

Chapter 4

SUMMARY AND CONCLUSIONS



ADB's effectiveness hinges on ensuring that it has adequate knowledge of its DMCs and an appropriate system in place to manage and use this knowledge in its operations. Against this background, *Retro 2006* assessed the quality and adequacy of ETSW (embodying knowledge generation) that underpinned the five CPS papers (manifesting knowledge distillation and utilization) approved in 2006.

4.1 SUMMARY OF KEY FINDINGS

Based on desk reviews of 10 thematic assessments and 28 sector road maps contained in the five CPS papers and 12 in-depth background studies underpinning some of the thematic assessments, and a survey of and selected interviews with the five CPS country teams, *Retro 2006* finds that ADB spent significant resources on undertaking ETSW and, in many ways, the resulting products helped to improve the analytical rigor of the CPS papers. However, *Retro 2006* also uncovers a number of weaknesses in CPS-related ETSW in areas of knowledge generation, distillation, utilization, and dissemination.

(i) **Knowledge generation.** Certain areas of ETSW were either missing or needed improvement in quality. This was most apparent for (a) growth assessments, which needed more systematic analysis and improved understanding of the key drivers of and constraints to growth; and (b) sector diagnosis, which needed to pay

greater attention to institutions, policies, and organizational capacities, in addition to financing, as potential constraints at the sector level.

- (ii) **Knowledge distillation.** Even when ETSW products were of good quality, evidence pointed to the need for more effectively absorbing, translating, and distilling the knowledge from ETSW to thematic assessments and sector road maps in CPS papers. One example is the noticeable divergence in the quality between the CPS appendixes and in-depth background studies on PSD.
- (iii) **Knowledge utilization.** Some of the knowledge, even though presented in the CPS papers, could be better utilized in justifying ADB strategies and operations. For example, it was not always clear how the growth and poverty assessments had informed the formulation of the CPS and selection of sectors at the country level.
- (iv) **Knowledge dissemination.** A system is needed for tracking and effectively disseminating ETSW results in ADB.

4.2 STRENGTHENING ETSW: POSSIBLE RESPONSES

Addressing these weaknesses is essential to further strengthen the analytical rigor of ADB's CPSs, sector selection, and project design. While the actions

required may differ from one regional department to another, depending on their specific circumstances, the following are some of the broad responses that could be considered.

A. Improving CPS Content

Retro 2006 highlights a number of areas where CPS content could be improved. The notable areas are (i) analysis of drivers of and constraints to economic growth; (ii) institutional, policy, and organizational diagnosis and demand analysis at the sector level; (iii) distillation of knowledge from ETSW into CPS papers; (iv) linkage of country and sector diagnosis with CPS and country operations; and (v) presentation of CPS papers.

B. Strengthening the CPS Processes

The findings of *Retro 2006* suggest that the current CPS processes could be strengthened. The following areas could be considered as priorities.

- (i) **Stronger staff incentives for undertaking ETSW.** ADB should encourage more in-house ETSW and provide stronger incentives for staff to produce good quality ETSW, rather than relying excessively on consultants. ETSW should be better recognized in staff work plans and annual performance evaluations, and in determining staff career progression. Staff members should be better rewarded for enhancing lending quality, rather than simply quantity.
- (ii) **Better interface with the knowledge departments.** The low satisfaction in the support from knowledge departments and guidance from the CoPs revealed in the CPS team surveys indicates the need to improve the interface between regional departments and knowledge departments and strengthen the role of CoPs in ETSW production. The CoPs and knowledge departments should be the anchors to develop common approaches and standards for sector and thematic diagnostics. They should also be positioned to recognize, reward, and disseminate good practice ETSW. Collaboration between regional departments and knowledge departments (the ADB Institute, ERD, Office of Regional Integration, and Regional

and Sustainable Development Department) in producing ETSW should be encouraged.

- (iii) **“Routinizing” ETSW.** ADB may consider the recommendation by an OED study to treat ETSW as a separate product or service of ADB, similar to technical assistance and loans (ADB 2001b). This would help ADB to move away from a relatively fragmented and ad hoc approach and to a more systematic approach in programming ETSW, and to “routinize” ETSW, rather than carrying it out only at the CPS preparation stage. ADB should also encourage preparing joint or shared analytical work with other development partners to optimize the use of limited resources, as well as to facilitate aid coordination.
- (iv) **Better system for learning and knowledge sharing.** The current system within ADB for learning and knowledge sharing could be improved further. Possible measures include better recognizing ETSW outputs, improving networking with external knowledge centers, providing more and better training and learning opportunities both in-house and externally, improving staff access to data and reference materials, and providing more opportunities for staff to disseminate their ETSW products within and outside ADB. ADB could consider launching an annual series of ADB conferences on ETSW as a platform for sharing results of ETSW and other knowledge products produced by ADB staff. In this regard, SARD’s annual economists’ retreat provides a good practice example.
- (v) **Better archiving of ETSW.** ADB should develop an ADB-wide online monitoring system for tracking and disseminating ETSW products. SARD’s ETSW website and annual compilation of ETSW products are good steps in this direction. The conduct of *Retro 2006* was a test case of how difficult it is to track and access ETSW related to CPS papers. No ADB-wide system is currently in place that can document, monitor, and evaluate the knowledge products generated through ETSW. As a rule, background studies underpinning CPS papers and other ETSW products should all be accessible online.

4.3 FUTURE DIRECTIONS OF ERD'S OPERATIONS SUPPORT

ERD's reorientation of its advisory support toward the early stages of the operational cycle will continue. To help address the weaknesses in ADB's ETSW identified in this and past retrospective reviews, ERD will continue its research and analytical work in two areas. One is developing and improving the methodology for identifying key development constraints. An

example of this is ERD's ongoing research on applying the growth diagnostic approach to four DMCs under regional TA 6397: Strengthening Country Diagnosis and Analysis of Binding Development Constraints in Selected DMCs. Another area is identifying and compiling good practice examples, both inside and outside ADB, of thematic assessments and sector road maps and disseminating the good practice examples through publications, learning programs, and interdepartmental reviews.