



# COUNTRY STUDY ANALYSIS

Country Studies from the 2007 Special Evaluation  
Study on Performance of Technical Assistance

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# Abbreviations

ADB	Asian Development Bank
ADTA	advisory technical assistance
COSO	Central Operations Services Office
CSP	country strategy and program
CSPU	country strategy and program update
DMC	developing member country
DMF	design and monitoring framework
EA	executing agency
LTSF	Long-Term Strategic Framework
MOF	Ministry of Finance
NBP	new business process
PPMS	project performance management system
PPTA	project preparatory technical assistance
PRC	People's Republic of China
QCBS	quality-and cost-based selection
RETA	regional technical assistance
SES	special evaluation study
SPD	Strategy and Policy Department
SRC	staff review committee
SSTA	small-scale technical assistance
TAIPF	technical assistance indicative planning figure
TA	technical assistance
TCR	technical assistance completion report
TOR	terms of reference
TPER	technical assistance performance evaluation report
TPR	technical assistance performance report

## Note

In this report, "\$" refers to US dollars.

# Contents

	<b>Page</b>
I. Introduction	1
II. Prioritization and Selection Process at Country Level	1
III. Strategic Direction for TA at Country Level	4
IV. Consistency between Technical Assistance Program and Approvals	7
V. Other Aspects of Strategic Focus	9
VI. Formulation and Implementation of Technical Assistance	12
VII. Concept Paper	13
VIII. Quality at Entry	13
IX. Resources to Support Formulation	24
X. Quality Control	25
XI. Bunching	28
XII. Implementation Performance	28
XIII. Consulting Services	31
XIV. Executing Agency	37
XV. ADB Supervision	39
XVI. Outputs and Outcomes of Technical Assistance	42
XVII. Achievement of Outcomes	44

## I. Introduction

1. This report assesses the country strategic focus of technical assistance (TA) based on the findings from the five country studies: Fiji Islands, India, Kyrgyz Republic, Philippines and Viet Nam. It asks whether TA was programmed and planned as an integral part of the country strategy and program (CSP), and whether the CSP provided sound strategic direction for TA. It then examines whether the choice of individual TAs was consistent with the adopted strategy and program and factors that influence the effectiveness of the strategic focus of TA at country level.

## II. Prioritization and Selection Process at Country Level

2. **The CSP does not Provide a Framework in which Coherent TA Strategies and Programs are Developed and Justified.** The special evaluation study (SES)<sup>1</sup> examined the way that TA is treated within CSPs in case study countries. The findings are summarized in Table 1. In each country, the CSP formulation process of the Asian Development Bank (ADB) focuses primarily on lending. The governments said that consideration of TA was usually limited to briefly reviewing and approving a list of prospective TAs. In none of the CSP and country strategy and program update (CSPU) documents reviewed was there more than a passing discussion of TA in the main sections on country and sector strategy, and none developed a distinct strategy and program for TA within the CSP.

3. The governments expressed concern about this process, indicating that it led to an ADB supply-driven approach to TA prioritization and selection at country level. This did not optimize the effective use of TA in selected areas of focus. In India, the Ministry of Finance (MOF) described how it received a continuous stream of ad hoc requests for approval of TAs from ADB. In the absence of a well-defined TA program, it was virtually impossible for MOF to objectively prioritize or monitor TA performance. In the other developing member countries (DMCs), the finance ministries were critical that the TA selection process generally followed ADB's proposals instead of selecting from short lists of priority TAs proposed by the government.

4. Therefore, it is not surprising that there was little consistency in the TA strategy and TA program over the medium term (Table 1). There was a tendency for the TA program to wander in terms of objectives and focus from year to year. This was possible because CSP objectives were generally broad and permissive. Only in India and Viet Nam, where domestic planning and approval procedures are stronger and the governments are firmer about limiting ADB's support to particular sectors and activities, was this tendency more restrained. The lack of DMC input into strategically programming TA is surprising given that ADB's Charter makes clear that TAs should "meet DMC' requests..." These findings, together with the conclusions reported in previous evaluations, suggest that ADB's model for programming and prioritizing TA is inconsistent with the Charter obligation to give a major voice to DMC' priorities. This problem needs to be addressed at the ADB corporate level and reflected in ADB's business processes. Giving a greater voice to DMCs in selecting TA is the first step in improving TA quality.

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<sup>1</sup> ADB. 2007. *Special Evaluation Study on Performance of Technical Assistance*. Manila.

**Table 1: Strategy for Technical Assistance at Country Level in Case Study Countries**

Country	Was there a Distinct TA Strategy/Program in the CSP?	Was TA Strategy/Program Consistent over Medium-Term?	Was Support Concentrated on Priority Sectors and Activities?
Fiji Islands	<b>No</b>	<b>No.</b> Overall objectives for TA in CSPs/CSPUs had some consistency from year to year, but over several years the cumulative effect of adjustments was to erode the original objectives.	<b>Scattered.</b> The process of selection of sectors for TA is unclear. Much of the TA was reactive rather than planned and proactive, not sufficiently prioritized and hence widely scattered in terms of sectors and perceived priorities.
India	<b>No.</b> CSP presented TA as being of peripheral rather than strategic importance. The objectives of TA in the country program were not discussed.	<b>Partly.</b> TA tends to follow the overall country strategy because most of the TAs are linked to demand-driven loans.	<b>Mostly concentrated in a few key sectors.</b> ADB focused mainly on four sectors: energy, transport, urban development, and finance. Following ADB's adoption of poverty reduction as its overarching aim, the 2003 CSP extended ADB assistance to the social sectors.
Kyrgyz Republic	<b>No.</b> There was no distinct TA program. It is difficult to discern a strategy for TA from the 1997 COS, the subsequent CAPs and CSPUs, or the most recent CSP.	<b>No.</b> Although TAs usually followed the overall country strategy in terms of sectors of involvement, they were not well-focused on priority activities within sectors. This was a problem given the small size of the program.	<b>Some sector consistency but too many sectors and fragmented among subsectors.</b> Sectoral focus did not change significantly, apart from the addition of the health sector. Given the small size of the program, TA was thinly spread across the sectors. Within sectors, TA was often spread over too many different subsectors.
Philippines	<b>No.</b> There was no clear strategy for TA in the 1998 COS, subsequent CAPs and CSPUs, or the 2005–2007 CSP. The latter had a section on knowledge products and services, and listed five broad areas in which assistance will be provided, but gave no indication of the role of TA in the strategy.	<b>No.</b> In the 2002–2004 and 2004–2006 CSPUs, overall objectives were stated in a general manner that encompassed a wide range of activities. Priorities were not defined. The actual TA program jumped from one sector to the next and one activity within a sector to the next.	<b>Scattered.</b> During 2001–2005, there were 45 TAs in 28 different agencies. Attempting to do a little in many agencies, where a lot was required from each one, was unlikely to have much impact.
Viet Nam	<b>No</b>	<b>Partly.</b> Successive CSPUs mainly followed the strategy set by the 2002–2004 CSP. They also demonstrated that there were midcourse adjustments in the overall strategy to include new areas for support or drop programs being pursued by other bilateral aid partners. Except for infrastructure, changes in strategy were minimal.	<b>Fairly scattered.</b> The strategy in the CSP was very broad, particularly in the context of the limited size of the TA program. The range of sectors covered was ambitious but within each sector attention was given to concentrating resources to a particular region.

ADB = Asian Development Bank, CAP = country assistance plan, COS = country operational strategy, CSP = country strategy and program, CSPU = country strategy and program update, TA = technical assistance.  
Sources: Evaluation case studies.

5. The selection process for TAs at country level did not follow a clear pattern. First, in a vertically integrated strategy, DMC objectives would be ranked for importance based on ADB's corporate objectives, which produce a base for establishing CSP priorities. No such ranking occurs in CSPs; nor is there a formal linkage of country strategy to ADB's corporate objectives. Secondly, the country objectives should be the basis for evaluating different alternatives and prioritizing them based on their expected contribution. That does not occur.

6. Incremental changes in CSP objective lead to inconsistency over the medium term. This is shown for the Fiji Islands in Table 2. Over a 3-year period, each CSPU slightly restated the overall objectives of ADB support. The cumulative effect was that objectives changed considerably, e.g., the change in Objective 1 from "essential physical infrastructure" in CSPU 2004-2006 "productive physical infrastructure" in CSPU 2005-2007.

**Table 2: Restating of Country Objectives in Three Country Strategy and Program Updates for the Fiji Islands**

CSPU	Objective 1	Objective 2	Objective 3
2003–2005	To enhance local capacity for stimulating economic growth and poverty reduction	To strengthen government departments and policy formulation, and reform implementation capacities to instill good governance, including accountability	To assist in creating enabling conditions for private sector, and public-private partnership development
2004–2006	To support increased public investments in essential physical infrastructure development in key sectors for stimulating economic growth and poverty reduction	To strengthen the associated policy, institutional and regulatory frameworks, including setting appropriate tariffs and revenue collections to instill good governance and accountability	To support increased private sector participation and competition in key sectors by creating enabling conditions for private sector, and public-private partnership development
2005–2007	To support increased public investments in productive physical infrastructure development in key sectors for stimulating economic growth and poverty reduction	To strengthen the associated policy, institutional and regulatory frameworks, including setting appropriate tariffs and revenue collections to instill good governance and accountability	To support increased private sector participation and competition in key sectors by creating enabling conditions for private sector, and public-private partnership development

CSPU = country strategy and program update.

Sources: Special evaluation study country case studies.

7. **Too Often TAs are Spread Thinly Across Multiple Sectors and Executing Agencies.** A consequence of the weaknesses in the process for prioritizing and selecting TA was the tendency to scatter TA widely rather than concentrate on priority sectors and activities. In Fiji Islands, Philippines, and Viet Nam, this problem was acute. In the Philippines, 45 TAs were provided to 28 different executing agencies (EAs) in the period 2001–2005. In the Kyrgyz Republic, although there was some consistency in the choice of sectors, TAs were scattered among subsectors and activities within these. The main exception regarding concentration of TA support was India. Strong government control over areas that ADB supports was fairly successful in limiting the range of sectors and activities within sectors.

8. A further shortcoming in the treatment of TA at country level is the absence of measurable objectives for the ADB country program. A country strategy needs a set of challenging goals, indicating where a program will be at the end of that planning period and providing reliable indicators so that progress toward the goals can be measured.

9. There is also a need for country strategy to address issues in an appropriate order, and more programmatically, especially where long-term engagement is contemplated. For example, there are constraints at each level of public administration in the Kyrgyz Republic and in many parts of state administrations in India. Strategy needs to determine whether or not a constraint at the EA level is due to a higher order constraint, e.g., at government level. This depends on preparing diagnostic studies or situational analyses of a high standard before developing the country strategy or the TA program. There was little evidence that these had been done in the case study countries.<sup>2</sup>

### III. Strategic Direction for TA at Country Level

#### 1. Sector Level Strategy

10. **In Most Sectors, the Medium-Term Framework for Guiding TA Support is Weak.** The sector level objectives and strategies in the CSPs of case study countries were generally vague. Some level of consistency between a TA intervention and strategy was not hard to find, but the contribution of the strategy to guiding ADB support was often unclear or questionable.

11. In India, for example, the country strategy concentrated on four sectors—energy, finance, transport, and urban development—with a geographic focus on certain states. Within this concentration, the program was to focus on (i) creating conditions for accelerated growth, which are conducive for the private sector; (ii) generating jobs and increasing incomes from faster and broad-based pro-poor economic growth; and (iii) improving basic social services to enhance human development. To maximize the development impact, it targeted (i) support for policy reform; (ii) innovation in project design, including public-private partnerships; and (iii) leveraging ADB assistance with nonlending activities. Almost all TA in the finance and transport sectors could be loosely associated with creating conditions for accelerated growth. Those in the urban sector could be said to improve basic social services to enhance human development. Innovation in project design was not apparent in any of the project preparatory TA (PPTA) grants in the SES sample. The CSP did not explain how it intended to leverage ADB assistance with nonlending activities.

12. Many of the CSPs for case study countries—especially more recent CSPs—included sector road maps in the format required by the new business processes (NBP). However, ADB needs to address a fundamental problem with such road maps. The purpose of a sector road map should be to establish a framework agreed with the government to guide ADB lending and TA support over the medium term. To be of value, this must be based on assessments of the main sector needs and issues, taking into account support from other funding agencies; and must establish realistic goals, targets, and strategies for steadily achieving them over the road map period. Such a framework should be the product of extended negotiation with the government, perhaps in the context of formulating a project or program. It cannot be simply drafted by ADB. In contrast, as was evident in the CSPs of case study countries, the NBP type of road map is essentially descriptive. It is primarily a document to comply with ADB's internal bureaucratic produces, and seldom involves commitment on the part of the government to the

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<sup>2</sup> For example, in providing support for state governments in India, ADB seems to have made no attempt to develop a statewide program of capacity building to prepare state agencies for the added complexities of managing projects and operating and maintaining their outputs. Another area is in the field of policy development, a generic and core area of government activity, where ADB invests a lot in interventions to formulate draft policy proposals but does little to raise the government's capacity to research and draft effective policy. There are many interventions at sector level which, as in the case of the Kyrgyz Republic, can be jeopardized if the central agencies of government do not possess the necessary capacity to develop or review policy proposals.

few targets listed. Performance against targets is rarely measured.<sup>3</sup> As a tool for guiding TA or lending at sector level, it is shallow and inadequate.

13. The country case studies examined whether there was any substantive form of medium-term framework to guide TA at the sector level. As Table 3 indicates that there was no such framework in most sectors; when a framework did exist, its quality was often unsatisfactory. This is a serious weakness. As previous reviews of TA have recognized, unless a solid framework of this kind is in place, the effectiveness of advisory TA (ADTA) and all ADB support is likely to be reduced. Much ADTA is used for policy reform, change management, and capacity building. By their nature, such activities need to be supported consistently for some years if they are to produce results. The absence of a sound medium-term framework puts this at risk.

14. Given these limitations in sector level strategies, potential synergies at sector level—between TAs, and between TA and lending—are not being realized (Table 3). In the Fiji Islands and the Philippines, synergy was particularly weak. In India, Kyrgyz Republic, and Viet Nam, there were some examples of groups of TAs that reinforced each other—notably in the finance sector in India and the Kyrgyz Republic, and in the health sector in Viet Nam—but this did not apply to all sectors.

**Table 3: Strategy for Technical Assistance at Sector Level in Case Study Countries**

Country	Was there a Medium Term Framework/Road Map to Guide Use of TA in the Sector?	Were TAs Within a Sector Mutually Reinforcing?
Fiji Islands	<b>Generally no.</b> There was an uncoordinated approach to sector level TA strategy. There were frequent year-on-year changes in the sector level TA program (as shown in various CSPUs/CSPs). The exception was in water sector reform, although these TAs were not successful.	<b>Weak synergy.</b> The lack of clear sector frameworks agreed between the government and ADB meant that most TAs were ad hoc, and reactive rather than proactive, so synergies were weak.
India	<b>Partly yes.</b> The latest CSP had sector road maps for most sectors. TA was referred to in road maps, but few included defined TA strategies, and these were very broad (e.g., finance, transport, urban). However, in some sectors, notably transport, a framework for programmatic support had been developed.	<b>In some cases, yes.</b> An example of good synergy involved a sequence of TAs involving securitization.
Kyrgyz Republic	<b>Generally no.</b> For most of the study period, the CSP simply stated the objectives for the sector, with no medium-term framework. Sector/subsector road maps incorporating TA were included in the 2004–2006 CSP, although these were not used as a strategic tool to guide ADB support. An exception was the finance sector where a medium-term framework was established when processing a program loan.	<b>In some cases, yes.</b> There was good synergy in the finance sector, and some in transport. The various strands of intervention were brought together into an increasingly effective strategy both at the country and subregional levels.

<sup>3</sup> In the agriculture sector in the Kyrgyz Republic, the objective was to increase farm and rural enterprise productivity and profitability. The road map in the CSP, however, did not indicate why or by how much.

Country	Was there a Medium Term Framework/Road Map to Guide Use of TA in the Sector?	Were TAs Within a Sector Mutually Reinforcing?
Philippines	<b>No.</b> There were no sector road maps in the CSPs. ADB's sectoral goals were changing (e.g., education, transport, energy).	<b>Weak synergy.</b> Within sectors, TAs were often only weakly related, and the impact on policy reform and institutional development was limited.
Viet Nam	<b>Generally no.</b> The CSP did not contain sector road maps. Sector strategies broadly followed the country strategy set out in the CSP and CSPUs, but without an agreed medium-term framework to guide ADB support in all priority sectors. One exception was in the power sector where a TA helped the government to develop a substantive road map for sector reform.	<b>In some cases, yes.</b> Health sector reforms are an example. There was also a geographical focus on the Central Region.

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, TA = technical assistance.

Sources: Evaluation case studies.

## 2. Alignment with DMC Priorities and Programs

15. **TAs can be More Determined by ADB Budget Allocations than by DMC Needs.** Government priorities tend to be stated in broad terms in TA papers. As a result, most proposed TAs can be regarded as high priority. EAs regarded 98% of PPTAs and 92% of ADTAs in the SES sample as high government priorities.

16. In all case study countries, there were examples of TAs that were supply driven. A small-scale technical assistance (SSTA) into access of the poor to higher education in the Philippines came about more because of an unspent TA budget allocation rather than a need on the part of the government. Its finding that the poor were being excluded from public universities was not welcomed by the government. There were also cases of TAs that were largely for ADB use. An example was the Pacific Island Economic Report<sup>4</sup> prepared for the Fiji Islands. The government regarded this as a report commissioned by and for ADB; it resented this, as it wanted to use the TA funding to provide long-term advisory support for the Ministry of Finance and National Planning. If needed, the report should have been treated as economic and sector work funded from ADB's administrative budget.<sup>5</sup> Another similar example was an SSTA to prepare a governance assessment for the Kyrgyz Republic. Such assessments are required for CSPs. They are sometimes funded by TA and sometimes as staff consultancies. These should be charged to the ADB staff consultancy budget for economic and sector work and not taken from a DMC's TA allocation.

## 3. Alignment with ADB Corporate Priorities

17. **TA is Generally Linked to ADB Corporate Objectives.** TA papers always link proposed interventions to ADB's corporate priorities. Data on the linkages between proposed TA programs and corporate strategic and thematic areas are included in the Regional and Sustainable Development Department's annual 3-year ADB-wide knowledge products and services work plan. However, the extent to which this information is used to inform management decision making—rather just being a statistical reporting exercise—is unclear, as ADB does not appear to align TA

<sup>4</sup> ADB. 2002. *Technical Assistance to the Republic of Fiji for Supporting Economic Management and Development Policies*. Manila. (TA 3960-FIJ, for \$250,000 approved on 31 October).

<sup>5</sup> ADB TA has been used to finance similar reports for other Pacific island DMCs.

proactively with ADB-wide sector policies (where they have been formulated). Few TA papers include a section to demonstrate the relationship with ADB sector policy.<sup>6</sup>

18. Under the overarching objective of poverty reduction and the strategic areas and crosscutting themes of the Long-Term Strategic Framework (LTSF), lending for development purposes is the principal activity of ADB. TA interventions that have little relationship to lending or to the effectiveness of lending should be given greater scrutiny but this seldom happens. (footnote 1).

#### 4. Alignment with ADB Best Practice

19. **CSPs Pay Little Attention to ADB Success Stories Elsewhere in the Region.** CSPs give little attention to activities that ADB has successfully supported in other DMCs and in which it has built up a track record of success. Consequently, ADB does not systematically build on success to develop areas of comparative advantage. CSPs do not consider ADB operations in other DMCs except where subregional programs exist. As a result, aligning CSPs with ADB best practice and success stories elsewhere seldom occurs.<sup>7</sup>

## IV. Consistency between Technical Assistance Program and Approvals

20. The country case studies compared actual TA approvals with those stated in the CSP and CSPUs over the study period. As Table 4 indicates, in each country except Viet Nam, the approved TAs were often different from those in the planned program. Given the weaknesses in TA prioritization and selection at country level, this was somewhat predictable. However, its extent is alarming. In Fiji Islands, India, Kyrgyz Republic, and Philippines, more than half of TAs approved during the study period had not been included in the CSP or a later CSPU. Only in Viet Nam was the planned program followed in a more disciplined manner. Although some changes from program are to be expected, the extent of the changes suggests that the strategy and programming mechanism of the CSP is not treated seriously when it comes to TA.

