



Asian Development Bank

**Board of Directors
Development Effectiveness Committee**

Annual Report

Annual Report of the Development Effectiveness Committee

July 2008

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EXECUTIVE SUMMARY

In this annual report, the Development Effectiveness Committee (DEC) informs the Board of Directors of the Committee's findings, conclusions and recommendations based on its review of selected major evaluation studies and progress reports of Management from 1 January to 31 December 2007. This report also assesses the performance of ADB's independent evaluation program and makes recommendations for future evaluation priorities.

DEC met 13 times to discuss 12 major evaluation reports and three Management reports. These included four country assistance program evaluation reports (People's Republic of China, India, Pakistan, and Sri Lanka); five special evaluation studies (performance of ADB's technical assistance program; indigenous peoples safeguards; private sector development and operations; energy policy review of 2000; global environmental facility [GEF]); and three annual reports prepared by the Operations Evaluation Department (OED). Management submitted to DEC two progress reports on Managing for Development Results and one progress report on the implementation of the Poverty Reduction Strategy.

DEC identified six areas from which Management could draw lessons in preparing new country partnership strategies (CPSs): sector selectivity and focus; knowledge transfer; regional cooperation; private sector development and public-private partnerships; strengthening the resident missions; and capacity development and the use of country systems for safeguard policies. The Committee also recommended that Management consider some of the key issues in these areas during the review and implementation of ADB's long-term strategic framework (LTSF).

As a result of its review of the Special Evaluation Studies prepared by OED, DEC made recommendations to feed into the preparation of specific policy reviews and into the review and implementation of the LTSF. Further studies that would feed into DEC's initial findings were also recommended to OED.

From its review of the three annual reports by OED (Annual Report of 2006 Portfolio Performance; 2007 Annual Evaluation Review; and Acting on Recommendations and Learning Lessons in 2007: Increasing Value Added from Operations Evaluation), DEC pointed out areas for consideration in the ongoing formulation of the Project Processing and Portfolio Management (P3M) system. The Committee highlighted the need for ADB to analyze the relationship between governance and development effectiveness.

In reviewing the three progress reports submitted by Management, DEC recognized the progress being made on the Managing for Development Results action plan, especially the use of the Community of Practice, as well as areas for further improvement. From the review of the report on the progress of the Poverty Reduction Strategy, DEC reiterated ADB's role in knowledge transfer.

DEC found ADB's evaluation program for 2007 adequate. A few areas for improvement were noted in the evaluation process and in the structure of selected evaluation reports. DEC noted that OED had achieved its targets for 2007, as it completed more broad

evaluations, such as policy, country and sector assistance, and thematic evaluations, and fewer evaluations of individual operations.

Recommendation for Board approval. DEC recommends that this DEC annual report be publicly disclosed after its consideration by the Board.

Recommendations for Future Priorities for Evaluation. For the DEC's next reporting period (1 January 2008–31 December 2008), the Committee recommends the following actions:

- (i) Continue the review of evaluation reports that would feed into the preparation of CPSs and policy reviews and updates, in order to recommend actions for Management's consideration.
- (ii) Continue to provide guidance to Management on the review/implementation of the LTSF through highlighting areas with ADB-wide implications.

The Committee makes key recommendations for ADB action on the following areas, among others: engagement in rural and agriculture sectors and policy-based lending; private sector development; LTSF; resident mission policy; MfDR; safeguards policy; GEF; knowledge management; and governance. (Details of these recommendations are presented in Section V of the main text.)

I. BACKGROUND AND OVERVIEW

1. On 1 January 2001, the Development Effectiveness Committee (DEC) of the Board of Directors was established to assist the Board in carrying out its responsibility to ensure that the programs and operations of the Asian Development Bank (ADB) achieve development effectiveness.

2. The DEC operates under the terms of reference (Appendix 1) approved by the Board of Directors in 2003. For the period covered by this report (1 January to 31 December 2007), DEC considered the recommendations of the evaluation reports by the Operations Evaluation Department (OED) and Management's responses to the recommendations, and derived its own conclusions. The conclusions, summarized in later sections of this report, are intended to feed into the preparation of policy and strategy reviews, as well as other policy and strategy papers at the institutional (ADB), country, and sector levels.

