

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: OED2

TA No., Country and Name			Amount Approved: \$1,400,000	
TA 6097-REG: Thematic Evaluation Studies for 2003			Revised Amount: \$1,400,000	
Executing Agency Asian Development Bank		Source of Funding TASF	Amount Undisbursed: \$3,892.7	Amount Utilized: \$1,396,107.3
TA Approval Date: 10 March 2003	TA Signing Date: Not required	Fielding of First Consultant: 9 April 2003	TA Completion Date Original: 31 Dec 2004	Actual: 31 May 2008
			Account Closing Date Original: 31 Dec 2004	Actual: 28 Nov 2008
<p>Description. Independent thematic evaluations on Asian Development Bank (ADB) operations seek to provide (i) accountability for use of resources and performance improvements, (ii) lessons for all developing member countries (DMCs) and the region and for ADB, and (iii) follow-up recommendations to sustain benefits from ADB activities. With increased demand and importance being given to this broad type of studies, the Operations Evaluation Department (OED) has carried out more impact, special, and sector and country assistance program evaluations. By the nature of tasks involved, thematic evaluations generally require longer time and a larger budget than individual evaluation operations. Since 1997, the former have been effectively funded from umbrella type regional technical assistance (TA) grants. The eight thematic evaluation studies conducted under this TA supported the 2003 and 2004 work programs of OED.¹</p> <p>Expected Impact, Outcome and Outputs. The expected long term impact of the TA was to help ADB improve the development effectiveness of its operations and enhance its contribution to DMC development results. The expected outcomes were evaluations on effectiveness of ADB operations and policies designed to (i) assess their relevance, efficacy, sustainability, impacts, and, where appropriate, efficiency; and (ii) provide timely feedback on operational and policy issues to the DMCs and ADB. These comprised six special evaluation studies (SES), one impact evaluation study (IES) and one country assistance program evaluation (CAPE): (i) ADB Assistance in the Power Sector in Bangladesh (IES), (ii) Participatory Forest and Water Resources Management (SES), (iii) Rural Development Projects in Poor Regions (SES), (iv) Small and Medium Enterprise Activities (SES), (v) Capacity Building TAs in the Lao People's Democratic Republic (SES), (vi) Project Cost Estimates (SES), (vii) Role of Project Implementation Units (SES), and (viii) Country Assistance Program Evaluation for Cambodia (CAPE).</p> <p>Delivery of Inputs and Conduct of Activities. The TA was implemented flexibly to facilitate conduct of priority evaluation studies. Regional departments, DMCs, and other stakeholders were consulted extensively (for review and feedback) at various stages of study formulation and report preparation. OED supervision followed earlier administered TAs with study teams managing a pre-approved budget for every evaluation. All inputs for study completion (including staff) were provided adequately and timely. At approval, the TA was to provide a total of 90 person-months (PM) of consultant inputs (37 PM international and 53 PM national) to carry out the original 8 evaluations. Consultant services mobilized (per original contract) was estimated at 104.4 PM from 58 consultants, including 37 from DMCs. Of the fifty-eight, 27 were international (46.6 PM) and 31 were national (57.8 PM). By type, 43 were individual consultants while the rest were engaged through 10 firms. Average contract duration was 51.8 days for international and 55.9 days for national consultants. A total of 90 contract variations were approved for 46 consultants. Of the 58 consultant contracts, 19 were closed less than a year after financial completion, 22 were closed about 1-3 years after financial completion, and 17 were closed more than 3 years after financial completion. The performance of the consultants was satisfactory. Of the 47 (81%) consultants rated, 43 (91.5%) were satisfactory or better, 3 (6.4%) generally satisfactory/marginal, and 1 (2.1%) unsatisfactory.</p> <p>A major change in scope of the TA was approved in April 2005. The change in scope (approved by Director General, OED) provided for the inclusion of a CAPE study on the Lao People's Democratic Republic (PDR) and a sector assistance program evaluation (SAPE) on its agriculture and natural resources (ANR) sector. Both were to generate inputs for a new Country Strategy and Program (CSP) paper. In October 2006, a minor change in scope provided for the inclusion of a SES on the achievements of the Long-term Strategic Framework (LTSF) of ADB. The SES was to provide inputs to a then ongoing ADB-wide review of its LTSF in response to a changing environment and markets. Other changes during implementation relate to a shift in the methodological approach of the Bangladesh power sector study from an IES to a SAPE, which was then a new OED product. Total TA disbursements amounted to \$1.396 million or 99.7% of the TA amount.</p>				

¹ This is the 9th of 14 umbrella type TAs (since 1997) to finance thematic evaluations under the annual work program of OED. Other evaluation studies such as project and program performance evaluation were funded under administrative budgets. OED work programs are developed based on discussions with the ADB Board and Management, and operations and central departments taking into account issues of relevance to DMCs and ADB's current institutional priorities.

