



INDEPENDENT EVALUATION

The Operations Evaluation Department conducted independent evaluations of ADB policies, strategies, and assistance with the goal of improving the institution's effectiveness and accountability.



Evaluation findings show that ADB's support for finance sector reforms helped improve financial intermediation for private sector development

Following the comprehensive review of ADB's Operations Evaluation Department (OED), the Board of Directors approved measures in December to further improve OED's independence and effectiveness. As an outcome of the review, it was renamed the Independent Evaluation Department effective 1 January 2009 (*Policy and Strategy Overview, Toward Greater Institutional and Development Effectiveness, Review of the Independence and Effectiveness of the Operations Evaluation Department*)(page 22).

EVALUATION STUDIES TO INFORM STRATEGY 2020 IMPLEMENTATION

OED conducted a special evaluation study of the previous long-term strategic framework. The study, which the Development Effectiveness Committee discussed on 6 February, provided crucial inputs into the preparation of Strategy 2020. Similarly, special evaluation studies on the seventh and eighth replenishments of the Asian Development Fund (ADF) were vital to informing the ninth replenishment (ADF X) meetings. A series of other evaluation studies, which assessed the performance of ADB assistance and identified actions to improve operations in Strategy 2020's priority areas, was also completed.

OED performed several other high-level evaluations relating to private sector development, finance, regional cooperation, and education. It completed two special evaluation studies on ADB operations in support of private equity funds and domestic capital market development, and one evaluation update on ADB assistance to financial intermediation for the private sector, with special reference to small and medium-sized enterprises. The regional cooperation assistance program evaluation of the Greater Mekong Subregion was also completed, drawing on seven sector- or thematic-level evaluations.

OED completed two other ADB-wide special evaluation study updates: a midterm review process to inform ADB's business process and portfolio management; and a policy implementation and impact of agriculture and natural resources research evaluation, which will

The Board of Directors approved measures to further improve the department's independence and effectiveness, renaming it the Independent Evaluation Department effective 2009

provide inputs to future agriculture research support. OED explored what worked well and why in a multi-development-partner assistance program for primary education in Bangladesh, and assessed the performance of ADB assistance to nonformal and secondary education.

Two country assistance program evaluations were completed, providing valuable inputs into the preparation of new country partnership strategies for Mongolia and the Philippines. Three annual reports (an annual evaluation review, an annual report on acting on evaluation recommendations, and an annual report on portfolio performance) were also completed and circulated, and subsequently discussed by the Development Effectiveness Committee.

OED completed 12 project or program performance evaluation reports, comprising six project or program evaluations of sovereign operations and six performance evaluations of nonsovereign operations. OED finalized 29 project completion report validation reports.

The review of OED's independence and effectiveness recommended a more rigorous system for monitoring

implementation of OED recommendations. In response, OED developed the management action record system, which will be operationalized in 2009.

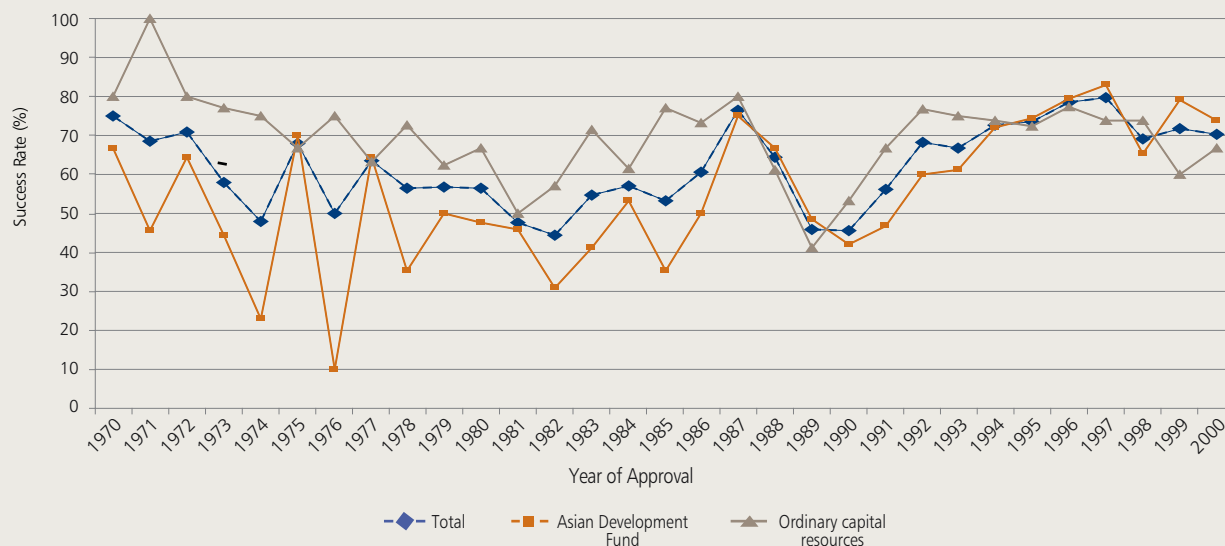
FEEDBACK AND DISSEMINATION OF EVALUATION FINDINGS

In addition to preparing formal evaluation reports, OED provided feedback to operations departments by hosting seminars on selected evaluations; maintaining the Evaluation Information System (a searchable database of evaluation lessons, recommendations, and management responses [evis.adb.org]); commenting on draft operations documents; and participating in management review meetings. OED commented on about 500 operations, policy, and strategy documents.

