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TAR:SRI 25256

ASIAN DEVELOPMENT BANK

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TECHNICAL ASSISTANCE

TO THE

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

FOR

STRENGTHENING POST-EVALUATION CAPABILITY

October 1991

CURRENCY EQUIVALENTS

Currency Unit - Rupee (Rs)

US\$1.00	=	Rs 41.80
Rs 1.00	=	US\$ 0.0239

ABBREVIATIONS

ADF	-	Asian Development Fund
MPPI	-	Ministry of Policy Planning and Implementation
PEO	-	Post-Evaluation Office
TA	-	Technical Assistance
USAID	-	United States Agency for International Development

NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this Report "\$" refers to US dollars.

I. INTRODUCTION

1. In January 1991 the Government of Sri Lanka requested Bank technical assistance (TA) to help strengthen the performance evaluation capability of the Ministry of Policy Planning and Implementation (MPPI).
2. A Bank Mission visited Sri Lanka from 19 to 26 September 1991 and, in consultation with MPPI, agreed on the scope, terms of reference and implementation arrangements for this TA. The proposed technical assistance first appeared in ADB Business Opportunities in August 1991.

II. BACKGROUND

3. Since independence in 1948 Sri Lanka has relied substantially on external assistance for funding its public investment program. Official development assistance from both multilateral and bilateral sources has played a crucial role in accelerating the pace of agricultural and industrial development. The Bank, along with the World Bank and the International Monetary Fund, has emerged as one of the important multilateral agencies supporting Sri Lanka's development program.
4. As of July 1991, 28 Bank-financed projects had been completed and 15 had been post-evaluated. Eight (53 per cent) of the post-evaluated projects had been rated as generally successful, six (40 per cent) as partly successful and one (7 per cent) as unsuccessful. While implementation has generally been satisfactory, one of the major findings of post-evaluation has been that an inadequate assessment of the institutional and policy environment has contributed to less-than-anticipated results, particularly in the agriculture sector.
5. The significant progress made in Sri Lanka in the recent past in improving capabilities in ongoing evaluation/monitoring has not been matched by appropriate policy initiatives or endeavors to carry out performance evaluation activities and to learn from experience. While there is recognition of the need to undertake performance evaluation of projects and programs, funding constraints and lack of technical capability have hindered the development of any meaningful approaches. The request for the proposed TA suggests a perceived need to strengthen MPPI's capability in the necessary activities at the end of the project cycle and to ensure feedback of results so as to improve the design and implementation of new development projects and programs.
6. The MPPI, one of the key ministries of the Government, undertakes planning and evaluation functions on a national scale. MPPI is headed by a Secretary, who is assisted by an Additional Secretary and two Directors General, one each for Program Implementation and National Planning. The Evaluation and Coordination Unit, which is one of the four units under MPPI, comes under the direct purview of the Director General, Plan Implementation Division, and is operationally responsible for the planning and coordination of performance evaluation activities at the central level (see Appendix 1 for organization charts).

III. THE TECHNICAL ASSISTANCE

A. Objectives and Scope

7. The major objective of the TA is to improve the aid management system through strengthening the capacity for performance evaluation within MPPI. The scope of the TA will include the following: (i) introduction of appropriate methodology, techniques and procedures for post-evaluation and for dissemination of evaluation findings to concerned officials; (ii) on-the-job training by consultants to officials of MPPI and line ministries; (iii) a two-week training program

for two MPPI staff at the Bank's Post-Evaluation Office (PEO) in Manila; (iv) provision of microcomputers, ancillary equipment and software; and (v) development of a computerized information system for storing and retrieving performance evaluation findings.

8. The proposed TA will require a team of two consultants well experienced in conducting post-evaluation of development projects with due consideration for economic, financial, technical, environmental and sociocultural aspects. The consultants will be required for about 90 man-days for assisting in setting up systems, procedures and guidelines and for on-the-job training of staff. The terms of reference for the consultants are given in Appendix 2. The consultants will be recruited by the Bank in accordance with the Bank's Guidelines on the Use of Consultants.

9. The selected consultants will prepare relevant case study materials and conduct a suitably designed training course for about six weeks duration, during which at least one Bank-financed project in Sri Lanka will be post-evaluated by officials of MPPI, using it as a case study.

10. The consultants will help in designing an information system to ensure effective feedback of evaluation results into decision making. Bank staff will help in designing and installing the information system using microcomputers and standard software, and will train local staff in data processing.

11. Microcomputers, ancillary equipment and software will be provided, along with a two-week orientation program for two suitable MPPI staff by PEO in Manila.

