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## Special Evaluation Study Performance of Technical Assistance Management Response and Development Effectiveness Committee Chair's Summary

The report by the Operations Evaluation Department was circulated for information on 14 March 2007. A response from Management and the statement of the Chair of the Development Effectiveness Committee of the Board summarizing the Committee's discussion of the report are attached.

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**ASIAN DEVELOPMENT BANK  
Operations Evaluation Department**

**SPECIAL EVALUATION STUDY**

**ON**

**PERFORMANCE OF TECHNICAL ASSISTANCE**

In this electronic file, the report is followed by Management's response and the Board of Directors' Development Effectiveness Committee (DEC) Chair's summary of a discussion of the report by DEC.



# Evaluation Study

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March 2007

## Performance of Technical Assistance

Operations Evaluation Department

Asian Development Bank

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADTA	–	advisory technical assistance
ANR	–	agriculture and natural resources
BPMSD	–	Budget, Personnel, and Management Systems Department
CAP	–	country assistance plan
CAPE	–	country assistance program evaluation
CAREC	–	Central Asia Regional Economic Cooperation
COS	–	country operational strategy
COSO	–	Central Operations Services Office
CPM	–	country programming mission
CPS	–	country partnership strategy
CSP	–	country strategy and program
CSPU	–	country strategy and program update
CWRD	–	Central and West Asia Department
DG	–	director general
DMC	–	developing member country
DMF	–	design and monitoring framework
EA	–	executing agency
EARD	–	East Asia Department
ECRD	–	East and Central Asia Department
ESW	–	economic and sector work
GMS	–	Greater Mekong Subregion
IAE	–	internal administrative expenditures
IMF	–	International Monetary Fund
JFPR	–	Japan Fund for Poverty Reduction
JSF	–	Japan Special Fund
KPS	–	knowledge products and services
LGU	–	local government unit
LRM	–	Lao Resident Mission
LTSF	–	Long-Term Strategic Framework
MAF	–	Ministry of Agriculture and Forestry
MIC	–	middle income country
MIS	–	management information system
MKRD	–	Mekong Regional Department
MOF	–	Ministry of Finance
MTS		Medium-Term Strategy
MTS-II		Medium-Term Strategy II
NBP	–	new business processes
O&M	–	operation and maintenance
OCO	–	Office of Cofinancing Operations
OCR	–	ordinary capital resources
OED	–	Operations Evaluation Department
OM	–	operations manual
OREI	–	Office of Regional Economic Integration
PAI	–	project administration instructions
PARD	–	Pacific Department
PEIS	–	postevaluation information system

PITA	–	project implementation technical assistance
PPER	–	project performance evaluation report
PPMS	–	project performance management system
PPTA	–	project preparatory technical assistance
PRC	–	People's Republic of China
QCBS	–	quality and cost-based consultant selection
RD	–	regional department
RETA	–	regional technical assistance
RSDD	–	Regional and Sustainable Development Department
SAPE	–	sector assistance performance evaluation
SARD	–	South Asia Department
SERD	–	Southeast Asia Department
SES	–	special evaluation study
SPD	–	Strategy and Policy Department
SRC	–	staff review committee
SSTA	–	small-scale technical assistance
TA	–	technical assistance
TAIPF	–	technical assistance indicative planning figure
TASF	–	Technical Assistance Special Fund
TCR	–	technical assistance completion report
TOR	–	terms of reference
TPAR	–	technical assistance performance audit report
TPER	–	technical assistance performance evaluation report
TPR	–	technical assistance performance report
WPBF	–	work program and budget framework

### Key Words

asian development bank, development effectiveness, management, performance, special evaluation study, strategy, technical assistance, technical cooperation

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**Operations Evaluation Department, SS-73**