**Table 4: Consistency of Technical Assistance Program in Case Study Countries**

Country	Were Actual and Planned TA Program Consistent?	Were ADTAs Linked to Lending Activities?
Fiji Islands	<b>Inconsistent.</b> The actual TA program did not closely follow country strategy as laid out in the annual program and updates.	<b>Mostly no.</b>
India	<b>Inconsistent.</b> More than half of TAs approved in 2001–2005 were not included in the program. The TA program for a particular year varied considerably from one CSP/CSPU to the next.	<b>Mostly yes.</b>
Kyrgyz Republic	<b>Inconsistent.</b> Nearly three-quarters of approved TAs were not included in the 2001–2003 CAP, 2003–2005 CSPU, 2004–2006 CSP, and 2005–2006 CSPU. The	<b>Mostly yes.</b> ADTAs were generally in the same sectors as lending activities, but often not directly linked to lending. In some cases,

<sup>6</sup> Work is being done to improve this situation in one sector with support from a trust fund. The “Promoting Effective Water Management Policies and Practices” program monitors the conformity of proposed loans and TAs with water policy. As a result, an increasing number of water TAs now indicate how they conform with and contribute to water policy.

<sup>7</sup> ADB support for the Central Asia Regional Economic Cooperation is an exception. This has built on ADB’s successful experience of supporting the Greater Mekong Subregion program, in some cases employing consultants who had worked on Greater Mekong Subregion to advise CAREC.

Country	Were Actual and Planned TA Program Consistent?	Were ADTAs Linked to Lending Activities?
	TA program for a particular year changed considerably from one CSP/CSPU to the next.	they were for transition-related public sector reforms/capacity building necessary to make ADB's intervention in the country more effective.
Philippines	<b>Inconsistent.</b> More than half of TAs approved in 2002–2004 were not included in the 2002–2004 and 2004–2006 CSPUs.	<b>Mostly no.</b> Only a third of ADTAs in 2002–2005 were linked to loans.
Viet Nam	<b>Generally consistent.</b> Except for timing differences, actual TAs were generally consistent with the planned TA program.	<b>Often yes.</b> TAs were often linked to lending activities, but not always (e.g., health).

ADB = Asian Development Bank, ADTA = advisory technical assistance, CAP = country assistance plan, CSP = country strategy and program, CSPU = country strategy and program update, TA = technical assistance.  
Sources: Special evaluation study country case studies.

21. CSPUs liberally added and removed proposed TAs with little or no explanation. As an illustration of this problem, Table 5 shows the Fiji Islands' pipeline of TAs for 2005, first as specified annually by three consecutive CSPUs, and then as actually approved in 2005. There were continuous changes over the CSPUs, and the TAs that were approved bore little resemblance to those in the CSPUs.

**Table 5: Fiji Islands Technical Assistance Program for 2005 as Reported in Country Strategy and Program Updates and as Actually Approved**

2003–2005 CSPU	TA Program for 2005 as Specified in		2005 Approved TAs
	2004–2006 CSPU	2005–2007 CSPU	
<b>Multisector/Others</b>	<b>Multisector/Others</b>	<b>Multisector/Others</b>	<b>Agriculture and Natural Resources</b>
1. Skills Development and Employment Creation	1. Urban Sector Development	1. Urban Sector Development	1. Strengthening Commercial Agriculture Development
<b>Transport and Communications</b>	<b>Finance and Industry</b>	<b>Finance and Industry</b>	2. Rural and Outer Islands Development
1. Road Infrastructure Development	1. Strengthening the Fiji Islands' Stock Exchange	1. Strengthening the Fiji Islands' Stock Exchange	<b>Law, Economic Management, and Public Policy</b>
	<b>Transport and Communications</b>	<b>Law, Economic Management, and Public Policy</b>	1. Private Sector Development Road Maps
	1. Road Upgrading	1. Women's Action Plan II	
		2. Strengthening Development Planning and Implementation	
		3. Implementation of an Efficient Audit System	
		4. Leadership Enhancement and Advancement Project	

CSPU = country strategy and program update, TA = technical assistance.  
Sources: Special evaluation study country case studies.

22. Table 6 provides data on this problem in the Philippines' program: 55 programmed TAs did not reach maturation; only 20 were approved. Another 18 appeared without having being programmed in a CSP or CSPU.

**Table 6: Programmed and Approved Technical Assistance in Philippines, 2002–2005**

Country Strategy and Program	2002	2003	2004	2005	Total
Number of programmed but unapproved TAs	22	16	11	6	55
Number of programmed TAs approved	6	2	5	7	20
Number of non-programmed TAs approved	7	5	6	0	18

TA = technical assistance.

Sources: Evaluation case studies.

23. A further issue examined by country case studies was whether approved ADTAs were linked to lending activities. Findings on this question were mixed (Table 4). In India, Kyrgyz Republic, and Viet Nam, there was a reasonably close linkage between ADTAs and lending, with ADTAs often being used to address implementation, policy, or capacity building issues associated with lending activities. However, in the Fiji Islands and the Philippines, many approved ADTAs had no direct linkage to lending. It is not the case that all TAs should be linked to the lending program. There are many thematic issues which are addressed with TA where there is no lending program, e.g., the LTSF defines a key strategic area as governance. The use of TA to address such issues is consistent with ADB's strategies and policies provided (i) the government places priority on receiving assistance from ADB in this area, (ii) the TA is consistent with the CSP, (iii) the TAs are not ADB-driven, and (iv) ADB has a long-term commitment to the thematic area.

## V. Other Aspects of Strategic Focus

### 1. Positioning ADB for Longer-Term Focus

24. **ADB does not always Use TA Strategically to Position it as the Most Trusted Adviser in a Sector.** By spreading its TA too thinly and not developing a sufficiently programmatic approach, ADB misses opportunities to develop a relationship as the government's trusted adviser in the sectors and themes it assists. Such positioning is not usually addressed in country strategies. In practice, strategic positioning is not applied consistently in the programming of TA. Some examples from SES case study countries are provided below:

- (i) **After establishing a strategic influence, ADB sometimes misses opportunities to consolidate its role.** For example, in the Kyrgyz Republic, ADB implemented an influential ADTA in the President's Administration where it directly advised the President on policy matters. A follow-up ADTA ignored a key success factor by replacing the Russian speaker from the first TA with a non-Russian speaking one. The latter was unable to respond quickly enough to the requests of the President, nor discuss issues with him, and became marginalized.<sup>8</sup>
- (ii) **Strategic opportunities are overlooked.** ADB did not recognize the potential for developing its influence and standing when it turned down requests from the

<sup>8</sup> ADB. 1999. *Strengthening Capacity in the Office of the President*. Manila (TA 3249-KGZ, for \$340,000, approved on 30 August); and ADB. 2002. *Strengthening Capacity in the Office of the President, Phase 2*. Manila (TA 3859-KGZ, for \$500,000, approved on 24 April). ADB. 2001. The technical assistance completion report for TA 3249-KGZ had said that "familiarity with the Russian language is a very important advantage in such a TA owing to the volume of documents that need to be read and worked on."

- Ministry of Finance and National Planning in the Fiji Islands to help strengthen its capacity by providing long-term advisory support through TA.<sup>9</sup>
- (iii) **Opportunities are lost by spreading support too thinly.** In the Kyrgyz Republic, ADB has been the lead agency in education. It had a high profile in basic education but then spread its work to other aspects of the sector. The assistance it could provide to each education subsector was so low that the Government turned to the World Bank for assistance. When ADB's country lending and TA ceilings are low, the CSP must expressly guard against the risk of spreading support too thinly.
  - (iv) **Need for a focal point for geographically based ADB interventions.** In India, in operations in the focal states of Madhya Pradesh, Chhattisgarh, and the eight North East states, interventions tend to be managed on a sector basis. Without a focal point for a state, there is sometimes no single person knowledgeable enough to represent ADB with senior stakeholders, ensure that it is well positioned for future work, and to deal with problems.
  - (v) **Need for continuity of ADB presence and representation.** Continuity can be provided by a project officer, as was the case over a number of years of successful ADB support for finance sector reform in the Kyrgyz Republic, or by a consultant, as in the case of successful programs in the education sector in Cambodia and Uzbekistan.
  - (vi) **Need for continuity of ADB intervention strategies.** Sector directors need to ensure that ADB intervention strategies are institutionally embedded—not personality driven—to remain intact when there are changes in project officer or sector director.

## 2. Synergies

25. **A Program Should be More than the Sum of its Parts—CSPs Give Too Little Attention to Producing Synergies between Different Elements of the Program.** Synergy is not a criterion applied to strategy development in CSPs. In India, ADB is operating in a number of states across a number of sectors—particularly transport and urban development. There is potential for greater synergy. For example, the state roads project in Chhattisgarh is supported by a 3-year \$1.6 million capacity building ADTA, principally to establish operation and maintenance systems. There were concurrent loan projects in rural roads and in agriculture, in agencies that were administratively weak. There was not only an opportunity for addressing public sector weaknesses in a number of agencies in Chhattisgarh but, more specifically, for concurrently introducing operation and maintenance systems in both the state and rural roads agencies.

26. Occasionally, there were synergies. An example in India concerned securitization. A regional TA (RETA) studying secured transactions reform in five countries started what became a program. One of the countries covered in the RETA was India and the results raised its interest. The RETA was followed by an ADTA in India to demonstrate how to operationalize such reform. At about the same time, a governance ADTA was started on the administration of justice in India. One of its diagnostic findings was that part of the reason for the bottlenecks in the administration of justice was the number of cases concerning moveable securities. This TA led to a PPTA and hence to a loan to improve courts administration, part of which is to address the need to establish a registry of secured transactions.

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<sup>9</sup> Some support was provided through SSTA, but this was much less than required.

### 3. ADB Comparative Advantage

27. **ADB Comparative Advantages are not Systematically Applied to Country Programs nor Systematically Improved through Strategic Use of TA.** CSPs do not provide a frank assessment of ADB's comparative advantage in a DMC. When comparative advantage is discussed, it is usually limited to rhetoric to justify particular sector interests within ADB. TA is a comparative advantage of ADB. Through TA, it can provide access to best international practice—an advantage that is very marketable, particularly in rapidly developing DMCs such as the People's Republic of China (PRC), India, and Viet Nam. Access to best international practice is not, however, a comparative advantage that ADB has constantly promoted.

### 4. Confirmation of Government Commitment

28. **Most TAs Assume Government Commitment without Requiring Government to Demonstrate it.** A key success factor of any TA is government commitment to the TA's objectives. This was noted by the 2003 review of TA, which proposed the introduction of a checklist of good practices to enhance country commitment. Assessing government ownership is difficult and CSPs provide no information to gauge a government's commitment to the individual elements in a proposed program. Experience is one test. A second is the resources a government is prepared to assign to collaborate with an intervention. In India and Viet Nam, budget allocations tended to be well aligned, as the governments had a clear idea of what they wanted to use ADB assistance for. In Fiji Islands, Kyrgyz Republic, and Philippines, some activities initiated ended because of lack of budget. There were also issues over government's willingness to commit full-time counterparts. One option for establishing commitment before the start of a TA would be to require the government contribution to the TA to be provided in cash rather than in kind. Another option, especially in new areas of support, would be to start TA support on a small scale, and then provide further TA once criteria to demonstrate commitment have been met.

### 5. Identification and Addressing of Constraints

29. **Constraints to Effective Program Delivery are not Systematically Identified and Addressed in CSPs.** Producing planned outputs does not guarantee desired outcomes. There are often constraints which prevent outcomes from being achieved unless they are addressed. The constraints need to be examined in CSPs—both at country program level and at individual intervention level. CSPs have a section on risks, and some sector road maps also list constraints. However, none of the CSPs for case study countries attempted to demonstrate how risks and constraints might be addressed and managed effectively.<sup>10</sup>

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<sup>10</sup> The India CSP road map for transport addresses state capacity as follows: "At the state level, maintenance has been carried out by public works departments, but due to inadequate allocation of state budgets and inefficiency of PWD operation, maintenance works have huge backlogs. For rural roads, planning, systematic planning, execution, and financing schemes for maintenance are almost non-existent [*sic*]. ADB will help rural road authorities introduce sustainable maintenance mechanisms, including contracting out of operation and maintenance services to the private contractors." While this might elicit improvements, it does not address the constraint of state budgets, nor the potential unexamined constraint of a weak private sector which might be as unable to meet operation and maintenance requirements as the public authority. ADTAs can be used to address constraints, but if constraints are not identified systematically, that opportunity is lost. So is the opportunity to support a program of continuous improvement in an agency which identifies that agency's commitment to change, and address the constraints to improved agency effectiveness.

## 6. Manageability

30. **Resource Constraints are not Exhaustively Examined in CSPs.** The CSP should ensure that ADB has the quantity and quality of staff needed to manage the proposed program. ADB should only enter into new areas when those conditions are satisfied. However, CSPs do not include implementation plans that reconcile ADB's human and financial resources and the needs to manage, process, and supervise the implementation of the program. This is a serious weakness in ADB's business practices. In ADB's India transport operations, for example, only one staff member in the South Asia Department had experience in railways despite a significant railway program. None had experience in inland waterways—where ADB embarked on a \$900,000 PPTA (that was unsuccessful and abandoned before completion as there had been inadequate initial consultations with government over the subregional character of the proposed loan). In the Kyrgyz Republic, the CSP identified four strategic areas of activity. The first was improving the provision of public services, which requires a critical mass of ADB officers with experience in change management and capacity building. There was no such critical mass in the Central and West Asia Department. CSPs do not influence ADB staff recruitment, so it is hard to have confidence that the required staff expertise will be available to implement the planned work program.

# VI. Formulation and Implementation of Technical Assistance

## 1. Introduction

31. This chapter examines how well ADB formulates and implements individual TAs, based on findings from the SES sample. It considers the adequacy of the formulation process, TA quality at entry, the resources provided for formulation, and the evidence on quality control. Regarding implementation, it examines adherence to TA design, and the performance of consultants, EAs, and ADB supervision.

## 2. Formulation Process

32. **The Operations Manual and New Business Processes do not Provide Enough Guidance for Formulating Complex or Innovative TA Design.** ADB's approach to formulation of TA is based on the NBP. These outline the procedural steps in TA formulation—preparation of a TA concept paper, fielding a TA preparation mission, and drafting, review, and approval of the TA paper. However, they do not explain how to prepare a TA or what to include in the TA design. Neither does the TA section of the Operations Manual, which is limited to defining types of TA, financing arrangements, and approval authority. There is no other source of guidance on TA formulation—such as a set of guidelines or a handbook.

33. Following the 2003 review of TA, the Strategy and Policy Department (SPD) prepared draft staff instructions for TA, which included guidance on the process and criteria for TA formulation. These envisaged that formulation of a PPTA would require economic and thematic assessments to justify the project, a sector road map, identified impacts of the proposed ADB budgets, linkage with country strategy, DMC ownership commitments, and clearly articulated outputs to enable a project or program to be processed. Similarly, the draft guidelines envisaged that ADTA or RETA formulation was to identify a problem or an issue and design a set of measures that would address this effectively, to be financed through the TA. The formulation

stage would require a diagnostic analysis of the problem or issue to provide a justification for the TA, a sector road map, identification of the contribution the intervention would make to the country strategy, DMC ownership commitments, and clearly articulated outputs to address the issue. However, these guidelines were not finalized or adopted.

34. For TA formulation, the NBP refer only to the role of the mission leader—not to other members of the project team. Within the SES sample, regardless of complexity, only the mission leader took part in the TA fact-finding mission in virtually all cases. Some mission leaders acknowledged that having a team would have improved the quality of TA formulation.

## VII. Concept Paper

35. Before a TA can be formulated, it is normally first identified and outlined as a TA concept paper in the CSP or CSPU. If a concept paper is not included in a CSP or CSPU, it is scrutinized through interdepartmental circulation, before being cleared by the responsible Vice President. Within the SES sample, 73% of PPTAs and 64% of ADTAs were initially screened through the CSP or CSPU process. TA concept papers tend to be very broad. In reality, the TA concept papers included in CSPs receive little scrutiny. This means that weakly conceived proposals may be included in the pipeline, often reflecting the interests of sector divisions rather than any serious contribution to country strategy.

36. Based on the opinions of project officers for ADTAs in the SES sample, both inter- and intra- departmental scrutiny of concept papers added value in only about half the cases (although the number of project officers who responded to this question was small). Therefore, it seems that scrutiny is not always applied consistently or rigorously.

## VIII. Quality at Entry

### 1. Diagnostic Analysis

37. **Diagnostics are Often Neglected or Conducted without Methodological Rigor.** Most ADTAs are intended to introduce some kind of change in the EA. Key to having change accepted and introduced effectively is (i) management commitment to introduce the change, and (ii) managing a core of staff that understands what needs to be done to achieve the objective by the end of the TA.

38. There are considerable variations between EAs in terms of the problems they face and their capacity to implement a TA or a project. In India, many EAs at national level are highly competent, but this is not always so at subnational level. Within the SES sample, the capacity of state level EAs in Madhya Pradesh, Chhattisgarh, and the North Eastern states was weak. Seven PPTAs were implemented in states or EAs with weak capacity. The PPTAs were seldom required to assess EA capacity to implement the proposed investment project. However, all the PPTAs required plans for some kind of institutional strengthening or, in one case, to implement a program of capacity building.<sup>11</sup> By focusing on plans for the future rather than the problems and risks of relying on the initially weak capacity, the PPTAs may avoid asking hard questions about the capacity of an EA to implement a project and maintain the infrastructure provided—a condition that should be critical to any investment decision.

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<sup>11</sup> If this actually took place, it had so little impact that senior officials interviewed by the evaluation study team could not recollect it.

39. The relationship between unsatisfactory diagnostics and adverse performance has been referred to repeatedly by ADB reviews and evaluations.<sup>12</sup> TA papers rarely include a satisfactory diagnostic. Diagnostics for conventional loan projects, such as infrastructure projects, are usually prepared by the PPTA consultants. This works satisfactorily if ADB has experience in the sector and DMC, but diagnostics are essential if the sector or activity is new. According to ADB's traditional approach to using TA, the initial diagnostic might recommend preparation of a sector study under ADTA before considering individual investment proposals. The SES sample included the case of inland waterways in India, where ADB moved too quickly to provide PPTA for a new sector without conducting adequate diagnostics first. The PPTA proved too ambitious in relation to sector challenges and the capacity limitations of the EA.

40. A diagnostic analysis should set out to identify (i) current goals, objectives, and performance levels of the area targeted for a TA; (ii) problems which have given rise to the need for a TA; (iii) underlying causes of the problems; (iv) internal and external barriers and constraints to address the problems effectively; and (v) organizational change strategies to address the problems and their causes and to overcome any constraints. This should form the basis for producing an overall plan to address the requirements for change. The plan would include (i) a strategy for achieving the desired outcome, determining the time required to produce the required changes in a sustainable way; (ii) an outline of a timetable; (iii) the resources, both human and financial, required for such a change management program, including the inputs required of the EA; and (iv) an identification of responsible parties and their areas of responsibility. The production of such a plan would form a more transparent basis for obtaining EA commitment to the proposed TA as well as enabling ADB to determine what kind of commitment is required of it for the proposed outcomes to be achieved. Often, the plan would require a reasonably long-term program of change and sustained ADB involvement over 5–10 years.

41. ADB has not established an agreed methodology for conducting a diagnostic or situational analysis. In 2001, SPD tested diagnostics tool kits in energy generation, transmission, and distribution in Nepal; and in basic education in the state of Punjab in Pakistan. It took about 1 week to collect the data and report preparation took 1 week more. The tool kits were written up for use by ADB and placed on the website. There was no evidence of their use in any TA in the SES sample.

42. Many TAs address issues like capacity building, institutional reform, and policy development, in which the ADB staff responsible have little or no experience. ADB provides no training in information gathering and diagnostics to assist project officers to improve their competencies in these areas. Mission leaders are rarely joined on TA fact-finding missions by other professional staff who might contribute to the initial diagnostic. Such a diagnosis is a necessary precursor for the ADB staff concerned to be able to discuss with the EA precisely what is required to achieve the intended outcomes. As a result, terms of reference (TOR) are often unrealistic as they do not identify key agency weaknesses. The EA experiences unrealistically raised expectations of the capacity of the proposed intervention to achieve change. However, what it must do to secure the change is rarely defined and agreed to by the EA. An example of how poor diagnostics can undermine a TA is in Box 1.

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<sup>12</sup> See, for example, ADB. 1994. *Report on the Task Force on Improving Project Quality*. Manila.

