

**MANAGEMENT RESPONSE TO THE SPECIAL EVALUATION STUDY ON
EVALUATION OF THE IMPLEMENTATION OF THE PARIS DECLARATION AT THE ASIAN
DEVELOPMENT BANK: A DEVELOPMENT PARTNER'S STUDY
FOR AN OECD-DAC JOINT EVALUATION**

On 27 March 2008, the Officer-in-Charge, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

I. General Comments

1. We welcome OED's Special Evaluation Study (SES) on Evaluation of the Implementation of the Paris Declaration at ADB: A Development Partner's Study. We commend OED for having volunteered to undertake this SES, especially as ADB is the only multilateral development bank (MDB) to undertake such an evaluation.

2. We feel that this is a fairly comprehensive study that takes into consideration the varying and differing aspects of the Paris Declaration (PD) and its commitments, and what these imply for ADB in terms of its applicability and implementation. The PD does not contain commitments that are new areas or actions to achieve aid effectiveness, but is in fact a codification of most, if not all, of the emerging best practices on development and aid effectiveness.

3. Prior to the PD, ADB along with most other international financial institutions had a long history of pursuing various initiatives to address country ownership, harmonization, alignment and results, and to some extent, mutual accountability. We are pleased to note that the SES acknowledges this and details at some length the various policies and strategies that included the basic principles of the PD, much before the PD existed. These include the Poverty Reduction Strategy (1999), the Long-Term Strategic Framework (2001-2015), Medium-Term Strategy (MTS) (2001-2005), the Enhanced Poverty Reduction Strategy (2004), and the Reform Agenda (2004). Moreover, after the endorsement of the PD, the SES correctly notes that ADB adopted the PD principles and terminology and specifically cited it in subsequent strategies, policies and procedures, including in the MTS II (2006-2008), country strategies (now termed country partnership strategies) and their guidelines, and all post-Paris ADB policies. Appendix 6 of the SES provides a comprehensive review of both pre- and post-Paris ADB policies and strategies in the context of the PD.

4. This having been said, we note that there are still some areas where the SES does not fully acknowledge the extent of ADB's commitment to the PD and its principles. For example, the new *Country Development Effectiveness Briefs* that include a commentary on the implementation of the Paris commitments are not mentioned in the SES. These briefs were prepared in 2007 in response to donor demands at the Asian Development Fund (ADF) IX mid-term review. At present, 15 such briefs have been completed and eventually all developing member countries (DMCs) will be covered.

5. We would also like to point out that ADB is working very closely with Organisation for Economic Co-operation and Development-Development

Assistance Committee (OECD-DAC) in helping conduct the 2008 Monitoring Survey for the implementation of the PD. Eleven ADB DMCs are covered under the survey and the relevant resident missions (RMs) are closely involved in this activity. Further, the Strategy and Policy Department (SPD) has been working with OECD and other development partners in briefing partner countries in the conduct of this survey, including participating in orientation workshops for the Asia and Pacific region DMCs.

II. Specific Recommendations

6. There is a certain amount of overlap between this SES and the recent OED SES on Partnering and Harmonization, including some overlaps on the recommendations contained in both documents. Thus, there will be some commonality in some of the responses to the recommendations.

Recommendation 1: ADB's commitment to the Paris Declaration needs to be communicated regularly with visible demonstration of support by ADB Management.

7. We agree with this recommendation. We note that Management has expressed this commitment in such key documents as the *President's Planning Directions* and the *Work Program and Budget Framework*, the importance ADB attaches to the effective delivery of development assistance based on the principles of the PD. Further, the regional departments—through their management—have also incorporated into their work programs the implementation of the PD in country strategies and business processes. Regional management regularly communicate ADB's commitment to the PD to their staff, particularly at the RMs and country level, wherein the PD principles are being primarily implemented. This has proved very helpful in securing staff's attention and support. Additional effort will continue to be made for further progress in the successful implementation of the PD.

Recommendation 2: For more effective implementation, there is need to designate a focal unit to provide overall guidance, knowledge management, monitoring, and reporting on the Paris Declaration.

8. We do not believe that creating a focal point specifically for this purpose is necessary. SPD is principally designated with these tasks and is coordinating all activities related to ADB's involvement with the PD, including liaison with other development partners, including OECD, on PD-related matters.

Recommendation 3: Tracking and monitoring ADB's implementation of the Paris Declaration can be facilitated by developing a consolidated implementation and monitoring framework that considers the commitments under each pillar. This would include outlining ADB's planned actions to meet the commitments under the five pillars.

9. We note that ADB already has the "Aid Harmonization and Alignment Action Plan" which is updated every six months and incorporates various elements of the Paris principles both at the institutional and at the country level. SPD is currently reviewing the format and structure of the Action Plan with a view

to revising it to more accurately reflect the PD commitments and monitor progress.

Recommendation 4: There is need for better guidance and staff capacity development to facilitate implementation, and monitoring and reporting on the progress of implementation.

10. Activities in relation to capacity building and training are already being undertaken at the country level. The monitoring of the PD is being conducted at the country level by OECD-DAC through surveys, the first being concluded in 2006 and the second currently underway. The OECD-DAC in close consultation with all donors, including ADB, and the partner countries, has been actively working on clarifying the indicators of the PD, including the definition of program-based approaches. We note that activities in relation to staff capacity development and awareness are being undertaken at the country and regional department level, and as the number of countries included in the surveys increases, the understanding of staff will be broadened and deepened. Given resource constraints, we do not consider additional staff capacity development and training programs at this moment to be of high priority. However, consideration will be given to expanding existing training syllabi by building in PD related concerns.

Recommendation 5: The incentive mechanism for implementing the Paris pillars may need to be reviewed. An option might be to apply two ADB-wide competencies in the forthcoming round of performance evaluation in assessing Paris-related staff performance, i.e., “client orientation” and “achieving results.”

11. We do not agree with this recommendation. We believe that our staff incentive mechanism to implement the PD is adequate. The constraints for implementing the PD are resources, not staff incentives. However, we note that the study on incentives in relation to the implementation of the PD is being conducted by PriceWaterhouseCoopers, sponsored by the World Bank and the Department for International Development, UK. ADB has been involved with this study and PriceWaterhouseCoopers has visited ADB and held intensive interviews with a wide range of staff at various levels. The results of the study are to be shared with all donor agencies including ADB. ADB will examine the results and appropriately take into consideration the recommendations of the study.

Recommendation 6: A review should be conducted regarding the necessity of modifying an existing loan modality or creating a new one and increasing the program loan ceiling to facilitate ADB’s participation in pooled funding arrangements.

12. We note that SPD is currently undertaking a review of ADB's program lending policy with a view of enhancing its applicability. This review will also consider ways in which program lending can be made more applicable in support of program-based approaches. Also, ADB has been periodically reviewing its other loan modalities and expanding the scope of its assistance. As part of this ongoing process, loan modalities such as Sector Wide Approaches and pooled funding of projects and programs are also being considered, in a continuing effort to provide a wider range of products and services to ADB's member countries.

Recommendation 7: ADB needs to better understand the resource implications of meeting its Paris Declaration commitments with a view to providing guidance to staff on tradeoff choices or, where deemed necessary, reallocation of and/or additional resources and the priority that various activities should have.

13. We agree with the SES suggestion that compliance with PD would be resource intensive. We note that the resource implications will be assessed through the Work Program and Budget Framework exercise. It needs to be acknowledged, though, that in many ways, ADB was implementing aspects of the PD before they were formalized in Paris in 2005 and therefore, to some extent, resources were already being allocated for this task.