



# Annual Evaluation Report

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## 2008 Annual Report on Acting on Recommendations

Independent Evaluation Department

Asian Development Bank

## ABBREVIATIONS

ACTD	–	action completion target date
ADB	–	Asian Development Bank
ARAR	–	Annual Report on Acting on Recommendations
CAPE	–	country assistance program evaluation
CPS	–	country partnership strategy
DEC	–	Development Effectiveness Committee
DMC	–	developing member country
EVIS	–	Evaluation Information System
FA	–	fully adopted
FAAR	–	follow-up actions and recommendations
IED	–	Independent Evaluation Department
LA	–	largely adopted
MAR	–	management action record
MARS	–	Management Action Record System
MDB	–	multilateral development bank
MDO	–	Managing Director General's Office
NA	–	not adopted
OECD-DAC	–	Organisation for Economic Co-operation and Development– Development Assistance Committee
ON	–	ongoing
PA	–	partly adopted
PL	–	planned
PPER	–	project or program performance evaluation report
RCAPE	–	regional cooperation assistance program evaluation
SAPE	–	sector assistance program evaluation
SES	–	special evaluation study
SMART	–	specific, monitorable, actionable, relevant, and timebound
TA	–	technical assistance
TPER	–	technical assistance performance evaluation report

### Key Words

adb, asian development bank, 2008 annual evaluation review, 2007 ied evaluation activities, evaluation findings, follow-up actions, knowledge management, performance findings, country evaluations, country assistance program evaluations, recommendations improvements, ied annual report

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<p>The guidelines formally adopted by the Independent Evaluation Department (IED) on avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. To the knowledge of the management of IED, there were no conflicts of interest of the persons preparing, reviewing, or approving this report.</p>
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## EXECUTIVE SUMMARY

Although efforts to manually track follow-up actions and recommendations of the Independent Evaluation Department (IED) evaluation reports stretch back to 1982, these efforts were intensified in 2006 and 2007. The objective of tracking the implementation of IED recommendations is to increase the use of evaluation findings in decision making. Inefficiencies in management's response and the manual tracking system resulted in an increased emphasis in 2008 on tracking responses to IED recommendations. The November 2008 Board Policy Paper on *Review of the Independence and Effectiveness of Operations Evaluation Department* concluded that a more rigorous system should be established for monitoring cumulative progress in taking action on IED recommendations. In 2009, a Management Action Record System (MARS) was established under the leadership of the Managing Director General's Office and with IED's support.

The automated MARS allows IED to input its recommendations after the circulation of a particular evaluation report. Subsequently, Management nominated focal points from implementing and operating departments include the relevant action plans and action completion target-dates in MARS. During implementation of the recommendations, the focal points can describe the progress made and any changes to the planned actions, and classify the status of recommendations. In the first quarter of each year starting in 2010, IED will validate the status of implementation and submit a report to the Development Effectiveness Committee in the second quarter.

During the first 6 months of 2009, the automated MARS was piloted through inputting all of IED's 2008 reports. Since July 2009, the MARS allows all Asian Development Bank (ADB) personnel to access the information on demand without having to wait for IED annual reports to be issued. The electronic processing of the information provided by Management eliminates time-consuming manual processing and minimizes the chances of human error. The quality of implementation can be measured by providing some indicators that look at the formal or informal adoption of the recommendation, provision of funding or budget allocation for the recommendation by the agency concerned if needed, and whether the action was implemented within the required time frame.

This report, the *2008 Annual Report on Acting on Recommendations* (ARAR), is a transition report that uses both the manual tracking system (up to 2007) and the more efficient automated MARS tracking system (2008 onward). The improved system will allow for a more systematic analysis of data when action plans are implemented, recorded, and validated; and it will also facilitate real-time monitoring of recommendations. However, the 2008 ARAR cannot yet reap the full benefits of the MARS. The action plans for all 2008 recommendations have been included in the database, but they have just begun to be implemented. The validation of these actions will be reported in the 2009 ARAR (to be circulated in 2010). This 2008 report analyzes various aspects of the available data to understand the focus of the recommendations (e.g., where they are directed, and why they have been accepted or not accepted). In addition, it discusses other ways to analyze the actions taken in the future and make suggestions for fine-tuning the MARS.

In the past 5 years, the number of IED recommendations has fluctuated due to changes in the pool of recommendations tracked and in the type of reports produced by IED. The number of accepted recommendations peaked at 161 in 2007. In the last 2 years, over 85% of those recommendations have been accepted. As of end 2008, there were 18 recommendations outstanding from the IED reports of 2005–2007 (4 each in 2005 and 2006, and 10 from 2007).

The proportion of recommendations addressed to developing member countries (DMCs) has declined substantially, as IED has focused on broader studies that are not expected to carry recommendations to the DMC governments. Half of the 2008 recommendations address sector and/or thematic issues, and 31% address issues related to operational effectiveness.

In the past, Management has not always clearly stated whether an IED recommendation was or was not accepted. In some cases, Management agreed with a recommendation in principle, but took issue with the practical implementation. However, the management responses provided in 2009 (since establishment of the MARS) have been much clearer regarding whether recommendations are or are not accepted, with clear reasons often provided where recommendations are not accepted. As the MARS improves, it is anticipated that the quality of management responses will continue to improve.

IED's focus on broader evaluations will gradually reduce the number of recommendations for DMCs. However, a few may remain due to specific issues that are raised in project/program performance evaluation reports (e.g., on safeguard issues or other compliance issues). Where a recommendation is provided to a DMC, it may be necessary to come to a tripartite agreement among the relevant executing agency of the DMC, the relevant operations department, and IED. This would facilitate the implementation of recommendations as well as their monitoring by Management.

The adoption of the MARS has highlighted some weaknesses in IED's past recommendations. At times, recommendations were too specific and prescriptive, restricting management's flexibility for action. Other recommendations may not have considered implementation feasibility in light of data and other constraints. IED has been improving the quality of its recommendations by taking into consideration the need to (i) be more specific regarding suggestions, and (ii) avoid being too prescriptive. In its 2009 reports, IED has addressed this dual approach by cross-referencing the recommendations with those paragraphs that provide specific suggestions for implementation.

IED has also made arrangements to enhance the skills of its staff in writing recommendations. The new guidelines for various IED reports will dedicate a section on suggestions for developing IED recommendations. As a part of this effort, IED will take into account the suggestions offered by various studies on the subject and coordinate with other multilateral development banks that are also in the process of establishing and improving their tracking systems for evaluating recommendations. As the MARS is an evolving system, IED will discuss with ADB's Board, Management, and staff experienced with handling it to gradually improve the system.

Differing classifications are being considered by IED for its validation approach, based on research and consultation with other multilateral development banks. There are some options for classifying implementation status. IED will finalize the classification system by the end of 2009 after further consultation with Management and others.

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## I. BACKGROUND

1. The Independent Evaluation Department (IED) of the Asian Development Bank (ADB) has been reporting annually on the implementation of its recommendations since 1982 using a manual tracking system (para. 5). The objective of tracking management responses to IED recommendations is to increase the use of evaluation findings in decision making. Inefficiencies in management's response and the tracking system resulted in an increased emphasis in 2008 on tracking responses to IED recommendations, through the following events:<sup>1</sup>

- (i) The 2008 November Board policy paper on *Review of the Independence and Effectiveness of Operations Evaluation Department*<sup>2</sup> discussed the need to track IED's recommendations. It indicated that the weakest link in achieving desired changes in ADB operations and policies as the result of applying evaluation recommendations lies with the system for recommendation monitoring and tracking. It concluded that a more rigorous system should be established for monitoring cumulative progress in taking action on IED recommendations.
- (ii) The 2008 *Annual Report of the Development Effectiveness Committee* (DEC) indicated that IED's recommendations should be practical and implementable and emphasized the importance of ascertaining whether the recommendations are taken into account (footnote 4, paras. 43–44).<sup>3</sup>
- (iii) The 2008 IED *Annual Report on Acting on Evaluation Recommendations in 2007* recognized the importance of tracking the status of actions on recommendations and proposed the creation of a Management Action Record System (MARS).<sup>4</sup>

2. During the first 6 months of 2009, the automated MARS was piloted using all of IED 2008 reports (Appendix 2). In developing MARS, the experience of other evaluation departments (the World Bank Independent Evaluation Group and the Global Environment Facility-Evaluation Office) in tracking recommendation were considered. The suggestions of a study by the Swedish Agency for Development Evaluation, which reviewed management response systems of three organizations (Europe Aid, the Swedish International Development Cooperation Agency, and the International Fund for Agricultural Development) were also taken into account.<sup>5</sup> These suggestions are:

- (i) adapt the management response system to the organizational context,
- (ii) consider overall policymaking structures (decision-making forums),
- (iii) ensure that clear guidelines and regulations regarding administrative procedures exist,
- (iv) document and disclose (for accountability) the response process,
- (v) appoint a responsible unit to supervise the response process,
- (vi) design an effective follow-up tool that checks implementation status,
- (vii) designate a receiver who can use information and respond to implementation failure,
- (viii) increase involvement of stakeholders and partners in the response process, and
- (ix) ensure that sufficient time is allocated for joint discussions and reflection.

<sup>1</sup> Appendix 1 provides a brief history of the tracking system.