B. Cost Estimate and Financing Plan

12. The total cost of the proposed TA is tentatively estimated at \$105,000 equivalent, consisting of about \$96,000 in foreign exchange and about \$9,000 equivalent in local currency cost (see Appendix 3). It is proposed that the entire foreign exchange cost of about \$96,000 and about \$4,000 equivalent of local currency cost, totalling about \$100,000, be financed on a grant basis from the Bank's Technical Assistance Special Fund. The local cost to be financed by the Bank amounts to about 4 per cent of total cost, which is well below the ceiling of 10 per cent fixed for such Bank assistance. The Government is expected to finance the rest of the local currency cost of \$5,000 equivalent for office space, secretarial support and office supplies.

C. Implementation Arrangements

13. The Executing Agency will be MPPI. While the 16 regular staff from the Evaluation and Coordination Unit will form the nucleus of the Unit, selected line ministries will assign one or two senior staff to work with MPPI staff on evaluation of projects that come under their purviews. In addition, staff from the Auditor-General's Department will also be invited to participate in view of the overall mandate of this Department to undertake financial and performance audit of public sector institutions. In carrying out performance evaluations in the future, it is anticipated that three-member teams consisting of staff drawn from MPPI, the respective line ministry and the Auditor General's Department, will work together to provide the necessary inter-disciplinary focus and direction so that the findings and conclusions of evaluation reports will receive appropriate attention and recognition at the highest levels.

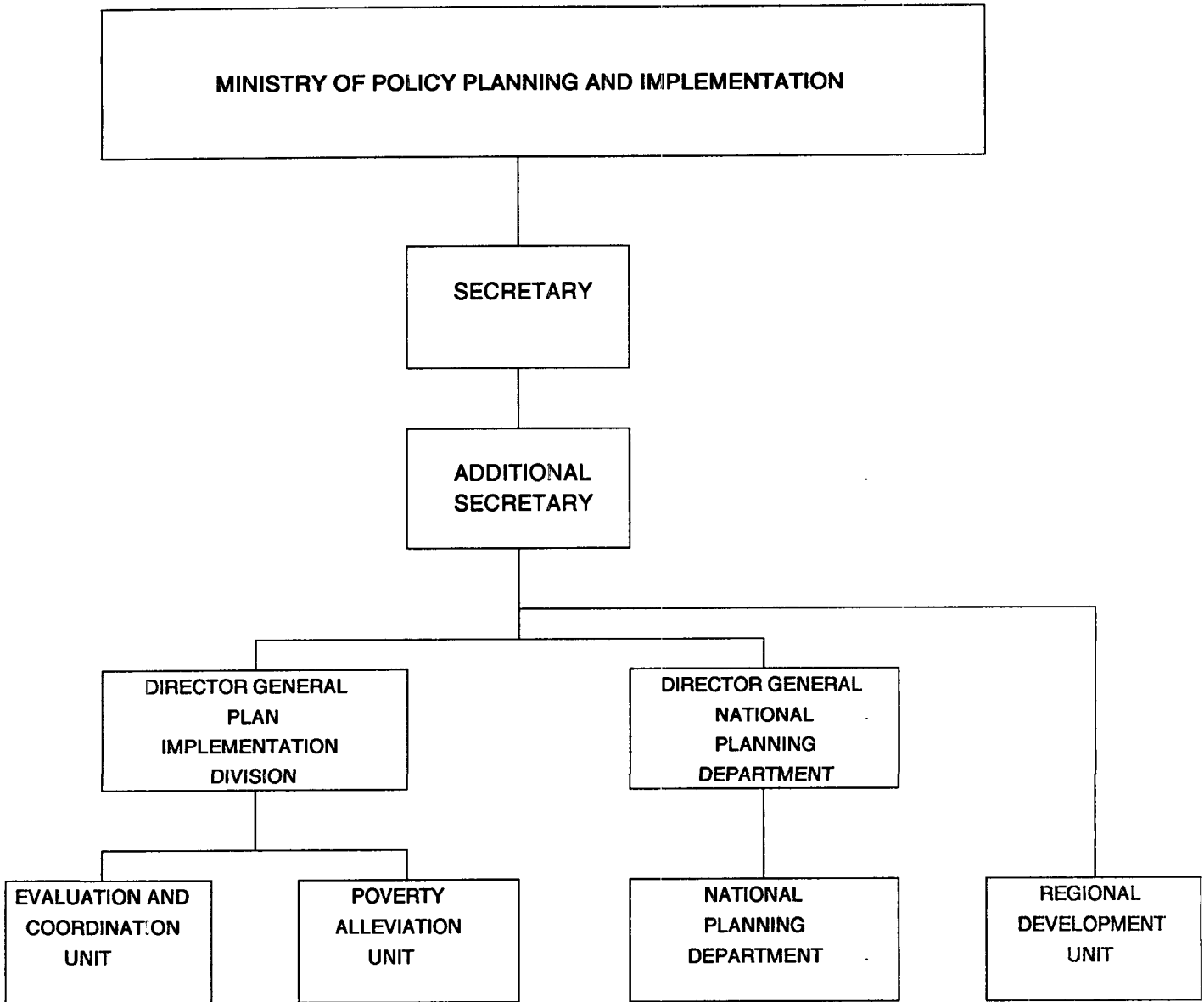
14. The consultants, in coordination with the Executing Agency, will submit a brief inception report to the Government and the Bank at the end of the first three weeks of their assignment, to include a detailed work program consistent with their terms of reference. The consultants will prepare a draft final report two weeks prior to the completion of the TA for review

