

Foreword

I am pleased to present to you the first issue in the *South Asia Occasional Paper Series*.

The series is a new knowledge product by the South Asia Department (SARD) of the Asian Development Bank (ADB). The dissemination of knowledge and information about South Asia is an important function of SARD and this new series is designed to share research on development issues facing the South Asian region. The series aims at presenting topics relevant to South Asia to a wide audience, including policy makers, academics, and the general public. South Asia Occasional Papers will be made available on the ADB website and in hard copy.

This first issue deals with the important topic of capacity development (CD). Every year, ADB invests substantial resources in assisting its counterpart executing agencies to increase their capacities. The idea for this study stemmed from a view among senior SARD staff that there was considerable scope to enhance the efficiency and effectiveness of ADB's CD interventions in South Asia. The analysis is based on a sample of CD interventions from the rural infrastructure and power sectors in Bangladesh, Nepal, and Sri Lanka; the capital markets subsector in Bangladesh; and the livestock subsector in Nepal. The study analyzes the impact of ADB's CD interventions on the capacity of key executing agencies to perform their functions and how this impact could be further enhanced.

I am pleased to note that the study concludes that "Most of the sector/country experiences selected for this study have been success stories for ADB. In South Asia, ADB has been doing better than it thinks it has."

However, the study still identifies important problems and lessons. To further enhance the impact of CD interventions in South Asia, the study proposes a major change in the way ADB supports CD.

The study

- suggests ADB needs to transfer from itself to its clients more of the responsibility for managing CD, and
- provides a detailed set of recommendations to guide the transition process to this new proposed role.

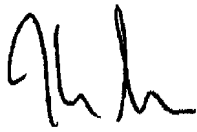
I am eager to see the ideas set out here introduced into our operations on the ground. To this end, and since many of the study's recommendations represent a significant break with past practice, I am keen to see the results of the pilot implementation of the proposed approach, which is currently being prepared in coordination with the Capacity Development and Governance Division of the Regional Sustainable Development Department.

I would like to thank SARD staff and consultants for preparing this important report. Martin Evans conducted the work under the guidance of

Richard Vokes, Narhari Rao, and Alain Borghijs. Jill Gale de Villa edited and designed the report with the assistance of Caroline Patacsil.

I also would like to thank all the staff at ADB headquarters and in the resident missions in Bangladesh, Nepal, and Sri Lanka who were generous with their time and knowledge in assisting the author undertake this study. The report has benefited from comments from numerous colleagues from different departments. Colleagues of the Capacity Development and Governance Division of the Regional Sustainable Development Department have assisted with excellent discussions. Points raised during the discussions that followed presentations at SARD Country Economists' Conference, for the Capacity Development Working Group, and to resident mission staff have been taken into account.

A special word of thanks also goes to the staff of the executing agencies visited who agreed to be interviewed and to complete the questionnaire.

A handwritten signature in black ink, appearing to read 'Kunio Senga', with a stylized, cursive script.

Kunio Senga
Director General

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Abbreviations and Acronyms

ADB	-	Asian Development Bank
BME	-	benefit monitoring and evaluation
BPDB	-	Bangladesh Power Development Board
CD	-	capacity development
CEB	-	Ceylon Electricity Board
CDF	-	capacity development fund
CDWG	-	Capacity Development Working Group
CLDP	-	Community Livestock Development Project
DESA	-	Dhaka Electricity Supply Authority
DESCO	-	Dhaka Electricity Supply Company
DFID	-	Department for International Development (United Kingdom)
DLS	-	Department of Livestock Services
DMC	-	developing member country
DOLIDAR	-	Department of Local Infrastructure and Development of Agricultural Roads
DRILP	-	Decentralized Rural Infrastructure and Livelihoods Project
EA	-	executing agency
HR	-	human resources
ICB	-	Investment Corporation of Bangladesh
LGED	-	Local Government Engineering Department
NEA	-	Nepal Electricity Authority
NWSDB	-	National Water Supply and Drainage Board
OECD	-	Organisation for Economic Co-operation and Development
OED	-	Operations Evaluation Department
NGO	-	nongovernment organization
PCR	-	project completion report
PGCB	-	Power Grid Corporation of Bangladesh
RIDP	-	Rural Infrastructure Development Project
RM	-	resident mission
RRP	-	report and recommendation of the president
SEC	-	Securities and Exchange Commission
TA	-	technical assistance
TCR	-	technical assistance completion report
UNDP	-	United Nations Development Programme