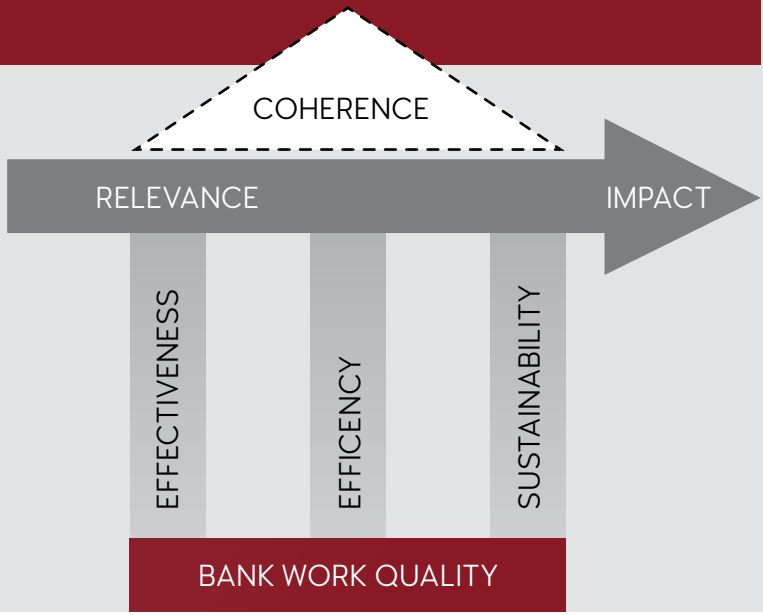
ASIAN INFRASTRUCTURE INVESTMENT BANK

AIIB LEARNING AND EVALUATION POLICY, DIRECTIVE AND GUIDES



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LEARNING AND EVALUATION POLICY

Approved and effective on May 19, 2021

CONTENTS

ACRONYMS

AIIB	Asian Infrastructure Investment Bank
CEIU	Complaints-resolution, Evaluation and Integrity Unit
ELA	Early Learning Assessment
LEA	Learning and Evaluation Activity
OECD/DAC	Development Assistance Committee of the Organisation for Economic Cooperation and Development
PLR	Project Learning Review
PSC	Policy and Strategy Committee of the AIIB Board

I. INTRODUCTION

1. **Mandate for Evaluation.** The 2019 Decision on the Oversight Mechanism by the Board of Directors (Board) of the Asian Infrastructure Investment Bank (Bank) formally established the Bank's evaluation function under the responsibility of the Bank's Complaints-resolution, Evaluation and Integrity Unit (CEIU). This fulfilled the Board's mandate under *Section 26 (iv)* of the Bank's Articles of Agreement to establish such a function, the importance of which had been recognized from the Bank's inception. The CEIU's evaluation function is further elaborated in the Terms of Reference for the CEIU (CEIU Terms of Reference).

2. **Evaluation under the Operational Policy on Financing.** The Operational Policy on Financing (OPF) addresses the importance of evaluability of Projects by: (a) requiring that each Project proposed for Bank financing have clearly defined development objectives consistent with Article 1 of the Articles and results framework, which permit appropriate evaluation of the Project in accordance with the Learning and Evaluation Policy; (b) providing for the Bank to undertake a technical assessment of the Project during its preparation, covering, among other matters, the Project's design, scope and evaluability; and (c) providing for the Bank during Project implementation to review information on implementation progress, update the risks and related risk-management measures, review and assess progress towards achievement of the Project's development objectives and related results, and evaluate and derive lessons from the Project's performance and development outcomes. (OPF, *Sections 3.2, 3.3*).

3. **Learning and Evaluation under the Corporate Strategy.** The Bank has articulated the centrality of learning based on its knowledge acquisition and experience in its Corporate Strategy, Financing Infrastructure for Tomorrow (Corporate Strategy). The Corporate Strategy rests on five pillars, one of which is the development of a corporate culture with a strong dimension of learning for continuous improvement.

II. OBJECTIVE AND SCOPE OF THE POLICY

4. **Objective.** The objective of this Policy is to establish a robust structure for independent evaluation of AIIB's ordinary and special operations by CEIU, in line with the CEIU Terms of Reference, that will contribute to the Bank-wide culture of continuous improvement through learning and its application.

5. **Scope.** This Policy covers: (a) the purpose of learning and evaluation activities (LEAs) in the Bank; (b) the key roles and responsibilities of the Board, CEIU and Bank Management in respect of learning and evaluation; (c) the principles underlying LEAs; (d) the essential criteria to be applied by CEIU in conducting LEAs; (e) the conduct of LEAs; (f) disclosure of LEAs; and (g) review of the Policy.

III. DEFINITIONS

6. As used in this Policy, the following capitalized terms and acronyms have the meanings set forth below. Other capitalized terms used in this Policy have the meanings set forth in the OPF.

(a) **Early Learning Assessment** or **ELA** refers to a learning assessment of a Project conducted by CEIU during the implementation of the Project, as more fully described in this Policy.

(b) **Learning and Evaluation Activities** or **LEAs** refers to all evaluative learning activities conducted by CEIU under this Policy comprising ELAs, PLRs and other activities consistent with this Policy.

(c) **Project** means the specific set of activities for which Bank financing is provided, as defined in the agreements governing such financing; the term may include a discrete set of activities or a program of activities.

(d) **Project Learning Review** or **PLR** refers to a learning review of a Project conducted by CEIU following the Project's completion, as more fully described in this Policy.

IV. PURPOSE OF LEARNING AND EVALUATION ACTIVITIES

7. The primary purpose of LEAs is to contribute to the Bank's culture of continuous improvement and learning so as to strengthen institutional performance and credibility. They are intended to provide a forward-looking, solution-seeking and learning-oriented approach to independent evaluation through the conduct of timely, impartial and evidence-based learning and performance assessments of Projects in order to: (a) enable informed decision-making on the enhancement and future design of Projects; and (b) strengthen accountability and recognition for sound performance. LEAs recognize that lessons can be identified, applied and learned, and capacities strengthened even as Projects are being developed or under implementation.

8. LEAs are therefore designed to: (a) enable the Board to take into account their lessons in exercising institutional oversight and accountability for the results achieved from the Bank's operations; (b) contribute objective analysis, insight and lessons that can be applied to enhance decision-making by the Board and Bank Management and contribute to the achievement of quality development outcomes of Projects; and (c) contribute to a strong corporate culture focused on results, lessons, continuous improvement and accountability.

V. BANK ROLES AND RESPONSIBILITIES

9. **Shared Responsibilities.** Learning and evaluation under this Policy are Bank-wide responsibilities involving shared but distinct roles and responsibilities of the Board, CEIU and Management, as outlined below.

10. **Board.** The Board:

(a) Approves this Policy and any revisions to it, and it oversees its implementation.

(b) Endorses CEIU's annual work plan and approves its budget as a separate line item within the Bank's overall budget, as provided in the CEIU Terms of Reference.

(c) Exercises institutional oversight of and accountability for the performance, results and effectiveness of the Bank's operations, policies and strategies and the performance by CEIU and Management of their respective roles and responsibilities under this Policy.

(d) Reviews and may discuss CEIU's LEA reports and any Management responses to these reports, providing direction to CEIU and Management on the basis of these reviews.

(e) Delegates, as it deems appropriate, any of its responsibilities for overseeing implementation of this Policy to its Policy and Strategy Committee (PSC).

11. **CEIU.** Consistent with the CEIU Terms of Reference, CEIU's Managing Director reports directly to the Board on all LEAs under this Policy and has unimpeded access to the Board to report on its work under this Policy. In addition, CEIU, led by its Managing Director:

(a) Develops, issues and updates guidance designed to facilitate implementation of this Policy and as needed, proposes revisions to this Policy.

(b) Prepares, in accordance with the CEIU Terms of Reference and in consultation with Management, an annual work plan and budget for LEAs.

(c) Conducts LEAs in accordance with this Policy.

(d) Facilitates and encourages the use of findings and lessons from LEAs and peer institution evaluations by:

  (i) compiling, contextualizing, synthesizing and disseminating the findings and lessons internally and externally and storing them in a lessons database; and

  (ii) conducting training and awareness-raising sessions and providing explanatory materials for staff on lessons and findings from LEAs.

