

**BOARD OF DIRECTORS
DEVELOPMENT EFFECTIVENESS COMMITTEE**

**CHAIR'S SUMMARY OF THE COMMITTEE DISCUSSION ON 17 FEBRUARY 2006
ON THE COUNTRY ASSISTANCE PROGRAM EVALUATION FOR UZBEKISTAN**

1. It has become a prerequisite—or a best practice—at ADB that before the full Board discusses a new country strategy and program (CSP), the Development Effectiveness Committee (DEC) is expected to inform the Board on the conclusions of a preceding DEC discussion of the country assistance program evaluation (CAPE) covering the previous CSP. Thus the DEC met to discuss the CAPE for Uzbekistan in anticipation of full Board discussion of the new CSP for Uzbekistan in March 2006.
2. In introducing the CAPE, the management of the Operations Evaluation Department (OED) reported that the recent field mission to Uzbekistan to finalize the CAPE had observed significant differences of views among donors. They also advised the committee that this CAPE turned out to be an insightful case study of the CSP process in general.
3. The management and staff of the East and Central Asia Department said they agreed with most of the recommendations in the CAPE though some findings needed further substantiation. They were encouraged to note that the assistance program to the education sector, which accounted for thirty percent of the portfolio, was considered successful. They hoped that given the relatively encouraging assessment, the Government's expectations on ADB assistance would not exceed ADB's capacity to assist.
4. Individual DEC members emphasized various considerations that they respectively thought needed to be further addressed, including: (i) assessment of the sustainability of initial positive results in Uzbekistan; (ii) how civil society will be engaged in the future; (iii) opportunities for and constraints to regional cooperation; (iv) creating an enabling environment for the private sector and, for ADB, considering private sector investment only where there was clear market failure; (v) assessment of whether ADB's "Asian approach" to its relationship with a developing member country produced better results than alternative approaches, and expanding the concept of an "Asian approach" to fuller consideration of what ADB's strengths are as a development partner; (vi) paying greater attention to funding technical assistance (TA) in areas relevant to the Government and focusing on TA results instead of reports; (vii) assessment of the impact of corruption; and (viii) differentiating between real country ownership of a reform program and an agreement to a program proposed by ADB.
5. DEC members also reiterated their concern that sufficient time should be planned between DEC discussion of a CAPE and preparation of the new CSP so that the latter can adequately take into account the DEC's recommendations.
6. The DEC generally endorsed the five overall recommendations of the CAPE for Uzbekistan, as presented on page 69 of the report, with the following qualifications:
 - (i) with regard to Recommendation 2 on strengthening governance, most DEC members agreed with the more integrated approach proposed by Management in its response (instead of the "niche approach" recommended in the CAPE). Others suggested that while mainstreaming the governance objective across the full range of ADB assistance to Uzbekistan was the long term goal, it also

required a more strategic approach in the medium term that made governance issues a core priority. The DEC recommended that the CSP include presentation of a specific results-based strategy for ADB to assist in addressing governance problems, including corruption; and

- (ii) with regard to Recommendation 4 on avoiding the imposition of ADB-driven conditions, the DEC achieved consensus that conditionality may be necessary to support required reform, but conditions must be relevant, right, reasonable, and within reach of government's capacity to implement. The DEC recommended that the CSP elaborate on the planned approach for use of conditionality in ADB operations in Uzbekistan. DEC members reiterated the importance of country ownership, but also the importance of ADB having strong technical and country expertise and coming to its own views about appropriate priorities, policies and programs. They believed that the CSP should reflect a genuine shared commitment to a joint course of action, rather than either side imposing on the other

7. The DEC also recommended that in preparing the CSP for Uzbekistan, consideration be given to including in the CSP:

- (i) a section explaining specifically how the strategy has been translated into an operational program, so that the linkage is clear; and
- (ii) a section explaining how lessons learned from past portfolio performance are taken into account in the CSP.

8. The DEC recommended that in the CSP for Uzbekistan: (i) an appendix document these DEC recommendations; and (ii) an explanation of how DEC's recommendations are taken into account in the CSP be provided either as part of the CSP cover memo from Management or, preferably, in an introductory section of the CSP itself.

9. The DEC further recommended that the recommendations in paragraphs 7 and 8, above, should also apply to all future CSPs in general.

Agus Haryanto

Chair
Development Effectiveness Committee

16 March 2006