

Digital Development Dialogue (3D) Seminar Summary - July 27, 2023 Enhancing Development Practice and Research with Evaluation Data

Assessing and evaluating international development aid projects is a key feature for promoting their effectiveness. While most researchers and practitioners would agree with this need, comprehensive databases with objective ranking scores are still a novelty in this field. In this seminar, Jochen Kluve, Head of Evaluation at the KfW Development Bank, and <u>Ranjit Lall</u>, Associate Professor at the University of Oxford, introduced their recently launched databases, gathering large amount of evaluation data on the performance of major development organizations in Germany and around the world. Jochen presented the Interactive Database for Evaluation and Learning (<u>IDEal Database</u>), designed by KfW for internal usage in 2021 and published in a web-based app in June 2023. Ranjit presented two of the biggest databases concerning the evaluation of development aid: the <u>Project Performance Database</u> (<u>PPD</u>), which ranks development aid projects of different organizations, and the <u>Performance of International Institutions Project (PIIP</u>), which ranks several multilateral agencies.

In the **first presentation**, Jochen Kluve started by pointing out the importance of institutional learning as a way to provide insights for evidence-based decisions inside development organizations. According to him, successful institutional learning systems should fulfil two key features: (i) the knowledge/evidence must be available in a systematic way and (ii) this knowledge must be prepared in a way that can actually be used for institutional learning, namely, it should effectively link evidence to practice.

With such framework in mind, in 2019 the construction of the IDEal database was initialized, from the digitalization of systematic evaluations of 1,100 projects conducted by KfW since 2007. These evaluations were based on the OECD-DAC criteria and were conducted by independent and neutral agents, and so, the knowledge was fulfilling the first key feature required for an effective learning system. This data was combined with information from the KfW project management database and with country context data to be finally programmed into an app, therefore fulfilling the second key feature. Additionally, Jochen mentioned that the app focuses on the user's needs and is easily accessible and comprehensible, which are very important characteristics for allowing its usability among development policy makers.

Firstly developed for intra-institutional learning, in June 2023 the platform was published openly, aiming to promote inter-institutional knowledge transfer and transparency. Therefore, Jochen presented how the newly launched platform looks like, introducing its filtering options and the main information provided for each project, i.e. the project's description and the key lessons learned from it.

Jochen continued his presentation with results of his research together with Yota Eilers, Jörg Langbein, and Lennart Reiners. The authors used an augmented version of the IDEal database, evaluating more than five thousand projects, conducted between 1990 and 2020 in 96 low- and middle-income countries. An objective rating score for the projects, ranging from 1 to 6, was constructed based on the OECD-DAC criteria, and the authors assessed how major characteristics of these projects (financing, structure, complexity, and risk) impacted the assigned score of the projects.

The most relevant effects were found to be related to total financing volume, complexity and risk levels of the projects. Large projects with high budgets were shown to perform better. The indicators used as proxies for the project's complexity, on the other hand, seemed to have a negative effect on the project's rating. Concerning risk, projects classified as riskier, both ex-ante and ex-post, were shown to have lower scores, suggesting that the risk management systems seem to work well. Additionally, Jochen pointed out further interesting results: i) the heterogeneity found in scores by region and sector,

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ii) the fact that project design was shown to matter less than expected, and iii) the fact that the duration of the program was correlated with lower results. At last, he highlighted that evaluator- and evaluationspecific characteristics are uncorrelated with assigned project success ratings, showing credibility of the rating system.

In the second presentation, Ranjit Lall also highlighted the importance of evaluation data to inform development researches and policy makers on what works, what doesn't work, and the mechanisms behind heterogeneous outcomes. Ranjit's presentation comprised the two main focuses of his research: i) project evaluations by multilateral development banks and ii) organizational evaluations by major donor governments.

The main project of his first area of focus is the Project Performance Database (PPD), which he developed in partnership with Dan Honig and Bradley C. Parks, and it is the world's biggest database of international development project's rating. The authors put together evaluations from 12 bilateral and multilateral agencies of more than 20 thousand projects initiated between 1956 and 2016 in 183 countries. Being the second version of a project firstly launched in 2018, the new database provides inputs for different research questions, and according to Ranjit, there are still many relevant issues that can be explored from it.

In the paper When does Transparency Improve Institutional Performance?, the authors evaluated the impact that access to information (ATI) policies had on projects performance amongst other factors. Their results show that these policies alone had no effect on project's outcomes. Although, when they were coupled with independent appeal mechanisms for denied information requests, a significant improvement on performance was observed. Furthermore, this positive effect was found to be even larger when the civil society was stronger and collective action was easier.

Concerning his second research focus, Ranjit explained the Performance of International Institutions Project (PIIP), developed by him. Instead of ranking development projects, this database evaluated 54 major institutions from different donor countries, between 2008 and 2018. Being the most comprehensive collection of multilateral organizations rankings, the dataset was introduced in the author's recently published book, Making International Institutions Work.

The book focuses on the main learnings that can be taken from development organization's evaluations, exploring the mechanisms that lead to different outcomes and its policy implications. Investigating the relationship between policy autonomy and organizational performance, Ranjit found a strong positive association between the two variables. For example, the power of the staff to set the agenda and the lack of state veto were factors that pushed the organizational performance. Additionally, the author highlighted that only de jure power is not sufficient for improving performance, as this higher autonomy needs to be effectively expressed as a higher *de facto* power. Investigating the mechanisms behind this autonomy component, he points out that more autonomy derives from: i) operational alliances with non-state actors, such as civil society and private companies; or ii) governance tasks, which are too costly for states, such as implementing field operations.

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Among various questions during the Q&A session, Jochen highlighted the relevance of the presented datasets on providing insightful information for quick decision-making during development projects. He expects that this will attract policy makers from different organizations to explore the databases.

Responding to another question from the audience, Ranjit highlighted that there is still a lot of room for studying both of his databases with potential lessons for policy implications. As an example, he pointed out that analysing the impact of the staff quality on the project performance could provide important insights and he incentivized researches and policy makers to explore and conduct further studies from his databases.

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