OED actively promoted and disseminated its knowledge products and services. It held a number of seminars for the purpose of receiving feedback on major evaluation reports. In addition to issuing *Learning Curves and Evaluation Alerts*, OED also introduced *Evaluation Presentations* (brief presentations relating to evaluation topics) and *Evaluation News*, which reports on monitoring and evaluation-related events.

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FIGURE 11 Percentage of Sovereign Operations (Projects/Programs) Deemed Successful By Source of Funds



Notes:
Based on completed projects/programs evaluated from 1973 to 2008.
Project/program implementation: 4–7 years
Completion report: 1–2 years after completion
Project/program evaluation: 3 years or more after completion

ADB'S SOVEREIGN PROJECT SUCCESS RATE

Figure 11 on page 98 shows the 30-year trend in the success rate of sovereign projects and programs. (For further information, see ADB. 2008. *Annual Evaluation Review: Lessons from a Decade of ADB Country Assistance Program Evaluations*. Manila.)

The generally improved evaluation ratings in the 1990s possibly indicate continued learning, effectiveness of initiatives in strengthening project quality, and stronger institutions and policies in developing member countries. Tables 35 and 36 disaggregate the results shown in Figure 11 by country and sector.

TABLE 35 Evaluation Results^a for Sovereign Operations by Country
Cumulative from Evaluation Year 1973 to 2008

Country	Total Rated Projects/ Programs (no.)	Proportion (%)		
		HS/GS/S	PS	US
Bangladesh	105	58.1	33.3	8.6
Bhutan	13	84.6	7.7	7.7
Cambodia	17	88.2	11.8	0.0
China, People's Republic of	78	85.9	9.0	5.1
India	43	67.4	23.3	9.3
Indonesia	184	63.0	30.4	6.5
Kazakhstan	8	87.5	12.5	0.0
Kyrgyz Republic	17	88.2	11.8	0.0
Lao People's Democratic Republic	42	71.4	23.8	4.8
Malaysia	57	64.9	29.8	5.3
Maldives	8	75.0	12.5	12.5
Mongolia	18	72.2	27.8	0.0
Myanmar	11	63.6	27.3	9.1
Nepal	74	56.8	33.8	9.5
Pacific DMCs	97	47.4	34.0	18.6
Pakistan	130	56.9	35.4	7.7
Papua New Guinea	35	31.4	60.0	8.6
Philippines	114	45.6	36.8	17.5
Sri Lanka	70	54.3	38.6	7.1
Tajikistan	7	85.7	14.3	0.0
Thailand	64	89.1	10.9	0.0
Uzbekistan	7	57.1	42.9	0.0
Viet Nam	34	79.4	17.6	2.9
Graduate Economies ^b	61	86.9	11.5	1.6
Total	1,294	63.7	28.4	7.9

DMC = developing member country, GS = generally successful, HS = highly successful, PS = partly successful, S = Successful, US = unsuccessful.

a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where both PCR and PCRVR or PPER ratings are available.

b Hong Kong, China; Republic of Korea; and Singapore.

Note: Totals may not add up because of rounding.

EVALUATION CAPACITY DEVELOPMENT

OED's commitment to improving developing member countries' self-evaluation capacity is demonstrated by its ongoing technical assistance initiative for monitoring and evaluating capacity building in Cambodia, Lao People's Democratic Republic, and Viet Nam.

EVALUATION NETWORKING

OED actively participated in the Evaluation Cooperation Group and the Evaluation Network of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD). It provided secretariat and website support to the Evaluation Cooperation Group of multilateral development banks and participated in various projects including those relating to harmonization, benchmarks, and good-practice standards for evaluation of public and private sector operations, country strategies, and technical assistance; joint evaluations; meta-evaluations; and peer reviews of Evaluation Cooperation Group members' evaluation functions.

OED completed an Evaluation Cooperation Group project that developed good-practice standards for country assistance evaluations. OED also participated in joint evaluation exercises with other development partners including the Department for International Development of the United Kingdom, European Bank for Reconstruction and Development, Norwegian Agency for Development Cooperation, Japan Bank for International Cooperation, Japan International Cooperation Agency, OECD, and World Bank.