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The guidelines formally adopted by the Operations Evaluation Department (OED) on avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. The Director Operations Evaluation Division 2 (OED2) was involved in ADB's operations in Viet Nam during 2002–2006. The Director General, OED was involved in PRC operations for many years. The team leader was involved in the past with some transport sector work in India. Neither individual took any part in the evaluation of those activities with which they had been involved. Although the Director General, OED, Director OED2, and the team leader contributed to and reviewed the report as a whole, it is considered that potential conflicts of interest were adequately managed. The consultants who assisted in preparation of the report were Michael Heppell, Geoffrey Crooks, Flora Belle Villarante, Sila Kotobalavu, Omurkan Abaskanov, Sultanbek Usenov, and Tran Thi Hanh. None took part in evaluation of the Asian Development Bank technical assistance projects with which they had previously been involved. To the knowledge of the management of OED, there were no conflicts of interest among the persons preparing, reviewing, or approving this report.

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- E. Viet Nam Country Study

Attachments:	Management Response DEC Chair Summary
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## EXECUTIVE SUMMARY

Technical assistance (TA) is recognized both inside and outside the Asian Development Bank (ADB) as a key instrument that is used to contribute toward the achievement of results in developing member countries (DMCs). Several reviews and evaluations carried out over the last decade found that TA had not reached its full potential, and identified concerns over ADB's approach to managing TA and the effectiveness of many TAs. In March 2005, ADB Management formed an interdepartmental TA Reform Task Force to prepare an analysis of issues and options for improving the overall quality of TA over the medium term. The need for more strategically focused TA was highlighted in the Medium-Term Strategy II (MTS II). A memo from the President to the Vice Presidents on "Preparing the Work Program and Budget Framework 2006 to 2008—Planning Directions and Resource Parameters" dated 29 April 2005 stated that the TA program "is diffused and its impact not demonstrable, even though it is costly and absorbs enormous staff resources."

Based on an assessment of past reviews and evaluations and country studies in Fiji Islands, India, Kyrgyz Republic, Philippines, and Viet Nam—this special evaluation study (SES or the study) examined (i) the strategic management of TA at the corporate, country, and sector levels; (ii) country level factors affecting performance; and (iii) corporate level factors influencing TA results. The SES then identified issues affecting the performance of TA and made a series of recommendations, which are intended to inform ADB Management and its Task Force for TA Reform to help formulate reform proposals to improve TA allocation, management, and implementation. The recommendations are directional and aspirational. The Task Force on TA Reform will develop more detailed proposals to address the recommendations accepted by Management.

**Findings.** Many TAs that have been successful, have achieved strategic impacts and have transferred best international practice to DMCs. However, many other TAs have not been successful. Past reviews and evaluations—including overall TA program reviews and country and sector assistance program evaluations (CAPEs and SAPEs)—and work undertaken for this evaluation raised the following issues about TA: (i) mixed design quality, (ii) supply-driven TAs rather than DMC owned, (iii) poor country level strategic focus, (iv) one-off rather than programmed TAs as part of a long engagement process, (v) inflexible designs, (vi) poor dissemination of findings, (vii) weak follow up on the implementation of results and recommendations, (viii) suboptimal use of national consultants, (ix) insufficient ADB staff inputs, (x) weak implementation and performance monitoring, and (xi) weak knowledge management.

**Country Findings.** The SES examined both "successful" and "less successful" TAs to identify reasons for both good and poor performance. In total, 110 advisory TAs (ADTAs) and project preparatory TAs (PPTAs) were evaluated in the five country studies. Key findings include:

- (i) **There was a lack of clarity in TA strategic direction at the country level.** TAs are often spread across multiple sectors and executing agencies (EAs). ADB country strategies have not provided frameworks within which coherent TA strategies and programs have been designed and developed. The relationship between some approved TAs and the country strategy is unclear. Although attempts have been made to incorporate sector road maps in recent country strategies, these are generally not yet sufficiently developed to guide coordinated sector interventions (including the relationships between lending and TA) and show little evidence of DMC involvement in their development. The relationship between TA programs and corporate objectives, as set out in MTS I and the Long-Term Strategic Framework (LTSF), is unclear.
- (ii) **TA formulation processes were inadequate.** There was no formal guidance available on the preparation of TA proposals. Guidelines produced in 2003 were never finalized or adopted. There are weaknesses in ADB's quality at entry control of processes for TAs. Inter- and intra-departmental reviews of TA concept papers added value in only half the cases examined. The role of the Staff Review Committee (SRC)