A. Composition of the Development Effectiveness Committee

3. In 2007, DEC membership underwent interim changes when some Board members' terms of office ended, and when the regular election of members of the Board of Directors was held. From 1 January to 30 June 2007, Agus Haryanto chaired the DEC, and the other members were Emile Gauvreau, David Taylor, Richard Moore, Nima Wangdi, and Xiaosong Zheng. X. Zheng's term of office ended on 10 April 2007 and he was replaced by Executive Director Wencai Zhang.

4. Following the biennial election of members of the Board of Directors in June 2007, the President appointed new committee members for the term 1 July 2007–30 June 2009, with Ashok Saikia as the chair. A. Saikia retired from the Board in mid-July 2007, and was replaced by Executive Director Ashok Lahiri.

5. The current membership of DEC comprises the following, who will serve the Committee until the end of its term on 30 June 2009.

Chair:	Executive Director Ashok K. Lahiri
Members:	Executive Director Sebastian Paust
	Executive Director Wencai Zhang
	Alternate Executive Director Siew Juan Aw
	Alternate Executive Director Patrick Brandt
	Alternate Executive Director Atsushi Mizuno

B. Development Effectiveness Committee Meetings

6. In 2007, the committee met 13 times to review and discuss 12 evaluation reports prepared by OED and three Management reports on the implementation of the Poverty Reduction Strategy and progress in Managing for Development Results (Appendix 2). The committee also met to deliberate and consider administrative issues. The Office of the

Secretary, the Office of the Managing Director General, and OED jointly briefed the new DEC members in August 2007.

7. The committee meetings were attended by OED staff, Management representatives, including senior staff from various departments/offices, and the Managing Director General.

8. The committee acknowledges the support provided by the following offices in carrying out its work program.

- (i) OED for assisting committee discussion and in its additional elaboration to their reports and responding to DEC's queries;
- (ii) Office of the Secretary for providing the necessary secretariat support;
- (iii) Budget, Personnel and Management Systems Department for providing the required secretariat support in the discussion of key administrative issues; and
- (iv) Office of the General Counsel for providing legal advice on administrative issues.

II. KEY ISSUES AND CONCLUSIONS FROM REVIEWS OF EVALUATION REPORTS

A. Country Assistance Program Evaluation Reports

9. The committee reviewed and discussed four country assistance program evaluation (CAPE) reports: People's Republic of China (PRC), India, Pakistan, and Sri Lanka. After considering the recommendations of the reports and Management's responses and/or updates to the recommendations, the committee identified six areas (paras. 10–18) from which Management could draw lessons and also consider while preparing new country partnership strategies (CPSs), not only for the countries evaluated, but for the others as well.

1. Sector Focus Versus Selectivity

10. DEC believes that the ADB should focus on areas where it could deliver the best results. ADB should have adequate consultation and dialogue with developing member countries (DMCs) to identify appropriate and priority areas for the CPS. In PRC, DEC believes that addressing infrastructure in the interior provinces, social and environment issues, rural development, energy efficiency, among others, is very important. In PRC and India, DEC agrees that rural and agricultural development are challenging sectors, and if ADB continues its engagement in these sectors, it should know how to manage and/or mitigate risks and mobilize the required resources.

11. A strong country commitment should always be present in a selected sector. DEC endorsed the policy of infrastructure-led poverty reduction strategy. However, the committee wanted Management to carefully analyze the consistency between the long-term strategic framework (LTSF) and the second medium-term strategic framework (MTS2), on the one hand, and the emphasis on rural development and agriculture, on the other. The committee suggests that ADB's weak performance in some sectors be addressed under the LTSF.

12. For conflict-affected countries such as Pakistan and Sri Lanka, ADB should take into account the policy and governing environment before planning any investment. ADB should

venture into areas that are in line with its overall priorities. Instead of focusing on a few sectors, ADB should meet the clients' demands in view of its own capacity.

13. Competing priorities between ADB and the Government should be adjudicated during the country programming process. Continuous engagement in policy-based lending would require proper justification incorporating the lessons learned as well as approaches to improving project design and implementation. ADB should be able to change the nature of its engagement and provide more refined and intelligent responses when it encounters strong resistance or conditions that are not conducive for policy-based reforms.

