

Development Effectiveness Committee

Chair's Summary of the Committee Discussions on 24 October 2007

I. 2007 ANNUAL EVALUATION REVIEW: THE CHALLENGE OF CAPACITY DEVELOPMENT

Sub-item. Acting on Recommendations and Learning from Lessons in 2007: Increasing Value Added from Operations Evaluation

1. The 2007 Annual Evaluation Review (AER) is a retrospective of activities and recent results of evaluations by OED. It has two volumes: the main report (the Report), and a report on the actions taken by Management on OED recommendations (Vol. 2). The theme chapter, which reports on ADB's operations to support Capacity Development (CD), identifies general success and deterrent factors, and offers several points for further improvements.
2. OED noted Management's reference to the Report's suggestion that ADB should incorporate capacity building strategies into country partnership strategies (CPS) and ensure that the recently approved Medium-term Framework and Action Plan for Capacity Development are fully resourced. Management noted that these have resource implications that need to be considered as a part of ADB's work program and budget preparation process, but OED is not aware of the extent to which this may or may not have happened.
3. Vol. 2 concludes that lessons are being learned and actions are being taken, and identifies ways to increase OED's value-addition to improve the quality of its recommendations. There is a tension between being specific enough while not being too prescriptive. The objective is to create the right balance through consultations between Management and OED.
4. Management emphasized that recommendations in the Report are mostly extracted from other OED reports, therefore separating recommendations from its original context. Management suggested that future AERs concentrate on a small number of key recommendations and lessons. OED explained that the AER was designed to give quantitative and qualitative assessments of actions taken on the totality of recommendation in OED reports. The Evaluation Information System takes stock of the recommendations based on the context for which they were made (database links the recommendations to the individual evaluation reports).
5. On Management's comments that the recurring recommendations mentioned in the Report are under various stages of implementation, OED mentioned that some recommendations may still recur as the need arises. OED found Management's suggestion for future AERs to elaborate reasons for varying level of compliance with actions taken to be useful.
6. DEC encouraged OED's continued knowledge dissemination efforts. DEC suggested that future AERs include a critical self-assessment by regional departments (RD) and OED, rather than employing the current input-output approach. DEC agreed with the importance of encouraging willingness to build capacity, and encouraged the RDs to adapt the innovative approaches to CD presented in the Report.

7. DEC mentioned the need to focus more on capacity building (including increasing country ownership) not only on project-cycle-related areas, but also on project sustainability. DEC noted how the Report found the advisory technical assistance (ADTA) operations of ADB to be ineffective, and suggested that Management improve on this, as ADTA could play a very important role in capacity building. DEC also agreed that future AERs should focus on major issues.
8. DEC referred to the Report's timing vis-à-vis the 2006 DEC Annual Report, and noted that it may be premature to conclude that satisfactory actions were taken on the recommendations of the DEC Annual Report. DEC also emphasized the importance of evaluating policies and strategies. DEC agreed with Management that OED's recommendations should be practical and implementable.
9. DEC pointed out that evaluation has two sides: the recommendations on the one hand, and transforming the recommendation into operation on the other. Increasing the value-addition of evaluation to the operations side was essential.
10. On Management's suggestion for OED to continue to take a more consultative approach in developing recommendations, DEC inquired on the extent of consultation that OED has been using, and how Management would like OED to improve its consultation process.
11. DEC noted Management's response on OED's plan to translate its recommendations into operational actions and suggested that OED remains balanced by acting independently on its evaluations but with a client-friendly approach.
12. DEC agreed with Management that in terms of recommendations, it would be helpful to leave detailed plans to departments/offices concerned rather than imposing them from outside. However, DEC cited the importance of ascertaining that recommendations are taken into account. DEC suggested that Management invite OED when designing project concepts.
13. The DEC Chair referred to para. 105 of the Report, and suggested that DEC wait for the completion of the special evaluation study on CD before it arrives at any conclusions.
14. The DEC Chair drew DEC's attention to the differing views of OED/DEC and Management on the 2006 AER where the problem of measuring governance was highlighted, and ADB was asked to undertake a vigorous analysis to test whether good governance is the key binding constraint for development in DMCs. Management had reservation to undertake a review, citing that OED and DEC's views on overweight on governance was contrary to the reference of the ADF donors. Given that the weight is still significantly lower than the 60% weight assigned in the World Bank's formula for performance-based allocation (PBA), DEC now has to take a position if Management should or should not undertake the analysis.
15. OED informed that useful information on the issue would be available in an upcoming evaluation of ADF, including PBA and the robustness of the estimates of governance and the measures used.
16. OED would consider Management's suggestion for a hierarchy of recommendations, including its comments on recurring recommendations, and will establish appropriate mechanisms. OED clarified that it participates in project processing by attending Management Review Meetings and providing feedbacks at the project design stage.

17. On the suggestion to complement the self-assessment with a more critical assessment, OED is finalizing an evaluation-users survey to obtain feedbacks from users. OED will work on improving future reports similar to Vol. 2, in coordination with the MDG Office. The current consultative approach is working well, but OED is open to suggestions to improve it even more.

18. The DEC Chair referred to Management's suggestion that "to maintain objectivity, ... self-assessment of OED actions not be included in the report." OED explained that it only takes stock of actions undertaken by Management on specific recommendations, and does not make any judgment call on what actions should or should not be undertaken. The information on those actions was provided by the departments concerned.

19. On the issue of governance, DEC viewed that ADB should undertake the analysis of the relationship between governance and development effectiveness with caution, but did not see any need to conduct a separate review of the PBA system which is going on under the ADF negotiations. One DEC member opined that a separate review should be at the discretion of Management, especially if a similar exercise is already planned for ADF negotiations.

20. Management (represented by the Managing Director General; Acting Director General, RSDD; and Principal Director, COSO) noted the improved extent of consultation being undertaken by OED. Management emphasized that the recommendations should be more practical, aside from being implementable. Management is already very weary of the number of recommendations that keep piling up. Management suggested for a hierarchy of recommendations, and would be able to consider any recommendation that is implementable.

21. Management welcomed the theme chapter on CD, and said that ADB will continue to do capacity building. A CD working group and medium-term framework and action plan had been established. Management added that the Bank is encouraging the willingness for CD, both in the country programs and in the HQ.

22. Management sought DEC's guidance on the governance issue by having a separate discussion on the issue.

23. In conclusion, the DEC considered the two reports and noted the contents. DEC noted that the report on CD would provide important information on CD, and broadly endorsed the findings. DEC noted Management's Response and saw merits on the substance of the response. DEC reiterated the need for more research and insight into the linkages between good governance and development effectiveness. DEC believed that good governance is extremely important for development effectiveness; DEC encouraged Management to reconsider its views and undertake the research analysis of the relationship between governance and development effectiveness.

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