- has diminished over time, and such meetings are usually waived. While these weaknesses have not prevented some “highly successful” TAs from being formulated, they led to instances of inadequate diagnostics, poor scoping, weak design and monitoring frameworks (DMFs), and inadequate EA involvement and ownership.
- (iii) **TAs had variable quality at entry.** EAs reported low levels of TA ownership because of (a) a general lack of involvement in decisions related to consultant selection, supervision, remuneration and evaluation; and (b) in some cases, little involvement in the selection, prioritizing, and development of TA. Diagnostic analysis was sometimes not adequate to provide a sound basis for TA development. Efforts to improve the sustainability of TA (particularly of ADTA) were negated by (a) the focus of terms of reference (TOR) on inputs and outputs, not outcomes sometimes led to limited implementation of recommendations and weak sustainability of the benefits; and (b) mismatches between budgeted time and financial resources compared with actual TA implementation requirements.
- (iv) **There were several TA implementation issues.** Most EAs and concerned ADB staff reported that consultants had enhanced ADB’s reputation and comparative advantage and had performed satisfactorily or better. Because of contractual relationships, consultants view ADB, not the EAs, as their client. ADB needs to find a way to address this problem because it reduces TA ownership in the EAs and the likelihood that the TA will have the desired results. The majority of EAs regarded ADB supervision as “satisfactory” although there were issues over the sometimes frequent changes of ADB staff and weaknesses associated in handover process. Despite the generally positive feedback from ADB’s clients, the Operations Evaluation Department (OED) analysis has identified significant weaknesses in ADB’s TA implementation supervision. Output-focused consultants followed TA designs closely and, in several cases, based their work on home country rather than international best practice experience. In addition, ADB’s consultant rating system makes it difficult for staff to select the best consultants based on excellence in past performance as many ADB staff do not take the rating system seriously. Most firms are rated “excellent” or “satisfactory”, and the ratings are considered to be confidential. While EAs are expected to provide day-to-day supervision of consultants, EAs did not always feel that they were fully engaged in TAs and some did not provide the agreed resources (e.g., counterpart staff, office space).
- (v) **Overall successful delivery of outputs.** For nearly three quarters of sample TAs, outputs in five case study countries were achieved or exceeded. Most ADTAs produced proposals suitable for policy reform. EAs reported that training had resulted in some improvement in staff performance and that recommendations had, at least, been partly acted on.
- (vi) **Overall successful delivery of outcomes.** Overall, 72% of TAs in the SES sample of 110 TAs in selected sectors in five case study countries were rated “successful” or “highly successful”. This success rate is higher than the 63% success rate for all TAs that have been independently evaluated by OED. This higher result could reflect a positive selection bias in the sample of TAs examined in the country studies. Excellent results from the financial sector in India and the health sector in Viet Nam dominate, to some extent, this sample and are not necessarily representative of TA outcomes in other sectors in the same countries. Viewed another way, these figures indicate that between 28% and 37% of TAs did not result in successful outcomes. Thus, there is ample scope to improve the development results achieved by TAs.