(e) Participates in operational policy and sector strategy reviews, as appropriate, conducted by Management and provides independent inputs in order to inform these reviews; however, decisions under these reviews, including relating to formulation and revisions to policies and strategies, remain within Management's discretion.

(f) Reports to the Board: (i) periodically on the implementation of its annual work plan; (ii) annually on its work plan results and lessons identified; and (iii) periodically on Management's application of findings, recommendations and lessons from LEAs.

(g) Participates with other organizations in evaluative activities of common interest, including with co-financiers of Projects supported by the Bank.

12. **Management.** Management, led by the Bank's President:

(a) Promotes at all levels within the Bank a robust corporate culture that strives for continuous improvement through learning, lesson identification and application, aligned with the Bank's Corporate Strategy.

(b) Is responsible for the design of each financing proposed for a Project and the due diligence assessment and oversight of the Project, including the articulation of the Project's objectives and expected results in a manner designed to allow for evaluability of the Project.

(c) (i) Consults with CEIU on the proposed annual work program for LEAs; (ii) requires Bank staff to cooperate fully with CEIU in the implementation of CEIU's work plan; (iii) provides input to CEIU for its periodic tracking and reporting on those findings, recommendations and lessons from LEAs with which Management agrees; and (iv) affords CEIU timely and unrestricted access to Bank staff and information in their possession required for CEIU to carry out LEAs.

(d) Participates in Board and Board committee meetings on LEA reports.

(e) Considers the findings of LEAs and lessons derived from them and decides whether to apply them to inform: (i) due diligence assessment and implementation oversight of Projects; and (ii) development or revision of operational policies and strategies proposed for Board approval.

(f) Invites CEIU to participate in operational policy and sector strategy reviews, as appropriate, conducted by Management.

VI. PRINCIPLES UNDERLYING LEARNING AND EVALUATION ACTIVITIES

13. LEAs are anchored in seven mutually reinforcing principles: usefulness, credibility, quality, independence, impartiality, transparency, and collegiality and engagement. The principles are elaborated below.

(a) **Usefulness.** The findings and lessons from LEAs are timely, relevant and contextualized; and are presented in a clear, concise and accessible manner to enhance: (i) learning; (ii) decision-making in relation to the design and implementation of Projects and policy and strategy development; (iii) adaptive management, involving adjustments in response to new information and changes in context; and (iv) accountability. They are customized as needed to be readily usable by the intended users in their decision-making.

(b) **Credibility.** LEAs are based on relevant internationally recognized standards, criteria and processes, as well as reliable evidence and observations, clearly stating any limitations in the available evidence; and they make use of independent expertise. LEAs are conducted by applying appropriate and transparent approaches and methodologies, are based on well-researched preparatory work, sound data collection and analytical methods and follow a consultative approach to ensure that diverse stakeholder views are reflected in findings.

(c) **Quality.** The criteria used for LEAs are based on lessons and experiences of peer multilateral development institutions, as well as on internationally recognized quality standards for evaluation outlined by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD/DAC). LEAs are clearly defined, appropriately costed and based on reliable

information and professional rigor so as to deliver evidence-based findings and lessons. LEAs are conducted in adherence to ethical research principles and involve responsible use of technology, as well as guarantees of confidentiality where appropriate.

(d) **Independence.** LEAs are conducted independently by CEIU in the absence of restrictions imposed by Management that could limit transparent discussion and disclosure of evaluation findings.

(e) **Impartiality.** LEAs are conducted in accordance with sound professional standards, including the highest ethical standards, and in a manner designed to avoid or appropriately manage conflicts of interest. LEAs are based on balanced and evidence-based approaches designed to identify findings and derive lessons at the institutional level, whether positive or negative, so as to strengthen the Bank's operations and processes and enhance its corporate culture.

(f) **Transparency.** The processes for LEAs are designed to be transparent. The process proposed for each LEA is documented and where feasible agreed with Management. Findings and lessons from each LEA are documented, together with supporting evidence, are reviewed with Bank Management and reflect any divergence of views. Thereafter, LEAs are submitted to the Board and, in the case of PLRs, jointly with any Management response to the PLR's findings and lessons. Disclosure of LEAs is governed by *Section X* of this Policy.

(g) **Collegiality and Engagement.** LEA processes are designed so that independence is accompanied by collegiality and constructive two-way engagement between CEIU and Management in order to enhance the Bank's growth mindset and a culture of striving for continuous improvement.

VII. CRITERIA FOR CONDUCTING LEARNING AND EVALUATION ACTIVITIES

14. In conducting LEAs, CEIU selectively employs, as relevant: (a) evaluation criteria described below, which are drawn from and elaborated in the OECD/DAC Applying Evaluation Criteria Thoughtfully (2021) depending on the context, purpose, nature and scope of the activity; as well as (b) criteria for Bank work quality set out below.

(a) **Relevance: Is the intervention doing the right things?** Relevance refers to the extent to which the intervention's objectives and design respond to beneficiaries', global, country and partner/institution needs, policies and priorities, and will continue to do so if circumstances change.

(b) **Coherence: How well does the intervention fit?** Coherence refers to the compatibility of the intervention with other interventions in the country, sector or institution.

(c) **Effectiveness: Is the intervention achieving its objectives?** Effectiveness refers to the extent to which the intervention achieved, or is expected to achieve, its objectives and its results, including any differential results across groups.

(d) **Efficiency: How well are resources being used?** Efficiency refers to the extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way.

(e) **Impact: What difference does the intervention make?** Impact refers to the extent to which the intervention has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects.

(f) **Sustainability: Will the benefits last?** Sustainability refers to the extent to which the net benefits of the intervention continue or are likely to continue.

15. **Criteria for Bank Work Quality.** Taking into account factors, such as the complexity and novelty of the Project or its context, as well as the anticipated likelihood to yield significant lessons, CEIU employs the following criteria to LEAs with the aim to: derive lessons from Project performance based on elements within the control of the Bank; and incentivize and recognize efforts for continuous improvement and adaptive management through problem-solving, corrective actions, risk management and good use of opportunities. Work Quality is addressed in the ELA but not under a separate heading.

(a) **Work Quality Prior to Project Approval:** This criterion refers to the quality of the Bank's work during its due diligence assessment of the Project, including: (i) identification of risks, risk mitigation measures and opportunities, demonstrating, as appropriate, the application of lessons learned; and (ii) design of measures to enable evaluability of the Project.

(b) **Work Quality After Project Approval:** This criterion refers to the quality of the Bank's work during its oversight of Project implementation, including: (i) identification and monitoring of risks and impacts; and (ii) proactive management of issues as they arise and changes as they occur, including use of opportunities and identification, application and sharing of lessons learned.

VIII. CONDUCT OF LEARNING AND EVALUATION ACTIVITIES

16. **General**

(a) The principal LEAs conducted by CEIU are ELAs and PLRs, described in further detail below.

(b) ELAs and PLRs are conducted both for Projects that are approved by the Board and for Projects for which the Board has delegated its authority to approve to the President under the Regulation on the Accountability Framework.

(c) ELAs and PLRs are designed to identify the results achieved under a Project, whether intended or not, to understand the drivers of these results and to derive lessons on what worked or did not work and why.

(d) In conducting each PLR and ELA, CEIU applies: (i) the principles set out above in *Section VI. Principles Underlying Learning and Evaluation;* and (ii) criteria selected from those referred to above in *Section VII. Criteria for Conducting Learning and Evaluation Activities.*

(e) The findings of each PLR and ELA and lessons derived from them are presented in a report prepared by CEIU. Before the report is finalized, CEIU discusses it with Management and relevant Project staff so that they may share further information and ideas that would help inform the report, enhance the accuracy of the findings and to the extent feasible, lead to timely agreement on the lessons. Once finalized, the report is submitted to the Board for discussion.

17. The following sets out more detailed requirements for, respectively, ELAs and PLRs.

18. **Early Learning Assessments (ELAs)**

(a) ELAs are designed as snapshots of Projects under implementation in order to rapidly identify and document high quality, evidence-based and useful findings and lessons that can be applied to enhance the quality of Projects and associated Bank processes. They are not designed as Project evaluations or Project completion assessments.

(b) ELAs focus on selected Projects in the Bank's financing portfolio and, where relevant, on aspects of strategic importance to the Bank. They aim to promote timely feedback in order to enhance the Bank's due diligence assessment of, decision-making on and oversight of, Projects under development or implementation.