### Box 1: Poor Diagnostics Leading to Failed Technical Assistance

A \$560,000 project preparatory technical assistance was proposed to develop a microfinance project for rural finance in the Philippines.<sup>a</sup> No market research was conducted to assess the market for the proposed product, nor for what kind of product the market wanted. There was no survey of microfinance institutions, or of the demand for credit, or of the credit instrument to be provided. At the time, the Government was emphasizing thrift and savings as a source of funding for micro-credit rather than borrowing. The executing agency and the consultants were aware of this policy position but the Asian Development Bank staff did not take it into account. In the end, \$450,000 of technical assistance was spent on a solution that could not find a market.

<sup>a</sup> ADB. 2001. *Technical Assistance to the Republic of the Philippines for Microfinance for Rural Development*. Manila. (TA 3814-PHI, for \$560,000, approved on 19 December)

43. Failing to produce a realistic diagnostic has three serious sets of consequences:
- (i) TOR are incomplete, so consultants make proposals with an incomplete understanding of problems to be addressed. This increases the risk that an inappropriate selection of consultants will be made, as certain expertise might be overlooked.
  - (ii) The diagnostic has to be prepared at the inception stage, by which time:
    - (a) The budget for the TA has been determined and cannot be varied upwards. The sensible approach would then be to reduce the scope of the TA if the budget is insufficient, but this is usually resisted as it is perceived to reflect poorly on the TA design and the division responsible. Consultants then have to do as much as they can of the activities specified, as they have contracted to perform them all.
    - (b) The inputs of the consultants are determined, and the consultants have usually been mobilized. It is difficult to vary the approach at this stage because of budget constraints, and since the timetable for consultants has been used as the basis for contracting them.
  - (iii) The initial expectations of the EA have to be revised, which can cause loss of confidence in the TA. EA ownership may suffer.

## 2. Country Ownership

44. **The Extent of Country Ownership is Often Weak.** The degree of DMC and EA ownership has been frequently referred to as a key ingredient for ensuring TA success. The World Bank defines country ownership as meaning “that there is sufficient political support within a country to implement its developmental strategy, including the projects, programs, and policies for which external partners provide assistance.”<sup>13</sup> While this definition addresses the political dimension, it does not reflect the responsibilities and accountabilities that come with ownership. In contrast, Sharpe et al.<sup>14</sup> have suggested five key principles for making a country-led approach work:

- (i) Support country strategies – funding agencies should base their country strategies on their partner’s country plans, rather than their own analysis of priorities.

<sup>13</sup> World Bank. 2004. *Country Development Framework*. Washington, DC.

<sup>14</sup> S. Sharpe et al. 2005. United Kingdom: More Country Ownership. In *Finance and Development*. Volume 42, No. 3. Washington, DC: International Monetary Fund. (September).

- (ii) Match aid instruments to country needs – funding agencies must listen to partner countries' priorities for aid delivery.
- (iii) Harmonize aid – funding agencies should not try to do everything everywhere.
- (iv) Make aid flows more predictable – without this, it is risky for recipient governments to make long-term spending commitments.
- (v) Insist on mutual accountability – funding agencies should be accountable to developing countries for how aid is given, just as developing countries should be accountable to their own people and to funding agencies for how aid is used.

45. When the TA program is reviewed against these five principles, it can be seen that ADB has made considerable headway in moving toward more country ownership. However, more needs to be done to develop DMCs' responsibility and accountability for TA. The concept of ownership is rooted in the notion that possession of an asset will encourage the owner to make better use of it. For example, many countries have implemented land reform policies which transfer ownership rights to producers (and implicitly responsibility and accountability for the land) in the knowledge that production will subsequently increase, and this has indeed been the outcome. In the case of TA, the increasing transfer of ownership of the TA process to DMCs is expected to result in similar gains in TA relevance, efficiency, effectiveness, and sustainability—not only for specific TAs but also for the overall TA program and TA development and implementation processes.

46. There are a number of means through which the level of DMC ownership could be increased:

- (i) **Ensuring that DMCs, rather than ADB, play the dominant role in selecting and prioritizing TAs.** A key criterion for effectiveness and sustainability is that the EA should have a strong need for the TA, supported by high-level commitment. This was found in Philippine ADTAs on anti-money laundering<sup>15</sup> and reform of the Securities Exchange Commission.<sup>16</sup> In the former, the TA was needed because the Philippines had an urgent need to get off the Non-Cooperative Countries and Territories list of the Financial Action Task Force on Money Laundering—given its dependence on overseas workers' remittances. In the latter case, the Securities Exchange Commission faced a crisis over a number of scandals, including insider trading, and its future was under threat. The crisis ensured Securities Exchange Commission management buy-in for the TA. However, such crises are not common, so government commitment usually needs to be demonstrated before a TA is designed. This was the case with capital market reforms in India. The Government had a clearly stated objective for such reforms and showed its commitment over a series of ADTAs to support the reforms. However, for many other TAs in the SES sample, even though the objectives were high government priorities, commitment never reached the intensity required. That often became evident early in TA implementation when full-time counterpart staff were not provided, and additional budget appropriations were not provided to secure the desired changes.
- (ii) **Involving EAs in the development of TAs and their objectives.** The NBP allow 2 weeks for a TA fact-finding mission. While this would allow someone with the right expertise to prepare a diagnostic and scope the intervention, it would generally not be long enough to fully engage an EA and other stakeholders in

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<sup>15</sup> TA 3847-PHI: *Strengthening the Anti-Money Laundering Regime*, for \$1 million, approved on 19 March 2002.

<sup>16</sup> TA 3245-PHI: *Nonbank Financial Sector Development*, for \$2 million, approved on 25 August 1999; and TA 3773-PHI: *Strengthening Market and Regulatory Governance*, for \$1 million, approved on 15 November 2001.

deciding on an approach to address the problem and to ensure government ownership and a satisfactory level of stakeholder support. In 44% of ADTAs in the SES sample, mission leaders estimated that the EA's contribution to the design and monitoring framework (DMF) was "less than 20%." Where a number of agencies were involved—as in the urban sector and some finance sector projects—stakeholders crucial to TA effectiveness sometimes made little to no contribution to the DMF, were not involved in designing the TA, and therefore had doubtful commitment to its objectives. These findings indicate that TA designs are typically driven by ADB staff.

- (iii) **Actively involving EAs in consultant selection.** EAs have frequently commented that they wish to be more involved in the selection of consultants, particularly to ensure a good cultural fit. In response to these issues, the Central Operations Services Office (COSO) at ADB carried out a pilot study in 2004 where EAs were delegated responsibility for consultant selection in 20 TAs in 10 DMCs, subject to adherence to ADB guidelines and procedures. The pilot study only appears to have worked well in the PRC where selection for all three pilot PPTAs was completed in 2004. Of the two ADTAs, one was completed in 2005 but one is still outstanding. Preliminary analysis indicates that this delegated responsibility is more likely to succeed where an EA is used to working with ADB. As a result of this study, COSO has included a statement in the revised guidelines: "In order to increase ownership of TA projects and improve sustainability of project benefits, ADB may, in particular circumstances, delegate responsibility to a borrower ("delegated TA") to recruit and supervise TA consultants." This is an important change and those responsible for future TAs will need to implement this wherever possible, while recognizing that it will not be possible to move immediately to full delegation. Anecdotal evidence from the PRC suggests that the pilot study caused a considerable extra workload for those EAs involved, as all steps in the recruitment process had to be agreed and signed off by ADB. It is hoped that, following the pilot, more responsibility and accountability for the recruitment process will also be delegated to EAs where feasible.
- (iv) **Ensuring strong commitment from all involved EAs in TA implementation.** In interventions that concerned multiple agencies, ADB relied on the EA to secure the commitment of other agencies. Sometimes, this would have required prior studies or market research to determine the extent of support, but such studies were usually not performed. For example, in the Philippines, urban sector TAs in low-cost housing and solid waste management failed because buy-in from local government units did not materialize.<sup>18</sup> In the Kyrgyz Republic, ADB tried to secure buy-in for several TAs by appointing central agencies like the President's Administration, Office of Prime Minister, and MOF as EAs in the expectation that they could achieve the necessary coordination of line agencies.<sup>19</sup> However, this was not effective as TA implementation is usually not a core responsibility of central agencies.

<sup>18</sup> ADB. 2001. *Technical Assistance to the Republic of the Philippines for Preparing the Metro Manila Urban Services for the Poor*. Manila (TA 3760-PHI, for \$1 million, approved on 5 November); and ADB. 2002. *Technical Assistance to the Republic of the Philippines for Metro Manila Solid Waste Management*. Manila (TA 3848-PHI, for \$1.25 million, approved on 18 March).

<sup>19</sup> PPTAs in community-based early childhood development and vocational education and skills training, strengthening corporate governance and judicial reforms, and customs modernization.

- (v) **Giving more power to EAs to supervise consultants and to participate in payment decisions.** The SES found that in 30% of ADTAs and 77% of PPTAs, consultants viewed ADB as their client rather than the EA. This does not foster a satisfactory relationship between the consultant and the EA. Requiring EAs to participate in the overall supervision of consultants, reviewing their outputs, and recommending payment against agreed milestones are all ways in which EAs can feel more closely involved in TA implementation.
- (vi) **Giving EAs a formal input into the evaluation of consultant performance.** Involving EAs in this way will improve the ability to rate consultant performance from the EAs' perspective in addition to ensuring that EAs feel that their views are being heard.
- (vii) **Ensuring that EAs contribute a portion of the actual costs of the TA.** EAs often make in-kind payments (such as the provision of office space) which are valued at widely differing rates. Such a payment could consist of a fixed local currency contribution toward the overall budget. This transfer of some accountability to EAs would act as an incentive to ensure effective implementation but would also mean that EAs would be more proactive in discussing TA implementation with ADB.

### 3. Achievable Set of Objectives

47. **Objectives Established for TAs Varied Between the Attainable and the Unrealistic.** There was little relationship between size of TA and realism of objectives. SSTAs were just as likely to have unrealistic objectives as were \$1 million TAs. In many cases, objectives were realistic. In others, they were too ambitious and could be only partly achieved within the TA resource. Comparisons between one TA and another in the same DMC revealed wide divergences in the realism of objectives. For example, in the Philippines, two TAs addressing organizational problems in the relatively small Securities and Exchange Commission were allocated \$3 million, (footnote 6) whereas another TA for \$775,000 was expected to strengthen management capacity at all levels of the country's large technical education and skills development system, as well as design and implement major programs related to quality assurance and training, and graduate employment.<sup>20</sup> There is little justification for unrealistic objective setting. If the original objectives were important but TA resources were insufficient, ADB should be willing to provide an extension or continuation of the TA if the initial work is successful. A more programmatic option is to start support at a low level and provide further support as the commitment of the EA is established and the likelihood of success becomes more guaranteed.

48. Complexity makes change management programs more difficult—especially for the EA. Good programs limit the number of changes to be addressed at any one time. There is a basic psychological rule that good managers can cope with, possibly, three major long-term problems at one time. Beyond that, each additional problem produces increasingly unmanageable stress. Box 2 describes the case of an SSTA that had objectives which were too ambitious in relation to resources provided.

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<sup>20</sup> ADB. 2000. *Technical Assistance to the Republic of the Philippines for Strengthening Management Capacity and Improving Quality of Technical Education and Skills Development System*. Manila (TA 3482-PHI, for \$775,000, approved on 24 August).

**Box 2: Overly Complex Objectives**

A small-scale technical assistance (SSTA) for \$150,000<sup>a</sup> was provided to improve the regulation and supervision of derivative instruments in India. It drafted new regulations and proposed measures to improve risk management. It partially provided solutions to removing impediments to the development of new derivatives products. It was supposed to produce trained officials but addressed the requirement through a study tour to Australia and the Republic of Korea. The SSTA was also required to improve derivatives monitoring and surveillance systems, establish associated regulatory and surveillance systems for new products, develop more diversified products that appropriately meet client requirements, and develop an appropriate incentive structure. These requirements—supposedly important to the success of the development of an effective derivatives market—could not be addressed within the SSTA resources.

The unrealistic objectives had a number of consequences:

- (i) The Government's expectations were raised that more would be accomplished than was possible.
- (ii) Since the Government assumed the SSTA would address all the objectives, it did not seek funds from other sources to carry out the tasks that were omitted.
- (iii) The Government now has a partial answer to the issues it wished to address but progress is delayed while the gaps are filled.
- (iv) An excellent study was prepared but, because of inflated expectations, the Government was disappointed by the outcome, and the reputation of the Asian Development Bank was not enhanced.

<sup>a</sup> ADB. 2003. *Technical Assistance to India for Regulation and Supervision of Derivative Instruments*. Manila (TA 4203-IND, for \$150,000, approved on 22 October).

49. One of the criteria for selecting an operational division director should be his or her capacity to evaluate the realism of a TA, based on their experience in implementing loans and TAs. Either that criterion is not being applied in selection processes or division directors are abrogating this important responsibility. This is important because an unrealistic set of objectives places a TA in an unwinnable situation. The objectives cannot be achieved with the resources allocated and there is bound to be a disappointed client. Within the SES sample, resources were considered “just right” in less than 25% of TAs.

#### 4. Type of Assistance Model

50. **ADB has not Standardized its TA into Models, Products, or Standard Practices.** Within the three types of TAs—PPTAs, ADTAs, and RETAs—ADB has not established standardized TA models, products, or practices that could be documented, marketed to clients, and improved upon over time based on experience. In the absence of standardized approaches, many TA papers borrow from a previous TA paper addressing the same kind of problem. However, little or no attempt is made to learn from the experience of the previous TA, so many new TAs repeat the same errors of formulation.

51. There is little provision for a seamless progression from one TA to the next as few interventions are regarded as being part of a longer-term program of assistance. Too frequently, where there is a succession of TAs—as occurred in the anti-money laundering interventions in the Philippines and the provision of policy advice to the President's Administration in the Kyrgyz Republic—there is a marked gap between the completion of the first TA and the mobilization of the second, and different consultants are recruited. This results in loss of experience gained and relationships developed on the first TA.

#### 5. Matching Scope to Budget

52. **TA Budgets are often Arbitrary, not based on Requirements for the Intervention.** For 73% of ADTAs and 53% of PPTAs in the SES sample, the TA budget was determined on a

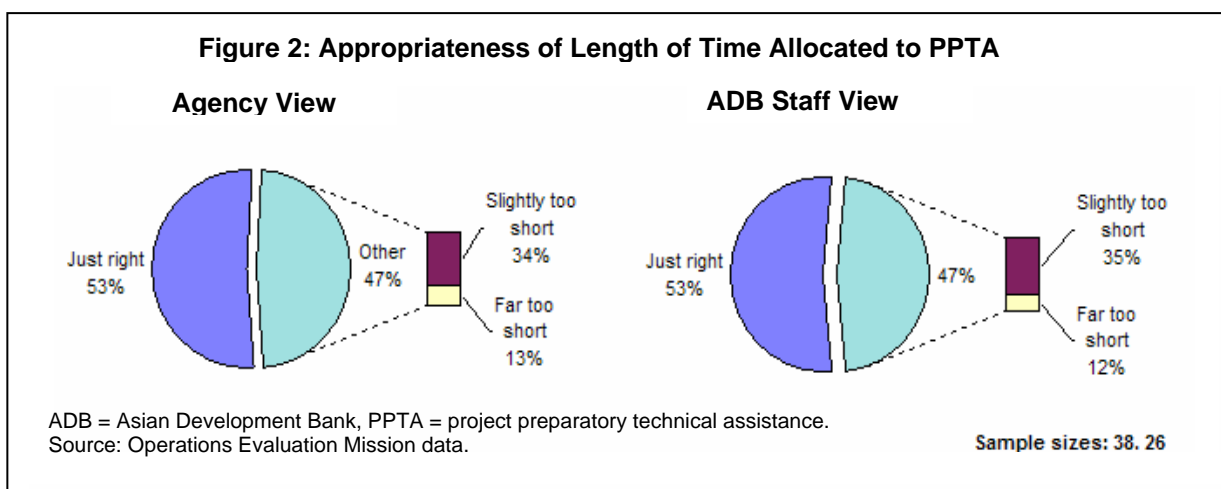
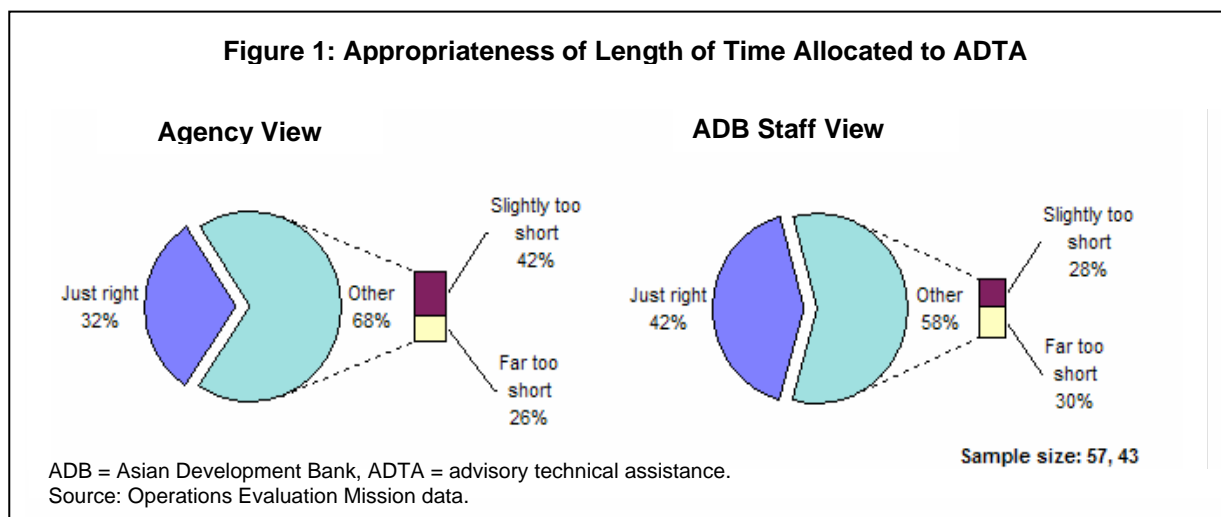
“top-down” basis by director generals or directors, and given to mission leaders irrespective of what was really needed to do the work. As a result, there were a number of anomalies:

- (i) In India, 33% of ADTAs in the SES sample were for \$150,000 and 43% of PPTAs were for \$1 million—corresponding to the approval ceilings for directors and the President respectively. Many of the SSTAs were too small to complete the assignments as well as the EA might have wished.
- (ii) Unanticipated TAs were often resourced using any unallocated TA budget under the technical assistance indicative planning figure (TAIPF) or by reducing the budgets of other TAs in the pipeline. For example, in 2003 the Government of India made an unexpected request for assistance to de-mutualize Indian stock exchanges (there were over 20) and to help develop a market for derivative instruments under its capital markets reform program. ADB provided two TAs each of the maximum SSTA grant of \$150,000, neither of which was sufficient to complete the work required.<sup>21</sup>
- (iii) The country programs of Cambodia, Kyrgyz Republic, and Uzbekistan all had ADTAs to improve the regulatory capacity of central banks over credit unions. The first was in Cambodia in 1999, for \$1.45 million. The Kyrgyz Republic (for \$550,000) and Uzbekistan (for \$400,000) TAs were both approved in 2002. With much lower budgets than in Cambodia, neither TA was able to produce sustainable improvements.
- (iv) Given that DMC ownership is such an important criterion for success, responding to a DMC request with an arbitrary budget allocation does not signal to the DMC concerned that ADB is taking its request seriously.

53. The country case studies provided evidence from EAs, project officers, and TA consultants that the time allowed for TAs is usually too short. This problem was especially serious for ADTAs. As Figure 1 shows, EAs in the SES sample considered that the length of time allocated to ADTAs was just right in only 32% of cases and far too short in 26% of cases. ADB staff concerned considered that the length of time was far too short in 30% of ADTAs and slightly too short in a further 28%. PPTAs fared slightly better, with 53% being regarded as having sufficient time allocated to them both by EAs and ADB staff (Figure 2). TA consultants broadly corroborated the EA and ADB staff views on time allowed for TA. These findings point to ADB’s difficulty in estimating implementation schedules, despite consultants’ inclusion of such a schedule in every proposal.

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<sup>21</sup> ADB. 2003. *Technical Assistance to India for Demutualization and Consolidation of Indian Stock Exchanges*. Manila (TA 4202-IND, for \$150,000, approved on 21 October); and ADB. 2003. *Technical Assistance to India for Regulation and Supervision of Derivative Instruments*. Manila (TA 4203-IND, for \$150,000, approved on 22 October).