2. Knowledge Transfer

14. In general, ADB could become a knowledge bank in its key areas of strength, by engaging in policy dialogue, where ADB's advice is sought more than that of other institutions. Most DMCs value ADB's position in the region, which should work to ADB's advantage. In particular, the committee agrees that ADB could add value to DMCs by transferring knowledge. However, DMCs' need for knowledge transfer includes learning how to use the knowledge and technology that is already available to draw lessons and experiences from other countries, and implement them in their own countries to suit their needs.

3. Regional Cooperation

15. DEC acknowledged that ADB's participation in regional projects would help in transferring knowledge among participating countries. DEC emphasized the need for accelerating regional cooperation in South Asia.

4. Private Sector Development and Public-Private Partnership

16. The committee suggests that new CPSs incorporate a more comprehensive articulation of private sector development. A joint strategic approach between ADB and DMCs on public and private partnerships should be drawn up. Infrastructure and finance might be two areas of focus. The underlying objective should be to increase coordination and synergy between public and private sector operations.

5. Strengthening the Resident Missions

17. DEC strongly agrees on the need to delegate more authority for project implementation to Resident Missions. Additional staff with the required expertise to accomplish economic and sector work, and with the technical expertise to implement the CPS, must be engaged in the resident missions. However, increasing the number of staff should take into consideration the total resource envelope of ADB. The committee acknowledges that this is an ADB-wide issue that should be addressed in the ongoing review of the resident mission policy. DEC suggests that the strategy should include developing an accountability framework.

6. Capacity Development and the Use of Country Systems for Safeguard Policies

18. DEC supports the use of country systems for safeguard policies and ADB's long-term commitment to strengthen country capacity, as necessary. A shift from rolling out projects that deal with particular issues and problems to building the indigenous capacity to implement the projects will be useful. It would also be useful if ADB were to facilitate exchange of experience among DMCs on project implementation. Increasing the country's capacity, particularly in dealing with issues relating to procurement and environment, is important.

B. Special Evaluation Studies

19. DEC reviewed and discussed five special evaluation studies (paras. 20–37) and drew recommendations that could feed into the preparation of specific policy reviews in ADB.

1. Performance of Technical Assistance

20. The committee agrees on enhancing country ownership by delegating more authority and accountability to executing agencies for the design and implementation of technical assistance (TA) projects, especially for DMCs with adequate capacity.

21. It is important to improve the design and implementation of capacity building interventions by enhancing ADB's understanding of how institutions work and how they can be supported to work better. The one-size-fits-all approach currently in place needs to be reassessed.

22. The committee suggests that Management address the issue of a lower status of TA projects vis-à-vis other operations in ADB. Lending usually takes precedence over TA in terms of allocation of staff resources and management time, and in efforts to improve the design and quality assurance. ADB should take steps to shift from being project-focused to results-focused.

2. Indigenous Peoples Safeguards

23. The definition of issues relating to indigenous peoples should cover other dimensions, including identification of development options. The nexus between indigenous people and vulnerability should be clarified as some indigenous people might not be vulnerable.

24. Safeguard issues need to be separated from development issues. The committee feels that a development strategy for indigenous people is required as much as a safeguard policy for them. However, DEC cautions against duplication in the three safeguard policies (resettlement, environment, and indigenous peoples), and suggests employing a less rigid approach. The review of the three safeguard policies should ensure an open and inclusive dialogue with all stakeholders, including the Board, which requires an iterative process beyond conventional consultation practices.

25. For the review of ADB's *Policy on Indigenous Peoples* (1998), DEC acknowledges the need for a risk assessment analysis to identify capacity building requirements of DMCs at the

executing agency and community levels. Interventions should improve the status of affected indigenous peoples, but through a more realistic assessment of country capacity.

26. The updated policy on indigenous peoples should be well-articulated and provide clear guidelines to staff and executing agencies. Views of the DMCs should be sought and considered. It should include a results-based framework with clear accountability.

27. The policy should also be flexible and allow for the use of country systems, especially in the light of the diversity of the DMCs.

3. Private Sector Development and Operations

28. Private sector operations should not be limited to encouraging foreign direct investment. However, ADB should continue to be involved in promoting foreign direct investment in DMCs, as it can serve as a catalyst for other investment.