(c) Key ELA considerations include application of: (i) relevant Bank policies and procedures to the Project; (ii) the Project's results framework and its theory of change; and (iii) lessons relevant to the Project.

(d) Differences of views between CEIU and Management on the findings and lessons from ELAs are reflected in the ELA reports.

(e) ELAs are undertaken for selected Projects chosen by CEIU in consultation with Management.

19. **Project Learning Reviews (PLR)**

(a) PLRs are undertaken at an appropriate point after Management has issued the completion note on the Project as required under OPF, *Section 3.5.5*. PLRs are retrospective in nature and seek to derive practical lessons for general and future consideration in Project design and oversight.

(b) The PLR is based on an approach paper[1] prepared by CEIU, which reflects the choice of criteria to be applied for the PLR, together with the rationale for such choice and proposed methods for their application. Management provides comments on the approach paper for the PLR. Both Bank and client performance are assessed, as well as achievement of the Project's objectives.

(c) CEIU undertakes each PLR in collaboration with operational or other relevant staff assigned by Management, who were not involved in the Project's due diligence assessment, structuring of its financing or implementation oversight. Such staff are jointly selected by Management and CEIU. The involvement of such staff is designed to maximize learning from the PLR, including through structured and candid discussions, on-site observations, interviews and use of triangulated processes and data sources.

(d) The insights and reflections generated by this collaboration are reflected in the PLR report. CEIU and Management each retain the right to document differences of views regarding the findings and lessons from the PLR. Management may therefore prepare a response to the PLR report, in which case it is submitted to the Board together with the PLR report.

(e) PLRs will normally be undertaken for all standalone completed Projects during the first five (5) years following approval of this Policy. Thereafter, PLRs may be undertaken more selectively, in accordance with CEIU's annual work plan.

[1] An approach paper defines the context-specific evaluation methodology and the main evaluation parameters and criteria proposed for the PLR.

IX. INTERNATIONAL PARTNERSHIP AND COOPERATION

20. CEIU cooperates and partners with peer learning and evaluation staff of other organizations to enhance the Bank's learning and evaluation capacities and LEA quality through sharing experiences and contributing to the development and alignment of learning and evaluation standards and good practices.

X. DISCLOSURE

21. The Policy on Public Information (PPI) governs the information developed pursuant to this Policy. Consequently: (a) PLR reports are disclosed together with any Management responses to them; and (b) ELA reports, which constitute deliberative information under the PPI, are not disclosed (see PPI, *Section 8. Exceptions to Disclosure Requirements*).

XI. REVIEW OF THE POLICY

22. This Policy will be reviewed no later than five (5) years after its adoption in light of experience gained in its application and the evolving needs and priorities of the Bank.

DIRECTIVE ON THE LEARNING AND EVALUATION POLICY

Approved and effective on May 28, 2021

1. Objective

1.1 The objective of this Directive is to facilitate the implementation of the Learning and Evaluation Policy (**Policy**) of the Asian Infrastructure Investment Bank (**AIIB** or the **Bank**).

1.2 The interpretation and implementation of this Directive shall seek to give effect to this overriding objective.

2. Definitions

2.1 The capitalized terms used in this Directive have the meanings set forth or referred to below:

2.1.1 **Early Learning Assessment** or **ELA** refers to a learning assessment of a Project conducted by the Complaints-resolution, Evaluation and Integrity Unit (CEIU) during the implementation of the Project, as more fully described in the Policy.

2.1.2 **Financing** means the financing extended by AIIB for a Project, which may be Sovereign-backed Financing or Non-sovereign-backed Financing.

2.1.3 **Learning and Evaluation Activities** or **LEAs** refers to all evaluative learning activities conducted by CEIU under the Policy, comprising ELAs, PLRs and other activities consistent with this Policy.

2.1.4 **Project** means the specific set of activities for which Bank financing is provided, as defined in the agreement governing such financing; the term may include a discrete set of activities or a program of activities.

2.1.5 **Project Learning Review** or **PLR** refers to a learning review of a Project conducted by CEIU following the Project's completion, as more fully described in the Policy.

2.1.6 **Project Team** means the staff members assigned to a Project, for the preparation of the Financing and/or monitoring of Project implementation.

3. Responsibilities

3.1 **Shared Roles and Responsibilities.** As elaborated in the Policy, learning and evaluation under the Policy involve shared but distinct roles and responsibilities of the Board, CEIU and Management.

3.2 The roles and responsibilities of **Management** relating to due diligence assessment of and structuring of financings for proposed Projects and to the oversight of Project implementation, are set forth in other Directives, such as Directive on Sovereign-backed and Non-sovereign-backed Financings, Directive on the Environmental and Social Policy and Directive on Operations Procurement. These are all relevant to the proper application of the Policy, in particular for LEAs conducted following completion of Projects.

3.3 The President will establish a Bank-wide **Learning Culture Leading Group**, to be chaired by the **Vice-President, Policy and Strategy (VP PS)**, to facilitate Management's implementation of its responsibility for learning aspects of the Policy. At the Project level, the VP PS provides guidance aligned with the Policy, on prioritization and quality assurance of Projects as well as their results frameworks.

3.4 The **Investment Operations Vice Presidencies (IOVPs)** are responsible for the quality of the design of Financings and oversight of Project implementation; deriving knowledge, lessons and insights from Projects, systematically storing this information in an accessible and timely manner for all Bank staff (including CEIU staff) and sharing and using this information to enhance Bank Financings. To these ends, the IOVPs take the following measures.

(a) **Directors General in the IOVPs** oversee the Project Team's application of guidance on Project quality and lessons learned in designing the Financings and assessing and monitoring Projects. Supported by their Project Teams, they: (i) identify and apply relevant lessons to Projects to which they are assigned and capture and share relevant lessons derived from them; (ii) devise appropriate ways to record and apply lessons identified from the Project Team's due diligence assessment of Projects and monitoring of Project implementation to future operations; (iii) provide timely access to CEIU staff of information required for CEIU's LEAs and facilitate LEA-related client and site visits; and (iv) provide timely feedback to CEIU on ELA and PLR reports and consider lessons learned from these reports and how they may be applied where relevant and appropriate to Projects going forward.

(b) The **Implementation Monitoring Department (IMD)** assists the Project Team in developing the Project's results framework and, as appropriate, in other aspects of their Project due diligence, providing feedback on experience gained from Project implementation monitoring. IMD also facilitates peer review and knowledge sharing among staff and Project Teams of Project results frameworks.

(c) Under the supervision of their Directors General, the **Project Teams** are responsible for the identification and due diligence assessment of each Project to which they are assigned, structuring of the Project's Financing, preparation of Project documentation, including the results monitoring framework and monitoring of Project implementation, all in a manner designed to enable the evaluability of the Project, manage risks and actualize opportunities. The Project team is also responsible for the identification, documentation and application of relevant lessons to the design and implementation of the Project.

4. Authority

4.1 The President, in consultation with the Managing Director, CEIU, shall make all final decisions regarding the application of this Directive.

LEARNING AND EVALUATION FRAMEWORK GUIDE: EVALUATION CRITERIA

Approved and effective in September 2021

What are LEF Guides?

LEF Guides provide "how to" guidance on learning and evaluation in the Asian Infrastructure Investment Bank (AIIB) Learning and Evaluation Framework (LEF). The Complaints-resolution, Evaluation and Integrity Unit (CEIU) issues and updates the *LEF Guides* and stores these in the CEIU portal on Connectivity, the AIIB intranet (here). As LEF Guides are prepared for use by Bank staff, some intranet links do not function for external readers.

I. Purpose

1. *LEF Guide: Evaluation Criteria* outlines the criteria that CEIU may use for evaluative activities under the LEF, why these are important and what to consider in criteria selection and use.

II. Responsibility for the LEF Guide and Contacts

2. This *LEF Guide* was approved and can be updated by the Managing Director, CEIU. Questions on its use can be sent to the CEIU LEF email account at lef@aiib.org or directly to CEIU staff working on LEF.