54. Within the SES sample, there were similar issues over the time allocated for training. EAs considered the length of time just right in 46% of interventions. In 54% of the cases, the length of time allocated for training was too short.

55. In the case of PPTA, as the Operations Evaluation Department pointed out in its annual report on loan and TA portfolio performance for 2005, the average PPTA budget decreased by 18% in real terms over the period 1996–2005. During that time, several additional policy requirements were added to the PPTA tasks. Consultants sometimes struggle to address all the tasks required. This leads them to do the work themselves rather than engage the EA as a partner in the design work. Consequently, ownership and understanding of the project design may suffer, and EA capacity to design projects is not built up.

56. How could so many TA projects have passed through ADB's checks and reviews without someone suggesting that the objectives were too ambitious for the time and resources allowed? Why was this not corrected by sector directors or the offices of directors general? Why was it not challenged during interdepartmental circulation? These are not new issues. Such problems have been pointed out repeatedly by past OED evaluations. However, in this area, ADB has failed to become a learning organization to use evaluation findings to make systemic

improvement in how it formulates new TAs. In the final analysis, this is a case of departmental management failure—responsibility for which rests with directors general and directors.

## 6. Terms of Reference

57. **Typical TOR for TA Projects do not Require Consultant Companies to Demonstrate their Expertise on How to Address the Problems at Issue.** The TOR for PPTA are structured to inform consultants of the inputs and outputs required to design a loan. This approach to TOR is satisfactory so long as the PPTA work is limited to project preparation, and does not extend to tasks of a more advisory nature. ADTAs and RETAs are usually intended to produce outcomes that involve introducing the basis for some kind of change. However, in ADTAs designed to address institutional problems, the TOR typically do not stipulate the outcomes to be achieved. Instead, they specify inputs in terms of type and quantity of experts. If inputs are wrongly specified, the consultants can seek a contract variation, but in practice it may only be discovered that they are wrong when most of the inputs have been used. Once the consultants have delivered the inputs required, and produced the output (usually a final report), their task is complete—regardless of the quality of solutions they have provided. Any flaws in their proposals are left for the EA to resolve. As the EA required assistance in the first place, it often has neither the capacity nor the competencies to correct the flaws. In such situations, the likelihood of less than optimal solutions and outcomes is great.

58. Use of TOR that focus on addressing a problem or producing a specified outcome have one important advantage for more complex ADTAs. They allow each consulting firm making a proposal to apply its “corporate mind” to identifying the best way of resolving the stated problems. Short-listed firms with relevant experience may often offer good ideas. Some of these might be incorporated into the winning proposal (commercial confidence restrictions notwithstanding) at the time of contract negotiations.

## 7. Work Scheduling within the Agencies Concerned

59. **Work Schedules were not Prepared as Part of TA Design.** The template for TA papers does not contain an explicit time schedule for key tasks and none of the TA papers examined as part of this study included such schedules. As a consequence, EAs sometimes had unrealistic ideas about what to expect from the TA and underestimated their own role. The absence of a work program in the TA paper made it difficult for ADB to monitor the progress of an intervention. Although a fixed work program is not always appropriate,<sup>22</sup> it is essential to have government endorsement of a sequence of steps to be followed at the appropriate time to secure a change, with a realistic assessment of the resources required at each stage. However, the absence of a time schedule does not mean that TA mission leaders do not prepare them. Consultants typically include such schedules in their tender documents, and these could be used as the basis for inclusion in the TA paper template.

## 8. Design and Monitoring Framework

60. **The DMF usually does not Include the Type of Performance Indicators Needed for Effective Monitoring and Evaluation of TA.** ADB’s results-based approach to development assistance uses the project performance management system (PPMS) for monitoring and evaluation of loans and TAs. The PPMS aims to provide feedback throughout the project cycle

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<sup>22</sup> Sometimes flexibility is needed to allow for the difficulties of a change program and determine when the timing is right to move ahead.

so that team leaders can take corrective action to achieve the desired results, and to derive lessons from subsequent project evaluation. As regards TA, it has four components—DMF, technical assistance performance report (TPR), TA completion report, and technical assistance performance evaluation report (TPER). The PPMS is described in Appendix 17 of the SES on Performance of Technical Assistance. (footnote 1)

61. The DMF establishes the targets and performance indicators used by each component of the PPMS.<sup>23</sup> A well-prepared DMF is, therefore, critical for successful monitoring and evaluation. Use of some form of DMF has been mandatory for loans and TA since 1996.<sup>24</sup> A participatory approach is encouraged in the development of the DMF to facilitate stakeholder understanding and participation in TA, thus increasing country ownership and cooperation.<sup>25</sup> However, results from the SES sample show this was only followed infrequently. ADB staff reported that the EA's contribution to the DMF "exceeded 50%" in only 32% of ADTAs. From an accountability and performance assessment point of view, most DMFs in the SES sample had two significant weaknesses: (i) they did not present monitorable indicators in the form of measurable targets related to the objectives set for a TA, and (ii) they did not present indicators with which to assess ADB's performance criteria of relevance, effectiveness, efficiency, and sustainability.<sup>26</sup>

62. A 2003 SES by OED on project performance management found that the quality of DMFs of ADTAs approved in 2002 was poor.<sup>27</sup> In response, ADB Management produced an action plan to improve DMF quality. A follow-up OED assessment of all loans and TAs approved in 2004 found that there had been a modest improvement in DMFs for ADTAs. By 2005, almost half of approved ADTAs had DMFs with goals and purposes that were rated "satisfactory" or better (Table 7). While this progress is acknowledged, clearly more progress is needed as even the 2005 figures are not acceptable for an institution like ADB that is focused on achieving results.

**Table 7: Quality of Design and Monitoring Frameworks for ADTAs**  
(% of TA frameworks rated "satisfactory" or better)

Level	2000	2002	2004	2005
Goal/Impact Level	21	12	29	48
Purpose/Outcome Level	20	12	23	60

ADTA = advisory technical assistance, TA = technical assistance.

Source: Operations Evaluation Department.

## 9. Exit Strategy

63. **Exit Strategies are not Produced for ADTAs.** Within the SES sample, few TAs included a strategy to ensure that the process of reform or change was maintained after TA completion, and to plan for further ADB support at later stages of the reform program or open up opportunities to assist other areas of strategic importance. Having an exit strategy is particularly important since ADTAs are typically underfunded. This point is underscored by responses from

<sup>23</sup> ADB. 2006. Operations Manual. Section J1/BP: Project Performance Management System. Manila, (24 January), para. 2(i).

<sup>24</sup> For PPTAs, a DMF for the proposed project is one of the outputs of the TA.

<sup>25</sup> Ibid.

<sup>26</sup> Many DMFs for TAs in the SES sample provided only the vaguest of indicators/targets, e.g., "improvements to ...," and "impediments removed."

<sup>27</sup> ADB. 2003. *Project Performance Management in the Asian Development Bank and its Projects in Developing Member Countries*. Manila.

85% of ADB staff and 95% of EAs that saw the intervention as a step in a more general reform program requiring further assistance in the future.

64. TA papers only occasionally make provision for dissemination of results within ADB or externally. The final reports of TA consultants are now made available on the catalogue of TA consultant' reports on ADB's intranet site, but no summaries are provided for wider use by Communities of Practice and professional staff. This neglect of dissemination means that TAs have less influence than they should, and lessons from past TAs are not built upon systematically. A line item for dissemination should be included in the standard format of the TA cost table.

65. Another factor is language. As ADB works in English, its published TA reports are usually not written in the languages most widely used in recipient countries. Yet, ADB rarely makes provision to translate these into local languages. ADB's narrative style of presentation is also not reader-friendly. Senior officials and members of civil society in DMCs and senior ADB staff need more easily accessible information. A line item for translation should be included in the standard format of the TA cost table.

## IX. Resources to Support Formulation

### 1. Staff Inputs

66. **Many Staff are Too Overloaded to Commit Enough Time to TA Design.** Appendix 9 of the main report, (footnote 1) provides estimates of the time spent by ADB officers formulating TAs in the SES sample, together with estimates of their total annual workload on loans and TAs. This shows that the actual staff time on TA formulation was significantly less than the staff coefficient used by the Budget, Personnel and Management Systems Department. The average time was 2.6 weeks for ADTAs and 3.0 weeks for PPTAs.<sup>28</sup> This compares with current staffing coefficients of 5.0 weeks for ADTA and 10.0 weeks for PPTA. In all countries except the Fiji Islands, the average overall annual workload of the officers concerned was 1.5 person years or more, a clear indication that staff were overloaded. Workloads were particularly high for staff working in India, and in the urban, education, and transport sectors. This evidence of overloading staff was consistent with SES findings of inadequate diagnostics, poor scoping of TA projects, weak DMFs, and inadequate briefing of EAs to secure a realistic commitment to the work of the TA. This reflects poorly on divisional management. One of the prime responsibilities of divisional managers should be to match work programs and available resources. One of the consequences of accepting overly ambitious work plans seems to be allocating insufficient staff time to TA formulation and supervision. This has adverse consequences for TA quality.

### 2. Experience and Expertise Mix

67. **ADB Officers Usually had Expertise Relevant to the Sector or Technical Area.** In most cases, ADB staff who designed TAs in the SES sample had experience relevant to the sector to be addressed. So, for example, transport TAs were generally formulated by transport economists or transport engineers, and education TAs by education specialists. This was generally sufficient for ensuring that PPTAs were prepared by suitable staff.

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<sup>28</sup> In the SES sample, 6.0 weeks was the longest time taken to prepare an ADTA or a PPTA. Those inputs were claimed both by a very inexperienced project officer and some experienced project officers.

68. **Most ADTAs Address Policy Reform, Capacity Building, and Change Management, but Few ADB Staff have Experience and Expertise in these Areas.** Many ADTAs involved more than sector or technical issues. As Table 8 shows, most involved institutional strengthening, public sector reform, and skills transfer. Further analysis of the SES sample showed that slightly over a third of ADTAs had their primary focus on capacity building, 23% on change management, and 15% on policy development.

**Table 8: Principal Activities of ADTAs**  
(% of TAs in each country)

Question	Fiji Islands	India	Kyrgyz Republic	Philippines	Viet Nam	Average
Step in general reform program requiring further assistance?	80	100	93	100	100	95
Recommendations for policy reform?	100	89	92	83	75	88
Recommendations about functioning of agency?	70	75	85	78	89	79
Seek to transfer skills to the agency?	68	44	85	83	80	75
Any training of staff?	80	50	91	78	60	74

ADTA = advisory technical assistance, TA = technical assistance.

Source: Special evaluation study sample.

69. Given the frequency that they are addressed, it is clear that the core competencies of some ADB staff should involve policy reform, capacity building, and change management. However, few operational staff have senior level experience of directly managing change within an organization. Consequently, ADTAs in these areas are frequently formulated by ADB officers who lack the necessary experience. Based on the SES sample, it appears that sector directors seldom take steps to strengthen formulation by assigning staff or staff consultants with relevant experience to assist the mission leader in designing such ADTAs.

## X. Quality Control

70. ADB's quality control systems for TA impose significant bureaucratic costs without providing effective quality control.

### 1. Departmental Management

71. **Quality Control is Spread Too Widely with the Result that Responsibility for Quality is Not Clear and is Easy to Evade.** The NBP provide a chart showing delegation of authority. Essentially, this identifies who is responsible for approving various operational activities. It does not show who is responsible and accountable for quality.<sup>29</sup>

72. The NBP make ADB officers responsible for TAs they formulate. That is clear so long as the mission leader remains involved for the duration of the TA. However, this occurred in only 43% of ADTAs and 58% of PPTAs. For a short-term instrument, the incidence of ADB staff change is high and has led to justifiable complaints from DMCs. The process for handover and transfer of accountability is not formalized. The successor simply inherits something he or she was not responsible for initiating. Recognition tends to end with the approval of the TA paper, not with successful completion of the intervention. There is no realistic assessment of the progress of the TA at handover and no adjustment to performance and development plans of ADB officers to identify

<sup>29</sup> The presumption that the approving position would also be accountable for quality is invalidated by the fact that the President is responsible for many of the final approvals. He cannot be held accountable for the quality of TA papers.

the level of performance required to produce a “satisfactory” rating or better for the management of the TA. Within the SES sample, there was a tendency for quality of supervision of ADTAs to decline with a change in ADB staff. This was not evident with PPTAs, where the incentive of processing the eventual loan was sufficient to stimulate interest in the success of the intervention.

73. Another weakness in quality control is that there are no ADB-wide checklists to ensure that common issues of importance have been addressed in TA formulation. The NBP do not require this, and there are no staff instructions for TA formulation. Checklists would provide an accountability trail that the ADB officer and director have fulfilled their responsibilities. PPMS provides a management checklist for PPTAs, but the SES found no evidence that it is consistently applied by any operations division. Some departments have experimented with introducing their own checklists, but these have not been applied consistently and lack the authority of an ADB-wide checklist.

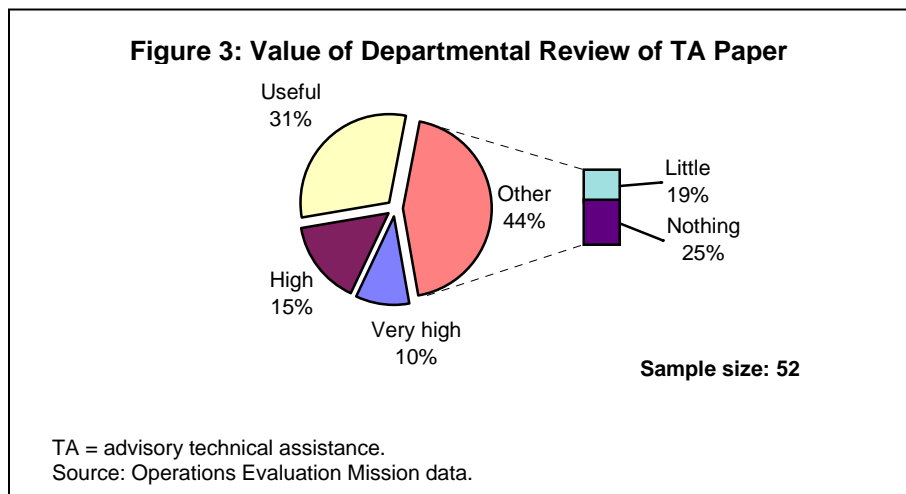
74. Departmental management sometimes abdicates responsibility for quality. There was an example from the Kyrgyz Republic where the director and officer disagreed about the design of a PPTA. Rather than being firm about what he believed to be right, the division director tried to resolve the situation by requiring the TA paper to be reviewed by a staff review committee (SRC) meeting.

75. The SES did not make a systematic study of support provided by divisional management to officers preparing TAs. However, it did identify three cases where no management or other support was provided. It was apparent that some division directors took substantial interest in the development of TA papers in their divisions while others did not. Personal relationships often appear to have been a factor. In some cases, collaboration between a division director and the officer concerned was good. Where this was more uncertain, and the officer had less access to the director—which was likely to occur with junior staff—collaboration and assistance were infrequent. Further evidence of difficulties in the director/staff relationship was provided by the 2003 staff engagement survey,<sup>30</sup> which found that only half of staff were satisfied with their immediate manager. Good quality control relies on effective management of staff. If that is done poorly, quality control suffers.

76. Officers for TAs in the SES sample confirmed that the contribution of their departments to quality control was disappointing. As Figure 3 indicates, 44% of ADB officers considered that departmental processes of review of TA papers added little to no value. Attached TAs received even less scrutiny than stand-alone ADTAs, as the focus of quality control was on the loan.

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<sup>30</sup> Hewitt. 2003. *Staff Engagement Survey*. Manila: ADB.

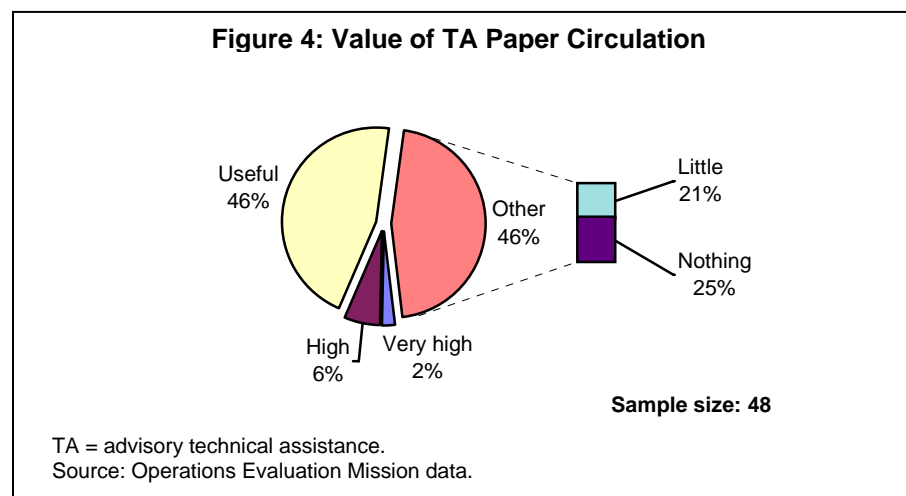


## 2. Peer Review

77. **Systematic Peer Review of TA Papers has Lapsed.** The NBP envisaged that sector or crosscutting committees would be responsible for peer review of draft TA papers. When these committees were subsequently dismantled, their peer review function lapsed. Some regional departments introduced their own approaches to peer review or quality control. These tended to concentrate on loan projects even though TAs can be important in terms of positioning ADB for future work. When Communities of Practice were established in 2006 to revive some of the sector and crosscutting roles of the earlier committees, peer review was not included among their responsibilities.

## 3. Interdepartmental Circulation

78. **Interdepartmental Circulation Added Little to No Value in Just Under Half of TAs.** The formal interdepartmental circulation process tends to be haphazard and limited to support offices. There is no guarantee that the officer assigned to read a TA paper will have appropriate background knowledge or treat this work seriously. Excellent work in commenting on TA papers goes largely unrecognized in performance and development plans. As Figure 4 shows within the SES sample, although project officers said interdepartmental circulation was useful in 54% of TAs, in 46% of the cases they said it added little or no value to a TA paper.



#### 4. Staff Review Committee

79. **For TA, the Use of the Staff Review Committee is almost Defunct.** Prior to the NBP, the SRC chaired by the director general concerned was designed to be a key element in TA quality control. However, the quality of the discussions and comments declined in terms of value added. Thus, the NBP made it optional for departmental management to hold an SRC meeting. In the SES sample, only 37% of TA papers had an SRC, and 67% of those were approved in 2002 or earlier. An analysis of PPIS data indicates that, by 2005, SRCs were held for only 15% of TAs approved that year. Thus, in practice, the senior level scrutiny of TAs that resulted from SRCs has effectively ceased for the large majority of TAs.

## XI. Bunching

80. **There is Still Substantial Bunching of TA Approvals at Year-End.** In 1996, ADB began a drive to space TA approvals more evenly over the year. As Table 9 shows, this had some success until 2002. Since then, the percentage of TAs submitted for approval in December exceeded the apparently unsatisfactory baseline level of 1995. Over the SES study period, about a quarter of TAs were approved in December. Given the large number of TAs approved in the rush to the end of the year, it appears likely to OED that many do not receive sufficient attention from either senior staff or Vice Presidents. The sheer numbers overwhelm the ability of senior staff to provide a rigorous quality control function. The 1-year allocation of TAIPFs provides an institutional incentive to have TAs approved by the end of the year—a “use it or lose it” incentive system drives the TA approvals. A more flexible TAIPF allocation system, allowing some carryover of the unutilized TAIPF into the next year, may help to address this issue.

**Table 9: Percentage of TAs Approved in December, 2000–2006<sup>a</sup>**

Year	ADTA and PPTA	RETA	Total
1995	27	33	28
2000	29	22	27
2001	21	27	22
2002	28	38	30
2003	36	26	33
2004	44	44	44
2005	27	37	29
2006	23	26	24

ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, RETA = regional technical assistance, TA = technical assistance.

<sup>a</sup> Excludes supplementary TA approvals.

Source: Asian Development Bank.

## XII. Implementation Performance

### 1. Adherence to Design

81. **The TOR and Targeted Outcomes for ADTAs usually do not Provide a Reliable Guide for What can Realistically be Achieved by the TA Consultants.** The result of mismatches between TA scope and resources, and vagueness in the TOR was that, in many cases, the TA consultants were left to do what they could to make progress toward the TAs' broad set of aims up to the inputs limits fixed by their contract. TA designs rarely made sufficient allowance for the speed

that public sector change takes place in DMCs.<sup>31</sup> Consequently, it was common for consultants' inputs to come to an end long before government had decided whether to proceed with the recommendations included in the final report of the ADTA.