Evaluation of Outputs and Achievement of Outcome. Ten thematic evaluations (i.e., 2 CAPEs, 6 SEEs, and 2 SAPEs) were financed by the TA and Management response was solicited on their Recommendations. (Table 1) These reports were discussed by the Development Effectiveness Committee (DEC) of the ADB Board of Directors. For details see <http://www.adb.org/Evaluation/reports.asp>. Except for one which was eventually dropped from the work program, all planned studies were carried out as programmed. Six of eight studies from the original scope were completed within the original TA completion date of December 2004. (Table 1) The TA completion date was extended several times up to May 2008. This allowed use of TA savings to satisfactorily complete three additional evaluations to the original scope from 2005 to 2008. Evaluation topics were generally user-centric and situationally responsive and were part of the OED work program. The summary outcomes of these studies are presented below.

Table1: Evaluation Studies Financed by TA 6097-REG

Evaluation Study Title	Board Circulation	DEC Discussion	Inputs provided to ADB Priority Theme/ Strategy/Policy
1. ADB Assistance to the Power Sector in Bangladesh *	Dec 2003	None	First SAPE report to be prepared by OED ²
2. Participatory Approaches in Forest and Water Resources Operations in Selected DMCs *	Dec 2003	None	Guidelines on mainstreaming PDP
3. CAPE for Cambodia *	Jan 2004	Mar 2004	CSP for CAM
4. Capacity Development (CD) Assistance to Lao PDR *	Jun 2004	Sep 2004	WG on CD, PRS, CSP for Lao PDR
5. Project Cost Estimates *	Jul 2004	Aug 2004	Project Design
6. Effectiveness of Participatory Approaches: Do the New Approaches Offer an Effective Solution to the Conventional Problems in Rural Dev't Projects? *	Dec 2004	Mar 2005	Guidelines on mainstreaming PDP
7. Project Implementation Units *	Apr 2005	Jun 2005	Project implementation
8. ADB Assistance to the ANR Sector in Lao PDR	Feb 2006	May 2006	CSP for Lao
9. CAPE for Lao PDR	Apr 2006	May 2006	CSP for Lao
10. LTSF: Lessons from Implementation (2001–2006)	Jan 2008	Feb 2008.	Strategy 2020: the LTSF of the ADB 2008–2020

PDP=participatory development processes, PRS=Poverty Reduction Strategy, WG=working group

Note: * = Study under original scope of TA

(i) CSPs for Cambodia and Lao PDR. Three thematic evaluations supported the CSP for Lao PDR while one supported the CSP for Cambodia. The DEC broadly endorsed the conclusions of the CAPE for Cambodia, in particular the lessons learned and its implications on ADB's future operational strategy and program in the country. It recommended that these lessons be specifically considered in formulating the next CSP. Since the CAPE covers an initial period in post-conflict situation and that ADB has just resumed operations, the DEC pointed out that the CAPE lessons should be applied in the next CSP.

The CAPE for Lao PDR comprehensively assessed the performance of ADB operational strategy and programs when Laos initiated its transition to market economy. The DEC generally considered this CAPE to have set a high standard in methodology, thoroughness of analysis and construction of conclusions, and perhaps may be a good model to follow in applying the then recently completed CAPE guidelines. ADB Management generally agreed with all recommendations and that these were to be key considerations in the formulation and implementation of the next CSP. The DEC also generally endorsed the CAPE recommendations while emphasizing that in addressing these, the CSP was to be based on further in-depth analysis and include detailed strategies and programs, i.e., improved absorptive capacity and governance, grounded in a results and incentives framework. The ANR Sector SAPE in Lao PDR was integral to the broader CAPE discussion since the sector continues to be of strategic importance in ADB assistance to Laos. ADB Management appreciated the research and extensive consultation done during its preparation. It broadly represented ADB sector experience with many useful observations that provide guidance to staff to help improve the performance of on-going and future Lao projects. The DEC appreciated the insightfulness of the SES on Capacity Development Assistance to Lao PDR and considered its findings to be of high importance and universally applicable to other DMCs tackling capacity development. The DEC endorsed the lessons identified, key issues, and recommendations for consideration in the development of ADB's future capacity development assistance. ADB Management also agreed with the SES findings, in particular with the need for a more systematic approach to improve the effectiveness of ADB assistance for capacity development.

