

**BOARD OF DIRECTORS
DEVELOPMENT EFFECTIVENESS COMMITTEE**

**CHAIRPERSON'S SUMMARY OF THE COMMITTEE DISCUSSION
ON 24 AUGUST AND 1 SEPTEMBER 2005
OF THE SECTOR ASSISTANCE PROGRAM EVALUATION (SAPE) FOR
THE SOCIAL SECTORS IN PAKISTAN**

1. To start with, the Development Effectiveness Committee (DEC) acknowledged Management's response to the SAPE for the social sectors in Pakistan. (The Management response is also being publicly disclosed, as required by ADB's new public communications policy.) At the DEC meeting, I noted that of Management's responses to date to the reports of the Operations Evaluation Department (OED) since OED became independent in 2004, this Management response had raised the most serious concerns and disagreements on the process followed in the evaluation.

2. Most Committee members considered that while the report highlighted the poor performance of the social sectors in Pakistan and reasons for it, the assessment was a generic one cutting across development assistance programs, not indicative only of ADB operations, and many key issues identified cut across sectors in Pakistan. Unless new data showed otherwise, many of the same issues could be expected to reappear in the coming country assistance program evaluation (CAPE) for Pakistan. Nevertheless, despite the fact that other partners had also experienced difficulties, and notwithstanding some successful interventions, including in the education of girls, the Committee was concerned at ADB's relative lack of success during the period in achieving its objectives in the social sectors in Pakistan. Committee members believed that this required a fundamental rethink of how ADB was approaching the task and welcomed the commitment by staff to undertake such an exercise.

3. The Committee was initially faced with trying to reconcile the opposing views of OED and Management regarding the quality of the data used for the evaluation, subjectivity of the methodology, adequacy of consultation with government at both provincial and federal levels, and the strategic value and usefulness of the study for improving ADB's social sector operations in Pakistan. But early on, DEC members agreed that a DEC meeting, if it was to add value to the process, was not a mechanism for reconciling such views but provided the platform for moving ahead with concrete action proposals on the improvements considered acceptable and feasible by Management while also identifying issues that needed further thinking and debate. The DEC hoped the disagreements on aspects of the SAPE had not caused unnecessary strain between OED and operations staff.

4. The staff, representing Management, agreed to focus their discussion with the DEC on actions proposed to be taken on each of the 12 recommendations in OED's report and the DEC commended their adopting this constructive approach. At the same time, staff suggested that future such evaluations might also include success stories on ADB assistance, when available, such as ADB's pioneering interventions on schools for girls in Pakistan.

5. On his part, Director General, OED, proposed taking steps to help avoid gaps in understanding in future evaluations, including: (i) involving stakeholders, particularly the operations departments and government, from the start of the evaluation process (at the

position paper stage) in reviewing methodology, scope, and evaluation questions; and (ii) sending a formal reply to all written comments sent by government or executing agencies to OED in the course of an evaluation, to acknowledge the comments and to describe how they were taken into account in finalizing the report, after duly consulting with the operations department concerned. Director General, OED said his comments and response would also be made publicly available in writing on ADB's website, as required under ADB's public communication policy.

6. Staff affirmed that Management, while maintaining some reservations about how the study was carried out, intended to take the appropriate actions on all of the recommendations, except that recommendations 4 and 5 first needed to be reconsidered or clarified for further relevant action to be taken. Recommendation 4, which seemed to suggest that ADB should focus its role on fewer social sectors, would be better addressed in the context of the social sector strategy analysis that formed part of the overall country strategy and program (CSP) decision process by Management for Pakistan, for which the evaluation report was to be one of several key inputs. Recommendation 5, if taken as worded suggesting decreased ADB lending to the social sectors in Pakistan, ran contrary to the operational best practice of leveraging policy dialogue with lending. Staff, speaking on behalf of Management, thought the lending should be better, but not less. On the other hand, some DEC members interpreted recommendations 4 and 5 as appropriately encouraging ADB to consider sharpening its focus and level of support for the sector.

7. The Committee was happy to note that on one concrete recommendation—recommendation 9 to create a dedicated unit in the Pakistan Resident Mission to support implementation of devolved social services programs (DSSPs)—Management action was underway.

8. One DEC member expressed strong disagreement with recommendations 1 and 2 of the OED report, which were directly addressed to Government. As worded, the recommendations were asking Government to take certain actions. An evaluation report could not do this. It was agreed that, since the OED report was final and could not be revised, this Chairperson's Summary should clarify that the DEC holds full country ownership of any development action as a basic principle, and recommendations 1 and 2 could not be considered as required actions but only suggestions for Government's consideration, as appropriate and feasible; for instance, the sweeping suggestion that "Government should ensure that the monitoring and evaluation of development outcomes, as specified in loan agreements, are undertaken to a high standard for all ongoing and future projects" would be subject to feasibility under the Government's budget. Staff agreed that while they would work on the recommendations through further dialogue with Government, a necessary first step was to reach specific Government agreement to discuss such recommendations.

9. The DEC member also criticized the specification of timeframes for Government action (e.g., "with immediate effect" for recommendation 2). Most other DEC members agreed in principle. At the same time, some stressed that ensuring country ownership of the process did not preempt ADB's option to disagree with a course of action proposed by government, as long as ADB's disagreement was based on ADB's carefully considered strategy or policy.

10. Another DEC member espoused the view that OED recommendation 7 that "the program of social sector operations in Pakistan must find ways to further develop private provision and private funding of basic social services, both quantitatively and qualitatively" was

unrealistic. Several other DEC members agreed. Staff affirmed their view that public sector funding for basic social services could not be abandoned but its efficiency should be improved.

11. Another DEC member emphasized that a dimension that ADB could do a better job at in its assistance interventions was risk assessment, in particular the extent of government commitment to reform programs (including budgetary commitment) and the impact of cultural factors on ADB's chosen approach. Going back to the evaluation, he suggested that since new approaches had been implemented, it was time to monitor if such new approaches were going the right direction or needed adjustment.

12. Despite the noted performance problems in the social sectors in Pakistan, the DEC believed that ongoing ADB interventions were likely to be warranted on the basis of need and ADB capacity to assist in the context of a poverty reduction role in Pakistan. In playing that role, ADB should help strengthen the devolution process in Pakistan. The DEC agreed with Management's expressed view that the way forward must be based on empirical evidence, sensitivity to social, economic and cultural context, and strong stakeholder consultation. In this context, the Committee emphasized the utmost importance of close consultation with the relevant government units.

13. In concluding the meeting, I reiterated the Committee's appreciation of the constructive approach taken by Management in responding to the SAPE recommendations and of OED's future efforts for constructive dialogue with stakeholders from the start of an evaluation. I repeated DEC members' suggestion that the recommendations to be made in future evaluations, particularly those for government consideration, should be properly formulated and worded. I repeated the importance of government ownership of and commitment to any proposed actions.

Agus Haryanto
Chairperson
Development Effectiveness Committee

12 September 2005