82. Although many TAs sought to transfer ideas and practices to DMCs, what was actually implemented was rarely what could be termed a best practice model. Among TAs in the SES sample—especially in the Philippines and the Kyrgyz Republic—the international consultants often based their policy and other proposals on policies and practices they were familiar with, often taken from their own home country. For example, in the Philippines, the consultants preparing an urban services project proposed to use a community land trust model taken from Boston, Massachusetts which was too sophisticated for the Philippines.<sup>32</sup>

83. Another problem experienced with trying to transfer best practices was that it is difficult for DMC governments and EAs to assess how effective a proposed policy or practice will be if they have not seen it operating in practice. Study tours are an answer to this predicament. Within the SES sample, where well-managed study tours were included, they were effective. This occurred in a number of TAs in India. In the Kyrgyz Republic, a study tour to Spain helped to introduce the department of water resources to the idea of water user associations. From this visit, it also got the idea of reorganizing itself along watersheds.

84. Consultants generally followed designs as closely as possible given the limitations of the designs. Where they did not, it was usually because the design was too ambitious. In such cases, they tended to concentrate on the priority tasks and address the lower priority tasks only to the extent possible, given the resources. Such changes were rarely recorded and did not result in formal changes in the scope of a TA or the TOR of the consultants. ADB officers concerned report that there is a disincentive to seeking changes in the scope of a TA since it is regarded as reflecting poorly on the quality of a design and performance of the project officer.

85. ADB was rarely willing to provide supplementary TA to correct for mismatches between TA scope and resources. Analysis of TA approvals indicates that only 3.5% of TAs approved in 1969–2006 had supplementary TA approved. For some TAs within the SES sample, ADB was unwilling to spend the full approved amount of the TA even though there were further tasks for which the remaining funds were needed.

## 2. Schedule

86. **The TA Closing Dates Stipulated in the TA Paper are Flexible and are Often not Adhered to.** The closing date of a large number of TAs required extension from the target date stipulated in the TA paper.<sup>33</sup> Of 994 TAs financially closed from 2004 to 2006, 402 (40%) were either completed before or within a year of the original completion date stipulated in the TA paper. The rest were completed over an average period of about 2.4 years. Given that the remuneration schedules of consultants are based on these timetables, there are strong incentives for consultants to report on time. Similarly, closure of accounts required further extension of completion dates. Only 139 (14%) of the 994 TAs were financially closed within a year of the target completion date in the

<sup>31</sup> For example, in India, a public information dissemination specialist was given 2 months to develop a plan to disseminate information, build support for a fiscal consolidation program, and to assess the required capacity building for an effective information dissemination program. Support for a fiscal consolidation program generally cannot be built so quickly.

<sup>32</sup> ADB. 2001. *Technical Assistance to the Republic of the Philippines for Preparing the Metro Manila Urban Services for the Poor Project*. Manila (TA 3760-PHI, for \$1 million, approved on 5 November).

<sup>33</sup> The original TA completion date and account closing date as stipulated in TA papers are largely the same.

TA paper. The balance were financially completed over an average period of 2.8 years. On average, TAs remain open about 10 months after physical completion. Remaining TA resources are often used for “associated” activities to further the achievement of goal or purpose.

### 3. Process

87. **TA Papers Often Neglect the Question of Effective Process to Achieve Sustainable Results.** To contribute to an effective process to bring about changes, the proposals for change developed under an ADTA need to be accepted and implemented by the client. This often requires approval of legislation or regulations and building up agency capacity to perform key activities. Each of the steps involved in obtaining approval and initiating implementation needs to be incorporated within an overall change management program. Many ADTAs in the SES sample were not conceived within this kind of process framework, and this limited their contribution. However, there were also some notable success stories. Box 3 presents an example where limited inputs from an ADB RETA enabled implementation of a significant change management program in Bangalore, which had marked impacts on public health and the overall “liveability” of the city.

#### Box 3: Good Practice in Urban Change Management

**Background.** A regional technical assistance (TA) set out to introduce benchmarking and process reengineering in 10 Asian cities. Each city selected its priorities for reengineering and established a small task force to map the relevant processes and make recommendations for changes. They were then supported by international consultants working directly with the task forces for intermittent periods and providing remote support through e-mail.

**The Approach.** Bangalore was one of the 10 cities. It selected taxation and public health as its priorities. It began the change process by establishing two working groups to study existing processes and identify opportunities for improvement. In 1999, the heads of the municipal public health and taxation departments visited Australia on a study tour and training program. They examined rates assessment and collection methods, and solid waste management. The TA consultants provided inputs to the change program as requested by the two heads and made short visits to Bangalore. The resulting proposals for change were accepted by the municipal authorities:

- (i) In 2000, the state government set up the Bangalore Agenda Task Force, a public-private partnership with the private sector bringing capital, knowledge, materials, and training capacity. It monitored the solid waste management improvement program and provided ideas for the improvement of the city. It became responsible for organizing the training of municipal officials.
- (ii) The Bangalore public health team began by determining the extent of the problem—a critical initial step in change management. The whole of Bangalore was mapped and surveyed for solid waste management. Officials were then able to calculate the staff needed in terms of sweepers/collectors, the amount of waste likely to be generated, and the number of trucks needed for each area. Garbage collection in some wards was outsourced to private contractors to introduce competition for the municipal work groups.
- (iii) State government legislation was passed to change property tax to a self-assessment basis. This raised an extra \$24 million in the first year—more than enough to fund all the changes in garbage collection.
- (iv) The public health department established a charter with service standards and a telephone complaints center. In poor areas, street volunteers reported to the center if the garbage service did not come. Health inspectors were given two-way radios so the center could have them deal with a complaint on the day they were made.
- (v) Health officials held rallies and meetings with resident groups, local leaders, and volunteer organizations to explain the new system, a key element being to separate organic and recyclable waste. Street plays were developed, targeted at schoolchildren and the illiterate.
- (vi) The City Corporation passed an ordinance forbidding people from dumping their garbage and establishing on-the-spot fines for illegal dumping. It also imposed a fee for garbage collection, attached to the property tax.
- (vii) Collection and incineration of toxic and medical waste was outsourced and paid for by those making the waste.

**Outcomes.** The streets of Bangalore are now largely garbage free. The program’s most notable outcomes included an estimated 50% decline in gastro-enteric diseases in poor areas; improved attendance of slum children at school because of decreases in enteric and skin diseases and fevers; and improved status of wards based on a basket of indicators including complaints, communicable diseases, and the number of dumps.

<sup>a</sup> ADB. 2001. *Technical Assistance to the Philippines for Microfinance for Rural Development*. Manila (TA 3814-PHI, for \$560,000, approved on 19 December).

## XIII. Consulting Services

88. **ADB Could do More to Improve Relationships with Consultants to Optimize Value Added.** ADB outsources its TA to consultants who, therefore, play a crucial role in the performance of TA. They also contribute to ADB's reputation and the comparative advantage it enjoys through TA. Based on the SES sample, consultants performed satisfactorily. About 90% of the EAs and 87% of ADB officers said the consultants enhanced ADB's reputation. Whether they did so with distinction would require more detailed investigation. The relationship between ADB and the consultants is not straightforward. ADB in effect acts as the broker and paymaster between the DMC EA client and the consultant service provider. This relationship has proved confusing for consultants as, in 30% of ADTAs and 77% of PPTAs covered by the SES, they regarded ADB as the client and not the EA.

89. There are few incentives for consulting firms to engage or develop permanent staff to supply the work which ADB and its DMC clients demand. COSO has attempted to introduce the use of framework contracts to foster longer-term relationships with consultant firms but, to date, this idea has not yet been approved by the Board. In many cases, this situation means that ADB is outsourcing work to firms which are themselves outsourcing the work to nonpermanent members of staff. This creates a long command chain between the DMC client and the outsourced consultant, and raises issues of effective supervision and quality control.

### 1. Recruitment of Consultants

90. **Consultant Recruitment Places Too Much Weight on Short-Term Financial Savings for ADB Rather than the Long-Term Development Benefit for the DMC Client.** As more DMCs become middle-income countries, their requirements for ADTA are changing. DMCs need exposure to international best practice in terms of policy, administrative efficiency, and effectiveness. Among the leading sources are management consulting firms in the developed world or companies specializing in some technical field like engineering, education, or health services. Generally, other than for some of the technical fields like engineering, ADB cannot directly access this market as fee rates are often too low. Major management consulting firms have reacted to these rates by bidding for work through their local franchises, which is probably beneficial for the development of in-country consulting capabilities but raises a number of questions. These include whether the franchisees have (i) the same capacity as their parent firms in exercising technical quality control, (ii) a capacity to supplement local skills with any necessary specialized international best practice skills, and (iii) a capacity to staff teams from their own employees and produce better integrated teams compared with consultant companies that staff teams from independent consultants recruited from their databases. In the 24 ADTAs studied in the finance sector, only three used the consulting services of one of the big accounting firms.<sup>34</sup> COSO conducts 20–30 seminars each year in both donor countries and DMCs on procurement and consulting service opportunities, policies, and procedures. The primary audiences at these events are consulting firms. COSO also meets many consultant delegations at ADB Headquarters.

91. In the SES sample, 29% of EAs expressed dissatisfaction with the process for selecting ADTA consultants and 24% with PPTAs. While these were a minority among EAs, they were a substantial number and should be a cause for concern for ADB. Many EAs were dissatisfied

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<sup>34</sup> The quality of consultant work in these three cases was excellent.

with being excluded from the process of consultant selection<sup>35</sup>—particularly those in India and Viet Nam (other recent OED evaluations found similar dissatisfaction in the PRC). In response to these issues, COSO carried out a pilot study in 2004 where EAs were delegated responsibility for consultant selection for 20 TAs (including 5 in the PRC), subject to adherence to ADB guidelines and procedures. The pilot appears to have only worked well in the PRC, where selection for all three pilot PPTAs was completed in 2004. Of the two ADTAs, one was completed in 2005 but one is still outstanding. As a result of this study, COSO has included a note in the revised guidelines which states “In order to increase ownership of TA projects and improve sustainability of project benefits, ADB may, in particular circumstances, delegate responsibility to a borrower (“delegated TA”) to recruit and supervise TA consultants.” It is to be hoped that, following the pilot, more responsibility and accountability for the recruitment process will also be delegated to EAs.

92. The EAs also complained about too much use of international consultants and too little use of national consultants, and that the recruitment process did not attract the best national consultants. In 39% of ADTAs in the SES sample, the consultants said that quality- and cost-based selection (QCBS) restricted the quality of experts they recruited. In 36% of PPTAs, ADB fee rates restricted the quality of national consultants recruited.

93. There has been no systematic study of how effective QCBS has been in relation to the actual performance of TAs. However, a QCBS review by COSO in 2005<sup>36</sup> (with a sample of 274 contracts) revealed that 80% of QCBS contracts during the review period were awarded to firms whose technical proposals were ranked first. Of the remaining 20%, the majority were technically ranked second with a close margin to those ranked first. ADB does not attribute the additional costs of rectifying poor PPTA studies to the overall project cost, but according to project officers they can be significant.<sup>37</sup> It also does not assess the cost to ADB of a failed TA—other than that the investment was nonproductive. Consequently, it is not possible to determine the extent to which QCBS produces true cost savings, if at all. Supervision becomes a critically important function when less competent consultants are employed. Good consultants need less supervision.

94. Based on a small number of cost accounts examined by the SES, consulting firms’ profit margins on ADB TA work are often slim, making the work less attractive commercially. Low margins lead to lower quality because firms have no margin to reinvest in areas like research and development, or improved quality control systems. It also leaves little budget for exercising quality control. The SES found, for example, a surprising number of team leaders proved unsatisfactory and had to be replaced. On only one occasion—where a TA in the Philippines was being supervised by the local office of the British Council—was the team leader replaced before being requested by ADB or the EA.

95. ADB contracts individual experts working for a consultant company to provide a given number of days of inputs rather than asking consulting firms to produce the required outputs for a given price. This practice is often inefficient and erodes firms’ profit margins. Consulting firms have to use highly priced specialists inefficiently on mundane tasks like collecting and collating

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<sup>35</sup> At the Conference on Water Financing Program 2006–2010 held from 26 to 28 September 2006, the Viet Nam delegation said there was a need for greater ownership on the part of EAs and closer interaction between consultants and EAs. The Pakistan delegation said there should be stronger accountability linkages between consultants and EAs.

<sup>36</sup> Board Information Note: QCBS: Update, 29 June 2005.

<sup>37</sup> In one case in India, QCBS led to selection of a firm that was not ranked first for technical quality. The SES rated the performance of this TA as poor. Extensive additional ADB missions were required to correct poor work done by the consultants, and the associated costs almost certainly exceeded the original cost differential in the bids.

data rather than using national consultants or more junior staff to perform such tasks under their direction, and bringing in the specialists for client management and the high-level work of analysis and formulation of issues and recommendations.

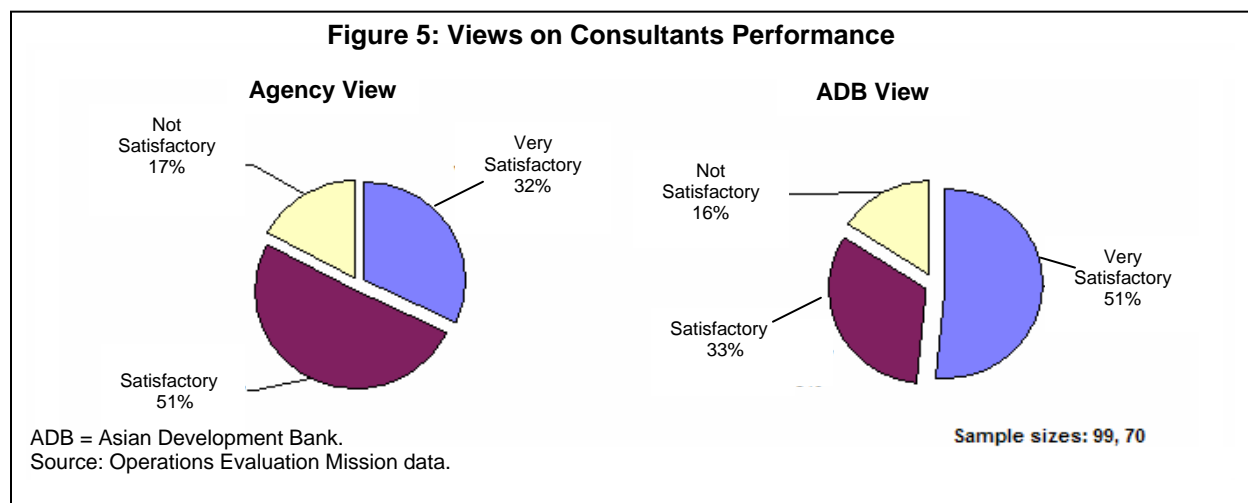
96. ADB does not do enough to encourage the development of national consultant industries and provides few incentives for national consultants to invest in their own development. Exceptions are the seminars which are held in DMCs on developing national consultants, and three TAs to the PRC on developing the national consulting industry. Unfortunately, the TA in the PRC is currently stalled, awaiting relevant approvals. This could take a long time as there are communication difficulties between the two key agencies involved. National consultants are frequently employed on the basis of time inputs rather than on the basis of producing outputs (or outcomes). Consequently, they are given an incentive to extend the amount of time rather than complete the work. In the Kyrgyz Republic and the Philippines, there were some complaints from EAs of national consultants being absent from the assignment (e.g., trying to manage two assignments at the same time). This can also be attributed to non-output based employment conditions.

97. There is often little incentive for international consultants to develop the local consultants they engage. Under QCBS, the latter could be potential competitors. Standards of local consultants in many DMCs need to be improved. Organizations establishing professional standards and running courses to improve and update competencies could make a major contribution. ADB does little to foster the development of such institutions.

98. **ADB's Contract Administration Pays Too Much Attention to Minor Details.** Nearly half (43%) of consultants experienced problems with the administration of their contracts. This meant they had to devote time to resolving administrative issues, further eroding their margins. The most frequently mentioned issues were (i) delays in processing contract variations; and (ii) delays in payments—with final payments taking up to 18 months for some TAs in the SES sample, even though the delays were over something fairly minor.

## 2. Performance of Consultants

99. **Most Consultants Performance was Rated as "Satisfactory", but Too Many Were Not.** In general, EAs expressed satisfaction with the performance of TA consultants. As shown in Figure 5, 83% rated performance as "satisfactory" or better. ADB officers had a similar view. There was, however, variation in satisfaction levels between the DMCs in the sample. In particular, EAs considered 24% of PPTA consultants "unsatisfactory" in India and 33% in the Kyrgyz Republic. As India is one of ADB's largest borrowers, this level of dissatisfaction is a cause for concern.



100. One particular issue of concern, which reflects on recruitment, was the disappointing performance of some team leaders. An unsatisfactory team leader results in the TA beginning poorly; credibility with the client being jeopardized; a hiatus in implementation; poor use of remaining contracted inputs during the period when a replacement is sought; and, frequently, the new team leader having too little time to get the TA back on track. Unsatisfactory team leadership was at its worst in the Philippines, where 30% of team leaders had to be replaced. In each of the other DMCs in the sample, one or two had to be replaced.

101. Unsatisfactory team leadership is limited to the kind of consulting firms selected. Many companies do not assemble teams from their own staff, in which case there would have been a progression of staff from team membership to team leadership, and from small TAs to large, complex TAs. If team members come from within the firm, they have a shared organizational culture, and regard themselves as answerable to the team leader. When consultant companies assemble their teams from databases, they often do not look sufficiently into the track record of the consultants, and rely on the marketability of their resumes. Consultants recruited to teams in these circumstances usually do not share a common organizational culture. Often, they do not regard themselves as members of a team but as individual technical consultants responsible for meeting individual TOR. Although ADB's scoring system for rating consultant proposals gives extra points if team leaders are members of the firm, this has not been enough to counter the trend toward assembling teams from databases.

102. The consequences of poor team leadership were often severe. Two examples from the Philippines are indicative. In a solid waste management TA,<sup>38</sup> team members could not agree how to approach the complex activities required by the TOR. The team leader was unable to get them to work together. Although the team leader was replaced, the TA performed poorly and the EA was disappointed with the work. In a TA to develop poor urban communities,<sup>39</sup> weak team leadership resulted in each member of the consulting team following his TOR without any attempt to integrate their work to produce a coherent TA design. A further TA was required to integrate all these inputs, and design an investment project.

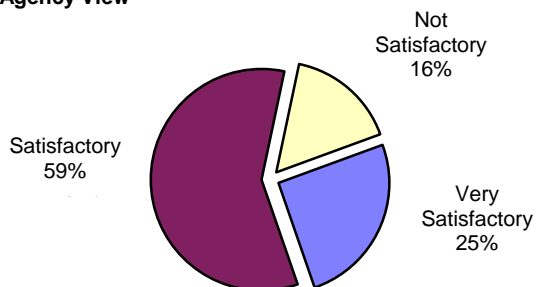
<sup>38</sup> ADB. 2002. *Technical Assistance to the Republic of the Philippines for: Metro Manila Solid Waste Management*. Manila (TA 3848-PHI, for \$1.25 million, approved on 18 March).

<sup>39</sup> ADB. 1999. *Technical Assistance to the Republic of the Philippines for Preparing the Development of Poor Urban Communities Project*. Manila (TA 3291-PHI, for \$850,000 approved on 10 November).

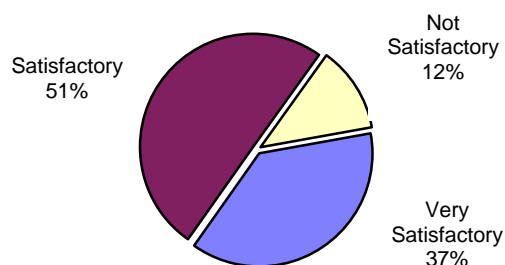
103. As Figure 6 indicates, EAs found consultants at least “satisfactory” in communicating best practice in 84% of cases. However, 16% of EAs rated consultants poorly at presenting best practice, rising to 22% in India and 25% in the Philippines. This is an area in need of improvement.