**Findings on Corporate Level Influences.** The evaluation identified corporate level weaknesses that impact on TA performance. The Medium-Term Strategy (MTS) identified four key priority areas, but little progress had been made despite their being corporate priorities:

- (i) **Stronger country focus.** Despite the rationalization of the relationship of strategy and program and the TA increased delegation to resident missions, TAs remain predominantly delivered from ADB's Headquarters in Manila.
- (ii) **Greater coherence of all ADB activities at country level.** The study found that more needs to be done to improve coherence between lending and nonlending activities.
- (iii) **Long-term engagement in selected areas in each DMC.** The study concluded that more progress is required to establish a longer-term operational focus in sectors and themes at country level.
- (iv) **Better coordination with other funding agencies.** While there was some evidence of coordination with other funding agencies, in some cases there was also evidence of competition for specific types of TAs, particularly between ADB and the World Bank.

The evaluation identified the need for ADB to review the TA in response to changing market conditions. Although capabilities in some DMCs have increased sustainability during the past 40 years, ADB's TA products and methods of implementation have not changed significantly.

The structure of TA financing is changing. Trust funds are now a major source of TA funding (38% of TA funding in 2006), and procedural changes have been improved to close TAs, cancel unspent funds, and to recycle the savings through ADB's pool of TA funds to finance subsequent TAs. Trust fund issues identified by the study included (i) tensions between ADB and funding agency for fund allocation in terms of sector and country priorities, (ii) planning distortions relating to funds being accessed for areas of activity outside priorities identified in country strategies, (iii) ADB acting as a passive recipient of funds rather than seeking support for priority activities, and (iv) ADB accepting funding agency administrative procedures, which add to transaction costs and delays when viewed from the perspective of ADB staff and EAs. ADB has begun to try to address some of the trust fund-related issues.

The study found that TA allocation was based on historic allocations to departments and DMCs rather than corporate objectives and country strategies.

There is a tendency for operational divisions to allocate their most able staff to loan processing rather than the preparation of TAs, and hence PPTAs, rather than ADTAs. This has resulted in TA mission leaders, on average, being less experienced than those for loans and has impacted adversely on the quality of TA design and supervision. This problem has been aggravated by sometimes frequent turn over in the staff assigned to TAs during supervision. There are few career progression incentives associated with TA administration.

Key lessons from unsuccessful TAs include (i) failure to take into account of local conditions when formulating recommendations, (ii) insufficient EA involvement, (iii) poor TA preparation, (iv) inappropriate implementation, and (v) poor EA performance.

ADB's corporate management information systems (MISs) do not generate the information required for ADB to manage the TA portfolio effectively or to monitor TA implementation. There is an absence of clear monitorable indicators in many TA design and management frameworks. The TA performance reports are often incomplete and are not analyzed or used on a regular basis to manage the TA portfolio. This has resulted in individual directors devising their own, noncompatible TA MISs. Plans to address these information management issues are included in ADB's strategy to develop better computerized MISs.

ADB's system for evaluating and rating TA includes both self-evaluation, i.e. the technical assistance completion report (TCR), and independent evaluations for selected TAs by OED. However, this evaluation system does not provide the information needed for a representative corporate

assessment of the results being achieved by the TA program. TCR ratings are higher than OED's independent evaluations. Where both types of evaluation were carried out, the 84% of TAs rated "successful" in the TCRs was downgraded to 64% following independent evaluations by OED. This raises questions about the quality of the TCRs. No effort is made to analyze the universe of TCRs to draw lessons to improve the design of future TAs.

There was little evidence that lessons identified at the corporate, country, sector, or individual TA level and best practices were systematically incorporated into TA designs. In addition, lessons and recommendations of past TA reviews were found not to have been implemented in subsequent TAs. This suggests that there are weaknesses in ADB's knowledge management of TA products and processes.