(ii) Participatory Processes. Two evaluations focused on strengthening participatory processes. The SES on Participatory Approaches in Forest and Water Resources was designed to define lessons learned from participatory approaches funded by ADB and to discuss the strengths and weaknesses of participatory approaches to project design, implementation, and operation. The SES concluded that participatory approaches add value to natural resource management project design, implementation, and operation, and, if well applied, can increase "ownership" and sustainability. Most DEC members endorsed the key conclusions and recommendations of the SES on Effectiveness of Participatory Approaches as well as found it to be a useful reference when reviewing new loan proposals involving participatory processes. The consensus was that ADB

² With its circulation in December 2003, the SAPE did not allow for a direct feedback to the earlier CAPE for Bangladesh (completed in January 2003).

can and must do a better job of employing participatory approaches. ADB staff also needed better guidance on best practices in participation. Beyond such guidance there is a need for a significant change in the ADB corporate culture, incentives and ways of doing business before participation becomes a meaningful norm in its operations. Majority of DEC members encouraged Management to consider the SES as an important input to a planned review of ADB guidelines on mainstreaming participatory development processes.

(iii) Project Design and Implementation. With cumulative loan cancellations having doubled from 1998 to mid-2003, the need for immediate and monitorable change was real and pressing. Such change may require new business processes and systems and not mere adjustments. ADB Management pointed to continued efforts to enhance project design and implementation by improving the quality of cost estimates as recommended. The DEC considered the SES on Project Cost Estimates to be an important input to an action plan for next steps. It emphasized that more accurate cost estimation was not an end but a means to improve efficiency and effectiveness in resource allocation and reduce negative impacts on DMCs. ADB and its DMCs also share a common responsibility for good project design and that an improvement of cost estimation is directly related to capacity building in executing agencies. ADB Management supported the recommendations of the SES on Project Implementation Units (PIUs) and pointed out that it also offered useful project management tools. It recognized that PIUs made mixed contributions to capacity development in parent agencies (i.e., capacity includes not just the ability to meet procedural requirements, but also relate to good governance, accountability, project management skills, and technical expertise). Evidence suggests some tradeoff between higher efficiency in project implementation from having dedicated PIUs, and building in-house capacity. It is important to use counterpart staff as much as possible and to integrate PIUs into a parent agency's operations. While acknowledging ADB commitment to avoid, to the extent possible, creating dedicated structures for daily management and implementation of aid financed projects and programmes to support the strengthening of partner country systems, the DEC agreed with the main SES conclusion that, in the foreseeable future, PIUs shall continue to be a generally legitimate and justifiable implementation mechanism for projects.

(iv) ADB-wide Strategy Implementation. The SES on LTSF: Lessons from Implementation provided an independent assessment of the implementation of LTSF 2001–2006 to identify lessons for future strategy formulation and operations. It examined the existing LTSF's relevance, ADB's responsiveness to its strategic guidance, and LTSF's influence on ADB's standpoint on results and on achieving development effectiveness. The DEC considered the SES recommendations. The discussions touched on specific issues on sector selectivity, available staff expertise, environment sustainability private sector development, monitoring and evaluation and organization of strategy. The SES provided useful input to an ADB-wide review and fine-tuning of its LTSF. Its findings were used by the Strategy 2020 team when designing the new LTSF.

Overall Assessment and Rating. The TA facilitated a key OED objective of preparing strategic evaluations that assess and provide timely feedback on operational issues to the ADB and its DMCs. All study themes were “**relevant**” based on ADB operational priorities and OED's work program. The TA was “**effective**” on the high side in delivering ten major evaluations and achieved their intended outcomes. Feedback from eight of these evaluations was discussed by the DEC during the period from 2004–2008. The quality of consultant outputs was satisfactory. All completed evaluations provided a sound basis to foster “learning” including identifying what operational and developmental results were achieved, what improvements should be considered, what is being learned etc. TA findings were disseminated through electronic and printed media to benefit ADB as well as DMC operations. The use of TA resources is rated “**partly efficient**” due to the longer period of implementation compared with the original schedule. The TA was clearly not efficient in utilizing resources within its planned timeline. However, the longer completion period facilitated in addressing unplanned urgent evaluation requests such as that of the LTSF and the CAPE and ANR SAPE for Lao PDR. At the time, new TA financing for these was not yet available. Overall, the TA is rated “**successful**”, but on the low side.

Major Lessons. (i) Good management of inputs, in particular, the use of more qualified DMC-based international and national consultants, can help maximize savings on specific TA study budgets; (ii) OED needs to be realistic in drawing an implementation plan for future TAs and adhere to this planned timeline during implementation; and (iii) OED funding arrangements need to ensure availability of finance when studies need to start.

Recommendations and Follow-Up Actions. (i) Learning from past experience, OED needs to adhere more closely with the original TA implementation period; and (ii) After completion of a study, OED staff must enforce early financial closure of contracts.