

**BOARD OF DIRECTORS  
DEVELOPMENT EFFECTIVENESS COMMITTEE**

**CHAIRPERSON'S SUMMARY OF THE COMMITTEE DISCUSSION ON 24 AUGUST 2005  
OF THE SPECIAL EVALUATION STUDY ON  
ADB POLICY FOR THE HEALTH SECTOR**

1. This is the first evaluation of an ADB-wide policy by the Operations Evaluation Department (OED) as an independent department reporting directly to the Board. DEC members commend the staff on the high quality of the report. It sets an initial milestone in a gradual shift that the Committee (DEC) would like to see in OED's multiyear program of evaluations: fewer individual project evaluations and more sector and country level evaluations, plus independent evaluations of key ADB policies and strategies. On behalf of the Board, the DEC exercises oversight of OED's work program preparation and implementation. The DEC is emphasizing that independent evaluations should be key inputs to upcoming reviews of sector strategies, country strategies and programs, and institutional strategies and policies. In this context, the DEC is currently encouraging OED to proactively seek the views of the Management and Board members on the evaluation areas that would be most relevant and useful to ADB strategic and policy planning in the medium term so that these could be prioritized, subject to OED resource constraints.

2. It is noted that this is also the first OED report subject to the new public communications policy of ADB. Under that policy, which became effective for OED on 15 July 2005, an OED report is made publicly available immediately upon its circulation to Management and the Board. Management's response to the report, OED's comment on that response, if any, and the Chairperson's summary of the DEC discussion if the report is discussed by the Committee, are all publicly disclosed afterwards, when completed.

3. At its meeting, the DEC acknowledged Management's generally supportive response to the study's key conclusions that the policy has helped ADB's health interventions produce positive impacts and that the policy has been and remains relevant to ADB's poverty reduction strategy. Management has affirmed that the key issues identified and the recommendations and suggestions of the report will be considered when the health policy is reviewed and a new combined strategy is formulated covering health, nutrition, and population (HNP) and related social sectors. Management states its belief that the study "has laid an excellent foundation for ..... mainstreaming the health interventions in ADB".

4. The Committee also found the report well researched, its key conclusions sound, and its recommendations meriting the full attention of Management. In reviewing the explicit recommendations of the report (page 51), the Committee noted that:

- (i) the issues underlying the recommendations pertaining to innovative loan and grant products, governance and corruption, partnerships with others including the private sector, and trade-offs between strategic options and staff resource implications do not relate only to the health sector but are generic, relating to other sectors as well;

- (ii) the recommendation to allow ADB to finance health infrastructure and equipment should not be interpreted as downplaying the importance of first establishing the prerequisite governance and staffing systems; and
- (iii) a missing explicit recommendation was that the new strategy should focus on providing a clear institutional direction that articulates what ADB hopes to achieve in the HNP and related sectors. This is not provided by the existing policy.

5. There was consensus in the DEC that the Millenium Development Goals have raised the importance of health targets in poverty reduction and provide the basis for broad collaboration among ADB's developing member countries (DMCs), the international donor community, and parts of the private sector and civil society. In this context, ADB should continue playing an important advocacy role through policy dialogue.

6. At the same time, some DEC members emphasized that this did not necessarily mean that ADB's low rate of lending to the health sector should be increased (impact rather than volume lent is the measure), or that health should be assumed to be a priority sector for ADB. However, sectoral allocation of lending resources is a strategic question that lies beyond the purpose of an evaluation report, which only Management can and should decide, based on a process of formulating a medium-term inter-sectoral strategy for ADB. DEC members from DMCs suggested that it was unrealistic to expect major investments from the private sector for public health and that consideration should be given to softening the terms of OCR lending for social sectors through subsidy from OCR net income.

7. The DEC expected the latter questions to be addressed in the upcoming Medium Term Strategy for 2006–2010.

Agus Haryanto  
Chairperson  
Development Effectiveness Committee

6 September 2005