<sup>2</sup> ADB. 2008. *Review of the Independence and Effectiveness of the Operations Evaluation Department*. Manila. With the ADB Board approval of the paper, the Operations Evaluation Department was renamed Independent Evaluation Department from 1 January 2009.

<sup>3</sup> ADB. 2008. *Annual Report of the Development Effectiveness Committee*. Manila.

<sup>4</sup> ADB. 2008. *Acting on Evaluation Recommendations in 2007*. Manila.

<sup>5</sup> SADEV. 2008. *Reaping the Fruits of Evaluation? An Evaluation of Management Response Systems within Aid Organizations*. SADEV Report 2008:7, p. ii. Available: <http://www.sadev.se/Uploads/Files/227.pdf>

3. ADB Management has fully embraced the automated tracking system. MARS adoption and implementation is in its first year, and both IED and ADB Management are fine-tuning the system. MARS is intended to be a management-owned tracking system that would be validated by IED periodically. Since the action plans and action completion target dates (ACTDs) are determined by the implementing departments, this ensures better ownership of implementation progress. IED entered all its recommendations from 2008 evaluation reports into the MARS by the beginning of 2009. During the first half of 2009, implementing and/or coordinating departments nominated by ADB Management have painstakingly included action plans and ACTDs for IED recommendations from 2008 reports that required a management response.<sup>6</sup> Action plans will continue to be included in MARS for all subsequent IED recommendations in new IED reports. Since July 2009, MARS has been accessible to all ADB personnel through the intranet (Portal).<sup>7</sup> In addition, from July 2009, Management is beginning to indicate the status of progress in the action plans. From early 2010, IED will be able to validate actions taken that have reached their ACTDs.

4. Since the automated tracking of recommendations has just begun, it is too early to report in detail about their implementation status. In 2010, IED will report in more detail on the acting on recommendations that have been included in the automated tracking system in 2009. This report bridges the gap between reporting from the manual tracking system and the automated MARS. It is intended to facilitate discussion on how to improve MARS further to be an effective and transparent tracking tool for ADB. Therefore, the Annual Report on Acting on Recommendations (ARAR) for 2008 will be a transition report, which will (i) report the available data on outstanding recommendations, both in the manual system and the new MARS; (ii) describe the differences in the two tracking systems; and (iii) explain the new concepts and issues that are evident in the MARS and provide suggestions for the future. This report highlights some emerging issues in MARS and proposes suggestions to address these. Other concerns will emerge as implementation and validation of recommendations progress, and these will be addressed as needed. Other multilateral development banks (MDBs) are also currently grappling with issues of implementing tracking systems and anticipate fine-tuning the systems after the initial 2- to 3-year learning period.

#### **A. The Manual Tracking System**

5. Tracking of follow-up actions and recommendations in IED evaluation reports began in 1982 following IED's 1982 board paper on postevaluation office activities and procedures (Appendix 1).<sup>8</sup> The recommendations were then categorized into:

- (i) project-specific (e.g., submission of audited financial statements, and in-service training for teachers);
- (ii) project preparatory, including appraisal process and methodology; and
- (iii) policy matters and additional resources.

6. In the *2001 Annual Review of Evaluation Activities*, the section on "Assessment of Follow-Up Actions" covered all IED reports completed in 1999 (with a 2-year lag). In 2001, IED for the first time requested the regional departments to manually report progress on actions taken twice a year (July 2000 and January 2001). In 2005, biannual progress reporting was replaced with an annual request for information.

<sup>6</sup> Recommendations include follow-up actions in project-specific evaluations, as well as recommendations from broader country and sector evaluations and those from special evaluation studies.

<sup>7</sup> To access MARS, please type mars in the ADB portal url or go to url <https://adbportal.adb.org/http://lnadbg1.asiandevbank.org/oed001p.nsf?Open>

<sup>8</sup> ADB.1982. Doc. R133-81, Revision 1, *Post-Evaluation Office: Activities and Procedures*, 2 November. Manila.

7. Before 2006, most recommendations were extracted from evaluations of individual operations, because recommendations in broader studies were usually too broad to be monitorable. Project or program performance evaluation reports (PPERs) and technical assistance performance evaluation reports (TPERs) were required to specify the due date of the action and the party responsible, making it easy to monitor implementation of the recommendations. Efforts to monitor the implementation of recommendations were intensified in 2006 and 2007. In 2006, the 2-year lag was closed, and the IED annual report included recommendations from IED reports completed in 2004 and 2005. In 2007, the pool of recommendations being monitored was expanded to include outstanding recommendations from previous years, and additional effort was made to include recommendations from broader evaluations. In 2008, those recommendations that were not agreed upon by Management were dropped from the pool (para. 9).

## **B. The Manual Reporting System (up to 2008)**

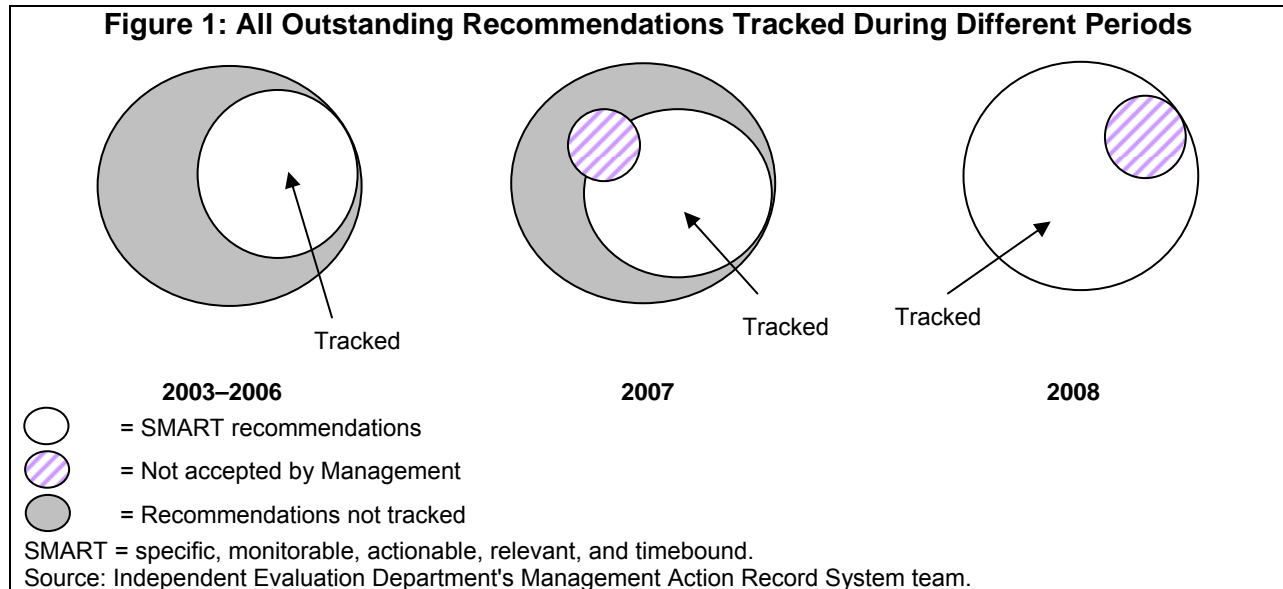
8. MARS will allow Management to access the information on demand without having to wait for IED annual reports to be issued. The electronic processing of the information provided by Management eliminates time-consuming manual processing and minimizes the chances of human error. To improve the effectiveness of the tracking system, it would be useful to incorporate variables that capture the quality as well as the extent of implementation of the recommendations. The quality of implementation can be measured by providing some indicators that look at the formal or informal adoption of the recommendation, provision of funding or budget allocation for the recommendation by the agency concerned if needed, and whether the action was implemented within the required time frame. Implementation reminders can be sent by e-mail at least 3–4 weeks prior to the ACTD.

9. Prior to 2007, all recommendations were assumed to have been accepted by Management; management responses were used to get additional information on the actions, but were not used to filter out any recommendations. Monitoring was restricted, however, to those recommendations that were specific, monitorable, actionable, relevant, and timebound (SMART). The guidelines for the preparation of PPERs and TPERs<sup>9</sup> required that recommended follow-up actions from these evaluation reports were SMART. For each recommendation, it was obligatory to indicate the unit responsible for implementing and tracking the action and the timing of the action. Many recommendations from the broader studies circulated during 2003–2006—such as country assistance program evaluations (CAPEs), sector assistance program evaluations (SAPEs), and special evaluation studies (SEs)—were often too broad and did not meet the SMART standards. Figure 1 shows the changes in the outstanding recommendations that were tracked and reported on during three periods (2003 to 2006, 2007, and 2008).<sup>10</sup>

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<sup>9</sup> ADB. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*. Manila; and ADB. 1992. *Guidelines for Preparation of Technical Assistance Performance Audit Reports*. Manila.

<sup>10</sup> Outstanding refers to all current (from 2008 IED reports) and past recommendations (from IED reports circulated in 2005, 2006, and 2007) that have not been acted upon.



