

DEVELOPMENT EFFECTIVENESS COMMITTEE

Chair's Summary of the Committee Discussion on 6 February 2008

Special Evaluation Study on the Long-Term Strategic Framework: Lessons from Implementation (2001-2006)

1. The special evaluation study examined the existing Long-Term Strategic Framework's (LTSF) relevance, ADB's responsiveness to its strategic guidance, and LTSF's influence on ADB's standpoint on results and on achieving development effectiveness. Though the LTSF was prepared for 2001-2015, the study covered the implementation of the strategy for 2001-2006.
2. DEC considered both the recommendations of the study and the responses and updates by Management to the recommendations. The Committee's discussion broadly focused on the following key issues:
 - (i) **Sector Selectivity.** The study recommends that ADB products and services should be developed on the basis of client demands, ADB's expertise, and opportunity for collaboration with other development partners. There was general agreement on the principle of identifying and addressing the DMCs' binding development constraints. Management has been pursuing this approach in its country operations through country partnership strategies (CPS), sector studies, and in its projects and programs.
 - (ii) **Available Staff Expertise.** DEC identified that while there was a shortage of necessary skills, this was also aggravated by a failure to efficiently allocate the exiting expertise across jobs and making sure that the expertise is diligently and appropriately applied. Management acknowledged that ADB has expertise available to support key initiatives but this expertise is sometimes diffused in its application. This issue will be addressed in the implementation of LTSF.
 - (iii) **Environment Sustainability.** DEC noted the limited initiatives on mainstream environment projects. Most of ADB's engagement on environment sustainability involves addressing environmental issues arising from its infrastructure, rural and urban development, and other projects.
 - (iv) **Private Sector Development.** DEC agreed with the recommendation of developing synergies between ADB's public and private sector operations to foster private sector development in DMCs. Management emphasized that the new LTSF proposes building on ADB's achievements in increasing the lending volume from its private sector window, and creating synergy between public and private sector operations. Further, the results-based CPS tries to develop the necessary synergies. Management also stated that the Private Sector Operations Department (PSOD) has consistently been allocated with additional staff positions.

DEC suggested that a study be undertaken to compare PSOD and IFC, not only in terms of functioning but also in terms of organizational structure.

- (v) **Monitoring and Evaluation.** Management acknowledged that currently available data was scattered across different systems. There was no efficient retrieval system allowing easy access to all relevant data. There is a need to create a system that provides up-to-date information on emerging challenges such as the environmental and gender issues, and capacity development. The new LTSF hopes to establish a new set of priorities and to achieve a single set of ADB-wide indicators. Management noted the need to have a system that is user-friendly and flexible enough to easily adapt to changes in priorities. DEC emphasized that indicators must be results-based rather than inputs-based.
- (vi) **Organization of Strategy.** DEC agreed that currently there are various documents detailing strategies with an unclear hierarchy and often leading to confusion among staff.

3. Based on the discussions, DEC concluded that:

- (i) There is a problem at the corporate level of having multiple strategy and planning documents with undefined hierarchy. This creates unintended confusion. There may be merit in having one single volume of strategy documents, which is updated regularly and is checked carefully for internal consistency.
- (ii) The evaluation study is constrained by the fact that it is too early to judge the outcome and impact of the LTSF. The findings are mainly in terms of the functional classification of ADB loans, and geographical distribution of disbursed amounts.
- (iii) There is a serious need for better data collection and management systems. Since data classification and strategic directions have been changing over time, it is difficult to compare the effectiveness of the LTSF to that of the older strategy. There is merit in considering an improvement in the data collection and management system on a fast-track basis.
- (iv) LTSF should set out goals that are specific to the corporate performance of ADB and are monitorable. ADB's goals are separate from, and should not be confused with, the goals of the Asia-Pacific region. There should be a clear business strategy to tap the existing window of opportunity, and an organizational game plan to equip ADB to implement the strategy.
- (v) The strategy should contain an effective component to counter the external challenge of being unable to maintain ADB's relevance in a competitive and dynamic Asian financial market.
- (vi) There should be some flexibility regarding sector selectivity in order to find the right balance between DMCs' varied needs and ADB's core competencies.
- (vii) There should be an evaluation of PSOD vis-à-vis IFC, including the basic organizational differences between PSOD and IFC. OED will provide DEC with their earlier comparative study of the two organisations.

- (viii) Indicators of both financial and human resources needed for achieving ADB's corporate goals should be part of the new LTSF.
- (ix) To aid future evaluation, a robust monitoring and evaluation framework should be an integral part of LTSF.
- (x) The required resources, both staffing and financial resources, for implementation of LTSF should be ensured. To mobilize more concessional funding for inclusive social development will be particularly important.
- (xi) ADB should deliver its knowledge products and services based on demand of the DMCs.



Ashok K. Lahiri
Chair, DEC