

Evaluation and Collaborative Learning Program

Background

A central tenet of DFC's founding legislation, the BUILD Act, is to develop a performance management system that will enable the Corporation to collect information pertinent for the monitoring, evaluation, and reporting on its development effectiveness. The BUILD Act requires that DFC report on the lessons it has learned from its monitoring and evaluation activities, including how the lessons have been applied to projects. To satisfy this mandate, DFC developed a best-in-class impact management framework, the Impact Quotient ("IQ"), from which each DFC-supported project is systematically assessed and scored for potential and actual development impact through the lens of three pillars – Economic Growth, Inclusion, and Innovation. DFC's Evaluation and Collaborative Learning Program further implements the IQ and the Corporation's impact management and learning activities by establishing the objectives, governance, project selection criteria, methods, and dissemination of evaluations.

Performance Evaluation Objectives

The purpose of the Evaluation and Collaborative Learning Program is to obtain a deeper understanding of its effectiveness in achieving positive developmental outcomes. Performance evaluations will be used to build evidence to help inform changes to DFC policies, procedures, and strategy. Specifically, the Program aims to:

- ✓ Assess whether a project achieved or is likely to achieve its development objectives expected during origination using verifiable data and assess the likelihood of the sustainability of these impacts after project closure.
- ✓ Collect and assess ancillary, aspirational, or unexpected impacts (positive or negative) or impacts that could not be assessed at the time of origination.
- ✓ Assess how a project compliments (or complimented) USG development programs in the country.
- ✓ Conduct sectoral, thematic, or country-level strategic evaluations, including evaluations on the effectiveness of DFC pilot programs and financial tools.
- ✓ Make recommendations and derive lessons to be learned that aim to enhance development impact and/or avoid negative impacts for future projects.
- ✓ Make recommendations and derive lessons to be learned that aim to improve IQ metrics, methodologies, processes, and procedures.
- ✓ Widely communicate lessons gleaned from performance evaluations to DFC's internal and external stakeholders.

Program Governance

Performance evaluations and learnings must be useful and relevant to DFC decision-makers. As such, it is critical that DFC's performance evaluation activities are participatory and include input from relevant stakeholders within the Corporation. Ideas for performance evaluations are solicited from DFC staff. An interdepartmental panel will select evaluation topics and help guide the evaluation activities. The Evaluation and Collaborative Learning Panel ("Panel") may include members from DFC's Office of Development Policy, Chief Development Office, Chief Finance Office, and Origination teams:

The roles and responsibilities of the Panel are to:

- ✓ Recommend projects and topics for evaluations.
- ✓ Provide feedback/consultation during evaluations to help ensure high-quality results.
- ✓ Participate in presenting evaluation findings internally and externally.
- ✓ Support the implementation of changes resulting from evaluations to policies, procedures, and/or strategy that pertain to their operational department.

The Panel will meet each spring to establish the following fiscal year's evaluation and learning agenda and budget (allowing for flexibility to meet unanticipated evaluation needs), and then will meet throughout the year to consult during the term of the performance evaluations. DFC will endeavor to conduct at least two evaluations per year based on the criteria established below.

Upon completion of the performance evaluation, the Panel will produce an action plan that will contain specific, actionable recommendations for improvements to DFC policies, procedures, and/or strategy that were derived from the assessment.

Project Selection Criteria for Evaluations

The criteria for selecting projects for performance evaluations will be based on relevance to the question being asked. Criteria that may be considered include:

- ✓ **Timing:** In general, DFC will select projects that have been in operation at least three years. DFC may prioritize projects that are at or near the end of their maturity to assess the sustainability of the positive developmental impacts of the project, glean lessons learned, and collect client feedback on the DFC's monitoring and evaluation activities.
- ✓ **Project Size:** DFC may prioritize evaluations for larger projects.

- ✓ Repeat Clients: DFC may conduct a performance evaluation for projects that are seeking further DFC support to assess the impacts of the project to date and identify opportunities to increase or replicate the positive development impacts (and avoid identified negative impacts) with further support.
- ✓ Sectoral, Thematic, or Country Strategic Evaluations: Projects may be selected as part of a broader DFC regional, thematic or sectoral “deep dive” in DFC’s portfolio, as decided by the Panel.
- ✓ Innovative Projects, Products and Programs: In collaboration with the Panel, DFC may conduct a performance evaluation of a particularly innovative project, financial product or program to assess its development effectiveness. The learnings from this type of evaluation will help inform the decision to replicate the project, utilize the financial product in a more strategic way, or expand a program.
- ✓ Data Collection: DFC may prioritize the evaluation of projects to collect missing data or validate the quality of data.
- ✓ Course-corrections: DFC may conduct an evaluation to try to rectify projects that are not meeting their development objectives, if appropriate. This may be conducted in coordination with DFC’s Impact Management and Technical Assistance teams, as well as DFC’s credit monitors.

Evaluation Methods

DFC will engage in both external and internal self-evaluations using a variety of analytic methods, depending on the question being asked, timeframe required for results, the intended audience, and available budget and resources. Performance evaluations will utilize both quantitative and qualitative assessments and may include a literature review of the topic. Typical quantitative analyses will involve measuring change from baselines, and, to the extent feasible, attributing those changes to DFC’s support. Each performance evaluation will include an assessment of assumptions and data limitations.

Qualitative analyses will be conducted through surveys, interviews, and case studies. Evaluators will aim to gain perspectives from a variety of stakeholders in a manner that will safeguard the dignity, rights, safety, and privacy of participants. This may entail anonymizing names of individuals and companies in evaluation reports and read-outs, and ensuring surveys and interviews are conducted voluntarily and ethically.

Stakeholders may include DFC’s private sector partners, project customers, project employees, project suppliers, government regulators, and the local community. DFC will seek assistance with evaluations from U.S. Embassy staff and USAID Missions, as appropriate, for providing host country context, articulating the project’s alignment with US foreign policy and/or development strategy in the country, and facilitating in-country interviews.

Internal self-evaluations will be conducted by a team of 2-4 DFC staff and may include members from other departments within DFC. Cross-departmental evaluations will help break down silos between DFC departments, enhancing learning and fostering an “impact culture” at the Corporation. The members of the evaluation team will be selected based on expertise and objectivity. External evaluations will be conducted by independent third-party experts that demonstrate appropriate qualifications. These evaluators will be selected through a competitive process.

Dissemination of Evaluation Results

The learnings gleaned from DFC’s performance evaluation activities will be shared widely and publicly, in a method that respects DFC’s responsibility to client business confidentiality.

Performance evaluations will be communicated through various mediums:

- ✓ Performance Evaluation Reports: reports will be produced for both internal and external audiences, as appropriate. Evaluation reports for internal audiences will be available on DFC’s intranet site. Evaluation reports designed for public audiences will be available on the IQ page of DFC’s website.
- ✓ Internal Presentations: high-level learnings will be conveyed internally in presentations to various groups, as appropriate. Project-specific readouts will be presented to the relevant project origination departments and/or teams.
- ✓ External Presentations – high-level learnings may be conveyed externally on DFC’s website and other mediums, such as webinars, blog posts, press releases, DFC’s Development Advisory Council, and other networks.
- ✓ Feedback to DFC Clients: DFC may provide feedback on the outcomes of the evaluation with DFC’s clients themselves. This will enable ODP to explore opportunities to enhance the positive developmental impact of its projects, as well as solicit information on the client’s experience working with DFC.