**Overall Assessment.** The evaluation developed an overall rating of TA performance based on a combination of a bottom-up assessment of performance in the study sample and overall OED TA ratings and a top-down assessment based on ADB's strategic positioning and its performance in managing and implementing the TA program. The top-down assessment revealed:

- (i) **Variable, mostly weak, country positioning.** Where TA had been used strategically, successful results were often achieved. However, no country strategy examined contained explicit TA strategies. Rating: partly successful.
- (ii) **TA formulation and implementation performance.** Many TAs were weakly formulated with often inadequate application of quality at entry control procedures. There are serious weaknesses in TA implementation monitoring and often weak ownership by EAs. ADB is focused on outputs (i.e., report preparation) rather than implementation of the resulting recommendations. Rating: partly successful.
- (iii) **Corporate level management of TA.** Issues include inadequate TA resource allocation systems, poor systems for measurement of staff performance related to TA, inadequate TA MIS, and failure to satisfactorily address problems related to TA that have been known for a decade or more. Rating: partly successful.

The overall top-down rating was "partly successful."

The bottom-up assessment rating was based on full range of past OED evaluations including findings from the five case study countries (Fiji Islands, India, Kyrgyz Republic, Philippines, and Viet Nam), past and ongoing country and sector assistance program evaluations, and information in OED's database on the rating of TAs that have been evaluated. ADB has established a target that the proportion of TA rated by OED as being successful would average 70% for the 2008–2010 period. This provides a benchmark for TA successful performance, and taking into account the OED evaluation results. The success rate for the 551 TAs that OED has assessed was 63%. Since this is well below the 70% benchmark, the bottom-up TA performance was rated as "partly successful". Combining the top-down and bottom-up assessments, TA operations were rated as "partly successful".

**Conclusions.** While about two-thirds of ADB's TA activities have achieved successful results, other TAs (i.e. the remaining one-third) have not been successful. There are many areas that ADB needs to address to improve TA performance and raise the success rate above the benchmark in the medium term. This should be a corporate priority since MTS II stresses that ADB has two important products—knowledge and financial resources. The three existing types of TA—ADTA, PPTA, and RETA—are well-known brands and accommodate many different kinds of assistance. However, more needs to be done to recognize in TA operations that there is a wide range of institutional capacity in Asia Pacific DMCs and across sectors within DMCs. Serious efforts need to be made to increase DMC ownership for TAs and, in appropriate cases, to delegate more authority and accountability to EAs. ADB's current one-size-fits-all approach to TAs needs to be reconsidered. Isolated short-term inputs are not appropriate in areas such as policy reform, change management,

and capacity building. These require longer-term interventions, assistance, or engagement by ADB. To improve process efficiency, TA approval and administration procedures could be simplified.

The overall less than satisfactory TA rating reflects weaknesses in TA management at the corporate, departmental, and divisional levels in the area of TA fund allocation, TA selection, quality control, TA implementation, monitoring and evaluation, knowledge management follow up on recommendations, and allocation of ADB staff to TA formulation and administration.

**Recommendations.** ADB Management and the Task Force on TA Reform should develop specific actions to address the following issues:

<b>Recommendation</b>	<b>Responsibility</b>
<b>A. TA Strategy</b>	
1. The system of TA resource allocation should be improved to ensure that it (i) fits with ADB's strategic development priorities, and (ii) addresses the strategic areas and themes contained in country strategies that reflect country requirements.	Management, SPD, and RSDD
2. Country partnership strategies should include a clear strategy and program for TA within a long-term framework that prioritizes and focuses on selected topics covering both lending and nonlending operations and better integrates the work of ADB's knowledge departments and the ADB Institute into the CSP framework.	RDs
<b>B. TA Management</b>	
1. Corporate level TA management needs to be improved. It should be a priority for ADB Management to ensure that a better corporate TA management system is developed, tested, and implemented.	Management, SPD, and RSDD
2. ADB should consider delegating more authority and contracting accountability regarding TA prioritization, programmatic approaches, consultant selection, consultant performance evaluation, and supervision to executing agencies that have sufficient capacity and adequate systems to guard against corruption.	RSDD, SPD, and COSO
3. Consideration should be given to (i) ensuring that, wherever practical, staff who process ADTAs remain involved up to completion of the TA, even if they are transferred internally to a new assignment; and (ii) tracking the results of the ADTAs and reflecting these in staff performance assessments.	BPMSD and RDs
4. ADB must strengthen its quality at entry control systems for TA. To monitor quality control, a sample of TAs should be evaluated as part of ADB's biennial review of quality at entry to assess progress being made in this area.	Management, SPD, and RDs
5. The system for TA portfolio monitoring and evaluation should be overhauled to provide corporate and departmental level data on TA implementation, performance, and outcomes. This would involve (i) streamlining the TA performance report and ensuring it is updated regularly, (ii) including the views of executing agencies and consultants in TA completion reports, and (iii) upgrading ADB's computerized management information systems.	COSO, RDs, and OIST
6. A more systematic TA knowledge management process should be developed to collect and synthesize lessons and key findings from TA, and ensure that they are used to improve subsequent TAs. All data and reports prepared by consultants should be regularly archived. Incentives must be developed for ADB staff to use this knowledge base. To promote knowledge management, TA cost tables should include line items for dissemination, translation, and the use of external and internal peer reviews.	RSDD, RDs, COSO, and SPD