10. The tracking system grouped the recommendations in two categories: those addressed (i) to ADB, and (ii) to developing member countries (DMCs). In a few cases, the recommendations required action by both ADB and a DMC. If a recommendation had been fully or partly acted on, this was classified as "action taken." Recommendations that were expected to be addressed in future operations or for which no information was provided were classified as "no action taken." In some cases, the DMC disagreed with the recommendations. These recommendations fell into the no action taken classification. Table 1 gives the reporting categories used.

**Table 1: Manual Tracking System Reporting Categories**

Item
1. Addressed to ADB
(i) Action Taken
• Action has been or is being taken
• Action partly taken
(ii) No Action Taken
• Will be addressed in future operations
• No action taken
2. Addressed to DMC
(i) Action Taken
• Action has been or is being taken
• Action partly taken
(ii) No Action Taken
• No action because DMC disagreed
• ADB requested DMC to take action but no response yet
• No action taken

ADB = Asian Development Bank, DMC = developing member country.

Source: Independent Evaluation Department's Management Action Record System team.

## II. ANALYSIS OF OUTSTANDING RECOMMENDATIONS AND THEIR IMPLEMENTATION

11. The 2008 ARAR is a transition report that uses both the manual tracking system (up to 2007) and the automated MARS tracking system (2008 onward). The improved automated

system will allow for a more systematic analysis of data when action plans are implemented, recorded, and validated, and it will also facilitate real-time monitoring of recommendations within ADB (Appendix 2). However, the 2008 ARAR cannot yet reap the full benefits of the MARS. The action plans for all 2008 recommendations have been included in the database, but they have just begun to be implemented. The validation of these actions will be reported in the 2009 ARAR (to be circulated in 2010), while this report analyzes various aspects of the available data to understand the focus of the recommendations (e.g., where they are directed, and why they have been accepted or not accepted). In addition, it discusses other ways to analyze the actions taken in the future.

## A. Recommendations Over the Years

12. The tracking of recommendations has evolved in recent years. In the past 5 years, the number of recommendation tracked by IED fluctuated due to the changes in the pool of recommendations tracked and changes in the type of IED reports (Figure 1). The declining number of PPERs and TPERs produced by IED since 2004 was matched by a corresponding increase in the number of broader studies shifting the recommendations from project specific to more sector and country specific. In 2006, there was a greater effort to make some recommendations from broader studies more monitorable by identifying responsible units and implementation timeframes.

13. In the past, CAPEs consistently had long lists of recommendations that were often too broad to be tracked. *Acting on Evaluation Recommendations in 2007* (footnote 4) reported on CAPE recommendations for the first time. The inclusion of CAPE recommendations and greater attention given to recommendations from SESs and SAPEs, which have become more monitorable, resulted in the number of accepted recommendations peaking in 2007 (at 161). Given past guidance from DEC, all CAPE recommendations have been addressed to ADB. Although they addressed the four major results classifications of ADB's new long-term strategic framework for 2008–2020 (Strategy 2020),<sup>11</sup> the focus was on ADB's sector and/or thematic contributions and operational effectiveness (para. 24). For example, the CAPE for India<sup>12</sup> suggested ways to improve the quality of ADB's sector lending, such as addressing issues on financial intermediation loans and project sustainability issues and possible approaches to increase private sector lending. The CAPE for Pakistan<sup>13</sup> identified resource allocation issues that may be reviewed and addressed. The CAPE for the People's Republic of China<sup>14</sup> suggested ways to strengthen the nonlending program in the country. The CAPE for Sri Lanka<sup>15</sup> suggested that assistance for results-based monitoring be provided and that Sri Lanka Resident Mission's roles and functions be strengthened. There were, on average, 12 recommendations for each CAPE circulated in 2007.

14. In 2008, three CAPEs—one each for Mongolia and the Philippines, and a regional CAPE for the Greater Mekong Subregion—were circulated. The CAPEs for Mongolia and the Philippines had 19 recommendations each. The total number of recommendations from all reports was reduced by about one third in 2008 compared to 2007 mainly because IED made a

<sup>11</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

<sup>12</sup> ADB. 2007. *Country Assistance Program Evaluation for India*. Manila.

<sup>13</sup> ADB. 2007. *Country Assistance Program Evaluation for Pakistan*. Manila.

<sup>14</sup> ADB. 2007. *Country Assistance Program Evaluation for the People's Republic of China: Success Drives Demand for More Innovative and Responsive Services*. Manila.

<sup>15</sup> ADB. 2007. *Country Assistance Program Evaluation for Sri Lanka: Inclusive Development and Conflict Resolution: Major Challenges in the Future*. Manila.

conscious effort not to include duplicate recommendations. The number of PPERs considered in 2008 had been reduced, because several PPERs were completed as inputs to other broader studies, and their findings and recommendations were absorbed into the relevant broader studies.

15. The number of recommendations per report fluctuated depending on the scope of the study. Over the years, there were consistently fewer than four recommendations per PPER and TPER; the same is true for SESs and SAPEs, except in 2007, when the average peaked at 4.4 (Table 2). In 2007, three SESs (on indigenous people safeguards, performance of technical assistance, and achievements of the long-term strategic framework) were issued that contained seven or more recommendations each, boosting the average number of recommendations per broader report. There were four CAPEs in 2007 with a total of 47 accepted recommendations, compared to two CAPEs and one regional CAPE in 2008 with 41 accepted recommendations due to the emphasis on more tangible and specific recommendations rather than on general and all encompassing recommendations.

**Table 2: Recommendations Monitored from Reports Circulated in 2004–2008**

Item	2004	2005	2006	2007	2008
<b>A. Number of Reports Circulated</b>	<b>29</b>	<b>27</b>	<b>31</b>	<b>38</b>	<b>30</b>
1. PPERs/TPERs	20	20	21	14	12
2. CAPEs, SAPEs, SESs	9	7	10	24	18
<b>B. Number of Reports Considered</b>	<b>17</b>	<b>13</b>	<b>26</b>	<b>33</b>	<b>22</b>
1. PPERs/TPERs	17	11	18	12	4
2. CAPEs, SAPEs, SES	0	2	8	21	18
<b>C. Total Recommendations</b>	<b>60</b>	<b>35</b>	<b>64</b>	<b>161</b>	<b>105</b>
1. Number of Recommendations addressed to ADB	14	10	29	134	99
2. Number of Recommendations addressed to Others	46	25	35	27	6
<b>D. Average Number of Accepted Recommendations</b>					
1. PPER/TPER	3.5	2.5	2.6	3.3	3.3
2. SAPEs/SES		3.5	2.1	4.4	3.4
3. CAPEs/RCAPE				11.8	13.7

ADB = Asian Development Bank, CAPE = country assistance program evaluation, PPER = project or program performance evaluation report, RCAPE = regional cooperation assistance program evaluation, SAPE = sector assistance program evaluation, SES = special evaluation study, TPER = technical assistance performance evaluation report.

Source: Independent Evaluation Department's Management Action Record System team.

## **B. Recommendations Accepted and Not Accepted**

16. Prior to the establishment of the MARS, Management's response did not always clearly indicate whether the recommendations were or were not accepted. In some management responses, recommendations were accepted in principle, but implementation difficulties were indicated. In others, implementation was postponed until an upcoming strategy or program was updated. From 2007, IED began limiting implementation status monitoring to those recommendations accepted by Management. In 2007, almost 11% of all recommendations addressed to ADB were not accepted by Management. This increased to around 15% in 2008 (Table 3); all not-accepted recommendations came from broader studies.<sup>16</sup> The recommendations were not accepted for various reasons, which can be classified as follows: (i) they were to be addressed following an upcoming strategy or policy review (2 in 2007, and 3 in 2008); (ii) they were to be addressed in a different manner than suggested by IED (7 in 2007,

<sup>16</sup> Due to the differences in interpretation of management responses, the number of recommendations not accepted may be subject to change.

and 5 in 2008); (iii) because of resource constraints (1 in 2007, and 1 in 2008); (iv) the need for the recommendations was not agreed upon (6 in 2007, and 8 in 2008); and (v) other reasons (1 in 2007). As the tracking system becomes more rigorous, Management will clearly indicate what recommendations cannot be implemented. There is a provision in MARS to indicate which recommendations are not accepted, and Management's reasons. Management can also show actions taken on not-accepted recommendations if they want to achieve the intended outcome using an alternative approach.

**Table 3: Accepted and Not-Accepted Recommendations for ADB**

Report Type	2007				2008			
	Accepted		Not Accepted		Accepted		Not Accepted	
	No.	%	No.	%	No.	%	No.	%
CAPE/RCAPE	47	97.9	1	2.1	41	87.2	6	12.8
PPER/TPER	14	82.4	3	17.6	8	100.0	0	0.0
SAPE/SES	73	84.9	13	15.1	45	81.8	10	18.2
Other	0	0.0	0	0.0	5	83.3	1	16.7
<b>Total</b>	<b>134</b>	<b>88.7</b>	<b>17</b>	<b>11.2</b>	<b>99</b>	<b>85.3</b>	<b>17</b>	<b>14.7</b>

ADB = Asian Development Bank, CAPE = country assistance program evaluation, PPER = project or program performance evaluation report, RCAPE = regional cooperation assistance program evaluation, SAPE = sector assistance program evaluation, SES = special evaluation study, TPER = technical assistance performance evaluation report.

Source: Independent Evaluation Department's Management Action Record System team.