3. *LEF Guide: LEF Evaluation Criteria* applies to AIIB evaluation activities conducted or commissioned by CEIU.[1]

[1] These criteria can be used for sovereign-backed financings (SBF) and nonsovereign-backed financings (NSBF). However, there are differences in how assessments are made under each criterion, and some are described in this Guide. There are also different types of NSBF, including direct investments into identifiable assets, institutional investments supporting broad corporate investment programs, financial diversification, and short-term financing and investments made in multiple subprojects through intermediation in a bank or other credit institution or intermediation in a fund. Further guidance for NSBF operations will be provided in a *LEF Guide on Nonsovereign-backed Financings* (forthcoming).

III. What Are the Evaluation Criteria and Why Use Them?

4. Evaluation criteria are not a methodology or project set of goals. Rather, they offer complementary ways of looking at multifaceted projects. This yields a more holistic, balanced, consistent, and accurate understanding of project performance and lessons.

   It also helps to ensure that a healthy learning culture and mutual trust are fostered in the early years of AIIB. This also helps AIIB's Board of Directors hold AIIB accountable for results and learning at the project-level, which contributes to good governance and continuous improvement.

5. The OECD/Development Assistance Committee (OECD/DAC) Development Evaluation Network (EvalNet here and here) has developed six related evaluation criteria for Relevance, Coherence, Effectiveness, Efficiency, Impact, and Sustainability. These are the most widely used and understood evaluation criteria across the public and private sectors, and they comprehensively cover key areas required for both accountability and learning. The criteria were last updated in December 2019 following extensive consultation to reflect Agenda 2030. More detail can be found in OECD. 2021. Applying Evaluation Criteria Thoughtfully.

6. AIIB may selectively employ, as relevant, the six OECD/DAC evaluation criteria, together with criteria for work quality (see below). Emphasis may be given to Relevance, Effectiveness, Efficiency, and Sustainability, as these best suit AIIB's project-level focus in the first five years of LEF operation. In addition, AIIB has included one non-OECD/DAC criterion, to cover Bank Work Quality (see Section 5). For AIIB's Project Learning Reviews (see *LEF Guide PLR*, forthcoming), each evaluation criterion is reviewed in terms of both performance and lessons generated and a descriptive rating is given (e.g., "low", "moderate", "high").

IV. Key Points for Using the Evaluation Criteria

7. **LEF evaluation criteria should be selected and used thoughtfully**[2] to support high quality, useable, assessment and learning. Criteria should not be applied arbitrarily to avoid difficult findings or mechanistically—as not every criterion is necessarily applicable to each project. The time and resources devoted to analyzing each criterion depend on the evaluation purpose. Project evaluability[3] (in terms of data availability, access, and resource constraints), stakeholder needs, evaluation timing, and methodological considerations—including the project results and monitoring framework—may also influence how (and whether) a criterion is applied.

8. **A strong and transparent rationale** is needed for (a) the selection of evaluation criteria and introduction of any additional criteria, (b) what to assess under each criterion, and (c) which criteria to prioritize. In AIIB, this rationale is developed on a case-by-case basis and explained in an evaluation approach paper. Guidance will be provided in *LEF Guide: Approach Paper* (forthcoming).

9. **LEF evaluation criteria should be adapted to the specific purpose** of the evaluative activity, project concerned, and needs of the stakeholders[4] involved. The questions "What are we trying to find out?" and "How do we plan to use the answers?" guide how evaluation criteria are interpreted, and specific follow-on questions formed.

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[2] For this reason, this *LEF Guide* is designed to help users think through what fits best for each situation, rather than mechanically applying a general template to all evaluative activities.

[3] OECD defines "project evaluability" as "the extent to which a [project] can be evaluated in a reliable and credible fashion." (OECD. 2002. Glossary of Key Terms in Evaluation and Results Based Management. p. 21).

[4] OECD defines "stakeholders" as "agencies, organisations, groups or individuals who have a direct or indirect interest in the development intervention or its evaluation" (OECD. 2002. Glossary of Key Terms in Evaluation and Results Based Management. p. 35).

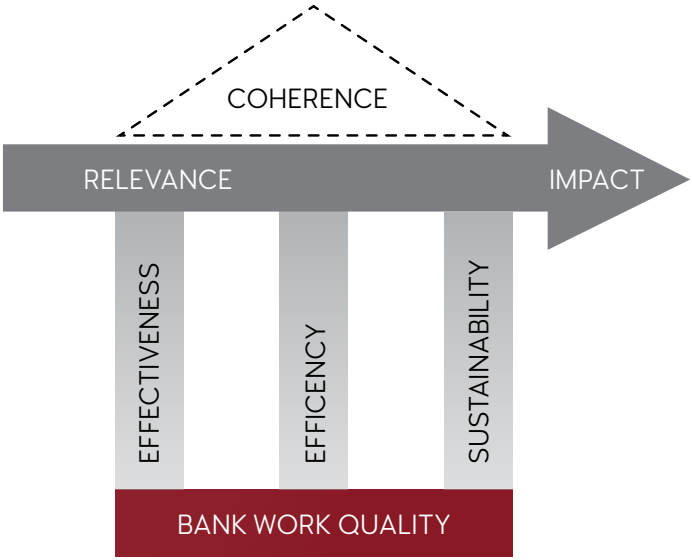
10. **Evaluative activities should use all available evidence** to assess performance against each criterion, where that evidence is considered valid and sufficiently robust. Evaluation is not limited to considering only evidence related to the results framework indicators, as the results and monitoring framework is also under evaluation. Decisions not to use available evidence should be justified and made transparent.

11. **Evaluation should assess performance holistically.** This means that performance is assessed against the project objective set at approval but goes beyond that to consider achievements against any revised targets set because of changes in scope during implementation, and all identifiable effects of the project (whether intended or not, positive or negative) to derive the project net effect and lessons for future projects.

12. **Evaluator judgment is an integral part of evaluation** because evidence is not always conclusive, and quality of evidence can be variable. Exercise of evaluator judgment is legitimate, but should be transparent (i.e., the evaluator should acknowledge where significant judgments were made and state reasons for making them, clarifying what effect those judgments had on assessed performance). This allows evaluation readers, and particularly stakeholders, to clearly understand how the performance assessment was derived. Failure to identify significant judgment calls can lead to conflicting interpretations of evidence provided by the evaluation and the performance assessment made.

V. AIIB Evaluation Criteria

13. AIIB may use the following evaluation criteria, core questions and considerations. However, flexibility exists in the selection of criteria to use for each evaluation.



RELEVANCE

Definition: The extent to which the intervention's objectives and design [are aligned with and] respond to beneficiaries' global, country and partnership/institution needs, policies, and priorities, and continue to do so if circumstances change (OECD. 2021. Applying Evaluation Criteria Thoughtfully. p. 38-44).

Core Question: *Is the project doing the right things?*

14. This criterion considers whether sound strategic choices were made in allocating financial and non-financial resources to achieve better outcomes for the client and anticipated beneficiaries than other alternatives. The assessment of relevance uses the project's theory of change (a clearly described design rationale, indicating how a project is expected to achieve results, together with an identification of the underlying assumptions made).

15. The assessment considers the situation *at project approval* (including relevance of the project design), given the knowledge available at the time, and *at evaluation*, given the knowledge that exists at that point. The reason for considering these two points in time is that the project and its relevance can change as the project context changes. AIIB and client responsiveness in restoring relevance that becomes less over time is an important assessment consideration.

A. Aspects to Consider Under Relevance

16. **Strategic delivery:** This aspect corresponds to Criterion 1 of the Project Prioritization and Quality (PPQ) Framework for strategic alignment and value-addition.

17. The extent to which the project delivered on AIIB and client priorities, as articulated in policies, strategies and plans; and the extent to which it responded to any context- specific needs assessments.

18. Consideration should go beyond simplistic assessment of "consistency with" strategies and plans to assess the extent to which the project delivered on the identified priorities.

19. It is very important to consider the extent to which the project was contextualized to fit country/client/beneficiary needs, rather than simply being consistent with a generalized statement of priorities—a "one size fits all approach" should be viewed negatively.

20. The assessment at evaluation can be compared with what was expected at approval, as reflected in the project document according to PPQ, and a consideration of the realism of the PPQ assessment, given knowledge available at the time.

21. However, the assessment at evaluation should not be limited to areas of alignment identified in the project document, as the context and/or strategies and plans may have changed, and the project may have undergone a change of scope, delivered positively in unexpected ways, or may no longer be aligned with the current client or Bank strategy, plans or needs. These variations should be considered in the assessment of relevance.

