



Annual Evaluation Report

Reference Number: RPE:OTH 2008-47
September 2008

Acting on Evaluation Recommendations in 2007

Operations Evaluation Department

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CAPE	–	country assistance program evaluation
DEC	–	Development Effectiveness Committee
DMC	–	developing member country
EVIS	–	evaluation information system
MAR	–	management action record
OED	–	Operations Evaluation Department
PPER	–	project/program performance evaluation report
SAPE	–	sector assistance program evaluation
SES	–	special evaluation study
TA	–	technical assistance

NOTE

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

Key Words

adb operations evaluation, learning lessons, managing development result effectiveness, policies strategies programs projects, portfolio performance management

Director General	H. Satish Rao, Operations Evaluation Department (OED)
Director	R. B. Adhikari, Operations Evaluation Division 1, OED
Team leader	O. Serrat, Senior Evaluation Specialist (Knowledge Management), Operations Evaluation Division 1, OED
Team member	B. Palacios, Senior Evaluation Officer, Operations Evaluation Division 2, OED

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The guidelines formally adopted by the Operations Evaluation Department (OED) on avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. R. K. Leonard supervised the preparation of this report until July 2008 as Director, OED1. M. Buerano (Evaluation Specialist, national consultant) helped analyze how the recommendations of the evaluation reports were acted upon. To the knowledge of the management of OED, there were no conflicts of interest of the persons preparing, reviewing, or approving this report.

EXECUTIVE SUMMARY

The Asian Development Bank (ADB) created a Postevaluation Office in 1978 to assess whether the actual benefits of completed projects were commensurate with those expected at appraisal and, if not, to explain the reasons for divergence. On 1 January 2004, the Operations Evaluation Department (OED) became an independent department reporting to ADB's Board of Directors through its Development Effectiveness Committee (DEC); this led to the restructuring of OED's functions, priorities, and procedures.¹

Today, operations evaluation contributes to decision making throughout the project cycle and in ADB as a whole, covering all aspects of sovereign and nonsovereign operations.² Each evaluation serves to (i) derive lessons and good practices to promote the development effectiveness of ADB assistance; (ii) propose measures for improving the design and implementation of future operations; country partnership strategies; sector policies; and changes in ADB policies, practices, and procedures; and (iii) follow up on recommendations to sustain the benefits of activities supported by ADB.

To follow up on actions taken by ADB, developing member countries, and their executing agencies on recommendations, the *2005 Annual Evaluation Review*³ appended related material in mainly numerical form. The *2006 Annual Evaluation Review*⁴ contained a chapter on acting on recommendations and learning from lessons. *Acting on Recommendations and Learning from Lessons in 2007*⁵ was presented separately. This report focuses on ADB Management's response to recommendations. To better monitor progress toward improved development effectiveness, it recommends to introduce a management action record to (i) provide the DEC with a more readily retrievable record of its decisions on the follow-up of evaluation reports, proposed Management actions, and actual status of these actions; and (ii) increase the accountability of Management regarding DEC decisions on monitoring and evaluation issues.

H. Satish Rao
Director General
Operations Evaluation Department

¹ The functions, priorities, and procedures of the department are described in the 2003 Board paper on enhancing its independence and effectiveness. Available: www.adb.org/documents/policies/enhancing-oed.pdf

² Details are in ADB's *Operations Manual*. Available: www.adb.org/documents/manuals/operations/omk01.pdf

³ Available: www.adb.org/documents/pers/pre-oth-2005-10.pdf

⁴ Available: www.adb.org/documents/pers/2006-aer.pdf

⁵ Available: www.adb.org/documents/pers/rpe-oth-2007-15.asp

I. INTRODUCTION

1. Feedback from evaluation studies is a foundation block of any learning organization. Evaluators must produce feedback in forms that audiences can use, and which add value when used. For good feedback, evaluation studies must be client-oriented (with the important consideration that recipients' ability to cooperate in evaluations and to absorb and act upon knowledge might have to be strengthened); a committee must exist that is responsible for receiving the studies and deciding what actions should be taken; and a corporate entity must follow up to make sure that change happens. This report presents a summary of the actions taken by the Management of the Asian Development Bank (ADB) in response to the recommendations contained in the evaluation studies prepared by the Operations Evaluation Department (OED) for consideration by the Development Effectiveness Committee (DEC) of the Board of Directors. The report also recommends to implement a management action recording system for consideration by ADB's Management.