## C. Implementation Status

### 1. Classification of Status of Implementation

17. IED had 122 recommendations in its 2008 reports. Implementation of the new automated system allows systematic tracking of a substantial number of recommendations and the resulting action plans, and enables progress in implementing the action plans to be regularly updated and monitored for accountability and future reference.

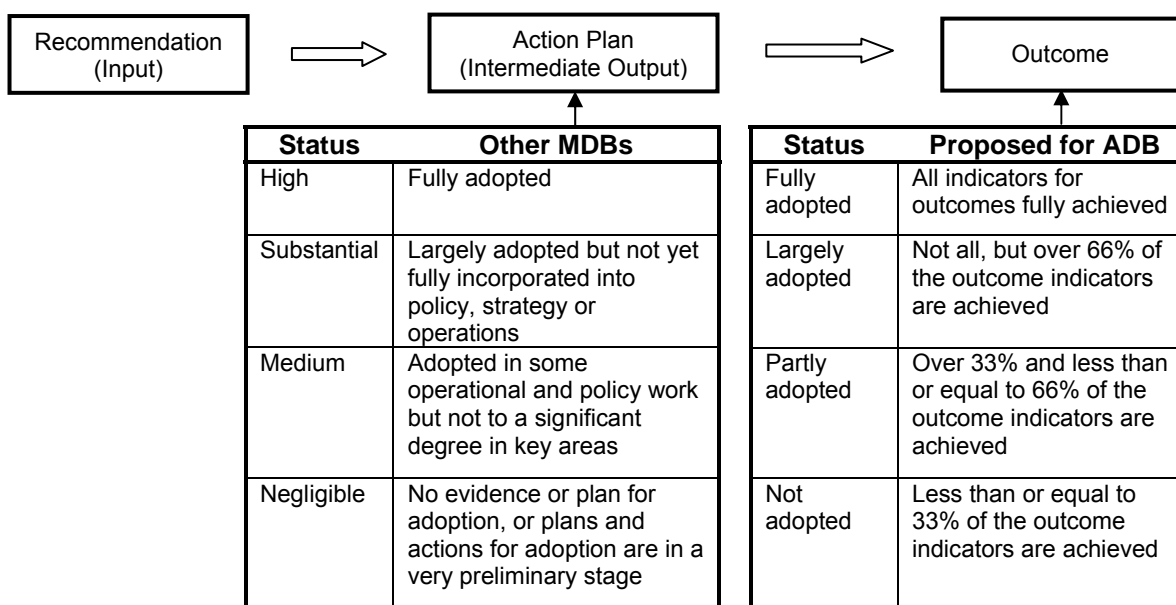
18. A wide range of recommendation types are covered, making it difficult to summarize patterns in terms of tracking the level of action plan implementation. As such, a summary code may be used to define the status of certain action plans. Subsequent to implementing the recommendations and reporting it in MARS, implementing departments are required to initially do a self-assessment and validate the progress of the action plans taken for specific recommendations. Implementation status of the action plans can be gauged (i.e., fully adopted [FA], largely adopted [LA], partly adopted [PA], or not adopted [NA]—to be finalized) when these have reached their ACTDs. Prior to the ACTDs, action plans can also be classified (as ongoing [ON] if they are currently being implemented, or planned [PL] when implementation has not yet begun). In a few cases, the MARS records show that progress has already been made, with some actions already adopted to a certain extent. Although they have not yet reached their due date, their status has been entered in the system.

19. When actions fall due—and after the implementing department's self-assessment—IED will provide its independent validation on the status of action plans. Similar to regular validation work, documentation provided by the coordinating departments will be sought to substantiate the validation, mostly through a desk review. Field validation will be done whenever necessary and practical. The level of implementation—fully, largely, partly, or negligible—can be subjective, and could lead to questions being raised during validation. Differing classifications are being considered by IED for its validation approach, based on research, consultation with

ADB stakeholders, and other MDBs. IED will finalize the classification system by the end of 2009 after further consultation with Management and others. The three approaches being considered are:

- (i) **Output orientation:** A recommendation may be directed at a specific ADB strategy (e.g., Strategy 2020) or a sector policy (e.g., Energy Policy and Safeguards Policy) or a country strategy. The level of integration of the action itself into the policy, strategy, or operations can be high, substantial, medium, or negligible, depending on how the action has been mainstreamed in the institution's processes. This method is being considered by some MDBs (Figure 2).
- (ii) **Indicator approach:** The implementing department suggests specific indicators after the report is finalized. IED comments on these and agrees on the final indicators subsequent to the meeting with the DEC. The indicators will be used to gauge achievement of the actions that correspond to the recommendations. Although there could be some difficulty in providing specific indicators at the outset, this provides a more tangible and objective means to ascertain the level of adoption or achievement of the action plans. This approach is being adopted by some MDBs.
- (iii) **Outcome orientation:** This considers each recommendation as an input to the intermediate output (the action plan), which leads to the outcome intended by the recommendation. Indicators for the expected outcome (FA, LA, PA, or NA) are determined by the implementing departments according to the extent to which the outcome indicators have been achieved or are expected to be achieved. This outcome orientation has not been introduced yet in any MDB but can also be considered when discussing the indicators.

**Figure 2: Classifications for Status of Implementation**



IED = Independent Evaluation Department, MDB = multilateral development bank.  
Source: IED Management Action Record System team.

## 2. Status of Implementing 2008 Recommendations

20. All 2008 recommendations and their corresponding action plans were uploaded by 30 June 2009 into the system at the end of the MARS pilot-testing period. Of the 122 recommendations, 99 were addressed to and accepted by ADB. Of these, 81 have action plans with ACTDs, comprising 81.8% of the total recommendations (Table 4). Implementation of the system has just begun, making it inevitable that a number of action plans (96.0%) are still not due. Five action plans have been fully adopted, including three that were accomplished before their due dates. Actions are ongoing and/or planned for a substantial proportion (72.7%). Because implementing/coordinating departments are still getting used to the new system, a substantial number of action plans (18.2%) still need to indicate ACTDs at the time of writing this report. IED will follow up on this, facilitating departments to monitor their accomplishments. IED will also follow up on action plans that are past their action dates and for which no information regarding the level of adoption has been entered. For one recommendation,<sup>17</sup> MARS showed that action was taken prior to the MARS pilot-testing, and with no ACTD shown in the system. It is expected Management will input the progress on implementing recommendations in MARS prior to end 2009, after which IED's first validation will take place in the first quarter of 2010.

**Table 4: Status of Implementation of Recommendations Addressed to and Accepted by ADB in 2008 Reports**

Due/Not Due	Status	With ACTD		Without ACTD	
		No	% of Total	No	% of Total
Due	FA	2	2.0		
	NI	2	2.0		
Not Due	FA	3	3.0	1	1.0
	LA				
	PA				
	NA				
	ON	58	58.6	9	9.1
	PL	4	4.1	1	1.0
	Without Status	12	12.1	7	7.1
	<b>Total</b>	<b>81</b>	<b>81.8</b>	<b>18</b>	<b>18.2</b>

ACTD = action completion target date, ADB = Asian Development Bank, FA = fully adopted, LA = largely adopted, MARS = Management Action Record System, NA = not adopted, NI = due but no information, No. = number, ON = ongoing, PA = partly adopted, PL = planned.

Note: Percentage of total is based on 99 recommendations accepted by ADB Management.

Source: Independent Evaluation Department's Management Action Record System team.

### D. Recommendations for ADB and DMCs

21. Recommendations for DMCs usually occur in project-specific evaluations (PPERs and TPERs) rather than broader studies such as CAPEs and SAPEs.<sup>18</sup> In broader studies, suggestions for governments are usually shown as a topic for policy dialogue to be carried out by the relevant department. MARS separates the presentation and analysis of

<sup>17</sup> The recommendation is to "provide guidance for assessing country capacity development needs and strategies, and identify an appropriate location for the presentation of the analysis in the country partnership strategy (CPS) template." It was one of the recommendations of the Special Evaluation Study on Effectiveness of ADB's Capacity Development Assistance: How to Get Institutions Right.

<sup>18</sup> In 2008, there was also a recommendation for the Organisation for Economic Co-operation and Development–Development Assistance Committee (OECD-DAC) (ADB. 2008. *Special Evaluation Study: Evaluation of the Implementation of the Paris Declaration of the Asian Development Bank: A Development Partner's Study for an OECD-DAC Joint Evaluation*. Manila).

recommendations for DMCs from the recommendations for ADB. Recommendations addressed to DMCs should be handled differently because while implementing departments make substantial efforts to implement the recommendations addressed to them, they do not tend to allocate resources for review missions after project completion to follow up on recommendations to DMCs. Implementation of follow-up recommendations made in a sector is easier to monitor when new activities are carried out in the same DMC in the same sector.