ADB = Asian Development Bank; ADTA = advisory technical assistance; BPMSD = Budget, Personnel, and Management Systems Department; COSO = Central Operations Services Office; OIST = Office of Information Systems and Technology; RD = regional department; SPD = Strategy and Policy Department; TA = technical assistance.

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## I. INTRODUCTION

### A. Background

1. Technical assistance (TA) is one of the principal operational instruments of the Asian Development Bank (ADB). It serves many purposes including project preparation, undertaking economic and sector work, providing advice on policy reform and capacity building, and promoting regional cooperation. Over the past decade, there have been several reviews and evaluations of TA. These emphasized the strategic importance of TA to ADB's operations, and recognized that, in many cases, TA contributes significantly to development results. The reviews also found that TA was not realizing its full potential and identified concerns over the approach to TA and its effectiveness. Some of these concerns were well established in fact. Others were less clear but were, nonetheless, considered important by key stakeholders of TA, including representatives of developing member countries (DMCs); funding agencies; and ADB's Board of Directors, Management, and staff.

2. Concerns over the results being achieved by TA have not diminished. In April 2005, when initiating preparation of the work program and budget framework (WPBF) for 2006–2008, the President identified improvement of TA effectiveness as one of five main challenges. He expressed concern that the TA program “is diffused and its impact is often not demonstrable, even though it is costly and absorbs enormous staff resources.”<sup>1</sup> He identified the need to (i) make more strategic and efficient use of TA resources by focusing on priority sectors and themes, (ii) reduce the number of TAs to ensure quality and manageability, and (iii) be more thorough in evaluation of the effectiveness of TA.<sup>2</sup> The need for improved strategic focus of TA and closer linkage with lending activities at country level was highlighted in the Medium-Term Strategy II 2006–2008 (MTS II). In March 2005, an interdepartmental TA Reform Task Force was established to prepare an analysis of issues and options for improving the overall quality of TA over the medium term. The Task Force plans to complete its work during 2007. This independent evaluation of the performance of TA was designed to identify issues that need to be addressed by the Task Force to increase the likelihood that TAs will achieve the development results intended.

### B. Conceptual Framework

3. The conceptual framework for this special evaluation study (SES or “the study”) considered three elements that interact to determine TA performance. First, the outcomes of individual TAs are the conclusion of a chain of steps from conception to completion (TA results chain), with each step influenced by those preceding it. To understand what led to observed TA results, it is necessary to examine the strategic direction for the TA (at ADB corporate, country, and sector levels), its prioritization and selection, how it was formulated and how it was implemented. Second, the TA results chain is influenced by country level factors that may enable or impede performance.<sup>3</sup> Third, corporate level factors within ADB influence the TA results chain. At the same time, the outcomes of TAs should feed back into the advancement of ADB corporate objectives and corporate learning. This conceptual framework is shown in Figure 1.