**Figure 6: Agency View of Communication of Consultants**

**Communicating Best Practice - Agency View**



**Communication of Consultants - Agency View**



Sample sizes: 95, 69

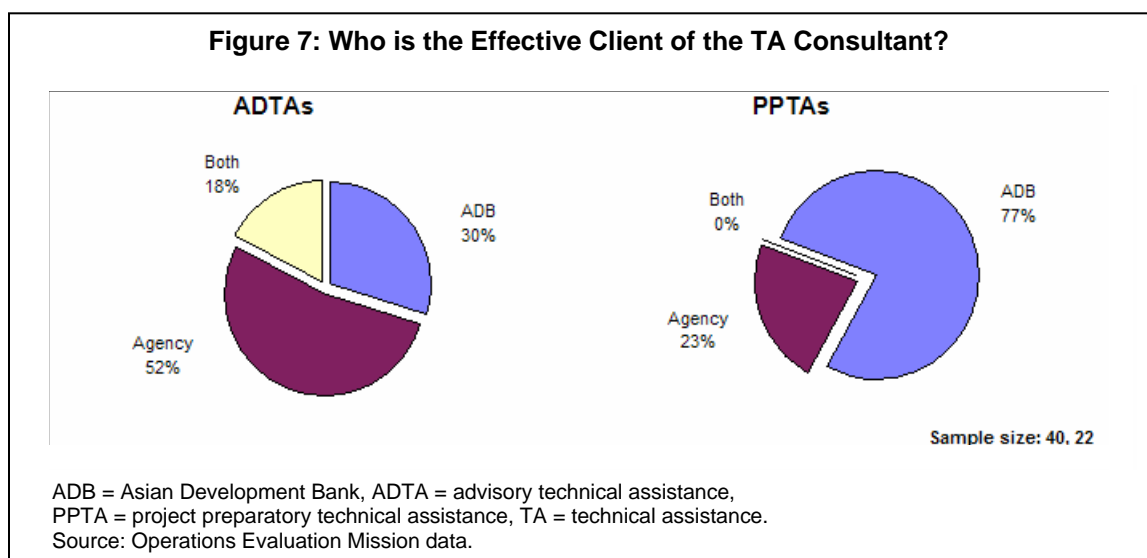
Source: Operations Evaluation Mission data.

104. ADB does not make full use of the potential contribution of national consultants to client relations and to the continuity and influence of the TA. The lower fee rates of national consultants provide an opportunity to extend the duration of a TA. This is important in change management and policy reform programs. In India, changes are extensively debated and only advance after slow and careful consideration. Having a national consultant continuing to work on a TA enables the work to remain active and advice to be provided, as well as presenting the opportunity for the national consultant to act as a conduit to the international consultants engaged for the TA. If inputs of international consultants are provided on an intermittent basis, the EA and national consultants can have access to their experience over a longer elapsed period. National consultants understand local issues better than international ones, and are better equipped to present draft policies in an appropriate way for government or ministers to make a decision, and to conduct consultations with stakeholders.<sup>40</sup>

### 3. Consultants and the Client

105. **The Consultant Often does not Regard the EA as the Principal Client for the TA.** ADB contracts consultants to work in an EA, sets the TOR, provides supervision and monitors progress, and determines when payment is warranted. This causes ambiguity for consultants over who is the effective client, as shown in Figure 7. In 30% of ADTAs and 77% of PPTAs, the consultants considered ADB was the client. Such a high focus on pleasing ADB first rather than the EA is likely to erode the EA's confidence that the TA is to help it address some development or organizational priority of its own or to formulate a project that it fully endorses. (para. 88)

<sup>40</sup> National consultants should not be used if they lack the expertise needed. One example was an anti-money laundering TA in the Philippines where there is no resident expertise. The requirement for national consultants in this ADTA meant that a firm of lawyers was contracted, but provided no useful inputs. International consultants should have been specified.



106. There are two important issues concerning the clear identification of an effective client:
- (i) Commitment is likely to be reinforced if an agency is the client and plays the major role in the identification, specification, and management of TA. This does not necessarily occur: (a) 13% of EAs did not believe there was adequate consultation to develop the TOR for ADTAs, (b) 18% of EAs did not consider that the ADB fact-finding teams had adequately evaluated the resources required for an ADTA, and (c) 29% of EAs expressed dissatisfaction with the process for appointing consultants for ADTAs.
  - (ii) Where change is an objective of an ADTA, either in the context of policy reform or in the way in which an agency is managed, keeping the client in agreement with findings, analysis, and proposals is a very important aspect of successful consultancy. Timing is a particularly important constituent of client persuasion, and that requires a close working relationship between the consultant and decision makers. Timing can be frustrated if the consultant first has to clear issues with ADB before taking them to the decision makers. Access to decision makers can also be compromised by ADB locating reporting relationships at the wrong level of an EA. This sometimes occurs because of ADB's overreliance on the persuasiveness of final reports and its belief that decision makers are more likely to be influenced by the written word than verbal persuasion. Management consultancy is most successful when it draws the client along in agreement with the progress from early findings to recommendations.

107. In ADTAs directed at complex government reform, the question of the effective client becomes more confused but equally critical. ADTAs, in their design, often do not identify all the important stakeholders in a reform issue. This is sometimes a critical omission, especially in DMCs with consensus approaches to decision making. An example of the potential threats to full effectiveness can be taken from ADB's work in capital market reforms in India. ADTAs generally supported organizations, which was to be the focus of a particular reform program. Most of these organizations were also subject to regulatory oversight that was important for the reform program. This was provided by the Reserve Bank of India and the Securities Exchange Board of India. In ADTAs, the former was rarely engaged as a client by consultants while the latter was prominent in

one ADTA directed at reforming the mutual funds industry.<sup>41</sup> The effectiveness of a number of TAs would have been improved had more attention been paid to these regulatory authorities, particularly involving them in the process of formulating proposals for reform.

108. Client management by the consultant is a major requirement of change management and policy reform consulting assignments in developed countries, and should be equally important in DMCs. Making sure the client supports proposed changes as the solutions emerge, and supports the way in which they are to be implemented, is an important aspect of change management. It is especially important when the TA is managed from Manila, since the ADB officer only makes two or three short visits, with no guarantee that these will be times at opportune for progressing the proposed changes. Client management is time-consuming and requires a close relationship between consultant team leader and agency head, but TAs usually budget little time for it.

## XIV. Executing Agency

109. **Executing Agencies do not Always Engage Fully in the Implementation of TA.** A key success factor for sustainable change is that consultants are available for long enough to train and coach agency staff to manage the changes introduced. In some cases, the most effective approach is for the consultants to report to the task force steering the change proposals. This was the case in the reform of tax administration in India described in Box 4. For PPTAs, the consultants should help train EA teams in designing projects for themselves. However, for this to be possible, EAs must make counterparts available and appropriate funding must be provided in the TA budget. In the SES sample, the provision of a full-time counterpart team was not the norm. Usually, counterparts were allocated on a part-time basis to assist a project team only as required. Counterpart personnel allocated were insufficient to form a team. Their major task remained their normal duties in the agency. They tended to assist the consultant team with the identification and retrieval of information necessary to the work of the TA. EAs considered that full-time counterparts were provided to 54% of TAs, while consultants considered that this occurred in 31% of TAs.

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<sup>41</sup> ADB. 2002. *Technical Assistance to India for Reform of the Mutual Funds Industry*. Manila (TA 4010-IND, for \$800,000, approved on 4 December).

#### Box 4: Good Practice in Change Management in Tax Administration in India

**The Task.** The objective of the technical assistance (TA) was to strengthen tax administration. The definition of tasks was flexible, changing in line with the Ministry of Finance's (MOF's) perception of changing priorities. These mainly focused on (i) strengthening risk assessment-based scrutiny/audit capacity in the Central Board of Direct Taxes (CBDT) and the Central Board of Excise and Customs (CBEC); (ii) expanding the tax base by strengthening service tax administration in CBEC; (iii) undertaking business process reengineering of critical functions and institutional strengthening; (iv) improving the quality of taxpayer services offered by CBDT and CBEC; (v) building capacity in CBDT in the emerging areas of international taxation and transfer pricing in order to facilitate foreign investment and enhance revenue mobilization; and (vi) helping to improve the capacity of the National Academy of Direct Taxes and the National Academy of Customs, Excise and Narcotics.

**Background.** A task force had reported to MOF on direct and indirect taxes, identifying improvements to be made to tax administration. From 1997 to 2004, the Canadian International Development Agency provided expertise to assist the Department of Revenue (DOR) in modernizing tax administration. Several initiatives were undertaken, such as reorganization of business processes of CBDT and CBEC, preparation of a new audit manual for indirect tax, and design of charters setting out the values and service standards of the two boards. MOF preferred to seek the assistance of multilateral agencies for the next stage, as they were expected to have access to international best practice rather than best practice in a bilateral country of the donor only.

**The Approach.** Eight working groups were established, each reporting to a steering committee chaired by the Secretary, DOR. The groups requiring consultancy assistance drafted terms of reference that were endorsed by the Secretary. The group then identified the consultant with whom they wanted to work. Contracts were made with each consultant based on home office work and three short-term assignments in India.

The sequencing of the work took into account the needs of the two boards. The first part of the TA focused on preparation of manuals to standardize the work processes of the two boards, and reorganization of some directorates. The second phase focused on strengthening training and taxpayer services. Between November and early April, senior staff of the two boards are usually busy with preparing the union budget. To ensure that TA work was not adversely affected, care was taken to ensure there were officers in the TA working groups who were not directly involved in the budget process.

Training was to be institutionalized in two training institutions. This will need support, possibly through another advisory TA.

The change process has been driven by each of the two boards, with assistance from internationally reputed consultants. Recommendations for change were made by each working group on a continuous basis, which is consistent with process reengineering best practice, and implemented immediately when they were accepted. For example, a number of noncore functions such as the allocation of a taxpayer's identification number were outsourced; the discretion-based scrutiny of taxation returns was replaced by a computer-generated system that randomly examines 2% of tax returns; the number of customs clearance procedures was reduced by 67%; and a risk management assessment system was introduced in both boards.

**Client Management.** The TA was managed from ADB India Resident Mission by a national officer. He developed regular contacts with all the main drivers of the program including the Finance Minister's office, senior management in MOF, and with each working group, as well as briefing and debriefing consultants appointed to assist. ADB's own commitment to the process is reinforced by the officer, whenever possible, attending working group meetings.

<sup>a</sup> ADB. 2003. *Technical Assistance to India for Capacity Building for Tax Administration*. Manila (TA 4267-IND, for \$1 million, approved on 16 December).

Sources: Evaluation case studies.

110. Weaknesses in the way consultants are used also hinder institutionalizing improvements in EAs. First, consultants rarely work with teams established by an agency to be responsible for driving the changes required by the EA. Second, TAs often do not allow enough time to transfer skills to EA staff. The tighter the TA time requirements, the greater the incentive for consultants to complete an assignment themselves rather than embark on the time-consuming approach of

coaching counterparts to do the work.<sup>42</sup> Third, TA designs tend to focus on report production and give less emphasis to the more difficult task of supporting EA personnel to do the work of change management or policy reform themselves. The typical TA is concluded by the acceptance by ADB of a draft final report in English prepared by the consultants, which usually presents an in-depth review of the issues which were addressed, and proposes a number of recommendations. The alternative of a less well-written report by an EA team in the language of the DMC or draft policy proposals being presented to the government rarely seems to be considered acceptable by ADB.

## XV. ADB Supervision

### 1. Staff Inputs

111. ADB does not keep statistics on staff inputs for TA supervision. OED'S 2006 Report on Loan and TA Portfolio Performance commented that only 18% of ongoing TAs had review missions in 2005 and only 30% had inception missions. Although this data excludes TA supervision undertaken while ADB officers were on other missions to the country concerned or support provided by staff in resident missions, the basic message that ADB is providing too few staff resources for TA supervision is endorsed by the findings of the present evaluation regarding supervision of TAs in the SES sample.

112. The Philippines presents an interesting exception. Here, most TAs were implemented in Manila, where ADB Headquarters is located. ADB officers had frequent and direct contact with the consultants contracted as well as with the EA to ensure smooth progress of the TA. Relationships were generally excellent. The close relationship also resulted in the ADB staff concerned being able to respond more quickly when problems occurred. Other OED studies (e.g., country assistance program evaluations for Indonesia, Lao People's Democratic Republic, and Uzbekistan) found that DMCs believed that the supervision of TAs processed by, or delegated to, the resident mission was better, on average, than TAs administered from Manila.

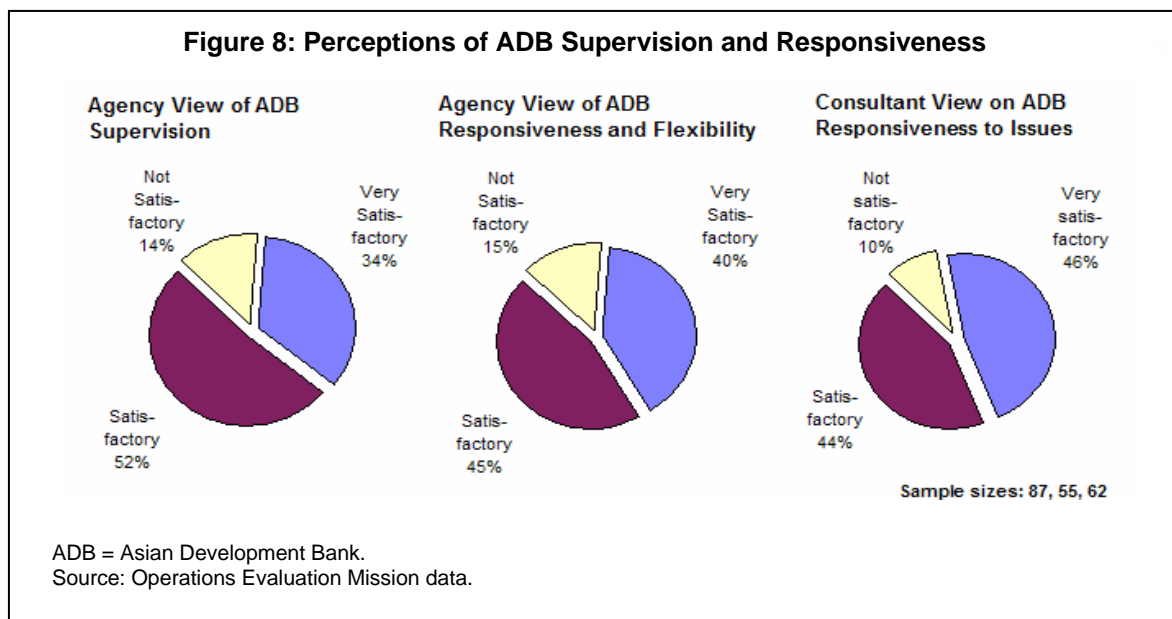
### 2. Experience and Expertise Mix

113. **Project Officers are Valued by EAs for their Competence.** EAs for TAs in the SES sample were generally satisfied with the competence of ADB officers they dealt with. All EAs and consultants rated ADB officer competence at least "satisfactory". EAs also rated the quality of ADB supervision as "satisfactory" or better in 86% of TAs, as shown in Figure 8. Consultants rated supervision similarly. ADB's responsiveness was also rated "satisfactory" or better in 85% of cases by EAs and in 90% of cases by consultants. These positive findings seem somewhat at odds with the limited number of TA supervision missions, even allowing for supervision by email.<sup>43</sup> Nevertheless, the 15% of negative ratings may still be cause for concern, since if departmental management was managing its DMC client effectively, there should be a mechanism for EAs to deal directly with the director if they are unhappy with an officer, so that responsiveness should be close to 100%.

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<sup>42</sup> In the case of collaboration between counterparts and consultants, interviews with EA personnel were at variance with the information collected in the questionnaires. Interviews indicated that counterparts generally played a subsidiary role. Data collected from questionnaires showed that consultants helped the agency perform the required work in 65% of the cases.

<sup>43</sup> For reasons of self-interest, there may have been an upward bias in how EAs and consultants rated ADB staff.



114. Discussions with EAs suggested that officers who lacked experience had greater difficulty solving problems during implementation. For example, the EA for a TA on natural gas development in the Philippines said that the officer had insufficient experience to be able to resolve disagreements over technical issues between the EA and the consultants. ADB does not provide staff with training in TA supervision. There is also no established methodology for TA supervision, other than a provision in the NBP for a certain number of supervision missions to be conducted for each TA. ADB staff consequently developed a multitude of approaches to supervision, not all of which are effective.

### 3. Client Management by ADB

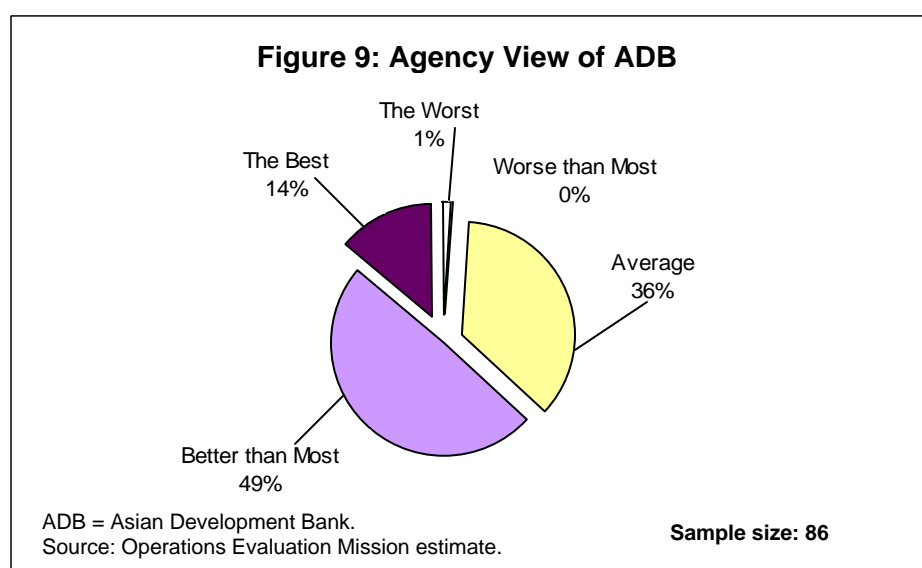
115. **ADB Neglects Client Management for TA.** Effective client management has numerous advantages. It (i) signals to the client or customer his or her importance to ADB; (ii) enables ADB to position itself effectively for future work; (iii) guarantees quality of service with the client, knowing who to contact when there are important issues to discuss; (iv) provides opportunities for ADB to influence directions the client might take in the way in which it conducts its operations; and (v) improves the likelihood of TA achieving its desired outcomes. Based on the SES sample, the overall impression was that ADB does not always treat client management seriously enough. In some cases, ADB's contact with the EA for a TA was so infrequent that the EA did not find it useful to ask ADB for help when problems arose. ADB was sometimes represented by officers whose expertise was not suited to the TA in question, or who lacked credibility at the level they were required to interact (e.g., a junior officer trying to offer advice to a permanent secretary in India). This is harmful to ADB's reputation and standing as a development partner.

116. A common problem for client management was the frequent turnover of project officers. The project officer was changed during the course of implementation for 52% of ADTAs. Frequent changes give the appearance that a TA and, consequently, a client, are not high priorities for ADB. This was often exacerbated because, in many cases, there was no process of

informing the EA in advance and no formal handover from the outgoing to the incoming officer. There were cases when it took ADB more than 3 months to assign the new staff.

117. Two very successful sequences of TA in the finance sector show why continuity of ADB staff concerned is so important. In India, an ADTA on secured transactions reform developed from a RETA that had examined the subject in broad terms in five countries, including India.<sup>45</sup> The RETA and the ADTA were developed by the same ADB officer. It was then established in another ADTA that secured transactions were a major reason for bottlenecks in the courts system linking the first TA to one in court administration and, potentially to a proposed loan. In the Kyrgyz Republic, the financial sector reform program is being managed through a combination of ADTAs, RETAs, and program loans. This strategically important program benefited from the officer remaining with the division responsible for an extended period.

118. Customer satisfaction levels and how an organization compares with its competitors are important ways of assessing how well an organization is performing. A useful indicator is how well ADB is rated in comparison with other funding agencies. Figure 9 shows that ADB is regarded as “better than most” or “the best” in 63% of cases. However, it was only rated “the best” in 14% of cases. In India, for example, only the National Highways Authority of India regarded ADB as “the best.” While clients are not dissatisfied, ADB should be aiming for higher client satisfaction than this.



