

MANAGEMENT RESPONSE TO THE COUNTRY ASSISTANCE PROGRAM EVALUATION FOR UZBEKISTAN

On 13 February 2006, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

1. We welcome this OED Country Assistance Program Evaluation for Uzbekistan and appreciate the consultative manner in which it was prepared. Management's response to OED's recommendations are summarized in the following table.

OED Recommendations and Management Response

| OED Recommendations | Management Response |
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| <p>1. Strategy formulation and program management need to be improved by</p> <p>(i) strengthening the relationship between the strategy and the program during the CSP period,</p> <p>(ii) increasing sector focus and selectivity,</p> <p>(iii) developing synergies in ADB's operations by adopting a more systematic geographic focus and</p> <p>mainstreaming a number of strategic themes across sectors and operations,</p> | <p>Management agrees. The proposed CSP for 2006–2010 builds effective linkages between the diagnosis of key development issues and the forward strategy and program.</p> <p>Management agrees. The proposed CSP exercises selectivity through (i) careful diagnosis of priority challenges, (ii) lessons learned from past operations, (iii) ensuring specialization within the identified thematic priorities, (iv) paying attention to complementarity with other development partners, and (v) anchoring the CSP in a results framework.</p> <p>Management agrees that synergies should be developed in ADB operations. The new CSP's thematic priority of environmentally sustainable rural development emphasizes synergies between agricultural and non-agricultural activities in the rural sector, with complementary investments in rural infrastructure. On geographical focus, Management agrees that in principle, this is desirable but in practice difficult to achieve. For a geographically focused CSP to work, the government needs to have a clear medium-term geographical strategy for externally assisted priority interventions. This condition does not exist in Uzbekistan. Also, in any geographical area, different sectors are likely to have different levels of development priority.</p> <p>Management agrees. The next CSP envisages a cross-cutting approach to rural development, focusing on activities where ADB can provide value-added.</p> |

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| <p>(iv) building stronger partnerships with other donors.</p> | <p>Management agrees. The ADB-assisted Living Standards Strategy has laid the foundation for the ongoing process of developing the Welfare Improvement Strategy Paper (WISP), Uzbekistan’s national poverty reduction strategy. ADB will continue to jointly work with other development partners in assisting the Government in the strategy formulation, implementation, and monitoring process.</p> |
| <p>2. The next CSP should identify niches where the Government would welcome ADB playing a leading role in helping the transition to a market economy by strengthening the governance system.</p> | <p>Management questions whether ADB support for governance can be compartmentalized in the manner proposed. Governance and institutional development impinge on all sectors. As such, ADB support for governance cannot be a “niche” or compartmentalized type activity. Institution-building has been a component of all ADB operations in Uzbekistan. In addition, ADB has provided technical assistance to policy making and regulatory agencies to improve governance practices. In the Uzbekistan context, weaving governance and institution-building support into project design is likely to be a more effective way of building a critical mass of changes at the sectoral level than a stand-alone governance strategy that could run into political hurdles. Looking ahead, we anticipate that ADB lending and non-lending operations will have governance and institution-building objectives. To ensure that efforts are not fragmented, the results matrix will be used as an integrative framework to mainstream governance and institutional concerns.</p> |
| <p>3. ADB should improve the management of the TA program and the results achieved by</p> <ul style="list-style-type: none"> (i) programming TA strategically rather than in an ad hoc fashion, (ii) improving the link between TA and lending programs (iii) strengthening country ownership by identifying strategic topics of interest to the Government (iv) emphasizing the achievement of TA results rather than the production of TA reports, and (v) improving TA supervision and the management of consultants working on TA projects | <p>Management agrees. The next CSP aims to increase the effectiveness of technical assistance support by undertaking a series of linked rather than disparate set of TA interventions using the TA cluster instrument modality. It is noted that these recommendations are applicable ADB-wide and not unique to Uzbekistan.</p> |
| <p>4. ADB should become a better development partner by avoiding the imposition of ADB-driven conditions and taking a long-term view of Uzbekistan’s transition to a market economy. In policy dialogue, ADB should</p> | <p>Management agrees with OED’s general recommendations.</p> |

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| <ul style="list-style-type: none"> (i) listen so that it can clearly understand needs, constraints and local conditions, (ii) build confidence by providing world class expertise (iii) diagnose before prescribing policy advice (iv) and provide frequent follow up to support the evolution of policy reform and its implementation. | |
| <p>5. The CSP should define a larger role for the Uzbekistan Resident Mission (URM), building on its proven strengths, and revise the balance between the URM and ADB headquarters so that URM is adequately resourced.</p> | <p>Management agrees subject to resource constraints. The balance between URM and ADB headquarters has already shifted toward URM, with the Country Director responsible for programming, implementation, and follow up. This trend is expected to strengthen with proposed further delegation to URM.</p> |

2. While generally supporting most of the recommendations, we feel that some of the CAPE’s judgments lack sufficient justification. Firstly, the CAPE suggests that changes to the country strategy and program seem to have been introduced and sectors added with little review and justification (para. 71 (iv)). The basis for this general assertion is not clear. For example, it is unclear why the CAPE found that the 2005-2006 CSPU that reiterated ADB’s focus on basic education is supposed to have deviated from the education strategy. Also, it is important to go beyond the main text of each CSPU and see the associated program before making judgments about when and how a deviation from the strategy actually occurred.

3. Secondly, the CAPE notes that ADB failed to address strategic themes across operations systematically and in this context cites the example of ADB’s approach to utilities. In theory, the common issues across utilities could be addressed together. However, the sectors included in OED’s categorization are diverse (ranging from irrigation to transport and energy) and have more differences than elements in common. The responsibilities for these services also vest with different levels of government. Beyond general cross-sectoral training sessions, more specific interventions are required for the different services that OED proposes to club under a common program.