into and out of IED. The new policy should clearly establish the boundary between independence and engagement.

The new policy should incorporate a refreshed consideration of accountability and IED's role in it—accountability for what, by whom, and how ensured.

***The process of crafting the policy is as important as its content.*** IED, DEC, the Board, and Management should be fully engaged with the aim of generating a consensus on all matters; a consultant should not draft the document.

The new policy should be a succinct, clear document of 5 pages or less.

**Recommendation 2**

**In tandem with work on the new evaluation policy, IED, DEC, the Board, and Management should reflect on and reach agreement on the objectives of evaluation, their measurable outcomes, and what needs to be done to achieve those objectives, considering both self- and independent evaluation throughout ADB. The parties should engage in an iterative process that produces a combined results framework and theory of change that links to the corporate results framework.**

IED is a passionate advocate for results frameworks and theories of change for others, but it does not practice what it preaches. This needs to change; IED needs to manage for results.

Self-evaluation and independent evaluation need to be better integrated, so they work toward a common set of objectives.

Management needs to take concrete steps to develop a learning culture that is responsive to knowledge generated through both self- and independent evaluation.

The Board needs to have better tools and information to assess how the evaluation function is working.

In order to make rational resource allocation decisions, IED must clarify the outcomes it is aiming to achieve and how it believes it can achieve them.

IED needs to decide if it is contributing toward the corporate results framework or operating outside it to its own objectives.

**Recommendation 3**

**IED should produce a medium- to long-term (5- to 10-year) strategic plan that identifies the required mix of competencies among IED staff, taking into account projected future requirements for evaluation, and use this as a basis for setting priorities for future recruitment and innovative talent acquisition strategies, mobility, and training and development plans for IED staff.**

This recommendation was made by the previous external review but for unknown reasons, it was not acted on. The recommendation, slightly recast, remains a priority.

The quality of evaluations and the quality of engagements depend largely on the skills and experience of those carrying them out. To maximize the value added of its work, IED must get the best human resources it can.

**Recommendation 4**

**To raise the quality of its work, IED should explore new methods of data collection and analysis, invest in staff training in evaluation skills, monitor the effects on quality of its new organizational structure and protocols, and provide more rigorous oversight on the quality of recommendations and lessons in IED reports. It should make its reports more user-friendly immediately.**

While IED's work is conducted in close alignment with ECG standards, these are only a baseline. To add more value in a rapidly changing environment, it must go beyond the methods it has been using to embrace newer approaches that are better fitted to adding knowledge and enhancing learning.

**Recommendation 5**

**IED should stop making ratings explicit in evaluation reports, and where ratings are reported, it should use neutral terms that state what the performance was rather than the current normative language.**

The use of ratings is the most important source of non-productive contention between IED and Management: arguments about ratings get in the way of learning.

Ratings are often given an importance not justified by the underlying assessments.

By following guidance for deriving performance assessments (rather than ratings), assessments could still be aggregated for use in the Development Effectiveness Report and Annual Evaluation Review.

**Recommendation 6**

**IED should create better gender balance in its staffing.**

In terms of gender balance, IED ranks fourth from the bottom in a list of 46 evaluation departments reviewed in a 2016 OECD-DAC review; this is an ADB-wide problem.

IED should recruit more women into international staff and senior management positions.

**Recommendation 7**

**IED should review its use of consultants to reassess and clarify its approach to consultant use.**

IED has adopted a blended approach of contracting out a significant part of its evaluations; this may be an overall net positive, but this should be reviewed.

**Recommendation 8**

**IED should consider appointing a methods adviser to IED's staff or retaining this expertise through period contracts.**

This person would not only act as an in-house adviser on methodology as approach papers and evaluations are prepared, but would also investigate new approaches and new technology for gathering, analyzing, and presenting data.

**Recommendation 9**

**As part of the ongoing efforts to reform MARS, tracking whether Management is taking actions that address issues raised by IED should be considered, even if the actions taken differ from those recommended.**

MARS may be too focused on whether Management actions comply with IED's recommendations, rather than on whether Management is fixing identified problems.

To foster learning, the tracking system could focus on problems and their resolution, rather than recommendations and actions. Circumstances may change between the time a recommendation is made, an action plan developed, and the agreed action scheduled to take place. The problem that gave rise to the recommendation may have resolved itself, or it may have been resolved by other factors. Some of ADB's actions may also have contributed to problem resolution. Whatever the case, there is potentially valuable learning here on how problems are resolved.

**Recommendation 10**

**As part of a renewed effort to engage upstream, IED should reestablish a help desk function, find other avenues for greater face-to-face contact, and develop a marketing strategy to raise awareness of its evaluation products and promote their use.**

IED should also reflect on the fact that it had an active knowledge management function, including a help desk, from around 2004 to sometime after 2008. Understanding why this fell into abeyance is important for avoiding mistakes of the past.