119. About 14% of funds allocated to ADTAs in the SES sample remained unspent. The failure to spend all the funds approved for a TA was a contentious issue among EAs in the SES sample. EAs said ADB did not inform them about the status of expenditure and commitments against TA budget. This hindered their ability to use all the TA resources. Some TAs had unspent balances that could have been used to significantly increase TA impact—for example, by providing support for initiating implementation of the changes proposed in the TA report. While EAs viewed many TAs as a step in a broader reform program, ADB’s failure to spend the full TA allocations suggested it did not. However, the cancellation of TA may be for valid reasons: (i) the job is finished, (ii) the TA is not producing results, (iii) the TA budget is allocated for specific TAs and is

<sup>45</sup> ADB. 1998. *Technical Assistance for Secured Transactions Law Reform*. Manila (TA 5773-REG, for \$300,000, approved on 6 January).

not available for ad hoc transfer, and (iv) the funds could be better used through cancellation and recycling into the overall TA budget. In all cases, there is a need for a rigorous assessment of the pros and cons of canceling vs. extending the TA, e.g., whether surplus funds could be used for increasing the impact of TA by supporting implementation. One possible option for addressing the TA bunching problem would be a TAIPF allocation system that would permit some carryover of funds to the following year or a 3-year TAIPF identified in a CSP.

## XVI. Outputs and Outcomes of Technical Assistance

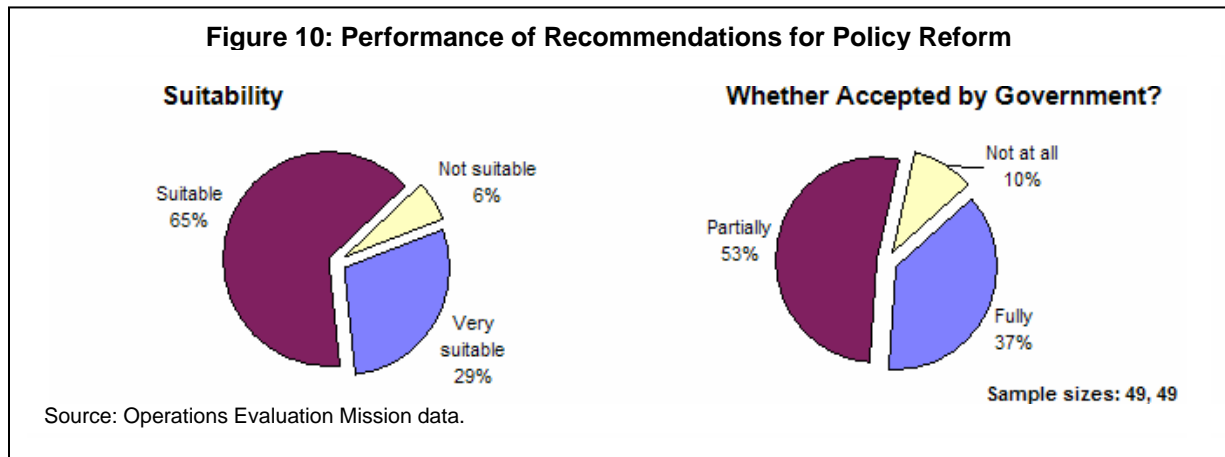
### 1. Introduction

120. This section examines the outputs and outcomes of the TAs in the SES sample compared with the outputs and outcomes expected in the respective TA papers. Assessing TA outcomes was made more difficult by the poor quality of many of the DMFs. Sometimes, the outputs and outcomes stated in the DMF were misleading as (i) outcomes were used for impacts, outputs for outcomes, and sometimes inputs for outputs; and (ii) indicators/targets were often vague or difficult to measure. Generally, the DMFs did not provide a sound basis against which to evaluate the success, or lack thereof, of TA achievements. In some cases, therefore, the SES had to restate the outputs or outcomes based on the intentions described in the narrative of the TA paper. There were cases where not all the stated outputs or outcomes were achieved, but where this was due to the DMF being overly elaborate, and not because of inadequate TA performance. In such cases, the SES used the outputs or outcomes that were of central importance to TA success as the basis for evaluation.

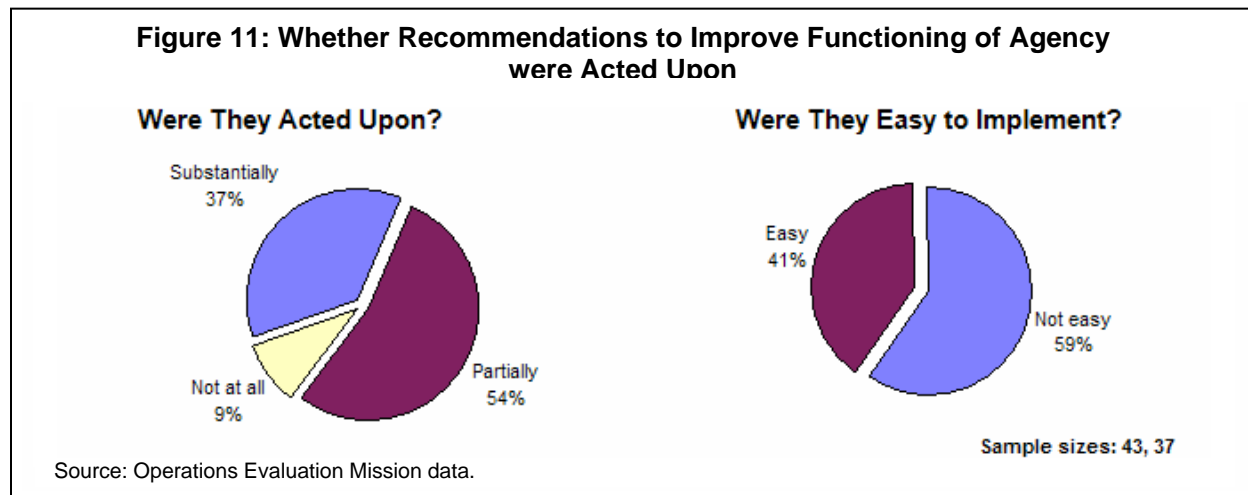
121. One situation the SES could not correct for was when weaknesses in selection and design led to a less than appropriate TA intervention that targeted a set of outputs and outcomes that were unlikely to produce a lasting solution to the problem. This reflects the problem that ADB defines success as the completion of the consultant's report. There is little follow-up from ADB and no funds for consultant assistance to help implement the recommendations. In such cases, TAs sometimes achieved their stated outputs but their real contribution was low. Consequently, the assessment of outputs and outcomes in some cases may overstate true TA performance.

### 2. Achievement of Outputs

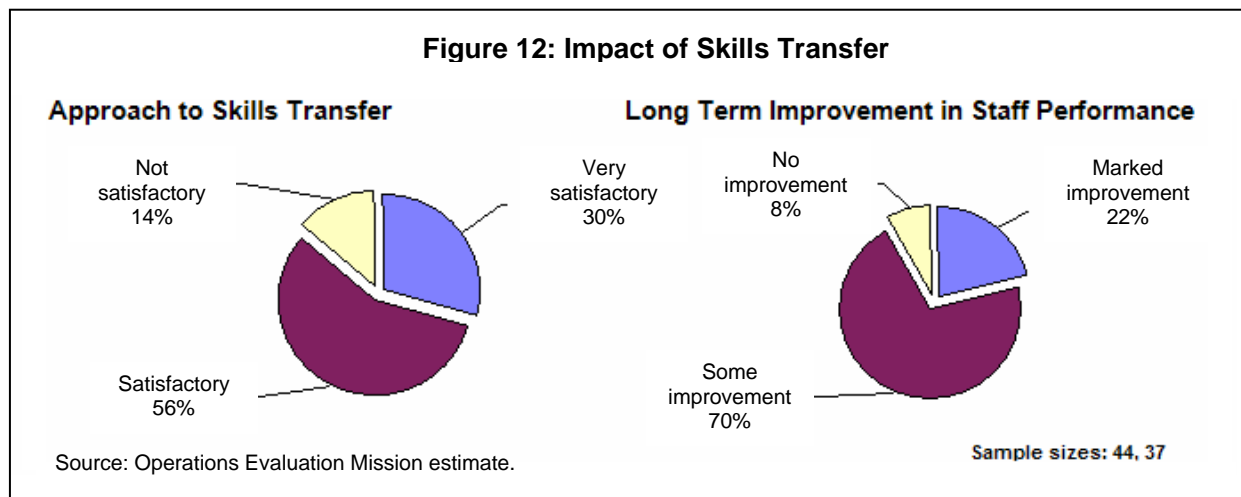
122. **TAs were “Generally Successful” at Producing Outputs.** Within the SES sample, 59% of PPTAs satisfactorily provided the expected outputs, and a further 11% exceeded them. It is reasonable to infer that 70% of PPTAs achieved their outputs sufficiently for a loan project to be processed without requiring unnecessary extra work by ADB. ADTAs were also “generally successful” at producing outputs, with 49% providing the expected outputs, and a further 23% exceeding them. Figure 10 shows that more than 90% of ADTAs produced suitable proposals for policy reform and that 37% produced proposals that were acted upon fully—which is surprisingly high given the difficulties of introducing policy reforms. This is testimony to the general quality of advice provided by consultants.



123. As Figure 11 shows, where recommendations were made to improve the functioning of an EA, in 37% of the TAs they were acted upon substantially and in a further 54% they were partially acted upon. However, 59% of EAs found the recommendations were not easy to implement, suggesting that more time was needed to convert recommendations into a form that can be more readily implemented. It also indicates that more consideration might have been given to assisting governments and EAs to achieve the consensus required through workshops and other mechanisms, especially where several agencies were involved.



124. Skills transfer produced more modest results (Figure 12). While most EAs were satisfied with the approach, in only 22% of cases did this lead to marked improvement in performance of staff trained. Training financed under ADTAs is typically delivered by the consultants responsible for the technical tasks. It is optimistic to assume that they can deliver training effectively. Few technical specialists are trained as trainers. Their broad range of experience in similar situations makes them ideal to play a supporting role to the professional trainer, but training should be provided by professionals—ideally from the DMC concerned so that language of instruction ceases to be a constraint. This is an observation made in previous OED evaluations, but it remains incompletely addressed in TA design.



125. TAs in the SES sample generally did not institutionalize training. The exception was a TA for tax administration reform in India where the tax administration had its own training institutions. Where training is institutionalized in a local academic institution or in the training units of agencies that possess such units, it can be continued after the consultants leave and directed at new entrants into the agency, thus addressing the constraint of staff turnover. There are a number of longer-term disadvantages of training delivered by consultants. It is generally one-off; weak in terms of pedagogy and teaching method; and is not accessible once the consultants leave except, in a limited way, where they have produced training manuals.

## XVII. Achievement of Outcomes

### 1. Approach to Evaluating Outcomes

126. The SES evaluated TA outcomes in terms of their relevance, effectiveness, efficiency, and sustainability, and in overall terms, in each case using a four point rating scale of 0–3.<sup>46</sup>

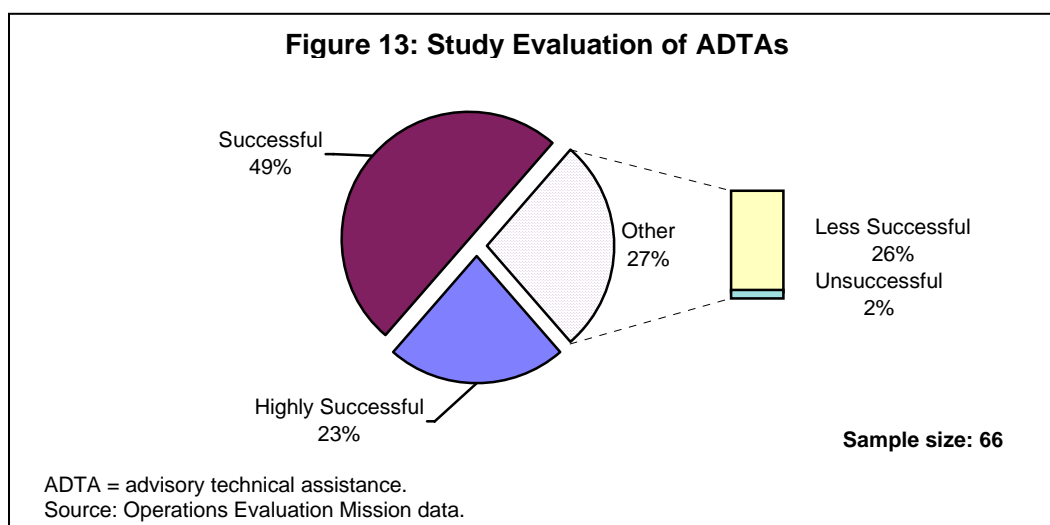
### 2. Overall Performance

#### a. ADTAs

127. **The Overall Performance of ADTAs Exceeded Expectations.** As Figure 13 shows, 72% of ADTAs in the SES sample were rated “successful” or “highly successful”.<sup>47</sup> India and Viet Nam were standouts, with 92% “successful” or better. Fiji Islands, Kyrgyz Republic, and Philippines were close to the historic average rating, with 61–64% “successful” or better.

<sup>46</sup> For individual TAs, each criterion and overall TA performance were rated on a scale of 0–3 where, for example, highly successful = 3, successful = 2, less successful = 1, and unsuccessful = 0. Mean scores for each criterion and for overall TA performance were calculated as simple averages.

<sup>47</sup> For an explanation of the rating descriptions used in ADB evaluation reports, see ADB. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*. Manila.



128. These findings need to be seen in the context of wider evaluations of TA. Comparative figures are given in Table 10 below. It can be seen that there is a strong similarity between the ratings from the SES sample compared to all past TPAR/TPER ratings.

**Table 10: TA Performance Ratings**

Item	Sample Size	Proportion Rated (%)		
		HS/GS/S	PS	US
TPAR/TPER <sup>a</sup>	185	63	30	7
Total SES sample	110	72	24	4
Philippines (SES)	23	61	26	13
Kyrgyz Republic (SES)	19	53	47	0
Fiji (SES)	14	71	29	0
Viet Nam (SES)	24	92	8	0
Viet Nam (TPAR/TPER)	16	56	44	0
India (SES)	30	77	17	6
India (TPAR/TPER)	13	62	39	0

GS = generally successful, HS = highly successful, PS = partly successful, S = successful, SES = special evaluation study, TA = technical assistance, TPAR = technical assistance performance audit report, TPER = technical assistance performance evaluation report, US = unsuccessful.

<sup>a</sup> Sources: Postevaluation information system and fieldwork undertaken for this SES.

129. A further issue is the differences between the evaluation ratings of TA given by technical assistance completion report (TCR) (largely carried out by the project officer responsible for the TA) and those from TPARs/TPERs (carried out by OED). Table 11 clearly demonstrates that TCR ratings are better than those from TPARs/TPERs. This difference becomes clearer when TCR and TPAR/TPER ratings are available for the same TA, as shown in Table 12.

**Table 11: TA Evaluation Results**

Item	Total No. of rated TAs	Proportion (%)		
		HS/GS/S	PS	US
<b>Self-Evaluation</b>				
TCRs	1,532	81	17	2
<b>Independent Evaluation</b>				
TPARs/TPERs	185	63	30	7
Attached ADTAs <sup>a</sup>	142	49	33	18
<b>Total</b>	<b>328</b>	<b>57</b>	<b>31</b>	<b>12</b>

ADTA = advisory technical assistance, GS = generally successful, HS = highly successful, No. = number, PS = partly successful, S = successful, TA = technical assistance, TCR = technical assistance completion report, TPAR = technical assistance performance audit report, TPER = technical assistance performance evaluation report, US = unsuccessful.

<sup>a</sup> Evaluations as part of project/program performance audit reports to which they are attached.

Sources: TCRs and TPARs/TPERs circulated as of 31 December 2006.

**Table 12: Comparison of TCR and TPAR Ratings for TAs with Both**

TPAR Rating	TCR Rating			Total
	HS/GS/S	PS	US	
HS/GS/S	75	2		77
PS	23	13		36
US	4	1	3	8
<b>Total</b>	<b>102</b>	<b>16</b>	<b>3</b>	<b>121</b>

Light gray = upgraded Medium gray = retained Dark gray = downgraded.

GS = generally successful, HS = highly successful, PS = partly successful, S = successful, TA = technical assistance, TCR = technical assistance completion report, TPAR = technical assistance performance audit report, US = unsuccessful.

Sources: TCRs and TPARs/TPERs circulated as of 31 December 2006.

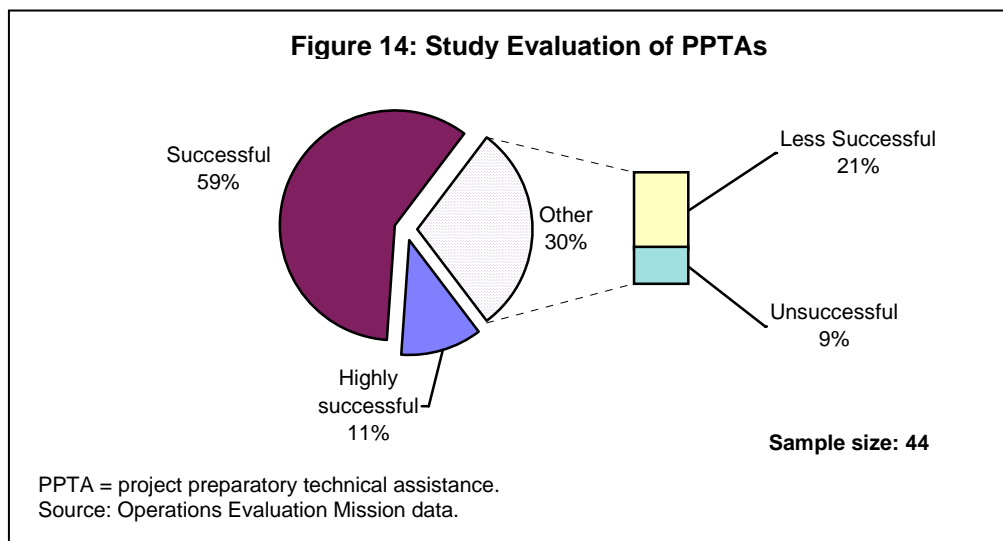
130. The figures indicate that, in dynamic economies with a good selection of sectors, TA can deliver an excellent product tailored to the requirements of the DMC and EA. In India's case in the finance sector, ADTAs did very well in providing a good combination of international best practice supported by local expertise that delivered the product in a form the Government of India could use effectively. ADB's successful support for the health sector in Viet Nam had similar characteristics. In the Fiji Islands, Kyrgyz Republic, and Philippines, international and national consultants were sometimes used less effectively, and there was a tendency to propose solutions not tailored to the local situation.

131. This good overall rating is not a reason for complacency. The TAs examined in this evaluation do not reflect a random sample of TAs ADB-wide or in the five case study countries. The figures are greatly influenced by the excellent results from India and Viet Nam. Ongoing work by OED on sector assistance program evaluations for India suggest that the finance sector, which accounted for 83% of the SES sample of ADTAs in India, achieved a level of success not approached by other sectors. The results from India and Viet Nam also significantly inflated the mean scores for capacity building and change management, two activities that remain a weak link in ADB's ADTA products.

132. It should be understood that the SES evaluated each ADTA in isolation and not as a step in a broader involvement or program. It also discounted unreasonably complex objectives so that the evaluation was based on the resources available and how well they were applied to EA priorities. Had a programmatic criterion and achieving the full range of stated objectives been used, the success rate would not have been as high.

## b. PPTAs

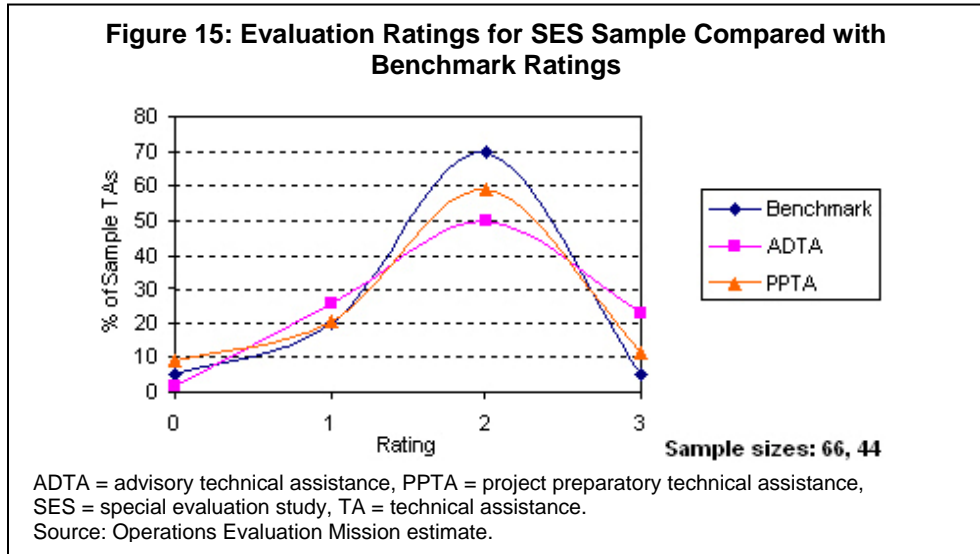
133. **Thirty Percent of PPTAs were “Less Successful” or “Unsuccessful”.** Given their linkage to loan processing, quality at entry, and general project quality, the overall performance of PPTAs was disappointing. As Figure 14 shows, the SES found that 70% of PPTAs were “successful” or “highly successful”, but 30% were “less successful” or “unsuccessful”. The findings suggest that the performance of PPTAs in the urban sector was particularly weak. The PPTA design in this sector seems to give too little attention to commitment of municipalities and to bridging the gap in administrative capacity between secondary and tertiary levels of government.