22. To facilitate acceptance of IED recommendations, the PPER guidelines (footnote 9, para. 83) specify that recommendations for the borrower or executing agency should be discussed in the field, noted in the memorandum of understanding (MOU), and explicitly referred to in the cover letter when draft reports are sent for comment. In practice, IED does not prepare a MOU but has a wrap-up meeting to discuss an Aide Memoire during a PPER mission. The recommendations in the draft broader reports are discussed with the government and executing agencies during the missions and subsequent consultation workshops. The holding of tripartite meetings between the resident missions, IED, and executing and/or implementing agencies at the end of an evaluation could also be considered to facilitate implementation of recommendations targeting DMCs. Circulation of the final reports to the government and executing and/or implementing agency is done through the country directors of relevant resident missions, who are requested by letter to advise the agencies concerned on the recommendations and the actions that need to be taken. According to the letter, within a month from the date of report circulation, the relevant resident mission should inform IED of the actions to be taken. IED subsequently collects information on actions taken through the regional departments and such information is summarized and reported by IED in an annual report to Management and the Board.

23. The recommendations addressed to DMCs (both the actual number and as a percentage of all recommendations) has decreased over the last 5 years (Table 5), because the focus of IED reports has changed from project-specific to broader evaluations. In addition, prior to 2007, recommendations from broader studies (CAPEs and SESs) were not included for tracking as they were considered too broad and general (para. 7) and therefore the proportion of recommendations appeared larger. Recommendations made to DMCs are more likely to be outstanding for a longer period. After 3 years, ADB reported that it had acted on all its outstanding recommendations, whereas 16% (4 out of 25) DMC recommendations were still outstanding for the same period, and 19% (5 out of 27) were outstanding after a year (Table 6). The project-specific recommendations geared to DMCs need to be reviewed and the mechanisms to improve their implementation need to be strengthened.

**Table 5: Recommendations Addressed to ADB, DMCs, and Others**

Item	2004	2005	2006	2007	2008
<b>A. Total Recommendations</b>	<b>60</b>	<b>35</b>	<b>64</b>	<b>161</b>	<b>122</b>
1. Addressed to ADB	14	10	29	134	116
2. Addressed to DMCs and others	46	25	35	27	6
<b>B. Total Percentage of Recommendations</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
1. Addressed to ADB	23.3	28.6	45.3	83.2	95.1
2. Addressed to DMCs and others	76.7	71.4	54.7	16.8	4.9

ADB = Asian Development Bank, DMC = developing member country.

Source: Independent Evaluation Department's Management Action Record System team.

**Table 6: Recommendations for ADB and DMCs Outstanding for Over a Year as of the End of 2008**

Item	From IED Reports in		
	2005	2006	2007
Number of total outstanding recommendations	4	4	10
Percentage outstanding of all recommendations tracked	11%	6%	6%
Outstanding recommendations addressed to ADB	0	1	5
Outstanding ADB recommendations as a percentage of total ADB recommendations	0%	3%	4%
Outstanding recommendations addressed to DMC and others	4	3	5
Outstanding DMC recommendations as a percentage of total DMC recommendations	16%	9%	19%

ADB = Asian Development Bank, DMC = developing member country, IED = Independent Evaluation Department.

Source: Independent Evaluation Department's Management Action Record System team.

## E. Classification of Recommendations

24. In 2008, 122 recommendations were proposed through IED evaluations,<sup>19</sup> of which 116 were addressed to ADB, of these, 99 were accepted by Management. With the adoption of Strategy 2020, the recommendations from the 2008 evaluation reports and studies are classified according to four categories corresponding to Strategy 2020 results levels. The first level pertains to recommendations on country partnership strategy (CPS) and policy, and points to ADB's contribution to outcomes in Asia and the Pacific. The second level denotes recommendations on ADB's sector and/or thematic contributions, contributing to country outcomes through key outputs. The third-level recommendations focus on ADB's operational effectiveness and the fourth-level recommendations point to ADB's organizational effectiveness. Appendix 3 provides further details on reclassification of IED recommendations.

25. Just over half (62) of the 122 recommendations have multiple classifications, while the remaining 60 have a single classification. Recommendation classifications were further categorized as primary or secondary (Table 7). For example, the recommendation "Strengthen country programming arrangements so there is better coordination within ADB at the country and sector level when seeking to develop the nonbank financial sector for private sector development,"<sup>20</sup> was primarily classified as a CPS/country programming recommendation under the level 1. Its secondary classification was as a Strategy 2020 drivers of change (private sector development/operations) recommendation under the level 2.

26. Table 7 illustrates that in 2008, 50% of the classified recommendations (62 out of 122) focus on ADB's sector and/or thematic contributions (Strategy 2020 level-2 results), with 31% (38 recommendations) focusing on operational effectiveness (Strategy 2020 level-3 results). This reflects that IED's broader reports address operational-effectiveness issues relating to sector and thematic areas. There are less recommendations under level 1 reflecting the focus of IED recommendations on specific rather than strategic issues.

<sup>19</sup> One regional CAPE, two CAPEs, five SAPEs, four PPERs, seven SESs on various topics, and three evaluation updates of previous SESs.

<sup>20</sup> ADB. 2008. *Special Evaluation Study on Private Equity Fund Operations*. Manila.

**Table 7: Distribution of 2008 Recommendations by Strategy 2020 Results and IED Classification**

Strategy 2020 Results Classification	IED Classification	Recommendations			
		With Primary Classification	With Secondary Classification	Total	%
Strategy and Policy (Contributes to Poverty Reduction and Human Development (Level 1))	Strategies, Policies, Guidelines	5	1	6	3.0
	Country Partnership Strategy/Country Programming	12	5	17	8.4
	<b>Subtotal</b>	<b>17</b>	<b>6</b>	<b>23</b>	<b>11.4</b>
Sector/Thematic Contributions (Level 2)	Strategy 2020 Drivers of Change	39	28	67	33.0
	Strategy 2020 Core Areas of Operations	22	17	39	19.2
	Noncore Areas of Operations	1	0	1	0.5
	<b>Subtotal</b>	<b>62</b>	<b>45</b>	<b>107</b>	<b>52.7</b>
Operational Effectiveness (Level 3)	Financing Instruments, Arrangements, and Modalities	8	2	10	4.9
	Approaches/Methodologies	4	8	12	5.9
	Loan/Technical Assistance (TA) Processing	5	3	8	3.9
	Project Management	8	7	15	7.4
	TA Management	1	0	1	0.5
	Monitoring and Evaluation	12	6	18	8.9
	<b>Subtotal</b>	<b>38</b>	<b>26</b>	<b>64</b>	<b>31.5</b>
Organizational Effectiveness (Level 4)	Human Resource Policy/Staff Issues	5	4	9	4.4
	<b>Subtotal</b>	<b>5</b>	<b>4</b>	<b>9</b>	<b>4.4</b>
	<b>Total</b>	<b>122</b>	<b>81</b>	<b>203</b>	<b>100.0</b>

IED = Independent Evaluation Department, TA = technical assistance.

Source: Independent Evaluation Department's Management Action Record System team.

## F. Recommendations by Department

27. IED's evaluations serve two functions: accountability and learning. In tracking recommendations, accountability is at the forefront. ADB's resources are allocated by department, and it would be appropriate to analyze the recommendations by department. Tracking by department would be very effective for monitoring progress and serve to strengthen the accountability of recommendations or follow-up actions, especially for recommendations geared for single departments. However, ADB departments are not evenly represented in IED ARARs; the contents of ARAR depend instead on IED's work program, which is determined in part by requests for country evaluations, which feed to scheduled CPSs.

28. Before 2008, many recommendations were addressed to multiple departments, which made it more difficult to monitor which department would be responsible for tracking implementation of the recommendation. IED's 2008 reports included recommendations addressed to multiple departments (e.g., annual reports and selected SESs). In 2009, however, Management began assigning a coordinating unit for recommendations addressed to multiple departments. The coordinating department (e.g., Central Operations Services Office or Office of Regional Economic Integration) is not necessarily one of the departments responsible for implementation, but will be required to coordinate with the different departments involved, and update the progress in MARS.

29. Of the 116 recommendations in 2008 IED reports that were geared to ADB,<sup>21</sup> 99 recommendations were accepted by Management and 17 were not accepted. The majority of the recommendations were assigned to the Southeast Asia Department (26.3%) and East Asia Department (20.2%), due to the preparation of the CAPEs for the Philippines and Mongolia. For those assigned to multiple departments (21.2%), Central Operations Services Office, Office of Regional Economic Integration, and Regional and Sustainable Development Department were identified as coordinating departments by Management.

**Table 8: Recommendations by Implementing and Coordinating Department**

Department	2007				2008			
	Accepted		Not Accepted		Accepted		Not Accepted	
	Number	%	Number	%	Number	%	Number	%
COSO	0	0.0	0	0.0	3	3.0	1	5.9
CWRD	7	5.2	0	0.0	0	0.0	0	0.0
EARD	13	9.7	0	0.0	20	20.2	4	23.5
IED	0	0.0	0	0.0	1	1.0	0	0.0
MDG	12	7.5	0	0.0	0	0.0	0	0.0
OCO	3	1.9	1	5.9	0	0.0	0	0.0
OREI	0	0.0	0	0.0	5	5.1	0	0.0
PSOD	0	0.0	0	0.0	5	5.1	1	5.9
RSDD	7	4.3	0	0.0	7	7.1	4	23.5
SARD	22	21.1	0	0.0	4	4.0	0	0.0
SERD	1	3.1	0	0.0	26	26.3	1	5.9
SPD	10	6.2	0	0.0	7	7.1	3	17.6
Multiple Department	59	36.6	16	94.1	21	21.2	3	17.6
<b>Total</b>	<b>134</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>99</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>

COSO = Central Operations Services Office, CWRD = Central and West Asia Department, EARD = East Asia Department, IED = Independent Evaluation Department, MDG = Managing Director General, OCO = Office of Cofinancing Operations, OREI = Office of Regional Economic Integration, PSOD = Private Sector Operations Department, RSDD = Regional and Sustainable Development Department, SARD = South Asia Department, SERD = Southeast Asia Department, SPD = Strategy and Policy Department.

