

DEVELOPMENT EFFECTIVENESS COMMITTEE (DEC)

Chair's Summary of the Committee Discussion on 24 August 2009

I. 2009 Annual Evaluation Review: Role and Direction of Self-Evaluation Practices

1. Following the need for regional departments (RDs) to improve quality-at-entry (QAE) and implementation performance of technical assistance (TA), loan projects/programs and country partnership strategies (CPSs), improve monitoring and reporting of results, and build country ownership of developing member countries (DMCs), the theme chapter of the 2009 Annual Evaluation Review (AER) highlighted the roles of ADB's RDs and DMCs in conducting self-evaluation of TAs, loan projects/programs and CPSs, and identified future directions of self-evaluation.

Discussion Highlights

2. The Independent Evaluation Department (IED) noted the need to improve content and analysis of TA completion reports (TCRs) in relation to evaluation criteria of relevance, effectiveness, outcomes and efficiency in implementation, and sustainability. IED also noted Management's support for the role and direction of self-evaluation for both the RDs and DMCs.

3. DEC noted issues of project implementation delays, the rating gaps between ADB's project completion reports (PCRs) and IED's PCR validation reports, the measures and efforts by IED to strengthen RDs' and DMCs' self-evaluation capacities, and post-completion monitoring of project outcomes and impact.

4. DEC emphasized the need for ADB to cooperate continuously with DMCs for joint evaluation exercises, as well as continuous cooperation of RDs with IED in terms of information sharing. DEC supported provision of training and capacity building for DMCs and RDs, as well as to resident missions (RMs) to support delegation of more authority to RMs. DEC members emphasized that training would translate to knowledge transfer, and could address issue of rating gaps.

5. One DEC member mentioned the importance of aligning evaluation criteria to ensure consistency and interlinkages between monitoring instruments that could feed into various evaluation exercises and reviews like the annual Development Effectiveness Review. Another DEC member emphasized the importance of having the proper tools and techniques for self-evaluation in place to inform reports that will determine ADB's effectiveness and efficiency. In terms of TA effectiveness, the DEC member pointed out that the implementability and acceptability of TAs from the perspective of DMCs is very important.

6. Management representatives explained ongoing exercises that could monitor outcomes and impact beyond project completion, e.g. sector assessments. In response to the query of the DEC Chair as to whether there were ever strong disagreements between IED and the RDs in cases where IED downgrades the RD's PCR ratings, Management representatives reported that this was rare.¹

¹ Following the DEC meeting, Managing Director General canvassed the Directors General of all RDs on this question. The responses showed that IED's lower ratings are usually accepted when these have reasonable justification. This reflects the RDs' acknowledgement and respect for IED's independent judgment. IED staff try to meet and seek additional information from concerned RD staff when downgrades are being contemplated. IED's PCR validation procedures will continue to be followed to ensure that RDs have the opportunity to respond and provide additional information in the event of a rating change.

Conclusions

7. DEC welcomed the 2009 AER and noted with satisfaction the large number of reports and studies for evaluation at the sector assistance, program level, country partnership and assistance program level, and the sectoral and special studies. DEC also noted that the overall performance of ADB judged from different criteria has improved over time, even in program loans where traditionally success rate has been low.
8. DEC supported the emphasis put by IED on self-evaluation practices by DMCs and RDs. It emphasized that it is very important to pay due attention to the procedures adopted for self-evaluation at the RD level and the findings of the DMCs' self-evaluation studies.
9. DEC expressed hope that the differences between the PCRs and PCR validation reports, while quite manageable at the overall level, will reduce as far as individual dimensions of evaluation are concerned. Management will pay due attention to wherever there is a difference between PCR and PCR validation reports.

II. Annual Report on 2008 Portfolio Performance

10. The Annual Report had raised long-term portfolio performance issues, namely, loan cancellations, cost overruns, start-up and implementation delays, need for better monitoring of outputs and outcomes for development effectiveness after project completion, and monitoring development outcomes of nonsovereign operations.

Discussion Highlights

11. IED mentioned other recurring issues from the 2007 Annual Report including need for better reporting in the project performance reports (PPRs), improvement of the design and monitoring frameworks (DMFs) as a monitoring tool, and post-completion monitoring. IED noted Management's disagreement to a comprehensive revision and restructuring of the midterm review. IED emphasized that the proposed midterm review should allow for midterm corrections that would be needed to strengthen project implementation and supervision, and could examine broader issues like compliance to safeguard issues, relevance of DMFs and its indicators, and also provide clear guidance on key activities to be completed for the project completion mission.
12. Management informed the Committee on ADB's initiatives on portfolio management since the 2007 Annual Report, which include (i) establishment of the Project Performance Management Unit (PPMU) which works with RDs to identify best practices in portfolio management; (ii) assigning Headquarters staff to RMs to advise procurement activities, and (iii) better collaboration between RMs and executing agencies (EAs) to improve start-up periods.
13. Management explained that in addition to midterm reviews, there are annual project reviews, annual country portfolio reviews and special project administration reviews being carried out by RDs. Management will consider the substance of IED's recommendation on revision and restructuring of the midterm review in the context of holistic review of all review missions under the ongoing P3M initiative. IED clarified that it was not recommending a "stand-alone" review and revision of the midterm review process. The review could be conducted as part of other ongoing portfolio improvement initiatives.
14. DEC noted the recurring issues of loan cancellations, loan extensions, and start-up delays. DEC also noted the new initiatives being implemented, including improvements to the project classification systems, project processing and portfolio management (P3M), the revamped PPR system, and the TA self-evaluation as a follow-up on TA reforms.

15. DEC reiterated previous request from the Board for risk assessments of nonsovereign loans to be made available to the Board. DEC members noted that gender and regional cooperation and integration do not account for an appropriate share of the portfolio and recommended that management look into this. One DEC member requested clarification on how the improvements to project performance could address the reasons for lack of project success, in reference to Appendices 5 and 7 of the annual report.

16. DEC raised concern on accountability, to which Management explained that the ADB's Results Framework would be able to provide the metrics, and despite limited resources, Management will explore ways on how to address accountability issues. Management emphasized that focus should be directed to the development effectiveness and the achievements of objectives of ADB operations.

Conclusions

17. DEC expressed satisfaction on the overall improvement of ADB's portfolio performance in 2008. Nevertheless, DEC saw scope for further improvement in curtailing implementation delays and reducing the extent of loan cancellations.

18. While there should not be any extension of the implementation period in a routine manner to reduce implementation delays, there should be more realistic estimation of the projected amounts and periods, and stricter enforcement of efficiency to meet the projected targets.

19. DEC considered the possibility of improvements in the portfolios related to gender and regional cooperation.

20. DEC emphasized that more delegation to RMs could contain possibilities for improving portfolio performance.

21. DEC encouraged management to find ways of monitoring outcomes beyond project completion period.

22. In improving the efficiency and effectiveness of the projects, DEC saw scope for restructuring the midterm review to provide useful feedback on project under implementation.



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