by the Government and the Bank, and a final report with recommendations for follow-up action upon the conclusion of their services.

IV. THE PRESIDENT'S DECISION

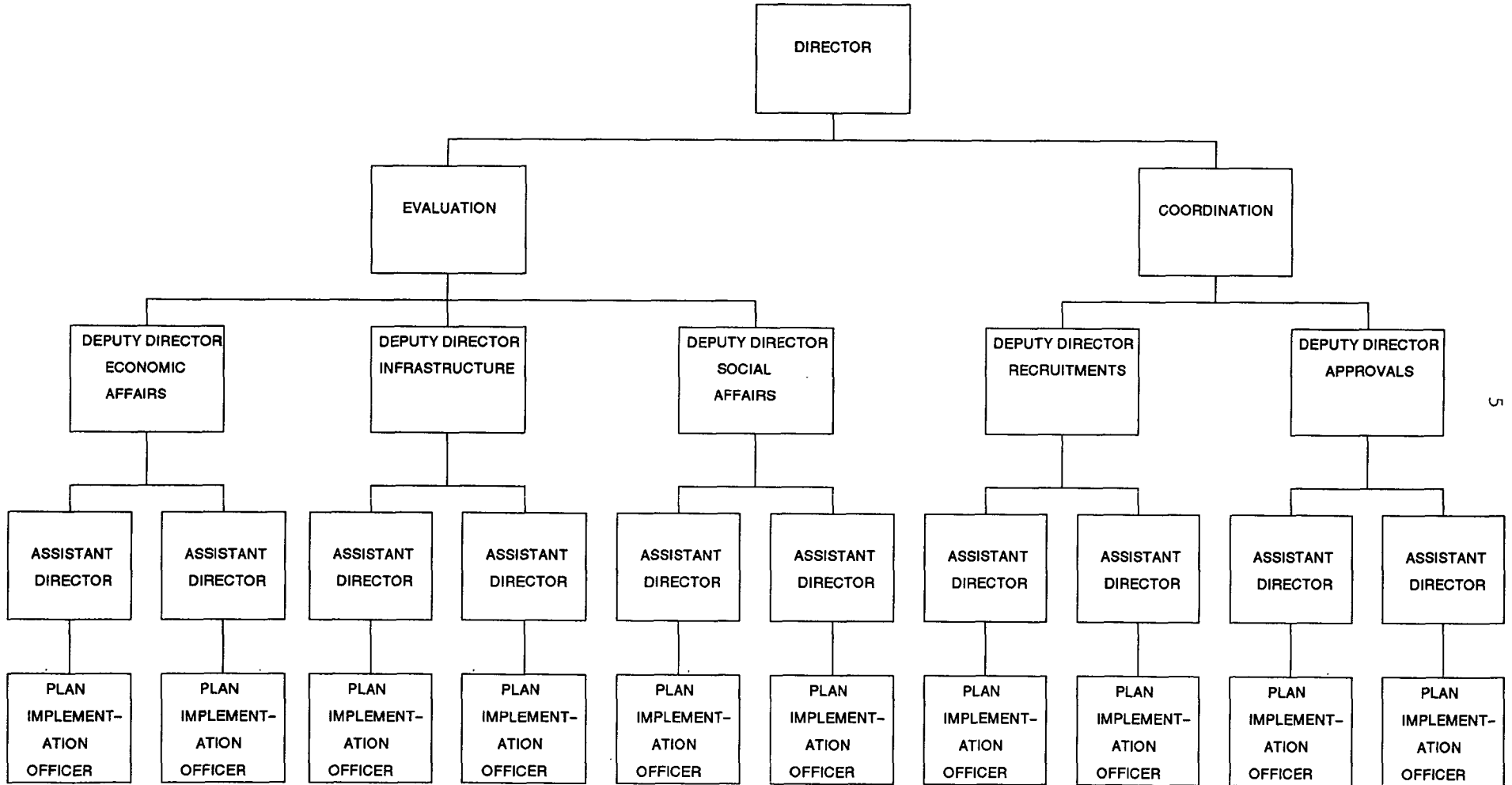
15. Acting, in the absence of the President, under the provisions of the last sentence of Article 35.1 of the Agreement Establishing the Asian Development Bank, and in exercise of the authority delegated to the President by the Board, I have approved the provision of technical assistance to the Democratic Socialist Republic of Sri Lanka in an amount not exceeding the equivalent of \$100,000 for the purpose of strengthening post-evaluation capability, and hereby reports my action to the Board. This technical assistance will be provided as a grant.