II. ACTING ON EVALUATION RECOMMENDATIONS IN 2007¹

A. Recommendations from Country Assistance Program Evaluations

2. In 2007, four country assistance program evaluations (CAPEs) assessed ADB's operations in India, Pakistan, People's Republic of China, and Sri Lanka. They made 48 recommendations to ADB Management (Management) (37 of which were sub-recommendations). Management agreed with them all, except the recommendation to reduce the number of sectors in which ADB is involved in Pakistan. In all, 47 of the recommendations were (or are being) addressed.² In several instances, Management's agreement to recommendations was qualified by statements to the effect that action might have costs that may not be met due to resource constraints, or would involve trade-offs.³ The actions taken in response are tracked in the appendix.

B. Recommendations from Other Evaluations

3. A total of 34 other evaluation reports were completed in 2007: 13 project/program performance evaluation reports (PPERs); 1 technical assistance (TA) performance evaluation report (TPER); and 20 broader evaluation studies (17 special evaluation studies [SESs] and 3 sector assistance program evaluations [SAPEs]). The actions taken in response are tracked in the appendix.

1. Project/Program and Technical Assistance Performance Evaluation Reports

4. In 2007, 29 (74%) of the 39 recommendations⁴ made in PPERs/TPERs led to actions. This is better than the 49% for 2006 reported in *Acting on Recommendations and Learning from Lessons in 2007*.⁵ Figure 1 compares achievements since 2000. Of 25 actions put forward to partner countries, 18 (72%) were (or are being) implemented. During the 24 October 2007

¹ The statistics in this section are descriptive. They should be interpreted with caution, if only because they relate to numbers of recommendations and reports of actions taken, irrespective of the importance of these.

² One recommendation, contained in the CAPE for India, was not monitorable.

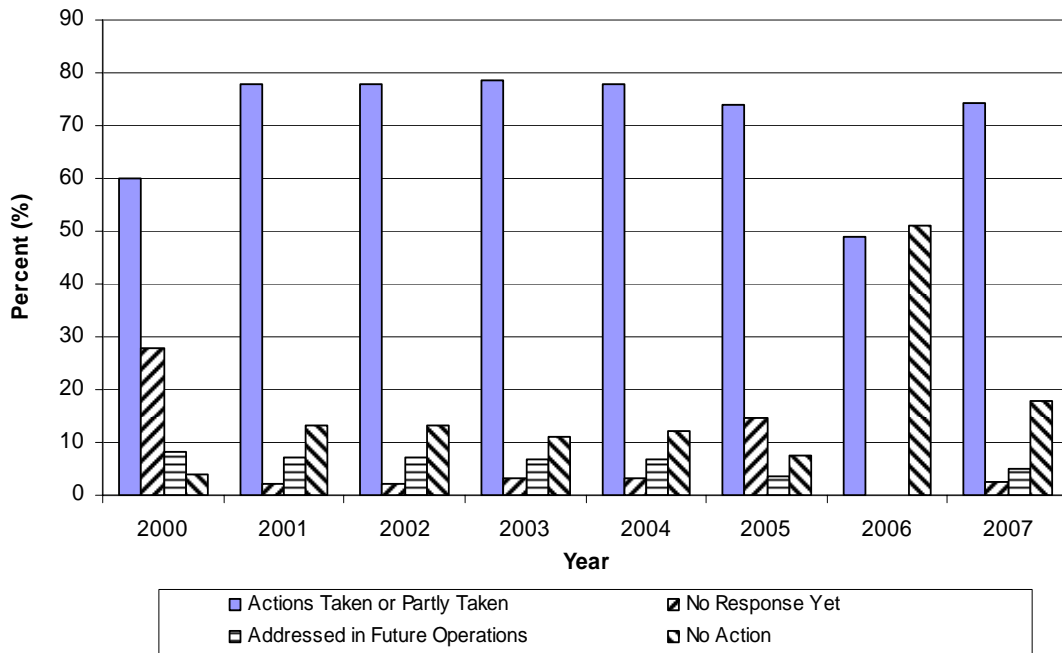
³ This relates, for example, to a recommendation to increase ADB's responsiveness to clients in the People's Republic of China through decentralization and delegation of authority to the resident mission. Management agreed in principle but advised that the ongoing review of ADB's *Resident Mission Policy* would inform the Management's possible action on the recommendation. Available: www.adb.org/documents/policies/resident_mission/residentmission.pdf. Similar recommendations in the CAPEs for India and Sri Lanka received similar responses.

