

MANAGEMENT RESPONSE TO THE SPECIAL EVALUATION STUDY ON PERFORMANCE OF TECHNICAL ASSISTANCE

On 11 April 2007, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

I. General Comments

1. We welcome OED's Special Evaluation Study (SES) on the Performance of Technical Assistance. Technical Assistance (TA) is an important ADB operational instrument. The SES is timely and provides an important input into ADB's ongoing review of TA operations. This response focuses on the final recommendations contained in paragraph 174 of the SES.

2. We note the SES finding that nearly three fourths of TAs in the sample examined under the study and approximately two thirds of all TAs independently evaluated by OED were successful. However, this should be no reason for complacency and - while the SES was ongoing - staff have continued analyzing through a Task Force structural issues related to TA operations. Based on this analysis, we have strengthened (in 2006) the Country Partnership Strategy (CPS) process to enhance strategic clarity and selectivity. We have also introduced (since 2005) some measures, such as limiting the number of new and ongoing TA operations and closer Management supervision to ensure careful scrutiny and better alignment of TA activities with the available human resources. Since the SES focuses mainly on TAs approved during 2000-2004, it does not fully capture some of these more recent developments, which are already yielding positive results.

3. We are encouraged to note that the SES findings validate to a large extent the analysis performed by staff on these issues. Part of the difficulties in closely managing and supervising the TA program can be attributed to the large volume of TA operations and the resources absorbed by procedural requirements linked with TA preparation. Subject to further consultations internally and with the Board, Management is considering further simplifying procedures and streamlining processing and approval requirements to free resources that will be re-focused on strategic prioritization, quality enhancement, and implementation supervision. This approach will be articulated in a paper on "Review of TA Operations" to be submitted to the Board by the end of the second quarter of 2007 (W-paper). In developing the paper, we will continue to work closely with the OED SES team.

II. Comments on Specific Recommendations

4. **Recommendations on TA Strategy (A.1 and A.2).** We agree in principle with these recommendations. At the country level, we expect that the new CPS process will result in (a) a better linkage between lending and non-lending operations; and (b) focused and prioritized country programs with fewer sectors and themes. We disagree, however, with the suggestion to develop separate TA strategies or programs within the CPS. We think it would be more appropriate to justify proposed TA operations within the CPS and country operational business

plans (COBP), preferably by highlighting their linkages with lending operations, where applicable.

5. We agree with the suggestion that TAs should fit with ADB's strategic development priorities, and are pleased to note that recent data show that, for example, the 2007-2009 program of Knowledge Products and Services (KPS)¹ is well aligned with MTS II priorities, with Group I sectors accounting for 52% of KPS and 65% of interregional TAs, and Group II sectors accounting for 36% and 25% of KPS and interregional TAs, respectively. To guide ADB's medium-term research agenda and ensure that interregional TAs are indeed coordinated up-front and address critical requirements, Management plans to establish an annual strategic forum for dialogue among the knowledge departments and with the rest of the ADB.

6. **Recommendations on TA Management (B.1 to B.6).** We agree that there is room to improve corporate level TA management, and will make concrete proposals in the upcoming TA Review paper addressing planning, quality enhancement, funding, monitoring, and implementation. We propose to strengthen planning through the improved (R)CPS process, and the ADB-wide coordination forum described above. The quality review process will be re-examined to focus attention and resources on more complex TA operations and on the earlier stages of processing (up to the TA fact-finding mission included). Simplifications are under consideration for the funding of project preparatory TA, and uniformity of procedures among the various thematic funds will be pursued. Adjustments will be made – where necessary – to TA monitoring through the TA performance report system, though it must be pointed out that the system already provides a fairly comprehensive overview of the TA portfolio, including details on individual operations, and the emphasis must be more on timely updating and utilization of the existing system, rather than on substantial overhaul. These proposals will be the subject of further consultation.

7. As the SES recognizes (para. 164), a recent pilot to delegate consultant selection and supervision to executing agencies (EA) has met with mixed results. Building on this experience, consultant selection guidelines now allow delegation of consultant selection and supervision to EAs where justified. This development is consistent with the fact that EAs already exercise such functions for loan-funded consulting services, but will require careful implementation in light of the mixed results of the pilot project. Other measures are under consideration to strengthen ownership at various stages, including early formal feedback by the EA during TA design; executing agency participation in fact finding; representation of the EA in consultant selection and not merely during contract negotiation; and more systematic feedback from the executing agency on the Technical Assistance Completion Reports.

8. We believe that it would be impractical to implement the SES recommendation that processing staff remains responsible for TA implementation even after they are transferred. Work assignments could be radically different, and transferred staff may find it difficult to allocate sufficient time for TA supervision in light of competing assignments in the new position, particularly as the duration of TAs increases to address capacity-building requirements. We

¹ TAs account for 94% by amount and 46% by number of the KPS program.

judge that use of sector teams working jointly on loans and TAs and more thoroughly executed handovers can better achieve the same objective.

9. We agree on the need for stronger knowledge management (KM) of TA products. In accordance with the KM Framework, RSDD is currently developing and implementing templates to extract data from information systems and document repositories. The proposed Document Repository or CIPHER (Central Information Portal for in-House Electronic Resources), scheduled for launch in 2007, will enable staff to extract abstracts/lessons learned from TAs and other knowledge products. In addition, training programs will be developed for staff to become more effective knowledge workers.