

DEVELOPMENT EFFECTIVENESS COMMITTEE

Chair's Summary of the Committee's Discussion on 18 April 2007 of the Special Evaluation Study on Performance of Technical Assistance

Background

1. In 2005, ADB Management established the Task Force for Technical Assistance (TA) Reform, which prepared an analysis of issues and options for improving the overall quality of TA program over the medium-term. The MTS II highlighted the need for more strategically focused TA program.
2. The Operations Evaluation Department (OED) prepared its evaluation study on the performance of technical assistance, and identified issues and recommendations for information and consideration by the ADB Management and the Task Force. The study intended to help formulate reform proposals that would improve TA allocation, management and implementation. Following the discussion of the study by the Development Effectiveness Committee (DEC), the Task Force would develop more detailed proposals to address the recommendations accepted by the Management.

Summary of Discussion

3. Director General, OED noted that ADB's TA operations (**Note: The overall analysis and rating went much beyond the specific TAs rated in the evaluation**) were rated "partly successful," calling for further efforts in achieving better development results. Weaknesses on corporate management of TA, strategic planning, linkage with country strategies, and issues related to quality-at-entry, TA implementation, administration and supervision, performance evaluation of TA consultants, evaluation of TAs, dissemination of findings, among others, were noted, as had been for many years in the past. Two key recommendations were highlighted (i) increasing the ownership of TAs by Executing Agencies (EA) and (ii) reviewing ADB's current policy of one-size-fits-all, to look at the quality of EAs and delegate more accountability and responsibility to EAs with adequate capacity.
4. Director General, SPD presented the Management's Response to the findings and recommendations of the study. Management generally agreed to the various conclusions and recommendations, although there were some areas that Management disagreed with. Management has already been considering these useful inputs to the current TA reform exercise. A Board paper on the effectiveness of TA operations will be prepared soon.
5. Management noted that the issues raised were at both strategic level and individual TA level. At the strategic level, Management acknowledged the different issues raised for each of the different types of TA. Management emphasized that project preparatory TAs (PPTA), as part of project processing, are well-integrated into the country partnership strategy (CPS), and a strong quality control process is in place. For advisory TAs (ADTA), Management acknowledged that there is a need to improve the linkage between individual TAs and the strategic thrust of country operations. The revised business process for CPS hopes to generate visible improvements in the management of ADTAs. For regional TAs (RETA) in the context of subregional cooperation, improving regional cooperation strategies can strengthen the strategic focus of RETAs. However, in the context of inter-regional cooperation, Management admits that

there is no strong process currently in place that can reflect corporate level strategy to inter-regional TA activities, and measures to address this are needed.

6. Management's planned approach is to streamline procedural requirements for TA processing and utilize resources for better quality assurance and implementation. This includes (i) creating project development facilities for PPTAs with streamlined processing procedure requirement; and (ii) more extensive use of team approach, instead of relying on individual staff arrangements, in order to address problems on quality assurance and problems arising from staff turnover. Expert review of TA proposals, rather than mechanically applying interdepartmental review approach, may also be considered for improving quality assurance. Management also plans to strengthen engagements of DMCs and EAs at various stages of TA processing and implementation.

7. Management acknowledges that the weight of TA financing from various trust funds and special funds are drawing various issues. Management has been working with the Office of Cofinancing Operations to better manage trust fund issues.

8. The Committee generally endorsed the findings and recommendations of the study. Collectively, DEC members gave emphasis to the following key points to serve as inputs to the current TA Reform exercise:

- (i) **Enhancing Country Ownership.** DEC members agreed that ADB should delegate more authority and accountability to EAs, both in the design and implementation of TAs, especially for DMCs with adequate capacity. Considering success stories in PRC, IND and VIE, ADB should avoid crowding out the DMCs, but instead assist in further building their capacities. ADB cannot take all the responsibilities, given the resource constraints.
- (ii) **Capacity Building.** The Committee believes that improvements on the design and implementation of capacity building interventions are necessary. Previous efforts on this have not been sufficient, and the Bank has to improve its own understanding of how institutions work and how they can be supported to work better. Some TAs should also be designed to cover much longer planning horizon in order to produce more effective development results. For DMCs with weaker capacities, capacity building efforts should be tailored according to what stage of development a particular DMC is at. The one-size-fits-all approach currently in place needs to be reassessed.
- (iii) **Corporate Level Management of TAs.** The committee emphasized that TA is one of ADB's most important instruments in fulfilling its mandate. Nevertheless, the Committee noted the low status of TAs vis-à-vis other operations in ADB, particularly on the broad mismatch between the resources required to do the work properly and the resources available to support it. Most often, lending takes precedence over TA in terms of allocation of staff and management time, and in the design and quality assurance. ADB should take the concrete measures as needed to address this and to make a shift from being project-focused to results-focused.

The linking of TA activities to lending, as prescribed in the MTS II, should be reconsidered, especially for TAs not directly related to lending but crucially important. TAs are crucial in most new initiatives that would reinvigorate the Bank,

generating better results for ADB's agenda and showing shareholders that we deserve more resourcing.