⁴ This is the number of recommendations accepted by ADB's Management. Altogether, the 14 PPERs and TPERs had 42 recommendations. ADB's Management disagreed with three of these.

⁵ Available: www.adb.org/documents/pers/rpe-oth-2007-15.asp

DEC meeting, Management remarked that actions on five of the recommendations targeted at partner countries had been initiated by the time the PPER was circulated. Action had also been taken on 11 (79%) of the 14 recommendations addressed to ADB. In four cases, progress had reportedly been made by the time the evaluation reports were circulated.

Figure 1: Implementation of Recommendations in Project/Program and Technical Assistance Performance Evaluation Reports



Note: Percentages for the years 2004–2007 are directly comparable with those for 2000–2003. Percentages for the years 2000–2003 were computed from a total of recommendations that included those that the Asian Development Bank’s Management did not agree with. Data for 2007 dates from 9 June 2008, when the offices and departments concerned last sent information on actions taken. Figures for 2007 (and earlier years) represent the aggregate for the Asian Development Bank and its developing member countries. Details for 2007, i.e., 29 (or 74%) actions taken, 1 (or 3%) with no response received as yet, 2 (or 5%) to be addressed in future operations, and 7 (or 18%) where no action has been taken, are discussed in paras 5–6 below.

5. Eleven of the 14 recommendations presented to Management were taken into account. Of the three pending, two will reportedly be addressed in future ADB operations in the sector (a possible project in 2010 and a TA project in 2008); the remaining one dealt with a project that ADB had exited from and was no longer monitoring.

6. Action was taken on 18 (72%) of the 25 recommendations targeted at developing member countries (DMCs). The rest are pending. In the seven cases for which no action was reported by the operations departments, four were regarded by Management or the department concerned not to merit a response, given their detail and specificity; two were intermediate recommendations, where steps might have already been taken under a broader action; and one had been referred to the executing agency by ADB, with no response received as yet. The seven recommendations were actionable but not acted upon for procedural reasons.

2. Broader Evaluation Studies

7. In 2007, 17 broader evaluation studies were completed, submitting 75 recommendations⁶—59 from SESs and 16 from SAPEs. This is four times more than the 18 recommendations from such evaluations reported in *Acting on Recommendations and Learning from Lessons in 2007*. All but two were directed at Management. In all, 70 (93%) were acted upon and 5 (7%) are pending. Management responded to 40 of these recommendations, indicating support to 25 through actions that had just started or would start in the near future; and explaining that the issues raised in 15 others had begun to be addressed before circulation of the evaluation study.