22. **Value addition:** This aspect corresponds to Criterion 2 of the PPQ Framework. Value added considers what financial and non-financial value AIIB brought to the project.

23. It may help to consider what might have been the situation without AIIB financing and impact on project quality.

24. Assessment at project completion can consider what was expected at approval, as reflected in the PPQ, and including

the realism of that assessment in light of available knowledge at the time.

25. However, this assessment should not be limited to the areas of value addition identified in the PPQ—AIIB may have added value in unexpected ways, or AIIB participation may have had some negative value.

26. **Value additionality through learning** considers how AIIB added value to, and derived value from, its financings for continuous improvement in Bank expertise and financing know-how. It involves assessing the extent to which AIIB demonstrably identified, used, shared and stored insights and lessons to drive continuous improvement throughout the project cycle, to avoid past mistakes and produce better results.

27. **Innovation** that plausibly produces better results or avoids past problems, and is well- documented, is evaluated favorably. However, not all projects need to be innovative and not all innovations are successful. Evaluator judgement is required on whether an unsuccessful innovation can be viewed positively.

28. **Intervention structuring.**[5] The assessment judges project quality at entry in light of knowledge available at the time and, separately knowledge available at evaluation.

29. The assessment considers the list of aspects given in the PPQ and noted in footnote 5, and also assumptions made about contributions (e.g., of cofinanciers) or necessary actions beyond project control (e.g., the passage of enabling legislation).

[5] This aspect captures some elements of criteria 3 and 4 in the PPQ, particularly design appropriateness, technical strength, evaluability (the PPQ does not use the term but contains elements of evaluability), operational sustainability, environmental and social sustainability, clean, risks and mitigation, realistic timelines and costs, the ability of inputs to achieve outputs, and the sufficiency of preparation and fiduciary arrangements.

30. Assessment of the relevance of intervention structuring also considers how well the project design and approval staff understood the problem(s) and cause(s) to be addressed within country context. The aim is to create a context-relevant response to the particular set of problems and underlying causes that exist in the location at the time.

EFFECTIVENESS

Definition: The extent to which the intervention achieved, or is expected to achieve, its objectives and its results [both intended or unintended and positive or negative] including any differential results across [beneficiary] groups (OECD. 2021. Applying Evaluation Criteria Thoughtfully. pp. 52-57).

Core Questions:

- *Is the project achieving its objectives?*
- *To what extent has the project produced net positive effects?*
- *To what extent was the anticipated distribution of benefits realized?*

31. Effectiveness considers *project results* (those most closely attributable/contributing to the project results chain), *processes* (how the results were achieved, or not) and *effects* (both intended and unintended on people and the environment). This involves several important general considerations.

32. During project design (and in the PPQ), the focus is rightly on intended positive results. However, the post-evaluation Project Learning Review (PLR) takes a broader view and assesses all results and effects attributable to the project (including those to which the project significantly contributed), whether intended or not, and positive or negative. This perspective provides a more complete assessment of performance and a richer source of insights and lessons.

33. Assessment of the achievement of originally intended results and effects is an essential part of effectiveness assessment at post-evaluation. It requires quality baseline information and performance indicators. If identified indicators are not measurable or data is absent, the PLR team needs to identify other indicators and other evidence. There is much to be

learned from why intended results were or were not achieved to the quantity or quality expected.

34. If the project scope changed during implementation and revised targets were approved, the effectiveness assessment should still assess achievements against both the original targets and the revised targets for accountability purposes.[6] However, the reasons why scope changes were necessary, and the extent to which adaptive management was practiced to maximize the achievement of net positive results and effects, are considered under the criterion of Bank Work Quality.

35. However, it is not just the *amount* and *quality* of positive or negative results that is important in an assessment of effectiveness. The *distribution* across socio-economic groups, locations, and environments also matters. Which *social groups/locations have predominantly derived project benefits or experienced any negative effects*? This requires disaggregated data relevant to the project context. The project may have specifically targeted groups/locations, in which case the evaluation should assess whether expectations were met or not. Even if the project design did not include explicit targeting, it is important for AIIB to assess, where possible, distributional effects to derive lessons on who benefited (or not).

36. AIIB projects are required to have a results monitoring framework (ideally reflecting a theory of change based on context-specific problem analysis), with targets and indicators for assessing achievement of the project objective. Progress against these indicators should be regularly monitored, reported, and considered during project implementation.[7]

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[6] The reasons for changes in scope and extent to which adaptive management was undertaken to maximize the achievement of net positive results and effects is not considered under the criterion of effectiveness. Instead, it is considered under the criterion of Bank Work Quality (section 5 below).

[7] The quality of monitoring and the use of monitoring information are considered under the criterion of Bank Work Quality in section 5 below.

37. Effectiveness assessment uses the targets and indicators in the results monitoring framework and associated progress reporting, but looks beyond these where possible:

- It is important to design results monitoring frameworks with enough targets and indicators to provide a sufficiently comprehensive view of performance after completion. This should go beyond those targets and indicators considered most significant or indicative of success.
- Indicators set at approval are based on what was known at the time. However, projects are often implemented over many years and new data sources, different types of data, better quality data, or new ways of gathering data may become available. It makes sense to use these multiple and improved sources of data to improve the assessment of effectiveness.
- Logically, projects only aim to produce positive effects. However, an evaluative assessment of performance also considers unintended or negative effects as well as positive ones. This requires specific indicators and data sets for assessment.
- Understanding the reasons why things happen (or not) forms the basis for learning and requires both quantitative and qualitative indicators. It is useful to use both SMART indicators (Specific, Measurable, Achievable, Relevant and Time-bound), in designing results monitoring frameworks, together with quantitative indicators that show how much was achieved and qualitative indicators that explain how and why things turned out the way they did (or not).
- Finally, projects often undergo changes of scope that can involve dropping components, reduced or increased financing, changing implementation arrangements and so on. AIIB's Operational Policy on Financing (para. 3.5.3) addresses changes in scope.

38. **Specific aspects of effectiveness to consider in assessment include:**[8] Comparing what was expected, and what actually happened, regarding provision of inputs, conduct of activities, delivery and distribution of outputs. Details of input provision and activity conduct do not measure effectiveness, but they can help explain why intended results and net positive effects did not achieve anticipated levels.

39. **Specific considerations for nonsovereign-backed (NSBF) projects:**

- The financial performance of the sponsor (i.e., profitability) is very important in assessing the effectiveness of NSBF operations.
- Credit lines to banks and other credit institutions rarely produce information on effectiveness at sub-borrower level, limiting assessment of their effectiveness. (See *LEF Guide: Evaluation of Nonsovereign-backed Financings.* Forthcoming).

[8] Corresponds to the effectiveness part of PPQ criterion V (efficiency and effectiveness), which covers outputs, reaching intended beneficiaries, unexpected benefits and outcomes, unanticipated negative outcomes, sustainability of results and innovation. For evaluation, sustainability is a separate criterion, and so is not considered under effectiveness. Similarly, innovation is considered elsewhere at evaluation—under learning and innovation in the relevance criterion.

EFFICIENCY

Definition: The extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way (OECD. 2021. Applying Evaluation Criteria Thoughtfully. pp. 58-63).

Core Question: *How well are the resources being used?*[9]

A. Assessment of Financial Efficiency

40. Available tools include the financial rate of return, cost benefit ratio, benchmarking[10] and least cost analysis.

41. Selection of the tool(s) to use may be influenced by what was done at approval, as financial efficiency should be assessed relative to something else, including what was expected at approval.

B. Assessment of Economic Efficiency[11]

42. The economic internal rate of return (EIRR) is the standard tool for this assessment. If a projected EIRR was prepared as a part of project design, it should be recalculated using actual figures, and a comparison made with what was projected at approval.[12]

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9 This includes "whether project design options, and their cost effectiveness, were considered?"

10 A wide range of opportunities for benchmarking exist. The efficiency of the project being evaluated can be benchmarked against the same sector projects in the country or in other countries (provided the contexts are broadly similar). Many industries and sectors use standard benchmarks. International standards, such as those of the International Standards Organisation or Global Reporting Initiative, can be used as benchmarks. Publicly listed companies are required to disclose a range of information that can be used for benchmarking. Twinning arrangements (such as between public utilities) can provide excellent benchmarking opportunities.