29. ADB should not only support privatization and ownership diversification, but also governance issues in the corporatization process of state-owned enterprises. CPSs and CAPEs should devote a section to private sector development, providing a framework for the public and private sectors to work together effectively.

30. Any changes in private sector operations should be addressed in the LTSF. Resources and accountabilities need to be addressed first in order to deliver on development outcomes. Noting that the Private Sector Operations Department (PSOD) is not a member of the steering committee for the LTSF review, DEC found this approach inadequate for improving the synergy between public and private sector areas of operations of the ADB.

31. The committee noted that the current PSOD portfolio showed innovative elements with some good results. A balance scorecard for PSOD could be a useful tool for measuring achievements. DEC suggests that PSOD diversify into other areas, such as small and medium-sized enterprises, agriculture, and clean energy, and also regional cooperation projects.

4. Energy Policy 2000 Review

32. DEC agrees that energy sector operations are one of ADB's areas of strength, and therefore must be maximized. Due importance should be given to increasing energy supply in the future along with emphasis on energy efficiency. DEC supports the idea of ADB becoming a center of excellence, but questioned whether this was a realistic goal given the current resource limitations.

33. DEC notes that ADB's performance in energy projects is good (80%), but its rating for sector reform is lower (70%). The usefulness of strategic environmental assessments as a tool is recognized, but they should not be over emphasized since they do not add value.

34. DEC acknowledges that a single blueprint for energy efficiency does not exist. Hence, ADB must continue its policy dialogue work as well as assistance with sector governance, bearing in mind that the necessary skills for the sector would continue to be required.

5. Global Environmental Facility

35. DEC recommends identifying and evaluating natural resource management projects not funded by the Global Environmental Facility (GEF), as these might serve as comparators to the GEF-cofinanced projects. A comparative study could determine whether GEF cofinancing affects the quality and execution of projects.

36. The committee also notes that ADB's GEF-cofinanced natural resource management projects have limited maturity in the implementation cycle, and only three projects could be evaluated. Thus, the conclusions of the evaluation were tentative. However, Management should look at the detailed limitations pointed out in the study to avoid their recurrence.

37. DEC emphasizes that ADB's involvement in natural resources management should be reviewed under the LTSF.

C. Annual Evaluation Reports

38. The committee reviewed and discussed three annual reports prepared by OED. The key findings and recommendations of the committee are highlighted in paras. 39-45.

1. Annual Report of 2006 Portfolio Performance

39. The committee notes the importance of staff (as users) involvement in formulating the Project Processing and Portfolio Management (P3M) project. There should be keen interest from users in the index system for the system to function well. DEC also cautions that indexing might require vast resources that could be used instead for fieldwork. But user-friendliness in formulating any system is important. Expertise to implement and monitor the system should be available. DEC supports the revamping of the project performance report system, taking into consideration best practices of other multilateral development banks.

40. Accountability should be established for the causes of implementation delays that are within ADB's control. For problems beyond ADB's control, intervention methods should be in place so that ADB can make clients respond and address the causes of the delays. Action plans should be developed to address implementation delays, both for ADB and its clients. Systematic forecasting problems should be avoided.

41. DEC was of the opinion that the project performance report should serve dual purpose: as a management tool to steer the implementation process and as a gauge of the longer-term state of health of the portfolio.

2. 2007 Annual Evaluation Review and Acting on Recommendations and Learning from Lessons in 2007: Increasing Value Added from Operations Evaluation.

42. The committee agrees on the importance of encouraging willingness to build capacity, and urges the regional departments to adopt the innovative approaches to capacity development presented in the review. Capacity building (including increasing country ownership) needs to be emphasized more, not only in areas related to the project cycle, but also project sustainability.

43. DEC emphasizes the importance of evaluating policies and strategies. DEC agrees with Management that OED's recommendations should be practical and implementable. Increasing the value that evaluation adds to operations is essential.

44. In terms of recommendations, DEC finds it helpful to leave detailed plans to departments or offices concerned rather than imposing them from outside. However, DEC emphasizes the importance of ascertaining whether the recommendations are taken into account.

45. DEC believes that ADB should undertake an analysis of the relationship between governance and development effectiveness to test whether good governance is the main binding constraint for development in DMCs. However, a separate review of the performance-based allocation system is not required as this was addressed under the Asian Development Fund negotiations.