8. Of the 73 recommendations aimed at Management, 77% concerned internal ADB processes, guidelines, or strategies; 23% were formulated to improve a specific sector or country strategy. Action was taken on 70 (96%) and 3 (4%) are outstanding. Of these, two actions required ADB-wide initiative and were expected to be implemented in future operations. The remaining action on establishing a permanent unified credit committee to strengthen private sector development operations was taken on board by Management but concrete action is pending.

9. The two recommendations addressed to DMCs were not acted upon. They concerned the need for the government concerned to initiate dialogue with ADB to (i) identify areas for value addition by ADB in roads and railways; and (ii) explore how to make use of ADB's new lending products and modalities and reduce project start-up delays, transaction costs, and commitment fees.

3. Pending Actions from 2003 to 2006

10. Of 51 outstanding recommendations, further action was taken on 27 (53%) in 2007. This is a significant increase from the 24% in 2006 reported in *Acting on Recommendations and Learning from Lessons in 2007*. Most of the actions taken (70%) relate to proposals made in 2006.

III. PROPOSED MANAGEMENT ACTION RECORDING SYSTEM

11. To monitor progress toward improved development effectiveness, it is crucial to track actions taken (quantitatively and qualitatively) on recommendations. To date, however, even with the introduction of the Evaluation Information System (*EVIS*),⁷ ADB has no sufficiently functioning, integrated operating system for doing so. *EVIS* combines a database of lessons with another aimed at tracking (progress on) actions on recommendations, but Management and departments and offices concerned in ADB have not started using it. To address this, with minimum impact on the existing interface of *EVIS* (while preserving its functionality), OED, working jointly with the Office of the Managing Director General and the Office of Information Systems and Technology, will extract and compile a management action record (MAR) for each evaluation report to

- (i) provide the DEC with a more readily retrievable record of its decisions on the follow-up of evaluation reports, proposed Management actions, and actual status of these actions; and
- (ii) increase the accountability of Management regarding DEC decisions on monitoring and evaluation issues.

⁶ The total number of recommendations from broader evaluation studies was 97. However, 9 were not actionable and/or actions were not due at the time of this report, and Management did not agree with 13. Therefore, actions on only 75 recommendations were assessed.

⁷ Available: <http://evis.adb.org>

12. Drawing from *EVIS*, the MAR will contain each accepted recommendation that emerged from an evaluation, Management's response(s), and the relevant DEC decision(s). The MAR will be prepared for submission annually to the DEC as part of the *Annual Evaluation Review*.⁸ Utilizing data in *EVIS*, the MAR will document in table format the status of the actions that have been taken to implement the relevant DEC decision(s).⁹ Notably, OED will assess the progress toward adopting the DEC's decisions through a rating system. After an item has been reported as fully adopted or no longer relevant, it will be deleted from the MAR; after all items have been adopted or declared no longer relevant, the MAR will be archived. In cases where OED carries out subsequent evaluations on the same topic, the new recommendations and the DEC's decision(s) will replace the previous ones in the MAR. The table below provides the format for the MAR. In accordance with standard international good practice (e.g., at the World Bank and Global Environment Facility) and OED's own four-scale rating practice, the following four ratings on adoption of evaluation recommendations will present quantitative and qualitative¹⁰ assessments on action:

- (i) Fully adopted;
- (ii) Largely adopted;
- (iii) Partly adopted; and
- (iv) Not adopted.

Table: Management Action Record

Recommendation	ADB Management's Response	DEC Guidance	Rating of Progress in Adoption		OED Validation	
			ADB Management/RD/ Others	Comments	OED	Comments

ADB = Asian Development Bank, DEC = Development Effectiveness Committee, OED = Operations Evaluation Department, RD = Regional Department.
Source: Operations Evaluation Department.

13. It is proposed that, as an addition to its work program, OED will conduct follow-up audits on MARs through a two-yearly review of a purposeful sample of MARs.¹¹ Validation of Management actions will respond to the DEC's interest in transparent documentation of all recommendations, the decision(s) on these, their implementation status, and substantive differences of opinion between Management and OED as to acceptable levels of adoption.