A DEC member also suggested that management of TA projects be strengthened at the different stages as lending activities do in the project cycle.

- (iv) **Trust Fund Issues.** DEC agreed that ADB should adhere to minimum requirements for partnership that would fit within the articulated country strategy. Many times, funds are very costly to manage, given the different conditions attached. The related procedural requirements already become cumbersome, requiring staffs extra time and effort to get the funds available.
- (v) **Individual TA Types.** The Committee also recommended that PPTAs should be prepared by staff who would manage the ensuing projects to assure better quality and coordination. As ADTAs are related to knowledge sharing, same importance should be given to ADTAs as other TAs. The Committee suggested a review of the comparison of different TAs, in order to identify which type is more beneficial and can contribute more to development effectiveness. It has been noted that RETAs are evaluated based on the number of participants in capacity building activities, rather than on the relevance to the countries. Likewise, it was also noted that some RETAs were used as staff capacity substitution within the bank, while the resources could have been applied instead to the DMCs. One DEC member suggested to add another type of TA modality that focuses on capacity building.

9. A DEC member gave reference to DFID report which set guidelines on how to better management TAs. Among the guidelines mentioned include: (i) supporting the partner's strategy in designing procurement management and TA monitoring, and development of TA policy framework; (ii) fund TAs in response to demand with a good level of political and technical ownership; (iii) strategic approach to align and link TAs to wider country-led processes supporting poverty reduction; (iv) to provide coordinated approaches to TAs; (v) appraise the organizational and institutional context, and understand the limits of what TA personnel can achieve in terms of transformational capacity development, recognizing importance of clearly defined and shared roles and expectations, required soft skills for coaching, skills transfers, etc.

10. The Committee suggested that a more concise version of the study be prepared, in order to develop filters from the analysis. OED may also consider developing a related study of the successful interventions, outlining the factors for success, and to also include other MDB practices.

11. Director General, OED elaborated on the study's recommendation for continued staff involvement in TAs after transfer/promotion. The evaluation found that there was frequent turnover of staff involved in TAs. This was a source of concern to EAs and diminished the quality of TA administration and outcomes. The problems resulting when staff responsible for certain TAs transfer to other departments/offices and leave the responsibility of following the progress of TAs to other staff should be addressed with more innovative ways than the proposed team approach given in the Management's response. OED also believed that including a separate section on TA strategy and program in CPS would contribute to more strategic planning and programming of TA, particularly for ADTAs that are not included in the sector roadmaps. If Management believes otherwise, alternative measures should be put in place and reflected in the CPS guidelines.

12. On capacity building, OED is planning to have a theme chapter devoted to this topic in the next Annual Evaluation Review, and a special evaluation on the subject is underway. This work will provide more feedback to the Management. OED acknowledged that evaluating RETAs at this time may not be feasible, as such exercise would be costly (involving many countries). OED felt that reducing the number of TAs may only be a short term measure. ADB should find better ways to free up resources, change management structure, review incentives to staff, improve efficiency, etc., in order to achieve long-term effectiveness. Departing from the one-size-fits-all approach is also an important element of this approach.

13. On the ownership of TAs, Director General, OED cited his personal experience in PRC, where EAs take a more proactive role and present their TA proposals according to their needs, and such approach has been very effective. Finally, OED emphasized that the enduring nature of the weaknesses related to TA indicate that ADB is facing a very difficult and challenging problem. Significant reforms are required. A phased-approach over several years, management leadership and a results-based matrix to specify targets and monitor implementation are required.

14. Director General, SPD agreed that the same issues on TAs have risen for many years now, and most of the recommendations have not been implemented. ADB should provide more weight in terms of priority to TAs. SPD further clarified that positioning TA in ADB's strategy should be linked to how to strategically utilize the TA tool in delivering better services to DMCs. SPD also acknowledged that the one-size-fits-all approach is inappropriate, and delegating the design and implementation of TAs to EAs and DMCs with adequate capacity needs to be considered.

15. SPD recommended that imbedding a separate TA strategy in the CPS should only be applied to countries requiring specific knowledge management assistance, since generally, TAs are part of sector road maps that are linked to lending activities. SPD also emphasized that on the issue of staff turnover and continuity, team approach is by far the most systematic and realistic measure available.

16. SPD clarified that the approach of reducing the number of TAs is meant to provide enough level of resources to TAs, since too many may spread out the already scarce resources. On the allocation of TA resources to countries, SPD mentioned that allocation has mostly been driven by historical level of resources rather than based on in-depth needs analysis. Lastly, SPD agreed that some RETAs are used as substitute for staff capacity, and SPD is now discussing with the Budget, Personnel and Management Systems Department and the Budget Review Committee of the Board to incorporate an analysis in the TA review.

17. Principal Director, COSO briefly mentioned that the pilot-testing for delegating the selection process to EAs have only been partly successful. Of the 20 TAs included in the pilot, only those for PRC became successful because of the strong interest of the Ministry of Finance to quickly move the TAs forward. A detailed information will be provided on this on a separate discussion.