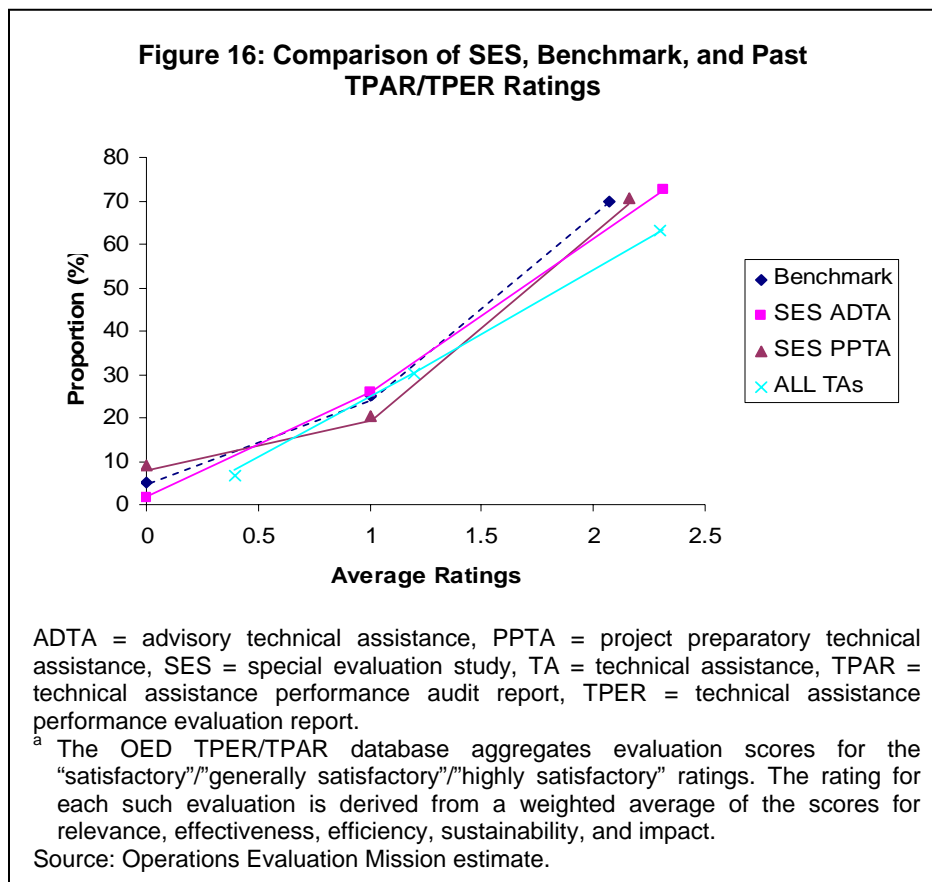
### 3. Comparison of ADTA and PPTA Ratings with Benchmark

134. ADB has set no target for what it considers “satisfactory” performance of TA at departmental and divisional levels in relation to OED’s four evaluation criteria and in overall terms. A benchmark of this kind would seem to be essential for results-based management. The SES adopted a benchmark based on levels of TA success that ADB might reasonably target—in particular that, on balance, 5% of TA should be “highly successful”, with 70% “successful”, 20% “partly successful”, and 5% “unsuccessful”. This is based on the idea that (i) since TAs are relatively small-scale interventions, a 75% success rate should be achievable; (ii) given that ADTAs (and RETAs) address some areas of greater difficulty, such as capacity building, it is reasonable to expect a degree of partial success; and (iii) occasional failure may be tolerated both to recognize that constraints may sometimes be insuperable and to encourage innovation. These targets produce a target mean of 1.75 on OED’s 4-point scale, which is just below the “successful” rating. Scores for relevance should be higher as all TAs should be relevant. Many should be highly relevant, suggesting a target mean score for relevance of 2.5.

135. Figure 15 compares the overall performance of ADTAs and PPTAs against the benchmark. The SES sample had a higher proportion of TAs rated “highly successful” and “less successful” TAs, and a lower proportion rated “successful”. This pattern was more marked for ADTAs, partly because of the high success rate in the finance sector in India and the health sector in Viet Nam.



136. This analysis raises the question of whether different benchmarks should be used for PPTA and ADTA. There should probably be a lower tolerance of poorly performing PPTAs, given that their outputs are known and—unlike most ADTAs—they do not depend on changing human behavior. A comparison of ratings for the SES sample and the benchmark against all TAs rated in TPARs/TPERS is shown in Figure 16.



#### 4. Performance by DMC

137. **Performance of ADTAs Exceeded Target Scores for Relevance, Effectiveness, and Efficiency while PPTAs were Marginally Below.** Tables 13 (ADTAs) and 14 (PPTAs) show the scores for relevance, effectiveness, efficiency, and sustainability for the DMCs in the SES sample. For ADTAs, the mean scores for relevance, effectiveness, and efficiency exceed the benchmarks while sustainability is below its benchmark. PPTAs perform less well, with all ratings falling below the benchmarks. Sustainability falls markedly below the benchmark, which suggests downstream problems for project processing, design, and implementation teams to resolve if they are to be fully effective (though in this sample, a number of PPTAs that rated poorly have not yet resulted in a loan).

**Table 13: Performance of ADTAs in Relevance, Effectiveness, Efficiency, and Sustainability**

Criterion	Benchmark	Total	Mean Score				
			Fiji Islands	India	Kyrgyz Republic	Philippines	Viet Nam
Relevance	2.50	2.53	2.45	2.67	2.62	2.11	3.00
Effectiveness	1.75	1.86	1.64	2.42	1.54	1.89	1.83
Efficiency	1.75	1.80	1.64	2.17	1.46	1.78	2.00
Sustainability	1.75	1.62	1.36	1.82	1.36	1.50	2.20
Overall	1.75	1.94	1.82	2.42	1.69	1.72	2.17

ADTA = advisory technical assistance.

Sources: Evaluation case studies.

138. Downstream problems also result in costs to ADB, which are not attributed by ADB systems to the costs of a project. Six of the PPTAs in the SES sample failed to produce a project. One of these PPTAs was approved but the consultants were never mobilized. The other five cost just over \$4 million in total, equivalent to 15% of the total approved value of PPTAs in the SES sample.<sup>48</sup> Thus, 85% of PPTAs led to projects, a rate which reflects the generally good selection of potential projects. The \$4 million cost of PPTAs that did not lead to a project represents a small cost compared to the cost of 15% of projects subsequently failing.

**Table 14: Performance of PPTAs in Relevance, Effectiveness, Efficiency, and Sustainability**

Criterion	Benchmark	Total	Mean Score				
			Fiji Islands	India	Kyrgyz Republic	Philippines	Viet Nam
Relevance	2.50	2.41	2.00	2.33	2.17	2.40	2.75
Effectiveness	1.75	1.70	2.00	1.61	1.83	1.00	2.00
Efficiency	1.75	1.70	2.00	1.72	1.67	1.20	1.83
Sustainability	1.75	1.35	2.33	1.29	1.17	0.60	1.83
Overall	1.75	1.73	2.33	1.56	1.67	1.20	2.08

PPTA = project preparatory technical assistance.

Sources: Evaluation case studies.

139. Of the DMCs in the sample, India and Viet Nam exceeded the benchmarks for all criteria for ADTAs. The Kyrgyz Republic and the Philippines, on the other hand, generally failed to meet the benchmarks; the Kyrgyz Republic and the Fiji Islands performed particularly poorly on the criterion of sustainability. With PPTAs, the Fiji Islands and Viet Nam scored well across all criteria while the Philippines did not, with a very low score for sustainability. While the sample is too small

<sup>48</sup> Actual money spent on PPTAs is more difficult to calculate, but the figure represents at least 14.6% of the total actual expenditure on PPTAs in the sample.

to draw definitive conclusions, it is interesting to note that the success rates of ADB-funded projects approved in the 1990s in the Philippines is lower than in the other case study countries.

## 5. Performance by Sector

140. **Finance, Health, and Agriculture were the Three Best Performing Sectors with a Significant Sample Size.** Results of ADTAs and PPTAs by sector are presented in Tables 15 and 16. ADTAs in the financial sector did outstandingly well in both the Kyrgyz Republic and India. This reflects well on the divisions responsible. It performed less well for PPTAs, with one each in the Philippines and the Kyrgyz Republic not producing a loan.<sup>49</sup> ADTAs for sectors and themes that are prominent in ADB's corporate priorities performed less well than the benchmark. Urban, transport, water and education, and governance did not match the benchmark standard though the SES sample was often too small to be significant. With PPTAs, urban, transport, education, and governance as well as finance did not meet the benchmark.

**Table 15: ADTA Performance by Sector**

Sector	Total	Relevance	Effectiveness	Efficiency	Sustainability	Sample Size
<b>Benchmark</b>	<b>1.75</b>	<b>2.50</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>	
Finance	2.25	2.54	2.21	2.08	1.91	24
Governance	1.69	2.69	1.62	1.62	1.25	13
Urban	1.57	2.29	1.57	1.43	1.00	7
Education	1.60	1.80	1.80	1.60	1.00	5
Transport	1.00	2.00	1.00	1.00	1.00	2
Agriculture	2.00	2.83	1.50	1.83	1.83	6
Energy	2.00	3.00	2.00	2.00	2.00	1
Health	2.50	3.00	2.33	2.17	2.50	6
Water	1.00	2.00	1.00	1.00	1.00	2
Mean	<b>1.94</b>	<b>2.53</b>	<b>1.86</b>	<b>1.80</b>	<b>1.62</b>	<b>66</b>

ADTA = advisory technical assistance.

Sources: Evaluation case studies.

**Table 16: PPTA Performance by Sector**

Sector	Total	Relevance	Effectiveness	Efficiency	Sustainability	Sample Size
<b>Benchmark</b>	<b>1.75</b>	<b>2.50</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>	
Finance	1.25	1.50	1.50	1.50	1.25	4
Governance	1.00	3.00	1.00	1.00	1.00	1
Urban	1.40	2.80	1.20	1.20	0.50	5
Education	1.67	2.00	1.67	1.67	1.33	3
Transport	1.63	2.38	1.69	1.81	1.31	16
Agriculture	2.00	2.43	1.86	1.57	1.75	7
Energy	2.00	2.50	2.00	2.00	2.00	4
Health	2.33	3.00	2.33	2.33	—	3
Water	3.00	3.00	2.00	2.00	3.00	1
Mean	<b>1.73</b>	<b>2.41</b>	<b>1.70</b>	<b>1.70</b>	<b>1.35</b>	<b>44</b>

PPTA = project preparatory technical assistance.

Sources: Evaluation case studies.

<sup>49</sup> The Kyrgyz Republic design was used by the World Bank. This was more a failure of ADB strategic positioning than a failure of the PPTA.

141. The generally poor results for the urban, transport and education, and for governance sectors raise the question of effective risk management. Generally, in ADB, all TAs are treated as if they are likely to experience the same level of risk of success or failure. They are also assigned to an ADB officer, often with little attention to the experience of that officer. Risk management requires that an assessment is made of the risk of failure of a particular proposal against a number of criteria which might include, for example, the importance of the TA to future ADB business and its reputation in a DMC, the track record of the sector, the EA's track record, the degree of difficulty of the proposed intervention, the experience of the officer, the complexity of the TA, and other factors which lead to a risk level being established. The level of risk might determine whether or not the contract is let on a QCBS basis or a quality-based consultant selection basis, and to determine the degree of supervision and divisional management attention paid to the preparation of the TA design and, subsequently, to its implementation. In India, for example, risk levels were high where TA was delivered to state authorities. It was low in the finance sector, where the competence of MOF was very high, as was its commitment to success.

## 6. Performance by Activity

142. **Most Activities Performed Close to the Benchmark or Exceeded it Against All Criteria except Sustainability.** Results by major TA activity are shown in Table 17. Project preparation was the only activity that consistently rated below the benchmark. Of the activities that had reasonable sample sizes, project preparation was the weakest performer, followed by capacity building, which was particularly weak in the Kyrgyz Republic. Sustainability was consistently weaker than effectiveness, indicating problems with institutionalizing change in EAs.

**Table 17: Performance by Major Activity**

Sector	Total	Relevance	Effectiveness	Efficiency	Sustainability	Sample Size
<b>Benchmark</b>	<b>1.75</b>	<b>2.50</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>	
Policy Development	2.33	3.00	2.33	2.33	1.67	3
Change Management	1.80	2.47	1.93	1.80	1.53	15
Capacity Building	1.87	2.65	1.65	1.61	1.62	23
Conduct Specific Technical Studies	2.00	2.09	2.09	1.91	1.67	11
Project Preparation	1.73	2.41	1.70	1.70	1.35	44
Strengthen Monitoring and Evaluation Systems	2.00	2.67	1.67	2.00	1.33	3
Policy Development and Capacity Building	1.90	2.30	1.80	1.70	1.56	10
Others	2.00	3.00	1.00	2.00	2.00	1
Mean	<b>1.84</b>	<b>2.45</b>	<b>1.78</b>	<b>1.75</b>	<b>1.50</b>	<b>110</b>

Sources: Evaluation case studies.

## 7. Performance by Size of TA

143. **There is No Correlation between Size of TA and Performance.** Tables 18 and 19 compare the overall ratings of TAs with the TA amount. The results indicate little correlation between TA amount and success.

**Table 18: Average TA Amount by Overall Rating**

Rating	ADTA			PPTA		
	%	Average Value (\$)	Sample Size	%	Average Value (\$)	Sample Size
Exceeds expectations	22.7	522,733	15	11.4	742,000	5
Meets expectations	50.0	490,061	33	59.1	575,000	26
Low	25.8	467,588	17	20.4	614,000	9
Negligible	1.5	600,000	1	9.1	615,000	4
<b>Total</b>	100.0	493,364	66	100.0	605,591	44

ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, TA = technical assistance.  
Sources: Evaluation case studies.

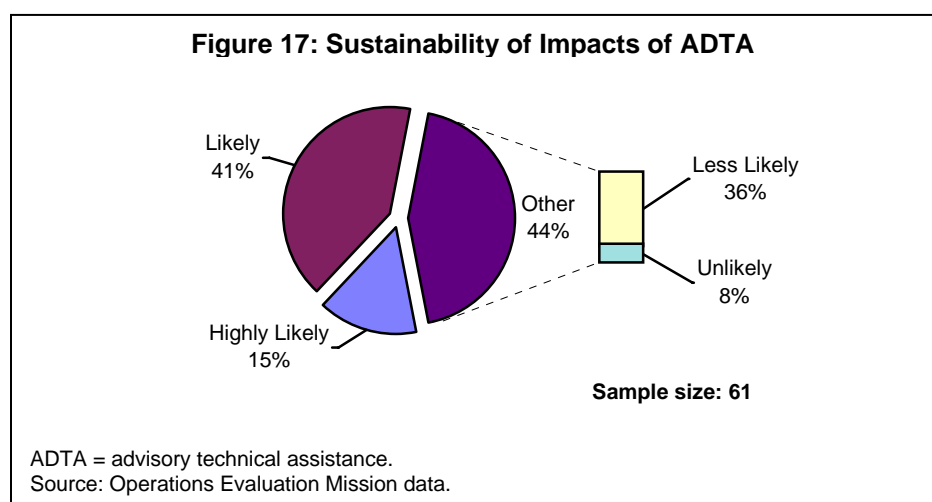
**Table 19: Overall Rating by TA Amount**

TA Amount (\$)	ADTA		PPTA	
	Mean Rating	Sample Size	Mean Rating	Sample Size
0–199,999	1.9	18	2.0	8
200,000–399,999	1.8	5	1.5	2
400,000–599,999	2.0	18	1.5	8
600,000–799,999	1.9	14	2.0	10
800,000–999,999	2.3	4	1.6	7
1,000,000+	2.0	7	1.6	9
Mean	1.9	66	1.7	44

ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, TA = technical assistance.  
Sources: Evaluation case studies.

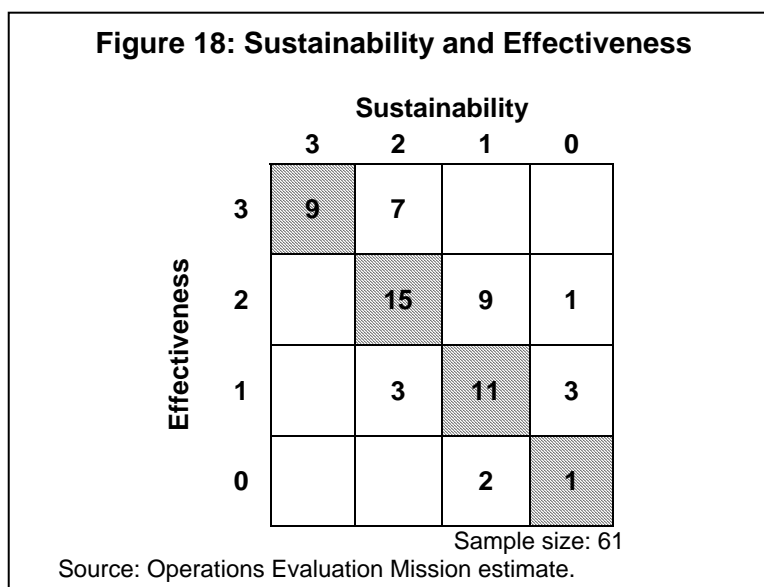
## 8. Sustainability

144. **Sustainability is the Weakest Performing Criterion.** Sustainability is a major issue for ADTAs. As Figure 17 indicates, about 56% of ADTAs were rated at least likely to be sustainable, but 44% were rated less likely to be sustainable. Concern over sustainability was clear from the interviews with ADB staff and consultants who rated only about 40% of ADTAs as having a high probability of sustainability. If there are major concerns about sustainability, the long-term impact of ADTAs is open to question.



145. Ratings for effectiveness and sustainability should be balanced. An effective TA should produce sustainable results. Sustainability was rated lower than effectiveness in 33% of TAs. In

8% of TAs, sustainability was rated more highly than effectiveness. In these cases, although outputs were disappointing they endured. Figure 18 compares sustainability with effectiveness. The entries to the right of the shaded diagonal squares show the number of TAs where sustainability was rated lower than effectiveness. The discrepancy indicates that TA designs and management of TA should pay more attention to the factors that contribute to sustainability.



146. A number of well-known issues adversely affect sustainability. The approach to addressing such issues should have been discussed in the TA paper and reflected in the assumptions and risks column of the DMF, but this was rarely done. Such issues include (i) regular changes in the senior personnel of EAs, (ii) the TA incorrectly assuming that EA budgets would be increased to ensure changes would be sustained, (iii) counterpart staff not being full-time, (iv) the TA budget was not fully spent even though the objectives of the intervention were not met, (v) lack of interest on the part of both ADB and the EA in follow-up after the submission of a consultant's final report and conclusion of an ADTA, (vi) unintegrated approach to the management of sector and country/regional programs, (vii) frequent changes in ADB project officer and lack of interest from officers who inherit the TA, (viii) absence of accepted methodologies for change management, and (ix) TA designs often allowed too little time to complete the main tasks and stabilize changes sustainably.

147. For PPTAs, there is a body of experience in ADB of designing effective PPTAs. Papers tend to be more rigorously scrutinized by directors. However, the average TA amount has decreased in real terms by 18% since 1996, during a period when project preparatory work was expanded to cover safeguard requirements and more detailed socioeconomic analysis. One result is that consultants often experience serious time constraints in addressing adequately all the tasks required. This means they have less time to engage EA staff in the design work. The EA, which will implement, operate, and maintain the project, becomes peripheral in the design work and therefore may have less understanding and ownership of the design. While ADB encourages a participatory model to ensure that projects have the support of beneficiaries, it does not appear to encourage such a model for EAs. This can affect sustainability by acting against the development of the EA's capacity to implement a project.