



Chair's Summary for the 20 June 2018 Meeting

Alternative Approaches to Learning from Evaluation

1. The Development Effectiveness Committee (DEC) discussed alternative approaches to learning from evaluation by focusing on two urban and water sanitation project evaluations namely, Leading Factors of Success and Failure in ADB Urban Sanitation Projects and Impact of Cost-Shared Water Supply Services on Household Welfare in Small Towns: Ex-Post Impact Evaluation of a Project in Nepal.
2. As background, 2.3 billion people globally in 2015 lacked access to basic sanitation, with greater expected demand for adequate and equitable urban sanitation due to the region's rapid urbanization (around 46% of the population by 2020). Investment in the urban sanitation sector of US\$1 is estimated to yield US\$8 in avoided costs and productivity gains, apart from meeting the Sustainable Development Goal (SDG) targets in sanitation and hygiene. An urgent priority in ADB's Water Operational Plan (2011-2020), urban sanitation investment of ADB is targeted at 25% in total water lending.

I. Leading Factors of Success and Failure in ADB Urban Sanitation Projects

3. **IED Findings and Recommendations.** Following OECD-DAC criteria for success and failure, the report identified six leading success factors, including long-term relationship for policy dialogue, policy and regulatory environment and rules for private sector investment in sanitation, national campaigns for investment in sanitation, combining water supply and sanitation services for cost recovery, encouraging partnerships with other utilities in member countries, and encouraging demonstration effects of fecal sludge management at municipality level for wider effect.
4. Conversely, the leading factors for failure of sanitation projects are lack of poverty targeting, insufficient capacity assessment of local agencies, lack of engagement with small-scale sanitation providers, lack of monitoring or environmental and health impacts, lack of gender analysis and action, and slow uptake and disbursement of trust fund facilities.
5. The report also identified lessons for future urban sanitation operations including good engagement with implementing agencies from project preparation stage, policy dialogue throughout project cycle to lay the foundation for private sector participation, integrated sanitation solutions in cities and urban areas built on long-term vision, and targeting the poor to ensure inclusion.
6. **Management Response.** The lessons cited in the report are considered well understood and established standard operating practice of ADB. The report however could focus more on actionable insights, assessment of technical sanitation issues, discussion on the needed policy dialogue to create an enabling environment for private sector operations (while recognizing country/regional contexts), and specific approaches to better target the poor and measure results.
7. **DEC Discussion.** As a knowledge paper, the report should be more user-friendly, formatted differently from an evaluation study, and disseminated across ADB for knowledge-sharing purposes by involving the relevant thematic sectors in its preparation.

8. The data on gender cited in the report that only seven out of the 63 completed projects had gender-specific targets in sanitation is misleading, as ADB projects in the past few years have all incorporated gender elements.
9. While the report's recommendations are considered generic, emphasizing the point that shortcuts in project preparation, monitoring, coordination, and evaluation should be avoided, DEC noted the wealth of information contained in the main text of the report.
10. On the evaluation's assertion that gender is a contributing factor to a project's failure, the data does not support this since majority of projects with unintegrated gender designs are mostly successful. The IED finding is that many WSS project overall ratings maybe successful, but usually the basis for the success is attributed to the water supply component, and sanitation components often do not have detail gender targets that are defined nor monitored.
11. Further, issues relating to sustainability in the sanitation sector are covered in the report by delving into institutional sustainability (i.e. contrasting weak capacities of municipalities tasked with managing water sanitation with high expertise and capacities of specialized utilities in managing water supply), financial sustainability (i.e. highlighting successful projects that combined tariff collection for drinking water and sanitation), environmental sustainability (i.e. tracing the impact with proper indicators for health and environment), and project sustainability (i.e. discussing the performance of the urban sanitation sector against average ADB portfolio performance).

II. Impact of Cost-Shared Water Supply Services on Household Welfare in Small Towns: Ex-Post Impact Evaluation of a Project in Nepal

12. **IED Findings and Recommendations.** Evaluating the ex post impact of a \$51-million water supply and sanitation facilities project in 29 towns in Nepal, the review found better water supply service delivery and sustainability in project towns due to the comprehensiveness and community engagement of the cost-shared (between community and national government), community-based approach. Project towns had access to greater quantity, better quality, and continuity of water supply services, and showed better health and education outcomes, greater time savings (mostly for women) and higher wage incomes (including household consumption).
13. The evaluation highlights lessons learned such as cost-shared approach to water supply service in small towns coupled with institutional support and training is more successful than a less comprehensive and community-based approach; progressive tariffs (essential for project's financial viability) are accepted easily through transparent financial reporting and demonstrated service improvements; and unanticipated technical design flaws significantly impact on sustainability of water supply systems. For evaluation purposes, the baseline data in project towns should be collected to compare rates of change in outcomes over time.
14. With the success of the cost-shared, community-based model, the evaluation recommended further testing the approach in other similarly-situated countries for possible replication and scale-up. The evaluation also recommended developing a thorough conceptual understanding of the geo-hydrological setting to ensure water quality and quantity of water supply systems, and strategically planning and implementing impact evaluations of future projects with potential for replication and scale-up as identified by sector and thematic groups.
15. **Management Response.** The evaluation affirms the program completion report (PCR) finding that the cost-shared, community-based water supply services project in Nepal was successful in improving household access to high quality water supply and sanitation in project towns.

16. **DEC Discussion.** ADB's performance in the urban sector depends largely on the institutional capacity, governance structures, and fiscal resources of city governments, who may not necessarily have them all but nevertheless are responsible for delivering water and sewerage services. This constraint is especially applicable to the water supply and facilities project implemented in 29 Nepalese towns.
17. On the issue of technical flaws raised in the evaluation, consideration and adequate diagnosis of naturally occurring parameters (e.g. calcium in groundwater and turbidity in surface waters) must be taken in citing a design for variability in water source quantity and quality⁷. While undertaking geo-hydrological analysis will entail upfront investments, ADB provides resources and other support for such testing to project teams.
18. Planning and implementation of impact evaluations for future programs and projects are implemented by the Economic Research and Regional Cooperation Department (ERCD) in coordination with the regional departments, where learning will come more from the process than from the recommendations.
19. Social inclusion should be tested in cost-sharing models to determine optimal project designs to mitigate exclusion risks. Learning from the first project, ADB took steps to address risks of excluding the poor in subsequent cost-shared water supply projects by conducting extensive town census to identify and validate the poor, and providing grant resources to them (e.g. five percent upfront contributions for the poor, allowing household connection on grant basis, and output-based aid).
20. **Next Steps.** IED will consider DEC suggestion to frame upcoming IED studies from the lens of SDG targets, and discuss the same with Management.
21. In preparing knowledge products in the future, IED will seek to involve relevant thematic sectors in its preparation and adopt the appropriate format for the report.