

DEVELOPMENT EFFECTIVENESS COMMITTEE

Chair's Summary of the Committee's Discussion on 27 October 2008

ANNUAL REPORT ON 2007 PORTFOLIO PERFORMANCE

1. Director General, Operation Evaluation Department (OED) highlighted four systemic issues in the report, namely: (i) chronic delay averaging 2 years in loan closing; (ii) discrepancy between project processing reports (PPRs) and project completion reports (PCRs) with regards to implementation delays and project “at risk” ratings; (iii) inadequacy of the design and monitoring framework (DMF) as a monitoring tool for development effectiveness; and (iv) absence of a systemic and comprehensive monitoring of outputs and outcomes for development effectiveness after project completion.

2. Management generally agreed to issues (i) to (iii) above, but left the decision on adoption of OED’s recommendations to the working groups of the project processing and portfolio management (P3M) and project performance management system (PPMS). On issue (iv), Management considered OED’s recommendation to be impractical at the moment due to resource implications. Nevertheless, OED urged reconsideration of its proposal for post project completion monitoring of outputs and outcomes. This would also help improve reporting in the ADB-wide results framework and country development effectiveness briefs.

3. In reference to the Level 2 indicators of the ADB-wide results framework,¹ the Development Effectiveness Committee (DEC) emphasized the importance of measuring the outcomes and impact of ADB projects beyond the PCR, and highlighted the importance of obtaining information on project benefits 3 to 5 years after the PCR, which is the time when ADB can draw a better picture of the development impact of a project.

4. Director General, Strategy and Policy Department (SPD) emphasized the budgetary constraints that a post-PCR monitoring would entail. He noted how the ADB-wide results framework and the country development effectiveness briefs would link individual projects to changes in the sector and the whole economy. Such was the consensus among the donors during the negotiation for the ninth replenishment of the Asian Development Fund. He further noted that the results framework is ADB’s first attempt to improve the reporting system of development results, and was established to guide the preparation of an annual development effectiveness review. Improvements over time are anticipated.

5. DEC also agreed on OED’s recommendation on self-evaluation by DMCs that could inform the results monitoring system of ADB. DEC noted the keen interests of some DMCs on such approach. Director General, SPD mentioned various efforts that could support this option, such as technical assistance for managing for development results (MfDR), continuous dialogue in the Managing for Development Result Community of Practice (MfDR CoP), and statistical capacity building.

6. DEC noted the initiatives under the P3M and PPMS discussions. Principal Director, Central Operations Services Office (COSO) affirmed that OED recommendations on the PPR and PCR rating systems were being actively considered by the P3M and PPMS working groups.

¹ ADB Results Framework (DOC.R166-08 issued on 18 August 2008).

7. One DEC member inquired about multilateral development bank MDB practices for DMFs. Principal Director, COSO explained that in comparison with other MDBs, ADB has state-of-the-art DMF guidelines, which are in accordance to international best practice. Another DEC member inquired about other international financing institutions' (IFIs) approach to the Level 2 indicators of the results framework. Director General, SPD responded that ADB's approach was not much different from that of other IFIs.

Conclusions

8. DEC noted that the performance of the portfolio has improved in certain areas. However, it also noted that progress was slow in terms of moving towards realistic implementation period and project design. DEC was pleased that Management agreed to move to a more realistic estimation of project implementation period.

9. Similarly, on the significant discrepancy between PPR ratings and PCR ratings, DEC was pleased with the P3M working group's efforts to remove the source of the discrepancy within the period of less than 12 months.

10. On monitoring the development outcome of ADB operations, DEC noted that although ADB agreed to have a results framework, resource constraints posed problems in monitoring the project output or outcomes in the post completion period. While some of the poorest developing member countries will also suffer from the same resource constraints, they are encouraged to develop their own monitoring system and provide inputs to the results framework.

Ashok K. Lahiri
Chair, DEC