11 AIIB's Operational Policy on Financing requires AIIB to carry out an economic assessment of the project rationale.

12 One of the practical issues with recalculating EIRR is that the original spreadsheets can rarely be found, particularly if the analysis was outsourced. Project teams should store the spreadsheets, datasets used and description of key assumptions at the time they are prepared, so that any differences between the original and recalculated EIRR can be explained at evaluation.

C. Assessment of Implementation Efficiency

43. Considers the reasons for, and effects of, implementation delays and cost overruns. Depending on the comprehensiveness of financial and economic analysis, these factors may have already been considered.[13]

D. Special Considerations for NSBF Operations[14]

44. Assessment is based on the project after-tax financial rate of return in real terms or the time-adjusted after-tax return on invested capital in real terms, depending on whether the financing was for a distinct investment or a corporate financing.

45. In either case, comparison is made with the company's average weighted cost of capital.

[13] Aspects of process efficiency under the influence of AIIB are addressed under the criterion of AIIB Work Quality (see Section 5).

[14] Taken from the Evaluation Cooperation Group (ECG). 2006. Good Practice Standards for the Evaluation of Private Sector Operations.

SUSTAINABILITY[15]

Definition: The extent to which the net benefits of an intervention continue or are likely to continue (OECD. 2021. Applying Evaluation Criteria Thoughtfully. pp. 71-76).

Core Question: *Will the benefits last?*

46. Evaluation of sustainability includes an examination of the financial, economic, social, environmental, and institutional capacities of the systems needed to sustain net benefits over time. It involves analyses of resilience, risks, and potential trade-offs. Depending on the timing of the evaluation, this may involve analyzing the actual flow of net benefits or estimating the likelihood of net benefits continuing over the medium and long-term.

A. Aspects to Consider in the Assessment of Sustainability

47. Unlike the other evaluation criteria in this *Guidance Note*, the assessment of sustainability over the economic life of a project is largely predictive of what might happen rather than descriptive of what did happen. This is because conditions for sustainability of inputs, results and benefits may not yet exist at evaluation and the continuation of those conditions cannot be guaranteed.

48. Therefore, this assessment is more about flagging issues than determining performance. The sustainability assessment focuses on any handover plan and the conditions required for sustainability, perhaps with observations on the likelihood that they will be met, based on historical performance and continued robustness of the project assumptions, together with any risks and ongoing costs.

[15] The PPQ considers sustainability under effectiveness, but the LEF makes it a separate criterion.

49. Sustainability assessment should not only consider whether conditions exist, or are likely to exist, for maintaining positive benefits. They should also consider whether any negative effects will not occur or will continue to be mitigated into the future.

50. The EIRR is a measure of *efficiency*, but its underpinning assumptions can also be discussed under sustainability. If a revised EIRR has been calculated as part of the efficiency assessment, a set of assumptions will have been made about continuation of benefits and the future costs associated with these.

51. A recalculated EIRR may not have incorporated important elements of sustainability that should be treated separately e.g., environmental and social sustainability.

52. The sustainability of benefits is difficult to predict. However, it is important to consider: (a) what conditions are required to sustain any positive distribution of benefits produced and captured by target beneficiaries, (b) how benefit distribution might be further improved, and (c) how erosion of benefits could be avoided e.g., as a result of elite capture.

53. Answers to these questions are speculative. At minimum, the necessary conditions for sustaining or further improving a desirable distribution of benefits need to be considered.

AIIB WORK QUALITY

Core question: *How well did AIIB fulfil its role?*

54. AIIB work quality considers the evaluation criteria above in terms of the performance of Bank processes and project teams. This is essential for a young Bank that seeks continuous improvement through staff incentivization, project learning and client responsiveness. Over time, AIIB work quality assessment will help:

- strengthen AIIB project management and deepen AIIB's value additionality.
- incentivize and recognize efforts of AIIB project teams to bring expertise, solve problems, manage risks and use opportunities well.
- derive lessons about elements of project performance within the control of AIIB project teams and the client.

55. Two project time periods are considered in assessing AIIB's work quality:

- Pre-project approval: Quality of due diligence, realism and evaluability of project design.
- Post-project approval: Quality of Bank project oversight.

A. Pre-Project Approval: Quality of Due Diligence and Project Structuring/Financing Design

56. AIIB's Operational Policy on Financing (para 3.2.3) defines AIIB's role and mandates a due diligence process to be followed for assessment of a proposed project. The assessment of due diligence and project structuring quality considers the soundness of processes, including due diligence and the identification of risks and opportunities, in the preparation of the projects'.[16]

[16] Project quality-at-entry is assessed under the relevance criterion. The focus here is on AIIB's processes.

- technical assessment.
- environmental and social assessment.
- integrity and financial management assessments.
- economic, financial, and cost/benefit assessments.

57. Part of the process assessment for ensuring quality at entry involves determining the extent to which the various pre-approval due diligence and assessments actually influenced project design. Quality of project structuring should consider whether relevant lessons were identified and if these demonstrably affected project structuring. An assessment of work quality should also consider if other important lessons were not identified and so did not influence project structuring. It should also consider whether unrealistic expectations in project structuring were a factor in failure to achieve results.

58. Did AIIB identify any learning objectives for the project and create a plan for learning?

59. The quality of the theory of change and results framework should be assessed. Questions that can be addressed include:

- Do statements of outputs include both quality and quantity dimensions?
- Do outcome statements capture all the main positive outcomes that would plausibly result from implementing the project and delivering its outputs?
- Are outcome targets realistically achievable given project inputs, activities, risks, and assumptions?
- Are baseline figures given for the various targets?
- Are realistic timeframes given for achieving targets?

60. The completeness of risk and assumption identification should be assessed, together with the plausibility of the risk management/mitigation strategy. Questions may include:

- Are all significant risks outside the control of the project identified (importantly including risks that could lead to negative outcomes) along with realistic mitigation strategies?
- Are there "killer risks" that would totally derail the project absent?
- Are important assumptions clear? (i.e., what else, other than delivery of project inputs and outputs, needs to happen for the project to deliver its expected outcomes?)

61. Other important questions to address when assessing the quality of project structuring include:

- Is there a plausible monitoring plan with clearly identified responsibilities, data sources and resources for carrying out monitoring at least up until the time targets are expected to have been achieved?
- Is it explicit how monitoring data will be used to make timely adjustments to maximize positive results and to mitigate or minimize negative ones as the context changes?
- Is there a plausible statement of a counterfactual (what might happen in the absence of the project)?

B. Post-Project Approval: Quality of Project Oversight

62. While clients are responsible for implementing AIIB projects, AIIB's Operational Policy on Financing states that AIIB's role includes:

- Determining whether the conditions of effectiveness or conditions precedent and/or disbursement are met.
- Monitoring compliance by the other parties to the Legal Agreements with their obligations as set out in the Legal Agreements.
- Reviewing information on implementation progress and updating the risks and related risk-management measures.

- Reviewing progress towards achievement of the Project's development objectives and related results.
- Where applicable, determining whether to suspend, cancel or exit from the financing, increase its exposure, exercise or waive any rights AIIB has under the Legal Agreements, agree to amend the Legal Agreements, agree to changes to the Project or exercise legal remedies.

63. The assessment of quality of supervision involves determining how well AIIB carried out these roles. Some specific aspects to consider include:

- Timeliness of AIIB's response to emerging risks and the effectiveness of the actions taken in response to these.
- Use of monitoring information to enhance project development effectiveness.
- The extent to which adaptive management was practiced at the right time, and any effects and lessons from this. Adaptive management arises from learning and responding to changes or opportunities as the project unfolds.
- Adjustment to the results framework to reflect agreed project changes and ensure its continued validity for managing and reporting on results achievement.
- Appropriateness of supervision mission frequency, reporting and skills available to the level of risk associated with the project, e.g., did supervision reports highlight important issues requiring a response from AIIB?
- Bank responsiveness to client requests and the emergence of unforeseen events that might influence project results (whether positively or negatively)?

64. It also involves determining the extent to which AIIB identified, stored, shared, and drew on lessons from the project for improving its performance. It also considers whether AIIB worked well in partnership with others to produce better results.