Source: Independent Evaluation Department's Management Action Record System team.

<sup>21</sup> Six recommendations were geared to DMCs and OECD.

### III. CONCLUSIONS AND SUGGESTIONS

30. Implementation of MARS has just begun, and the cooperation and enthusiasm shown by the implementing departments thus far has been very encouraging. For each IED 2008 report, Management designated an implementing and/or coordinating department, and the departments have diligently uploaded and begun to implement action plans for all accepted recommendations. IED will validate the implementation of these action plans, beginning with the 2009 ARAR (published in 2010). Those recommendations not accepted by Management have been recorded separately in MARS, but are not tracked. Recommendations for DMCs are also recorded separately.

31. In the past 5 years, the number of IED recommendations has fluctuated due to the changes in the pool of recommendations tracked and the changes in the type of reports produced by IED. The number of accepted recommendations peaked at 161 in 2007 reports. In the last 2 years, over 85% of the recommendations have been accepted. There were 18 recommendations outstanding from the IED reports of 2005–2007 (four each in 2005 and 2006, and 10 from 2007). The proportion of recommendations addressed to DMCs has declined substantially, as IED has focused on broader studies. Half of the 2008 recommendations address sector and/or thematic issues, and 31% address issues related to operational effectiveness.

32. **Management Response.** In the past, Management has not always clearly stated whether an IED recommendation was or was not accepted. In some cases, Management agreed with a recommendation in principle but took issue with the practical implementation. However, the management responses provided in 2009 (since the establishment of MARS) have been much clearer regarding whether recommendations are or are not accepted, with clear reasons often provided where recommendations are not accepted. As MARS improves, it is anticipated that the quality of the management responses will continue to improve. Important lessons in this regard can be learned from other institutions that have established similar tracking systems. The study, *An Evaluation of Management Response Systems within Aid Organizations* (footnote 5), lists some factors that can dilute the effectiveness of a management response system, and these are presented here for consideration while MARS is being fine tuned in ADB:

- (i) absence of explicit channels for using evaluations in decision making,
- (ii) absence of sanctions for noncompliance,
- (iii) lack of clarity concerning the overall objective of enhanced learning,
- (iv) limited time for staff to reflect upon evaluation findings,
- (v) unclear delegation of response activities, and
- (vi) vagueness or lack of clarity in the action plan.

33. **Action Plans.** After a response is provided by Management, MARS requires that an action plan be finalized within 1 month after each report is discussed with the DEC. For reports that do not necessitate a DEC meeting, an action plan is required to be entered in MARS 1 month after the management response. This procedural requirement is being followed for 2009 reports.

34. The quality of the action plans determines whether the outcomes intended by the recommendations are likely to be achieved. All the action plans for the 2008 recommendations were due during the short piloting period, and there are quality concerns related to some of it. The quality of the action plans developed for the 2009 recommendations will be monitored, and improved as needed. Management may need to consult with IED prior to finalizing the action plans to improve their quality and ensure they relate to the spirit of the recommendation and its intended outcome. IED will be available for an optional action plan discussion meeting at the

request of the implementing department. At that time, IED will provide comments on the action plan for consideration by Management. This meeting can also be used to discuss the criteria for determining the status of implementation at the completion of the action plan. For example, outcome or output indicators for monitoring action plan implementation could be proposed by Management and commented on by IED and a common understanding may be reached.

**35. Implementation by Developing Member Countries.** IED's focus on broader evaluations will gradually reduce the number of recommendations for DMCs. However, a few may remain due to specific issues that are raised in PPERs (e.g., on safeguard issues or other compliance issues). Where a recommendation is provided to a DMC, it is necessary to come to a tripartite agreement with the relevant executing agency of the DMC, and the relevant department and IED. This would facilitate the implementation of recommendations, as well as their monitoring by Management.

**36. Recommendations.** The adoption of the MARS has highlighted several weaknesses in IED's past recommendations. At times, recommendations were too specific and prescriptive, restricting Management's flexibility for action.<sup>22</sup> Other recommendations may not have considered implementation feasibility in light of data and other constraints.<sup>23</sup> IED has been improving the quality of its recommendations by taking into consideration the need to (i) be more specific regarding suggestions, and (ii) avoid being too prescriptive. In its 2009 reports, IED has addressed this dual approach by cross-referencing the recommendations with those paragraphs that provide specific suggestions for implementation.

**37.** IED has also made arrangements to enhance the skills of its staff in writing recommendations. The new guidelines for various IED reports will dedicate a section to providing suggestions for developing IED recommendations. As a part of this effort, IED will take into account the suggestions offered by various studies on the subject. For example, some studies bring out the importance of understanding the contextual framework that is likely to affect the development and implementation of a recommendation.<sup>24</sup> Other studies have the following suggestions for enhancing recommendations:<sup>25</sup>

- (i) allocate sufficient time and resources to developing the recommendations;
- (ii) consider all aspects of the issue;
- (iii) draw possible recommendations from a wide variety of sources;
- (iv) work closely with agency personnel throughout the process;
- (v) consider the larger context within which the recommendations must fit;
- (vi) generally offer only realistic recommendations;
- (vii) decide whether to be as general or as specific as possible;
- (viii) think twice before recommending fundamental changes;
- (ix) show the future implications of recommendations;
- (x) make the recommendations easy to understand;

<sup>22</sup> For example, the SES on energy policy (page viii) stipulated "Make improving energy efficiency the single highest priority in the ADB's new energy strategy so that all feasible efforts are made to decrease demand through viable energy efficiency initiatives and increase in system efficiencies, before investing in new energy generation capacity" (ADB. 2007. *Special Evaluation Study on Energy Policy 2000 Review: Energy Efficiency for a Better Future*. Manila).

<sup>23</sup> The SES on energy policy (page viii) also stipulated "Incorporate as a matter of routine environmental cost and benefits in the economic analysis undertaken."

<sup>24</sup> Jennifer E. Iriti, et al. 2005. Using Recommendations in Evaluation: A Decision-Making Framework for Evaluators. *American Journal of Evaluation*. 26, pp. 464–479; and Hendricks, M., and E. Handley. 1990. Improving the Recommendations from Evaluation Studies. *Evaluation and Program Planning*. 13(2), pp. 109–117.

<sup>25</sup> Hendricks, M., and E. Handley. 1990. *Improving the Recommendations from Evaluation Studies*. Evaluation and Program Planning, v13 n2, p. 109–17.

- (xi) stay involved after recommendations have been accepted; and
- (xii) if a recommendation is not accepted, look for other opportunities to recommend it again.

38. **Implementation Status.** As discussed in para. 19, there are some options for classifying implementation status. In the coming months, this classification system (for both self-assessment and IED assessment) will be fine-tuned and agreed upon by IED and Management.<sup>26</sup> If feasible, the use of a combination of output and outcome-oriented indicators for actions would be the most appropriate to assess whether recommendations have achieved their intended outcome.

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<sup>26</sup> In the weeks that follow the circulation of this report, IED intends to conduct additional discussions on MARS with ADB personnel to familiarize them with MARS, exchange experiences in working with it, and also to iron out any issues related to its smooth functioning.

## HISTORY OF TRACKING FOLLOW-UP ACTIONS AND RECOMMENDATIONS: 1982 TO 2007

1. Efforts to track follow-up actions and recommendations (FAARs) in Independent Evaluation Department (IED) evaluation reports stretches back to 1982, and intensified in 2006 and 2007. IED has periodically monitored and reported on FAARs. Although progress has been made toward establishing a Management Action Record System (MARS), it had not yet become fully functional. A brief history of this effort follows.

- (i) Following IED's 1982 Board paper *Post-Evaluation Office: Activities and Procedures*,<sup>1</sup> IED (then the Post-Evaluation Office) began reporting actions taken in its *Fifth Review of Post-Evaluation Reports (1982)*, which was circulated in May 1983.<sup>2</sup> Information on the status of actions was requested from relevant divisions.
- (ii) In the *2001 Annual Review of Evaluation Activities*, the section on "Assessment of Follow-Up Actions" covered all IED reports completed in 1999 (with a 2-year lag). For the first time, IED requested biannual progress reports (in July 2000 and January 2001) from regional departments on actions taken.<sup>3</sup> The practice of requesting information twice per year was changed to yearly requests in 2005. At the time, most FAARs were extracted from individual operations because the recommendations in broader studies were too broad to be monitorable. In contrast, the project performance evaluation reports (PPERs) and technical assistance performance evaluation reports (TPERs) were required to name the due date of the action and the party responsible and could thus be easily monitored.
- (iii) In 2006, the 2-year lag was closed, and the IED annual report included FAARs from IED reports completed in 2004 and 2005. While management responses were used to get additional information on the actions, they were not used to filter out any FAARs. In 2007, outstanding FAARs from previous years were also added to the pool that was being monitored. A greater effort was also made to add recommendation from broader evaluations to the FAAR pool being monitored.
- (iv) In 2008, those recommendations that were not agreed upon in the management responses were dropped from the FAAR pool.