GUNTHER G. SCHULZ
Vice President



(Reference in text: page 1, para. 6)

EVALUATION AND COORDINATION UNIT



5

TERMS OF REFERENCE FOR CONSULTANTS

1. The major objective of the proposed technical assistance (TA) is to improve the aid management system through strengthening the capacity for performance evaluation of the Ministry of Policy Planning and Implementation (MPPI). Under the TA, the consultants' work will cover the following three main activities:

- (i) introduction of appropriate methodology, techniques and procedures for post-evaluation and for dissemination of evaluation findings to concerned ministries and agencies;
- (ii) provision of on-the-job training to MPPI staff as well as to selected staff from line ministries in the organization and implementation of a post-evaluation system; and
- (iii) development of sector-specific evaluation indicators for assessment of project performance.

2. While these tasks will in essence be the major focus of the consultants' activities, Post-Evaluation Office (PEO) staff will help develop a computerized information system for storing and retrieving performance evaluation findings for projects financed by the Bank and other agencies.

3. The consultants will review existing project monitoring and evaluation methods and procedures in cooperation with MPPI staff and make suitable recommendations for the development and implementation of a post-evaluation system aimed at assessing implementation efficiency, operational effectiveness and impact sustainability.

4. They will assist in designing data collection, processing and retrieval systems aimed at ensuring effective feedback of evaluation results into decision making.

5. On the basis of the above assessment, the consultants will make recommendations for improving the organization and staffing structure and budgetary support mechanism of MPPI to enable implementation of the proposed post-evaluation system.

6. They will prepare operational guidelines for post-evaluation and pilot test them before consolidating them in the form of a manual for wider use among MPPI and line ministry staff. Specific attention should be given in this regard to the design and implementation of an appropriate management information system.

7. The evaluation manual to be prepared for wider use should be written in simple, concise and clear language and should focus on the basic concepts/issues relevant for undertaking performance evaluation by concerned staff of MPPI and line ministries.

8. The consultants will (i) design and undertake staff training in post-evaluation methods and procedures using relevant case study materials; training will consist of a part-time course to be held over approximately four weeks and covering evaluation design (incorporating the United States Agency for International Development logical framework approach), the role of benefit indicators, low-cost data collection methods, benefit measurement by sector and ex-post economic internal rate of return calculation by sector; the training should involve at least one actual post-evaluation of a Bank-financed development project in Sri Lanka; (ii) provide training for selected staff in the use of post-evaluation retrieval systems including the use of microcomputers and standard software; (the Bank's PEO staff will provide assistance in the design of the system, drawing on their own experience); and (iii) provide training for local staff in statistical and data processing.

COST ESTIMATES

Details	Foreign Exchange Cost (\$)	Local Cost Equivalent (\$)	Total Cost (\$)
A. <u>TO BE FINANCED BY THE BANK</u>			
1. <u>Consultant services (90 days)</u>			
Remuneration	39,000	-	39,000
International travel	10,000	-	10,000
Hotel/per diem/other costs	11,000	500	11,500
Domestic travel	-	1,000	1,000
Incidental training expenses	-	1,000	1,000
2. Computer equipment including essential spare parts and consumables	17,000	-	17,000
3. Computer software	1,400	-	1,400
4. On-the-job training of 10 Sri Lankan officials – field visits for post- evaluation of two Bank-financed projects	-	1,800	1,800
5. Orientation visit of two Sri Lankan officials to Manila	7,400	-	7,400
6. PEO staff input in programming and setting-up a computerized post- evaluation information system	2,900	-	2,900
7. Contingency	7,000	-	7,000
TOTAL COST TO BE FINANCED BY THE BANK	<u>95,700</u>	<u>4,300</u>	<u>100,000</u>
B. <u>TO BE FINANCED BY THE GOVERNMENT</u>			
8. Office space, salaries of counterparts and support staff, domestic travel of MPPI staff and other staff, office support services and office supplies	-	5,000	5,000
TOTAL COST	<u>95,700</u>	<u>9,300</u>	<u>105,000</u>

(Reference in text: page 2, para. 12)