4. Drawing upon this framework, the SES evaluated TAs at country level by examining how each part of the results chain contributed to TA performance. This entailed both top-down studies of how TA was used as an instrument of country and sector strategy, and bottom-up assessments of whether individual TAs achieved intended and potential outcomes. To conduct these studies, an appreciation had to be gained of country contextual factors that influenced TAs in the sectors

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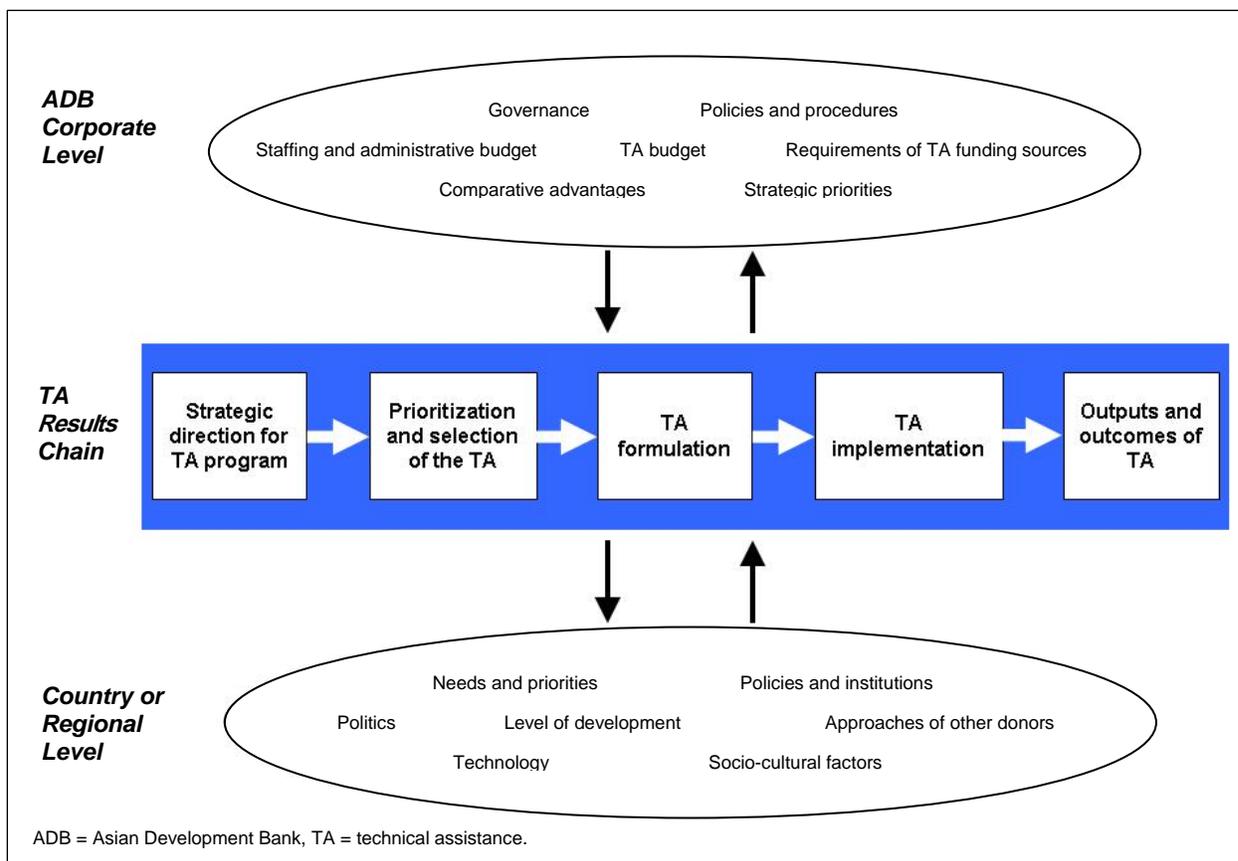
<sup>1</sup> Memo from the President to the Vice Presidents on “Preparing the Work Program and Budget Framework 2006 to 2008—Planning Directions and Resource Parameters” dated 29 April 2005.