VI. Use of Ratings

65. AIIB does not derive an overall rating for projects to avoid a mechanical aggregation of different criteria. Each criterion may have different significance or weight depending on the project context. Instead, it describes the level of achievement for each criterion as being "high", "medium" or "low". This is the same approach used in the Project Prioritization and Quality (PPQ). Overall performance is discussed from the varying perspectives offered by the criteria used.

GLOSSARY OF TERMS

Effectiveness	The extent to which the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups.
Efficiency	The extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way.
Evaluability	The extent to which an activity or a program can be evaluated in a reliable and credible fashion.
Impact	The extent to which the intervention has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects.
Indicator	A quantitative or qualitative factor/variable that provides a simple and reliable means to measure achievement and the changes connected to a financing.
Monitoring	A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing project with indications of the extent of progress in the use of allocated funds.
Outcome	The short-term and medium-term effects that are a consequence of delivering the project outputs.
Output	The products, capital goods and services which result from project inputs and activities i.e., project deliverables.

Relevance	The extent to which the intervention objectives and design respond to beneficiaries' global, country, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change.
Sustainability	The extent to which the net benefits of the intervention continue or are likely to continue. A key question is will benefits last?
Theory of change	Also referred to as a logic model or explicit design rationale. The representation of how a project is expected to achieve results, together with an identification of the underlying assumptions made.
Work quality	The processes and staff handling of screening, appraisal, structuring and supervision of financings. Work quality is considered in ELA, but not under a separate heading. It is assessed after project completion.

LEARNING AND EVALUATION FRAMEWORK GUIDE: EARLY LEARNING ASSESSMENTS (ELA)

Approved and effective in September 2021

What are *LEF Guides*?

LEF Guides provide "how to" guidance on learning and evaluation in the Asian Infrastructure investment Bank's (AIIB) Learning and Evaluation Framework (LEF). The Complaints-resolution, Evaluation and Integrity Unit (CEIU) issues and updates the LEF Guides, as necessary. These are stored in the CEIU portal on Connectivity, the AIIB intranet and also uploaded to the AIIB website. As LEF Guides are prepared for use by Bank staff, some intranet links do not function for external readers.

I. Purpose of this Guide

1. *LEF Guide: Early Learning Assessments* (LEF Guide: ELA) applies to AIIB early learning activities conducted or commissioned by CEIU.

2. CEIU is mandated by its Terms of Reference to conduct Early Learning Assessments (ELA) that are resourced through the CEIU annual workplan and budget. CEIU undertakes ELA of selected, ongoing AIIB financings within its learning and evaluation function, guided by the Learning and Evaluation Framework. These financings may be for Board-approved projects or for projects for which the Board has delegated its authority to approve to the President under the Regulation on the Accountability Framework.

3. This *Guide* outlines the process that CEIU may use to initiate, conduct, disseminate and store an ELA. It describes why the process is important and key points to consider in selecting and undertaking an ELA.

II. Responsibility for the Guide and Contacts

4. This *Guide* was approved and can be updated by the Managing Director, CEIU (MD-CEIU). Questions on its use

can be directed to CEIU staff working on the LEF or the CEIU LEF email account lef@aiib.org

III. Why Early Learning Assessments?

5. As a young Bank, AIIB aims to learn quickly from its own experience and the practices of its cofinancing partners. AIIB's Corporate Strategy also calls for creation of a Bank- wide culture that values, acquires and uses learning for continued institutional improvement. CEIU also contributes to this process of deriving lessons, including by conducting ELA.

6. ELA aim to derive and share findings that help:

- Improve AIIB's capacity to produce positive results, avoid negative outcomes, and promote timely lesson-learning and sharing to strengthen current and future projects, processes and practices.
- Determine whether and how effectively Bank policies, the projects' (implicit) theory of change,[1] AIIB's Project Prioritization and Quality (PPQ) guidance, Project Results and Monitoring Framework, and lessons identified as relevant, are being applied.
- Ensure projects are well placed for learning and future Project Learning Reviews after project completion.

7. ELA do so by taking a snapshot of a project in implementation to quickly capture and document high-quality, evidence-based, and useful findings and lessons. ELAs are not evaluations or project completion assessments. As such, they apply only those OECD-DAC evaluation

[1] A theory of change is also referred to as a logic model or explicit design rationale. It is the representation of how an initiative [project] is expected to achieve results, together with an identification of the underlying assumptions made. A project may already have a theory of change. If not, evaluators may develop one for ex ante project assessment (L. Mora Imas and R. Rist. 2009. The Road to Results. World Bank. Washington. pp. 150-152).

criteria that are relevant and meaningful for each particular ELA, recognizing that the project is still in implementation and will experience further change before project completion. A full list of OECD-DAC evaluation criteria is listed in LEF Guide: LEF Evaluation Criteria.

8. Of course, project participants constantly derive their own lessons on project practices and results. CEIU ELA contribute to this process through providing a dedicated space for concentrated reflection, discussion, debate among perspectives, mutual learning, and documentation of tacit insights and experience. This process helps test and lend credibility to individual insights and turn individual learning into institutional learning.

IV. How Projects Are Selected for ELA

A. ELA Selection Considerations

9. CEIU collaborates with AIIB project teams to annually undertake ELA for selected projects to address aspects of strategic importance to AIIB's portfolio. CEIU decides on the number of ELA to be conducted each year (currently two per year) through a consultative process with Management. The Board and Management may request the addition of one or more ELA in particular years, e.g., to target timely or thematic issues.

10. ELA are purposefully selected to address aspects of strategic importance to AIIB's project portfolio. CEIU has prepared and discussed ELA selection considerations with AIIB senior management[2] and the Board. These include:

- newly introduced instruments, procedures or practices.
- a new country.

[2] CEIU staff working on LEF typically consult the Vice-presidents for Policy and Strategy, Investment Operations, AIIB's Corporate Secretary, Chief Economist and the Advisor to the Office of the President.

- a new sector.
- anticipated to yield lessons.
- reflecting a high level of Bank commitment.
- of strategic interest.
- representative of a thematic cluster.
- of specific stakeholder interest, e.g., a delegated approval project.
- project disbursement (*over 20% below 70%*).[3]
- maintaining balance in relation to past ELA (see past ELA listing here).

11. Initial considerations are itemized (but not ranked) to support development of an ELA short list and rationale. These considerations can be adjusted in different years to maintain some balance and avoid concentration or gaps in coverage across sectors, team leaders, sovereign or nonsovereign loans and cofinanced or stand-alone projects. Projects which are largely disbursed and with operations almost completed are not desirable for ELA. AIIB's President and the Board are informed of the final selection made by MD-CEIU.

12. Under these considerations, both AIIB Board and senior management can identify matters of particular interest within a given year or more generally. For example, selection has included one or more projects that are:

    (a) co-financed (2018 ELA).

    (b) nonsovereign (2019).

    (c) stand-alone (2020), financial intermediation (2020), COVID-19 crisis recovery- related (2020), or a thematic cluster of projects (2021).

[3] This is indicated in the weekly Approved Investment Portfolio Disbursement information prepared by Office of the Controller.

V. Undertaking an ELA

13. ELA typically focus on six main questions:

(i) Are there findings and lessons on the project's **relevance** and **strategic fit** in terms of AIIB's corporate strategy, sector strategies, and developing portfolio?

(ii) What are the findings and lessons from project identification, processing, due diligence, project preparedness, and monitoring, including in terms of the project's (implicit) theory of change, results monitoring framework and measurability of results (evaluability)? This will also involve looking at relevant AIIB policies or guidance for risk management, such as those relating to the Environmental and Social Policy, financial management and procurement.

(iii) To what extent is project implementation proceeding in line with the expectations described in the approved Project Document (and any subsequent changes in scope)? If the project is proceeding differently to expectations, why? To what extent could such changes have been anticipated?

(iv) What **value-addition** or benefits is AIIB providing or gaining through participation in the project? Are there ways AIIB could derive additional benefits?

(v) Are there any actions, analysis, due diligence or changes which, if undertaken, could have enhanced the delivery of positive results and reduced or avoided negative outcomes?

(vi) What processes are in place to bring knowledge to, and derive lessons from, project identification, processing, and implementation, including for environmental and social safeguards? Have lessons or noteworthy points been identified from processing and implementation to date?