2. The Development Effectiveness Committee (DEC) supported the tracking of recommendations by requesting follow-up on its own recommendations (most of which were based on endorsements of IED recommendations). In 2003, the DEC requested that IED prepare an annual status report monitoring management actions implementing the DEC's recommendations contained within its annual reports to the Board since 2002 on a cumulative basis. In its Annual Report of 2005, the DEC made further recommendations to ADB through the Board, requesting that a system be put in place to monitor actions on annual DEC recommendations and that a system be established for monitoring the cumulative progress of actions on IED recommendations.

3. The effort was also supported by the Managing Director General's Office (MDO). The MDO memo of 29 March 2006 to the President proposed the establishment of an ADB-wide

<sup>1</sup> Doc. R133-81, Activities and Procedures, Revision 1, *Post-Evaluation Office: Activities and Procedures*, 2 November. Manila.

<sup>2</sup> The follow-up actions and/or recommendations were categorized into (i) project-specific, (ii) project-preparatory, and (iii) policy matters and/or additional resources. This categorization was not continued in the following years although the monitoring and reporting continued.

<sup>3</sup> The FAAR categorization was changed to those that were geared to developing member countries (DMCs) (appropriate action has been taken [A1], partly taken [A2], no action taken because DMC disagreed [B1], no action because no response from DMC [B2], no action at all [B3]) and those that were geared to ADB (appropriate action taken [C1], partly taken [C2], no action taken due to department disagreement [D1], response postponed [D2], and no action taken at all [D3]).

evaluation information system, which would be operationalized within 6 months of the startup of the work. The following division of roles was proposed:

- (i) MDO was to coordinate the overall development of the system,
- (ii) IED was to integrate its lessons and recommendations databases into an integrated system that could reflect management responses,
- (iii) regional departments were to provide periodic feedback on the FAARs in IED reports,<sup>4</sup> and
- (iv) the Regional and Sustainable Development Department was to interact with IED regarding the application of the Evaluation Information System (EVIS).

4. Following endorsement by the President, a separate memo was sent to the DEC indicating Management's commitment to improving ADB's system of learning from evaluation feedback as a core part of its more comprehensive knowledge management process, and indicating that a user-friendly EVIS would be set up.

5. IED met with the MDO in 2007, after establishment of the EVIS, to discuss roles and responsibilities, and reached the following conclusions:

- (i) concerned departments and offices should be responsible for the "action taken" fields of EVIS,
- (ii) MDO should take ownership of those action recommendations with ADB-wide implications, and
- (iii) MDO would organize an EVIS demonstration session for relevant departments and reach an agreement on roles and responsibilities.

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<sup>4</sup> This should include other departments as there are some recommendations that need to be acted on by Budget, Personnel, and Management Systems Department; Central Operations Services Office; Regional and Sustainable Development Department; Strategy and Policy Department; etc.

## THE NEW MANAGEMENT ACTION RECORD SYSTEM

1. A task force was formed in November 2008 to study the options for establishing a rigorous monitoring system, with representatives from the Managing Director General's Office, Independent Evaluation Department (IED), Strategy and Policy Department, and the Office of Information Systems and Technology. The task force discussed options to improve tracking recommendations and reached an agreement to develop Management Action Record System (MARS), a computerized, automated tracking system that will facilitate implementation and monitoring of the recommendations by the Asian Development Bank (ADB). MARS draws on the existing Evaluation Information System (EVIS).<sup>1</sup>

2. **Objective.** The key objective of MARS is to facilitate implementation of recommendations by ADB and monitor implementation progress by providing an efficient and user-friendly automated system based on EVIS to facilitate the use of evaluation findings in future decision making.

3. **Expected Benefits.** In the past, a manual system was used to annually track recommendations and assess their implementation status; the actions taken were not validated, however. In contrast,

- (i) MARS will automatically generate a management action record (MAR) for each IED report on demand.
- (ii) MARS will provide a database accessible online to all ADB staff, Management, and the Board to facilitate various analyses of the recommendations (e.g., by area, sector, and priority).
- (iii) MARS will help Management assume ownership in inputting and monitoring progress on implementing the recommendations and allow IED to annually assess progress based on the information provided by Management.
- (iv) Beginning in the first quarter of 2010, IED will validate actions taken through a desk review or whenever practical and necessary a field validation may be carried out.
- (v) The implementation of MARS allows for the active involvement of stakeholders, and summary progress reports on actions taken will be generated by the system on demand.

4. **Management Action Record.** The MARS is being used to track all IED report recommendations, beginning with January 2008 reports. Each IED report will have a MAR. IED will enter into EVIS information on recommendations from all its final reports and the corresponding management response. Management will indicate proposed actions and an action completion target date (ACTD) at the time of the management response (see Table A2.1 for the MAR; Table A2.2 contains the corresponding field descriptions). The information in MARS will be available as a "read-only" database, accessible to the Board, Management, and ADB staff through ADB's intranet site. For the sake of efficiency, and based on mutual agreement with Management, IED proposes to retire recommendations from EVIS (i) 2 years after their ACTD; or (ii) if they become irrelevant because (a) of external conditions, or (b) they are superseded by other recommendations.

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<sup>1</sup> EVIS was developed by IED in 2007 as a searchable database with two elements: (i) lessons; and (ii) follow-up actions and recommendations, and management responses. EVIS allows the departments responsible for implementing follow-up actions and recommendations to record proposed actions and implementation progress. For tracking, MARS will extract selected tracking data from the second segment of the EVIS database devoted to follow-up actions and recommendations.

Table A2.1: Management Action Record

Date of IED Report/Running date of MAR:	
Implementing department(s):	
Reference/Loan no:	
Name:	

<b>Recommendations</b>
------------------------

IED Recommendation	Management				IED					
	Management Response	Action Plan/Proposed Action	Completion Target Date	ID	Status of Progress		Assessment			
					Status	Description	Delayed?	Status	Reason	Status Flag
A	B	C	D	E	F	G	H	I	J	K
<b>Accepted</b>										
<b>Others (Government and other organizations)</b>										
<b>NOT accepted</b>										

ID = implementing or coordinating department, IED = Independent Evaluation Department, MAR = management action record.

Source: Independent Evaluation Department's Management Action Record System team.

**Table A2.2: Management Action Record Field Descriptions**

<b>Column (input responsibility)</b>	<b>Field Name</b>	<b>Remarks</b>
A (IED)	Recommendation	Recommendations from IED reports are entered by IED upon report circulation.
B (IED)	Management Response	The Management Response will indicate whether the IED recommendation is accepted or not accepted by Management, and the reasons for accepting or not accepting the recommendation. The Management Response will contain a brief action plan, a time frame to complete the action, the implementing department, and the designated focal points for all IED recommendations accepted by Management.
C (ID)	Action Plan/ Proposed Action	Describes the implementing or coordinating department's proposed course of actions to implement IED's recommendations. The action plan may have several subactions to implement one recommendation. A focal person designated by the ID is responsible for inputting the action plan.
D (ID)	Action Completion Target Date (ACTD)	This is the estimated date to complete the action as proposed by Management. Only one ACTD should be entered for each recommendation. If there are several subactions with corresponding completion target dates, then the latest subaction target date will be considered to be the ACTD. A focal person designated by the ID is responsible for inputting the target date.
E (ID)	Implementing Department	Department assigned by Management to implement and/or coordinate (in cases where several departments are involved) implementation of IED's recommendation.
F (ID)	Status	If the action is pending or in progress, the status will be classified as "ongoing" or "planned." If the action is completed, then the ID will classify extent of adoption of recommendation as "fully adopted," "largely adopted," "partly adopted," or "not adopted"—to be finalized. The designated staff can update the status of progress any time.
G (ID)	Description	The basis for the classification of implementation progress.
H (IED)	Delayed?	A checkmark (√) will appear if no status of progress has been inputted beyond the ACTD.
I (IED)	Status at Validation	In the first quarter of each year, IED will review and validate the status (classification of implementation progress) assigned by the ID.
J (IED)	Reason	The basis for IED's assessment of implementation progress.
K (IED)	Status Flag	A checkmark (√) will appear if IED's classification of implementation progress is different from that of the ID.

ACTD = action completion target date, ID = implementing or coordinating department, IED = Independent Evaluation Department.

Source: Independent Evaluation Department's Management Action Record System team.

5. The relevant department(s) will update the status of progress on actions throughout the year, with updates made at least twice yearly (by 30 June and 31 December). IED will assess the status of progress recorded in EVIS once per year (in the first quarter).
6. For effective implementation of MARS, the following guiding principles will be observed:
  - (i) Recommendations will be actionable and monitorable. Sub-recommendations that require different actions will be treated and counted as separate recommendations, but different implementation options will not be counted separately.

- (ii) Management should clearly indicate whether it accepts the recommendations, and provide appropriate reasons. Recommendations accepted by Management should have clear proposed action(s) and a reasonable time frame as indicated by the ACTD.