III. KEY ISSUES AND CONCLUSIONS DERIVED FROM REVIEWS OF MANAGEMENT PROGRESS REPORTS TO THE DEVELOPMENT EFFECTIVENESS COMMITTEE

A. 2006 Annual Poverty Reduction Report

46. From the Management's report to DEC on the progress of implementation of the poverty reduction strategy, the committee believes that more efforts are necessary to improve ADB's performance in (i) monitoring and reporting, (ii) quality at entry, (iii) implementation issues, (iv) data deficiency and capacity for data gathering and analysis in DMCs, and (v) staff feedback.

47. ADB should have better knowledge management and such knowledge management should be institutionalized through an effective sharing and dissemination mechanism among staff and, equally important, with the DMCs. DEC once again recommends that ADB consider ways to delegate more implementation authority for TA projects to DMCs.

B. Progress Reports on Managing for Development Results

48. From the two reports that Management prepared in 2007, the committee recognizes the community of practice in managing for development results (MfDR) as an innovative approach that should be encouraged. The learning-by-doing approach has been successful in mainstreaming MfDR in ADB.

49. DEC notes that DMC ownership of capacity building is vital to the success of MfDR. Promoting MfDR at the grassroots through coordination with DMC officials is a good approach.

50. The committee suggests that ADB should look at the weakness of the current approach, while evaluating the success at the sector and country levels. The achievement of results beyond project approvals is important. However, DEC cautions Management against having too many goals, and suggests maintaining a sound link between inputs/outputs and

outcomes/impacts. DEC strongly agrees that standardization across regional departments is essential to the progress of MfDR.

51. DEC agrees that good progress is being made on the MfDR action plan. The importance of the manageability of the action plan vis-à-vis the sophistication of tools and approaches needs to be highlighted.

52. The committee also emphasizes the need for ADB to continue building statistical capacity, and identify other ways of maintaining its comparative advantage. DEC anticipates that the process of identification of more incentives for DMCs and staff, and also training of staff including senior Management, will continue.

IV. OVERALL ASSESSMENT OF ADB'S OPERATIONS EVALUATION ACTIVITIES IN 2007

A. Operations Evaluation Activities

53. DEC finds ADB's operations evaluation activities in 2007 to be adequate. However, a few areas for improvement could be noted in the evaluation process and in the structure of selected evaluation reports. DEC's suggestions are in paras. 54–62.

54. Following its review/evaluation of ADB's TA performance, OED may consider developing a related study of successful interventions, which outlines the factors for success and include examples of best practices in other multilateral development banks.

55. In preparing CAPEs, DEC recommends improving OED's report template to avoid presenting repetitive information that buries the analytical work. CAPEs may include recommendations on issues that ADB may raise with DMCs (but not make recommendations directly to DMC governments).

56. Since many CAPEs have been completed, it might be worth compiling the common issues and key messages. Extracting client perceptions and highlighting them in a paper would also be useful.

57. DEC suggests that CAPEs devote a section to private sector development, which would provide a framework for the public and private sectors to work effectively. DEC anticipates the completion of other private sector development-related evaluations.

58. Similarly, DEC suggests that OED include an analysis of the conditions for program loans—whether they were drawn up appropriately, how many times waivers were granted, how much extra time was given for the conditions to be met, and how conditions were met.

59. For future annual evaluation reviews, DEC suggests including a critical self-assessment by regional departments and OED, rather than employing the current input-output approach. Further, DEC emphasizes that OED's recommendations should be practical and implementable. A hierarchy of recommendations would be useful. OED should remain balanced by acting independently on its evaluations, but with a client-friendly approach.

60. DEC acknowledges the usefulness of validation reports on country strategy and program completion reports. Such validation reports will provide relevant inputs to the preparation of CPSs.

61. DEC also commends OED's role in knowledge management, and recognizes the contribution and relevance of the knowledge management unit in OED in making the relevant data available to the concerned clients. DEC supports OED's participation in the evaluation cooperation group peer review.