14. In addition to these six main questions, ELA remain flexible and context driven. As a result, supplementary questions can also be considered based on context and learning needs.

A. Key Steps

15. An ELA is undertaken by a CEIU ELA team. This consists of a CEIU Early Learning Assessment Coordinator (ELA Coordinator) and one or more consultant technical specialists (ELA consultant) with specific skills required for the ELA that are not present within CEIU. This use of consultants for specific inputs to ELA development and knowledge transfer reflects CEIU's lean approach to staffing. It is also based on a model of institutional learning and ownership in which consultants provide inputs and CEIU staff shape and incorporate these into their preparation of ELA outputs.

16. The ELA team prioritizes participatory approaches in carrying out an ELA to help build staff capacity, institutional memory, identification with the ELA process and its results. The ELA team works closely with present and past AIIB project team members of the selected ELA project through its Investment Operations Project Team Leader. The ELA process can engage with the client (if interested to be involved) and meet with people in the project area, where possible.

B. Terms of Reference (TOR)

17. CEIU drafts (a) the CEIU ELA coordinator (evaluation staff of CEIU) TOR and (b) a sector-specific technical consultant TOR to provide specialist inputs to the ELA process. Both TORs are discussed with the ELA Project Team Leader and related line manager(s) for clarity, transparency and coordination.

C. Consultant Recruitment

18. This step is undertaken solely by CEIU and AIIB's corporate procurement unit. Each consultant is managed by the responsible CEIU ELA coordinator.

D. Background Research

19. The ELA team collects information and conducts interviews within AIIB, with relevant peer institutions, specialists and practitioners. Based on document review and initial discussions (deskwork), the ELA team will document a proposed scope and workplan for conducting the ELA, identifying any aspects or issues that may merit a more in-depth look.

20. CEIU can access all staff and information necessary to carry out the ELA. However, for the team member's convenience and ELA efficiency, the ELA coordinator generally requests the ELA Project Team Leader to provide an initial cache of electronic project files.

21. The contracted ELA consultant is governed by AIIB's Staff Rules and Code of Conduct in relation to responsible handling of materials and information made available during the consultancy. However, the ELA coordinator will clarify the status and handling of materials provided by the project team to ensure commercial confidence.

22. The ELA team works with the Project Team Leader to carry out ELA interviews with project team members and other Bank staff in AIIB headquarters, and with other stakeholders e.g., cofinanciers, clients, consultant monitors or contractors, as needed.

E. Site Work Plans

23. Site work plans are developed based on document review and initial discussions (deskwork). The ELA team documents a proposed scope of work for the ELA, identifying any aspects or issues that may merit a more in-depth look. This is discussed with the project team leader to jointly develop a schedule of visits to client(s), contractors, government agencies, project service providers, project area communities and field sites. The ELA team can hold meetings together with the project team or independently. Site visits also involve discussions with men,

women and children living in the project area, according to the nature of the particular project.

F. Initial Report Drafting

24. The ELA team drafts an initial report using the CEIU ELA report template (Annex 1). A concise draft report will identify key lessons and pertinent findings from the six questions above.

VI. ELA Discussion and Dissemination

25. The greatest mutual learning from ELA occurs in preparation and review of the ELA discussion paper by different groups within AIIB. This typically involves:

(i) **Project team review.** The ELA team circulates an ELA discussion draft for comment by the project Team and their managers, led by Investment Operations. This process results in areas of agreement or clarification, and possibly also points of difference.

(ii) **Management review.** The ELA team prepares and submits an advanced draft to AIIB's Executive Committee (ExCom) or Management Committee for report consideration and discussion of any different perspectives. Based on feedback from the Executive Committee/Management Committee, CEIU finalizes the ELA report for consideration by the Policy and Strategy Committee (PSC) of AIIB's Board, which meets quarterly.

(iii) **PSC review and acceptance.** The final draft ELA report is circulated to the AIIB PSC and the ELA team may receive written pre-meeting questions from PSC Members. The ELA team presents report key findings during the PSC and responds to PSC Member remarks and questions.

26. The PSC Chair reports on the PSC Meeting discussion of the ELA report at the full Board Meeting, with the ELA Team

in attendance. Project team members may also join this meeting and their managers may comment or be requested by Board members to offer thoughts on the draft report.

A. Dissemination of ELA

27. ELA draw on internal information of AIIB, project client and possibly cofinanciers. The AIIB Board has determined that final ELA reports are deliberative documents of AIIB and are not publicly disclosed.

28. Final reports and findings are circulated and presented to all AIIB participants at a dissemination meeting convened by the Vice-Presidents for Investment Operations. These aim to create a "safe space" for learning that is the primary objective of the ELA approach. Lessons are also disseminated through staff induction and other training, briefs, and seminars.

29. ELA reports are accessible to all AIIB staff through the CEIU portal on the AIIB intranet. CEIU staff remain available to discuss ELA findings and will progressively extract ELA insights into a lessons-learned database.

B. Associated Knowledge Sharing

30. CEIU Terms of Reference for ELA consultants may include the requirement to present one or more CEIU Practitioner Dialogues to interested Bank staff on topics related to the project and ELA findings.

31. ELA consultants are also encouraged to draw on their resources to introduce networks, specialists and resources in peer financing and research institutions to assist CEIU and project staff in networking and capacity building.

ANNEX 1: SAMPLE ELA REPORT TEMPLATE

ASIAN INFRASTRUCTURE INVESTMENT BANK

PDXXXXXX-XXX
Month, Year

Discussion draft: Early Learning Assessment (ELA) for the Country

PROJECT

Early Learning Assessments are deliberative documents of the Board and are not for external circulation.

[**NOTE**: A representative project-related image may be inserted (consider LEF ethical guidance here in choice of image).]

Abbreviations

1. Introduction to the xxx Project

1. ...

1. Lesson:

2. ...

2. Lesson:

3. ...

ANNEX 1: EARLY LEARNING ASSESSMENT (ELA) METHODOLOGY

4. **Aim.** AIIB ELA derive lessons for improved operations in current projects and future programming. In particular, they:

   - review experience from processing and implementation of a selected project.
   - consider added value that AIIB has brought to and derived from the project.
   - identify lessons that could enhance future AIIB financing of a similar project, including its due diligence.
   - inform approaches to project-based learning and assessment of future financings.

5. **Selection.** Each year AIIB Senior Management considers project disbursement rates and pre-determined ELA selection criteria to identify financings of strategic importance for AIIB's project portfolio.

6. **Participants and activities.** The **xxx** ELA was undertaken by staff and consulting resources from the Complaints-resolution, Evaluation and Integrity Unit (CEIU) in close cooperation with AIIB's **xxx** project team. This group undertook a **xxx**-day field visit to **xxx** (date) for observation and discussions. Interviews were held with the following institutions and staff:

   - **xxx**
   - **xxx**

7. Meetings were also requested with the **xxx**. However, these did not eventuate due to **xxx**.

8. Discussions were held with AIIB staff involved in the Program from investment operations, safeguards, legal, procurement, financial control, operational and financial risk and workouts. Electronic meetings were also held with **xxx**.

ANNEX 2: PROJECT CHRONOLOGY OF KEY EVENTS

YEAR	MONTH/DAY	KEY EVENTS (AIIB Activities in blue)

YOUR NOTES

YOUR NOTES

YOUR NOTES

YOUR NOTES

YOUR NOTES

YOUR NOTES

AIIB LEARNING AND EVALUATION POLICY, DIRECTIVE AND GUIDES

The learning and evaluation activities undertaken by the Complaints-resolution, Evaluation and Integrity Unity (CEIU) of the Asian Infrastructure Investment Bank (AIIB) selectively employ relevant evaluation criteria drawn from the OECD/DAC framework set out in Applying Evaluation Criteria Thoughtfully (2021) as well as criteria for AIIB work quality. Each evaluation criteria and relevant key question is reflected below.

RELEVANCE	Is the intervention doing the right things?
COHERENCE	How well does the intervention fit?
EFFECTIVENESS	Is the intervention achieving its objectives?
EFFICIENCY	How well are the resources being used?
IMPACT	What difference does the intervention make?
SUSTAINABILITY	Will the benefits last?
BANK WORK QUALITY	How well did AIIB fulfill its role?

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