7. **Pilot Testing.** MARS was pilot tested from January to June 2009, and promoted through nine briefings held with departments that are implementing IED recommendations. The system was improved and fine tuned based on feedback from the briefings, with the goal of making it easier to use. A MARS hotline and a link to answers on "frequently asked questions" were added to support MARS users. All the recommendations in 2008 IED reports were entered into the MARS by January 2009 and the corresponding action plans and ACTDs were provided by Management by the end of June 2009. Focal persons were designated by heads of implementing departments or coordinating departments nominated by Management. A section on frequently asked questions were added to the MARS to facilitate better understanding by implementing departments regarding the operations in MARS.

8. **Reporting and Dissemination.** It is expected that the action plans for 2008 IED recommendations will be implemented, and information on implementation progress will be entered into the MARS in 2009 when it becomes available (or at minimum twice during the year, in June and December). IED will use the MARS to prepare the ARAR—which summarizes progress made in implementing management actions on recommendations—in the first quarter of the following year, beginning in 2010. IED will validate the actions taken by Management through a desk review that examines documentation. The 2009 ARAR will be discussed with the DEC in the second quarter of 2010. Additional information will be available as implementation of MARS progresses, and the ARAR presented in 2010 will thus be more analytical than the current report.

## PRELIMINARY RECLASSIFICATION OF INDEPENDENT EVALUATION DEPARTMENT RECOMMENDATIONS

Strategy 2020 Results Classification	IED Classification	IED Sub-Classification	
Level 1: Strategy and Policy	Strategies, Policies, Guidelines	<ul style="list-style-type: none"> <li>• Accountability</li> <li>• Anticorruption</li> <li>• Disaster and emergency assistance</li> <li>• Innovation and efficiency initiative</li> <li>• Middle-income country strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Graduation Policy</li> <li>• Microfinance</li> <li>• Public Communications Policy</li> <li>• Resident mission</li> <li>• Safeguards</li> </ul>
	Country Partnership strategy/Country Programming	<ul style="list-style-type: none"> <li>• Country ownership</li> <li>• Consultation/participation</li> <li>• Linkage with country program</li> <li>• Positioning</li> </ul>	<ul style="list-style-type: none"> <li>• Relevance</li> <li>• Responsiveness</li> <li>• Selectivity and focus</li> </ul>
Level 2: Sector and/or Thematic Contributions	Strategy 2020 Drivers of Change	<ul style="list-style-type: none"> <li>• Capacity development</li> <li>• Governance</li> <li>• Gender equity</li> <li>• Knowledge solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships including donor coordination</li> <li>• Private sector development and/or operations</li> </ul>
	Strategy 2020 Core Areas of Operations	<ul style="list-style-type: none"> <li>• Education</li> <li>• Infrastructure</li> <li>• Environment, including climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Financial sector development</li> <li>• Regional cooperation/integration</li> </ul>
	Non-Core Areas of Operations	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Health</li> <li>• Social protection</li> </ul>	<ul style="list-style-type: none"> <li>• Population</li> <li>• Others</li> </ul>
Level 3: Operational Effectiveness	Financing Instruments, arrangements and Modalities	<ul style="list-style-type: none"> <li>• Project loan</li> <li>• Program loan</li> <li>• Equity/investment</li> <li>• Grants</li> <li>• Guarantees</li> <li>• Cofinancing</li> </ul>	<ul style="list-style-type: none"> <li>• Technical assistance</li> <li>• Multitranche financing facility</li> <li>• SDP</li> <li>• Program cluster</li> <li>• TA cluster</li> <li>• Trust fund/special funds</li> </ul>
	Approaches and/or Methodologies	<ul style="list-style-type: none"> <li>• Participatory approach</li> <li>• Pilot project</li> </ul>	<ul style="list-style-type: none"> <li>• Sector-wide approach</li> <li>• Targeting</li> </ul>
	Loan/TA Processing	<ul style="list-style-type: none"> <li>• Appraisal</li> <li>• Linkage with country strategies</li> <li>• Problem identification</li> </ul>	<ul style="list-style-type: none"> <li>• Project design</li> <li>• Quality-at-entry and/or quality assurance</li> </ul>
	Project Management	<ul style="list-style-type: none"> <li>• Consultants</li> <li>• Executing/Implementing agencies</li> <li>• Management information system</li> <li>• Project startup</li> </ul>	<ul style="list-style-type: none"> <li>• Project implementation and/or supervision</li> <li>• Procurement</li> <li>• Risks and/or risk management</li> </ul>
	TA Management	<ul style="list-style-type: none"> <li>• Resource allocation</li> <li>• TA implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Linkage with country strategies</li> <li>• Consultants</li> </ul>
	Monitoring and Evaluation	<ul style="list-style-type: none"> <li>• Baseline data</li> <li>• Data collection and management</li> <li>• Indicators</li> <li>• DMF</li> </ul>	<ul style="list-style-type: none"> <li>• Portfolio management</li> <li>• Postevaluation</li> <li>• Project evaluation</li> <li>• Performance reporting</li> <li>• Results framework</li> </ul>
Level 4: Organizational Effectiveness	HR Policy/Staff Issues	<ul style="list-style-type: none"> <li>• Staff skills and/or expertise</li> <li>• HR management</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives</li> </ul>

DMF = design and monitoring framework, HR = human resources, IED = Independent Evaluation Department, SDP = sector development program, TA = technical assistance.

Source: Independent Evaluation Department's Management Action Record System team.

## **MANAGEMENT RESPONSE TO THE 2008 ANNUAL REPORT ON ACTING ON RECOMMENDATIONS**

On 14 September 2009, the Director General, Independent Evaluation Department, received the following response from the Managing Director General on behalf of Management:

### **I. Overall Assessment**

1. We appreciate IED's 2008 Annual Report on Acting on Recommendations. We concur that the new automated Management Action Record System (MARS) will allow for (i) a more systematic analysis of data when action plans are implemented, recorded and validated; and (ii) facilitation of real-time monitoring of recommendations. We are pleased that "cooperation and enthusiasm shown by the implementing departments thus far has been very encouraging" (para. 30).

2. As IED notes, this Report is a transition report as it uses both the manual tracking system (for IED reports up to 2007) and the MARS tracking system (for 2008 IED reports), which has been in use Bank-wide since July 2009. In this regard, we support the report's balanced consideration of MARS implementation issues and its open mindedness, e.g., in considering further enhancements in the formulation of recommendations and improvements in the action tracking system. We share the following general observations and concerns as Management and IED continue to work together to improve MARS.

### **II. Flexibility, Quality and Number of Recommendations**

3. Flexibility. We stress the importance of allowing flexibility of Management action in implementing recommendations. Sector and regional initiatives typically are evolving. As the situation in the field is dynamic, constantly changing and requiring new responses, the formulation and tracking of recommendations should consider development initiatives as "moving targets". Trial-and-error and continuous adjustments are often needed to ensure effectiveness of implementation.

4. Quality. We support the proposed arrangements to enhance skills for formulating recommendations, e.g., by considering the larger context within which the recommendations must fit and their future implications. We stress that while MARS emphasizes accountability, it should not become mechanistic and cumbersome to use; otherwise, its potential value of adding to development effectiveness will be undermined. Management and IED will hold focus group discussions to learn from the experience of the MARS focal points from the implementing and operating departments and to identify system improvements.

5. Number. We have noted that the total number of recommendations in 2008 (i.e., 105) declined from that in 2007 (i.e., 161). We appreciate IED's efforts to reduce the total number of recommendations through non-duplication, further analysis of recommendations and absorption in relevant broader studies. We remain concerned, however, that tracking and implementation of

recommendations and related action plans will become increasingly difficult and resource intensive.

### **III. Quality of Management Responses**

6. The Report notes that the Management responses provided in 2009 (since the establishment of MARS) have been "much clearer regarding whether recommendations are or are not accepted, with clear reasons often provided where recommendations are not accepted." We expect that quality will continue to improve with further experience with MARS implementation, e.g., following IED validation of the implementation of action plans in the first quarter of 2010.

### **IV. Conclusion**

7. Results to date of MARS are positive and encouraging. Management will continue to consult with implementing and operating departments and with IED to enhance MARS implementation, including the determination of the classification system based on output or outcome orientation or an indicator approach.

## **DEVELOPMENT EFFECTIVENESS COMMITTEE**

### **Chair's Summary of the Committee Discussion on 16 September 2009**

#### **2008 ANNUAL REPORT ON ACTING ON RECOMMENDATIONS**

1. DEC appreciated the recently established management action record system (MARS) and the 2008 annual report. DEC recognized that MARS would help in real-time monitoring of recommendations and help in establishing ADB as a learning institution at the forefront of MDBs.
2. DEC hoped that IED recommendations, and Management's response to the recommendations, will improve over time for maximum benefit.
3. Management recognized MARS as a tool that would record agreements between IED and Management and track the performance of management action in response to IED recommendations. Spring-cleaning of stocks of past recommendations needed to be done. Management is also focusing on prioritizing IED recommendations.
4. DEC recommended minimizing IED recommendations to DMCs. One DEC member requested Management's long-term commitment to MARS, beyond the pilot stage. DEC expected that IED's validation of the effectiveness of MARS would be available after its first year of operation.

**Ashok K. Lahiri**

Chair, Development Effectiveness Committee