B. Assessment of OED Deliverables

62. OED has achieved its targets for 2007. The balance of products has changed. OED completed more broad evaluations, such as policy evaluations, country and sector assistance evaluations, and thematic evaluations, and fewer evaluations of individual operations. The evaluative content of annual evaluation reports has improved and was appreciated, as is evident in the Management responses to these reports. In 2007, OED completed 3 annual evaluation reports,¹ 13 project and/or program performance evaluation reports; 1 technical assistance performance evaluation on cluster TA on environmental management in Central Asian republics; 4 CAPE reports for the PRC, India, Pakistan, and Sri Lanka; 3 sector assistance program evaluation reports on (i) transport (roads and railways) operations in the PRC; (ii) transport sector operations in India; and (iii) energy sector operations in India; and 17 special evaluation studies.² In addition, guidelines were circulated for preparation of performance evaluation reports on nonsovereign operations and project completion report validation reports. Moreover, with the establishment of its own knowledge management unit in 2007, OED has improved its dissemination of evaluation products. OED produced three major publications: (i) *Learning Lessons in ADB*, (ii) *Independent Evaluation at the Asian Development Bank*, and (iii) *Auditing the Lessons Architecture*.³ Other knowledge products and services introduced in 2007 include (i) an evaluation information system featuring a database of evaluation lessons, recommendations, and resulting actions that provides users with an easily accessible source of searchable evaluation information; (ii) *Success Rates* brochures (completed 6), dedicated to raising awareness of highly successful and successful projects and programs; (iii) *Learning Curves* (completed 33), aimed at bringing findings and recommendations of operations evaluation at ADB to the attention of a broad range of readers in a short, digestible format; (iv) *Case Studies* (completed 7), designed to highlight specialized material from evaluations; (v) an OED inquiry desk, which responds to internal and external queries about evaluation products and services; and (vi) major upgrade in the utility of the website with significant increase in downloads.

¹ ADB. 2007. *2007 Annual Evaluation Review: The Challenge of Capacity Development*. Manila; ADB. 2007. *Acting on Recommendations and Learning from Lessons in 2007: Increasing Value Added from Operations Evaluation*. Manila; ADB. 2007. *Annual Report on 2006 Portfolio Performance*. Manila.

² Topics include (i) effectiveness of TA operations; (ii) ADB's private sector operations; (iii) ADB's energy policy; (iv) effectiveness of ADB's resident missions; (v) indigenous peoples safeguard policy; (vi) Asian Development Fund VIII and IX; (vii) MfDR (a preliminary assessment); (viii) ADB's support to public resource management in India; (ix) effect of rural finance and microfinance on rural households and status of women; (x) effectiveness of ADB's approaches to partnering and harmonization; (xi) performance and process evaluations of projects cofinanced by ADB and GEF; (xii) achievements of ADB's LTSF (2001—2006); (xiii) ADB-administered Japan funds—four evaluation reports comprising (a) summary report on overall Japan funds, (b) Japan Special Fund, (c) Japan Fund for Poverty Reduction, and (d) Japan Scholarship Fund; and (xiv) evaluation update on policy-based lending, focusing on emerging practices in supporting reforms in DMCs, which was introduced in 2007.

³ ADB. 2007. *Learning Lessons in ADB*. Manila; ADB. 2007. *Independent Evaluation at the Asian Development Bank*. Manila; ADB. 2008. *Auditing the Lessons Architecture*. Manila.

V. DEVELOPMENT EFFECTIVENESS COMMITTEE RECOMMENDATIONS

A. Recommendation for Board Approval

63. DEC recommends that this DEC annual report be publicly disclosed after its consideration by the Board.

B. Recommendations for Future Priorities for Evaluation

64. For the DEC's next reporting period (1 January 2008–31 December 2008), the committee recommends the following actions:

- (iii) Continue the review of evaluation reports that would feed into the preparation of CPSs and policy reviews and updates, in order to recommend actions for Management's consideration.
- (iv) Continue to provide guidance to Management on the review/implementation of the LTSF through highlighting areas with ADB-wide implications.