14. To implement the aforementioned MAR, OED recommends setting up a small task force comprising staff from OED, the Office of the Managing Director General, and the Office of Information Systems and Technology. The task force would commence the work as soon as possible by the end of this year.

⁸ Available: www.adb.org/evaluation/arealist.asp

⁹ The MAR will probably need to be tracked over 2–3 years. (However, it should be noted that the DEC only considers a sample of the evaluation studies prepared each year.)

¹⁰ For example, a new procedure might have been introduced but only partially followed or a new direction might have been set but only partially resourced.

¹¹ Potential for facilitating improved performance would be a criterion of selection. The sample would be finalized in consultation with the DEC and Management.

TRACKING GOVERNMENT AND ADB IMPLEMENTATION OF FOLLOW-UP ACTIONS

Table A1: Status of Implementation of Recommendations in 2007: CAPEs

DMC	Number of Recommendations			ADB Management's Response				Action	
	Main	Sub	Total	Agree	Agree (Qualified)	Disagree	Total	Taken ^b	Not Taken
India	5 ^a	20	20	16	4	0	20	20	0
Pakistan	6	0	6	4	1	1	6	5	1
PRC	5 ^a	17	17	16	1	0	17	17	0
Sri Lanka	5	0	5	4	1	0	5	5	0
Total	11	37	48	40	7	1	48	47	1

CAPE = country assistance program evaluation, DMC = developing member country, PRC = People's Republic of China.

^a Heading recommendations are not counted in the total number of recommendations.

^b Action has been or is being taken.

Source: Operations Evaluation Department.

Table A2: Recommendations by Type in 2007: PPERs/TPERs/SESs/SAPes

Item	PPER/TPER		SES/SAPE		Total	
	Number	%	Number	%	Number	%
A. Addressed to ADB						
Specific to the Project, Sector, or Country Strategy	13	33	17	23	30	26
ADB's Internal Processes, Guidelines, or Strategies	1	3	56	75	57	50
Subtotal (A)	14	36	73	97	87	76
B. Addressed to DMCs						
Specific to the Project	25	64	0	0	25	22
Concerned the Future Development of the Executing Agency or Implementing Agency, or the Sector	0		2	3	2	2
Subtotal (B)	25	64	2	3	27	24
Total	39	100	75	100	114	100

ADB = Asian Development Bank, DMC = developing member country, PPER = project/program performance evaluation report, SAPE = sector assistance program evaluation, SES = special evaluation study, TPER = technical assistance performance evaluation report.

Source: Operations Evaluation Department.

**Table A3: Status of Implementation of Recommendations in 2007:
PPERs/TPERs/SEs/SAPEs**

Item	PPER/TPER		SES/SAPE		Total	
	Number	%	Number	%	Number	%
Addressed to ADB						
Action Has Been or Is Being Taken	11	28	70	93	81	71
Action Partly Taken	0	0	0	0	0	0
Subtotal	11	28	70	93	81	71
Will be addressed in Future Operations	2	5	2	3	4	4
No Action Taken	1	3	1	1	2	2
Subtotal	3	8	3	4	6	5
Addressed to DMCs						
Action Has Been or Is Being Taken	18	46	0	0	18	16
Action Partly Taken	0	0	0	0	0	0
Subtotal	18	46	0	0	18	16
No Action Because DMC Disagreed	0	0	0	0	0	0
ADB Requested DMC to Take Action but There was No Response Yet	1	3	0	0	1	1
No Action Taken	6	15	2	3	8	7
Subtotal	7	18	2	3	9	8
Total	39	100	75	100	114	100

ADB = Asian Development Bank, DMC = developing member country, PPER = project/program performance evaluation report, SAPE = sector assistance program evaluation, SES = special evaluation study, TPER = technical assistance performance evaluation report.

Source: Operations Evaluation Department.