The generally improved evaluation ratings in the 1990s possibly indicate continued learning, effectiveness of initiatives in strengthening project quality, and stronger institutions and policies in developing member countries

Road to a Better Life

An ADB-funded road project is improving the lives of many in the Greater Mekong Subregion

Khamkong, a rice farmer from Dansavan in the Lao People's Democratic Republic (Lao PDR), faced the same hardships supporting his family of seven as his neighbors. Much of the profit from their crops was eaten up by the costs of the long journey over potholed and frequently washed-out roads to rice markets, which also made it prohibitively expensive to bring in badly needed farm machinery and fertilizers to improve yield.

That was before the East–West Corridor Road Project passed by their farms, linking Thailand and Viet Nam across the Lao PDR. A flagship initiative of the Greater Mekong Subregion (GMS) program, the road project received substantial assistance from ADB. The GMS program has received an aggregate funding of \$3.3 billion from ADB for improving the transport infrastructure in five GMS countries. Today, Khamkong and his fellow rice farmers bring their rice to market themselves on the



After improvement of the East–West Corridor, economic activity rose in Dansavan, as it did in many towns along the route

new road, securing the best possible price, and their paddies are now tilled with modern machinery and improved with much-needed fertilizers.

Using the criteria of relevance, effectiveness, efficiency, and sustainability, ADB's Operations Evaluation Department rated the project "successful." The project improved road transport efficiency in the Lao PDR and Viet Nam in three ways: reducing vehicle operating costs, reducing travel time, and increasing vehicle speeds (www.adb.org/Documents/Reports/SAPE/REG/SAP-REG-2008-86/SAP-REG-2008-86.pdf).

The project has been less effective, however, in enabling cross-border movement. Cross-border trade has been constrained since the cross-border transport agreement has not been fully implemented.

Along with the positive developments, some negative impacts have come to light. Road improvement has brought an attendant deterioration in road safety. For example, the Lao PDR's local transport department in Champasack Province estimated the number of accidents has increased by 71% since project completion in 2001. Resettlement issues have emerged in Cambodia owing to widening of the Phnom Penh–Ho Chi Minh City road. There has also been a perceptible rise in the spread of HIV/AIDS and an emergence of issues relating to labor movement and migration. Outside of strengthening the capacity of the affected countries to tackle these concerns, ADB needs to continue generating multilateral and multi-organization efforts to mitigate such problems.

Using the criteria of relevance, effectiveness, efficiency, and sustainability, ADB's Operations Evaluation Department rated the project "successful"

ALIGNING EVALUATION WITH STRATEGY 2020

To align its operations with Strategy 2020, OED modified both its internal organization and its evaluation and knowledge dissemination activities to make them consistent with Strategy 2020's strategic agendas, driv-

ers of change, and core specializations. Evaluation activities were aligned with operations groups 1 and 2, adjustments were made in the staff skill mix effective in the new year, and OED's work program was refined.

The department's 2009 work program (www.adb.org/evaluation/about/workprograms.asp) is thus driven by three considerations: aligning with Strategy 2020 and

TABLE 36 Evaluation Results^a for Sovereign Operations by Sector
Cumulative from Evaluation Year 1973 to 2008

Sector	Total Rated Projects/ Programs (no.)	Proportion (%)		
		HS/GS/S	PS	US
Agriculture and Natural Resources	305	42.6	41.0	16.4
Education	94	74.5	24.5	1.1
Energy	192	79.7	18.2	2.1
Finance	110	50.9	40.9	8.2
Health, Nutrition, and Social Protection	40	55.0	42.5	2.5
Industry and Trade	72	62.5	26.4	11.1
Law, Economic Management, and Public Policy	30	46.7	46.7	6.7
Multisector	141	65.2	27.0	7.8
Transport and Communications	224	84.8	9.8	5.4
Water Supply, Sanitation, and Waste Management	86	60.5	34.9	4.7
Total	1,294	63.7	28.4	7.9

GS = generally successful, HS = highly successful, PS = partly successful, S = Successful, US = unsuccessful.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where both PCR and PCRVR or PPER ratings are available.

Note: Totals may not add up because of rounding.

ADF X, and providing input to the formulation of ADB policies, strategies, and programs; providing feedback and capacity building in evaluation to operations departments and developing member countries; and contributing to knowledge solutions through special evaluation studies on cross-country and thematic topics. Country assistance program evaluations will continue to be a cornerstone of the department's work as country partnership strategies are key to ADB's resource allocation decisions.

OED modified both its internal organization and its evaluation and knowledge dissemination activities to make them consistent with Strategy 2020's strategic agendas, drivers of change, and core specializations



New textbooks, science laboratory kits, and computers funded under the Education Sector Development Program for Mongolia provided students with a broader, more hands-on learning experience