C. Key Recommendations for ADB Action

65. The Committee's key recommendations for ADB action are summarized below:

- (i) In formulating CPSs, ADB should know how to manage and/or mitigate risks for any engagement in rural and agricultural sectors. For conflict-affected areas, continued engagement in policy-based lending would require proper justification incorporating the lessons learned as well as approaches to improving project design and implementation. New CPSs (as well as CAPEs) should incorporate a more comprehensive articulation of private sector development. A joint strategic approach between ADB and DMCs on public and private partnerships should be drawn up.
- (ii) For the LTSF review/implementation, Management should carefully analyze the consistency between the LTSF and the MTS2. The committee suggests that ADB's weak performance in some sectors, and any changes in private sector operations should be addressed in the LTSF implementation process. Resources and accountabilities need to be addressed first in order to deliver on development outcomes.
- (iii) DEC suggests that the Resident Mission Policy should include an accountability framework.
- (iv) The committee suggests that ADB should look at the weakness of the current approach towards MfDR, while evaluating the success at the sector and country levels. ADB should continue building statistical capacity, and identify other ways of maintaining its comparative advantage.

- (v) The review of the three safeguard policies should ensure an open and inclusive dialogue with all stakeholders, including the Board, which requires an iterative process beyond conventional consultation practices. The updated policy on indigenous peoples should be well-articulated and should provide clear guidelines to staff and executing agencies. Views of the DMCs and civil society organizations should be sought and considered. The policies should include a results-based framework with clear accountability.
- (vi) DEC recommends identifying and evaluating natural resource management projects not funded by the Global Environmental Facility (GEF), to serve as comparators to the GEF-cofinanced projects. A comparative study could determine whether GEF cofinancing affects the quality and execution of projects.
- (vii) At the institutional level, ADB should become a knowledge bank in its key areas of strength, by engaging in policy dialogue, where ADB's advice is sought more than that of other institutions. ADB should also accelerate its initiatives on regional cooperation in the Region, especially in South Asia.
- (viii) ADB should undertake an analysis of the relationship between governance and development effectiveness to test whether governance is the main binding constraint for development in DMCs.

TERMS OF REFERENCE OF THE DEVELOPMENT EFFECTIVENESS COMMITTEE OF THE BOARD OF DIRECTORS

1. The Development Effectiveness Committee (the Committee) will assist the Board of Directors to carry out its responsibility of ensuring that the programs and activities of the Asian Development Bank (ADB) achieve development effectiveness. Such development effectiveness is assessed through ADB's operations evaluation. To ensure the independence of ADB's operations evaluation, the Operations Evaluation Department (OED) reports directly to the Board through the Committee. For the purpose of the Committee's work, "development effectiveness" is the measure of (i) whether ADB's programs and activities in furtherance of its policy goals and objectives have resulted in the desired outcomes, and (ii) whether these programs and activities have made efficient use of ADB's available resources.

A. Composition

2. The Committee will consist of not more than six members of the Board of Directors. The President will appoint the members of the Committee, in consultation with the Board, and will designate one of them as the chairperson of the Committee.

3. The members of the Committee will be appointed for a term starting on 1 July of the appointment year and ending on 30 June two years later. If a member of the Committee ceases to be a member of the Board, the President, in consultation with the Board, will appoint a replacement for the remaining term of the Committee.

B. Responsibilities

4. The Committee will be expected to satisfy itself that ADB's operations evaluation activities are adequate and efficient. In this regard, the specific responsibilities that the Committee will carry out on behalf of the Board are as follows:

- (i) recommend to the Board, jointly with the President, the person to be considered by the Board for appointment as Director General of OED, subject to the terms and conditions approved by the Board;
- (ii) advise OED in the preparation of an annual OED work program that the Committee can endorse to the Board for approval;
- (iii) advise OED in the preparation of an annual budget proposal that the Committee can endorse for review by the Budget Review Committee;
- (iv) review all OED reports and discuss selected major reports, as well as Management responses to any report, before the reports are released to the public;
- (v) monitor and evaluate the actions taken by ADB on the recommendations in the OED reports accepted by Management and endorsed by the Committee to the Board;

- (vi) report to the Board on selected development effectiveness issues that have a significant bearing towards the achievement of ADB's overarching goal of poverty reduction, and make recommendations on such issues to the Board;
- (vii) monitor and report to the Board on the implementation of its decisions;
- (viii) review the Annual Report on Evaluation Activities; and
- (ix) review the Annual Report on Loan and Technical Assistance Portfolio Performance.

5. The Committee will make reports and submit recommendations to the Board of Directors through the President in his capacity as the Chairman of the Board.