### **Additional Observations**

Throughout the report, the panel has made a number of observations that are not captured directly as part of the recommendations above. They are listed here for further consideration of possible actions by DEC, IED, and Management (no prioritization is made).

1. IED should have, and routinely use, a checklist for evaluation report quality.
2. IED should consider the following as it determines its future product and service mix:



- » CAPEs and validations of CPS final reports may benefit from focusing more on responsiveness, delivery, and results, rather than selectivity and strategic positioning, as ADB's business is less determined by its strategies and more by what its clients want.
  - » The sector working groups should become a key client for SAPEs; single country SAPEs and the more value-adding, cross-country SAPEs will be more in demand.
  - » Growing private sector operations and the sophisticated nature of a broader range of private sector offerings will require more IED resources and innovative ways of attracting credible staff, quasi-staff, or consultant resources.
  - » Validations, if continued at 100% or some lesser degree of coverage, should be made based on a completion report of reasonable quality, and should not become mini-evaluations. Given that underlying reports are variable at best, efforts to improve their quality should take priority.
  - » IED will add greater value by doing fewer evaluations in total, doing fewer complex evaluations, doing them better, and increasing their impact. Resources saved can be redirected.
  - » The package of activities bundled under knowledge management and communications require a greater share of IED resources if the department wishes to increase its value added. Otherwise, unassisted users are not going to flock to IED's products and services.
  - » IED should devote a larger share of resources to developing the evaluation capacity of its own staff, of those doing self-evaluations (internally and externally), and maybe more generally, depending on what outcomes IED aims to achieve.
3. In the future, IED should consider more flexible hiring of international staff (or quasi-staff) to ensure it has the right staff resources when it needs them to deliver on its work program and the results expected of IED. This likely will mean the hiring of specialist staff on short-term contracts in anticipation of major evaluations. IED already has this flexibility with its consultants at ADB headquarters and could usefully adopt the same flexibility for international staff.
4. Important steps in developing a more constructive relationship with Management are likely to include
- » providing support for all IED staff to develop good listening skills so that they can perform their functions with empathy;
  - » clarifying the appropriate level of engagement between IED staff and the rest of ADB, and encouraging the development of good relationships;
  - » managing IED to set the tone for engagement, including focusing on constructive contribution, an absence of fault-finding and blame apportionment, and adoption of a neutral tone, all of which must be clearly communicated to all IED staff.

- » ensuring that preconceived views or biases are addressed and discussing and communicating the meaning of objectivity to IED staff;
  - » staying within the bounds of evidence and not going beyond what the evidence bears out; taking opportunities to help Management when these present themselves, accentuating the positives in the relationship, and giving praise where praise is due;
  - » considering renewing upstream engagement as part of the wider review of the evaluation policy and development of a results framework and theory of change.
5. IED could usefully adopt the practice followed by OAG in having an external advisory panel that provides its services free of charge. Another approach would be to have a mentoring system for staff.
  6. While EVIS provides access to more than 2,100 lessons, many of these are either banal and general or too narrowly focused to provide useful help to users. Moreover, it is difficult to use, and in fact is not used much. If IED considers the system worth preserving, it should retain only the most useful lessons and improve the usability of the system, specifically by contextualizing lessons.

## **An External Review of the Independent Evaluation Department of the Asian Development Bank**

This evaluation report assesses the effectiveness of the Independent Evaluation Department with respect to the quality and appropriateness of its work, the implementation of its recommendations, and its impact on operations of the Asian Development Bank (ADB). It also assesses the robustness of the department's institutional capacity. The review was carried out by two external consultants with extensive experience in development evaluation and involved extensive discussion with the department and ADB staff and Management.

### **Development Effectiveness Committee**

The Development Effectiveness Committee (DEC) of the Asian Development Bank was established by the Board of Directors in December 2000 to assist in ensuring that all ADB programs and activities are achieving desired development objectives and making efficient use of resources.

The DEC carries out specific responsibilities on behalf of the ADB Board including the review of the annual work program of the Independent Evaluation Department; review of selected evaluation reports and the actions taken by ADB on them; report on high-priority operations evaluation issues; monitors and report on the implementation of its decisions; review of the annual programs for preparation of project completion reports and technical assistance completion reports; and review the annual report on loan and technical assistance portfolio.

### **About the Asian Development Bank**

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 67 members—48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



**ASIAN DEVELOPMENT BANK**

6 ADB Avenue, Mandaluyong City

1550 Metro Manila, Philippines

[www.adb.org](http://www.adb.org)