

DEVELOPMENT EFFECTIVENESS COMMITTEE (DEC)

CHAIR'S SUMMARY OF THE COMMITTEE DISCUSSION ON 13 APRIL 2009

I. Sector Assistance Program Evaluation - Education Sector in Bangladesh: What Worked Well and Why under the Sector-Wide Approach? (DOC.IN.2-09)

Background

1. The sector assistance program evaluation (SAPE) by the Independent Evaluation Department (IED) is related to the ongoing subsector-wide approach (SWAp) modality in the primary education subsector in Bangladesh. A special feature of the SAPE is its evaluation of the development partners' (DPs) combined performance in the SWAp led by ADB. After applying a *strengths, weaknesses, opportunities, and threats* (SWOT) analysis, the study on balance supports future SWAp programs with the caveat that ADB should take into account previous experience when designing such programs.

2. Management generally agreed with the recommendations of the study, and reassured the DEC of ongoing efforts which take into account the recommendations.

Summary of Discussion

3. DEC Chair noted the uniqueness of the study as a first study that evaluated the performance of the SWAp modality, implemented with joint-DPs. DEC Chair sought clarification on the threshold of assistance by a DP below which ADB should not take on the responsibility of coordinating with such a DP. DEC Chair inquired on status of the Bangladesh government's commitment to augment its recurrent budget share in primary education.

4. DEC Chair also inquired on the lessons learned from the implementation delays that led to the suspension of the second project in the non-formal education subsector. One DEC member emphasized that weak quality-at-entry is a key reason for implementation delays in many projects. Another DEC member emphasized the importance of harmonizing DPs' procedures in SWAps, even if it takes time to achieve harmonization.

5. One DEC member supported the conduct of a sector analysis, as suggested in the study, to be carried out and led by the Government, in coordination with DPs, including ADB, thereby ensuring ownership by the Government. He also wished that the SWAps modality can bring more external assistance to the Government.

6. Director General, IED was of the view that while the SWAp in Bangladesh has some weaknesses (e.g., high transaction costs due to difficulties to fully harmonize DPs' procedures), it also has strengths (e.g., as being a relevant and effective modality). He recommended using this first experience to build future similar and better programs. IED staff noted from the conclusion of the study that from the Government and DPs' viewpoints, Bangladesh is receptive and ready to develop the SWAp modality further.

7. Deputy Director General, SARD expects that the high transaction costs at the early stage of the SWAp would be reduced in the future. He reiterated that SWAp is a suitable modality from the Government's perspective. From the DPs' perspective, significant lessons can be learned to improve implementation of this modality. BRM staff mentioned that significant harmonization has taken place in the area of procurement and financial management.

Conclusions

8. DEC expressed satisfaction at the Education Sector SAPE for Bangladesh and agreed that overall, the SWAp is a suitable modality for the primary education subsector in Bangladesh in spite of the initial delay.

9. DEC appreciated the efforts of MDBs and bilateral donors to harmonize in the spirit of the Paris Declaration, emphasizing in particular that a single report should indeed be prepared to meet all donor requirements. Furthermore, procurement procedures and cash accounting can also be further harmonized. Although the SWAp had some initial difficulties, this modality seems to have taken a firm footing in Bangladesh and could be pursued further, although further success will depend on effective harmonization among DPs. Harmonization is particularly important in this case because of the large number of donors, including some with smaller financial contributions.

10. DEC saw merit in decentralizing education administration. Such decentralization could lead to better community participation. DEC urged the government to enhance its budgetary allocation for recurrent expenditure for primary education.

II. Project Performance Evaluation Report - Almaty-Bishkek Regional Road Rehabilitation Project (Kazakhstan and Kyrgyz Republic) (Loans 1774-KAZ and 1775-KGZ) (DOC.IN.43-09)

Background

11. The project performance evaluation report (PPER) is a first joint evaluation study for a jointly financed cross-border project between ADB and the European Bank for Reconstruction and Development (EBRD). The project has two components: across Kazakhstan (KAZ) and Kyrgyz Republic (KGZ). A rigorous peer review ensured a high quality evaluation report.

12. Main issues highlighted in the study include the lack of adequate capacity in public sector institutions and the need to improve maintenance regimes to plan and finance road maintenance activities.

13. Management responded positively to the recommendations and future actions will be monitored to take account the lessons learnt from the project.

Summary of Discussion

14. DEC Chair expressed concern over the fact that the economic internal rate of return (EIRR) continuously decreased during succeeding stages of the project. More attention should be paid to maintaining the roads properly, since the EIRR on both the KGZ and KAZ components has come down quite precipitously from project appraisal to PCR stage, and further to the joint evaluation exercise. In the joint evaluation exercise, the EIRR was sensitive to the level of maintenance. Less than optimal maintenance can have adverse consequence on the EIRR. DEC Chair also noted the delays in project implementation, and how the soft infrastructures seemed to have lagged behind the hard infrastructures. Maintenance would be a problem if not adequately provided for. One DEC member agreed that focus on road maintenance is the key in this type of project.

15. One DEC member emphasized quality-at-entry as a key issue, and ADB should look at the appropriate control system to avoid the same shortcomings in the future. Harmonization needs to be achieved at the institutional level, and not only at the project level. Another DEC member expressed support for such types of project, but emphasized the need for efficiency and sustainability rather than simply the achievement of the outcome, i.e. the road. A DEC member inquired on the specific lessons learned from this project, including problems that could have been avoided, and hoped that the lessons learned can be drawn by the Management in designing and implementing future regional projects.

16. Director General, CWRD recognized the shortcomings of the project in a number of areas, including the ineffectiveness of the cross-border agreement (CBA). CBAs could be better achieved in a regional cooperation framework, and noted that CAREC would now serve this purpose more effectively. The merits and benefits of the project were noted, and the shortcomings registered as lessons for similar future projects. Director, CWTC noted that maintenance of the roads is priority for both the Kyrgyz Republic and Kazakhstan, although the importance given by each country to this road varied. He noted that a road maintenance privatization framework will also be considered in the future for the two countries.

17. Director, IED1 said that while the project eventually delivered its intended output (i.e. road rehabilitation), a partly successful rating was due to the problems of low efficiency, sustainability and maintenance. IED staff also mentioned contractor performance as one major cause of delays on the Kazakhstan side.

Conclusions

18. DEC noted the conclusions of the PPER. DEC recognized that this road constitutes an important link between the road corridors that connects Asia with Europe and the Fergana Valley with the Russian Federation.

19. Although there were large cost overruns on a per unit basis, together with time overruns and non-compliance with some loan covenants, this road stretch was important for two important and land-locked developing member countries. Furthermore, DEC urged that the CBA which has been ratified by both countries for a long time be implemented after carefully taking the necessary steps.

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