6. The Committee will make reports as it considers necessary, but at least once a year.

C. Meetings

7. The Committee will meet as often as it considers necessary.

8. Committee meetings will be held at ADB headquarters in Manila.

9. The quorum for a meeting will be three members of the Committee. If the Chairperson is not present in person, the Committee will select one of the members present to preside over that meeting.

10. All other Board members may attend meetings of the Committee. Directors' Advisors may attend the meetings of the Committee except as otherwise advised by the Chairperson of the Committee.

D. Information and Communication

11. OED will furnish to the Committee any pertinent information as is considered necessary by the Committee to discharge its responsibilities. The Committee may, with the concurrence of the President, seek briefings from staff members concerned on relevant operations evaluation matters and request their participation at meetings.

12. If a document or information requested by the Committee is not provided, the request may be referred by the Chairperson of the Committee to the President, in the President's capacity as Chairman of the Board of Directors, for a final decision.

13. All communication between the Committee and ADB staff, other than OED staff, will be conducted through The Secretary of ADB. The Office of The Secretary (OSEC) will be informed of all direct communication between the Committee and OED.

E. Administrative Arrangements

14. OSEC will provide support services to the Committee.

**DEVELOPMENT EFFECTIVENESS COMMITTEE
2007 MEETING PROGRAM**

Meeting No.	Date	Agenda
1	7 February	<ol style="list-style-type: none"> 1. Annual Report on the Implementation of the Poverty Reduction Strategy, 2005: Progress Implementing the Poverty Reduction Strategy 2. The Committee's Meeting Program for 2007
2	23 March	<ol style="list-style-type: none"> 1. Special Evaluation Study - Indigenous People's Safeguard Policy 2. Third Progress Report on Report on Managing for Development Results (MfDR) in the Asian Development Bank
3	18 April	Special Evaluation Study on Performance of Technical Assistance
4	23 May	<ol style="list-style-type: none"> 1. Country Assistance Program Evaluation for People's Republic of China: Success Drives Demand for More Innovative and Responsive Services (Sub-items: (i) Sector Assistance Program Evaluation – Asian Development Bank Assistance for Roads and Railways in the People's Republic of China; (ii) Technical Assistance Report for Selected Technical Assistance Projects in Public Administration (People's Republic of China) 2. ECG Peer Review
5	13 June	<ol style="list-style-type: none"> 1. Country Assistance Program Evaluation for Pakistan (Sub-item: Sector Assistance Program Evaluation for the Road Sector in Pakistan) 2. OED's Role in Knowledge Management
6	27 June	<ol style="list-style-type: none"> 1. Special Evaluation Study - Private Sector Development and Operations: Harnessing Synergies with the Public Sector 2. Special Evaluation Study - Energy Policy 2000 Review: Energy Efficiency for a Better Future 3. Validation Report on the Country Strategy and Program Completion Report for the Maldives
7	9 and 11 July	Procedure for Selection of Director General, OED
	8 August	Briefing for DEC Members by OSEC, OED and the Office of the Managing Director General
8	21 September	<ol style="list-style-type: none"> 1. Country Assistance Program Evaluation for Sri Lanka 2. Special Evaluation Study - Global Environment Facility
9	26 September	Annual Report on Portfolio Performance for 2006
10	18 October	<ol style="list-style-type: none"> 1. OED Work Program 2008- 2010 2. Proposed OED Budget for 2008

Meeting No.	Date	Agenda
11	24 October	1. Country Assistance Program Evaluation for India (Sub-items: (i) Sector Assistance Program Evaluation - Transport Sector in India: Focusing on Results; (ii) Sector Assistance Program Evaluation - Energy Sector in India: Building on Success for More Results; and (iii) Special Evaluation Study- ADB Support for Public Resource Management in India) 2. 2007 Annual Evaluation Review: The Challenge of Capacity Development (Sub-item: Acting on Recommendations and Learning from Lessons in 2007: Increasing Value Added from Operations Evaluation)
12	21 November	Review of the Shortlist of Candidates for Director General, OED
13	13 December	Report on Managing for Development Results (MfDR) in ADB: Semi-Annual Progress Report to the DEC

Note: For meetings on CAPEs, the discussion would focus on the CAPEs. Supporting evaluations like SAPEs and SESs would be available if DEC members wished to refer to them.