<sup>2</sup> In the WPBF for 2007–2009, the President reiterated these priorities for improving the performance of TA.

<sup>3</sup> In the case of regional technical assistance (RETA), the TA results chain is also influenced by regional factors.

examined. A set of country studies in Fiji Islands, India, Kyrgyz Republic, Philippines, and Viet Nam were undertaken to better understand how ADB corporate level processes influenced the results chain, and whether TA contributed effectively to corporate level objectives and learning.

**Figure 1: Conceptual Framework to Assess the Performance of TA**



### C. Scope and Objectives

5. The objective of the SES was to assess the performance of TA and derive lessons useful for the TA reform process and future TA operations. This had two main parts: (i) an assessment and rating of the performance of TA at the country level, and (ii) an assessment of corporate level influences on TA performance and corporate learning from TA. The evaluation design matrix is in Appendix 1.

6. The assessment of TA performance at the country level examined six questions:
- (i) **Strategic direction.** Was TA programmed and planned as an integral part of ADB country and sector assistance strategies, and did this provide sound strategic direction for TA?
  - (ii) **Prioritization and selection.** Was the choice of individual TAs consistent with ADB country and sector assistance strategies?
  - (iii) **TA formulation.** What was the quality of TA design?
  - (iv) **Implementation.** Was TA implemented as designed? Which factors affected implementation performance, and how were they addressed?
  - (v) **Outcomes.** How effectively, efficiently, and sustainably did TA achieve intended outcomes?
  - (vi) **Lessons.** What lessons can be derived?

7. The assessment at corporate level examined four questions:
- (i) **Corporate priorities and allocation systems.** Does ADB's system for allocating TA funding reflect corporate priorities and does it contribute to effective use of TA?
  - (ii) **Staffing and other resources for formulating and supervising TA.** Does ADB provide enough of the right type of staff and other resources for formulating and supervising TA?
  - (iii) **Quality control systems.** Do corporate level quality control systems provide an effective method of ensuring the quality of TA?
  - (iv) **Information systems and evaluation feedback.** Do existing feedback loops provide a reliable basis for corporate oversight and management of the TA program, and do they lead to corporate learning?

#### D. Evaluation Methodology

8. The SES was conducted through country case studies of TA support to selected DMCs, studies of ADB corporate processes that influence TA and a review of relevant evaluations of TA. The main elements of methodology were:

- (i) **Literature review.** This drew on past reviews and evaluations of TA, Operations Evaluation Department (OED) country assistance and program evaluations (CAPEs), sector assistance program evaluations (SAPEs) and TA performance evaluation reports (TPERs), and recent studies of TA by other agencies.
- (ii) **Analysis of the strategic focus of TA at the country level.** This examined the strategic integration of TA in the country strategy and program (CSP); alignment with country and ADB priorities; and aspects of focus such as sector concentration, built-in synergies, longer-term focus, and link to ADB comparative advantages. It involved document reviews and interviews with government officials, including staff of finance ministries and executing agencies (EAs), and past and present ADB country team members.
- (iii) **Sector overviews.** These were based on reviews of documents and interviews with EAs, consultants and ADB staff.
- (iv) **Analysis of the performance of completed TAs.** After design of questionnaire instruments and initial piloting, an interview-based survey was conducted for a sample of advisory technical assistance (ADTA) and project preparatory technical assistance (PPTA) in selected DMCs. For each TA, the survey targeted three groups: the EAs, TA consultants, and ADB project officers and resident mission staff. This provided both a criterion-referenced assessment of each step in the TA results chain and open-ended responses about factors influencing TA performance. The survey was supplemented by review of documents for the TAs examined, including TA papers;<sup>4</sup> performance monitoring information from the technical assistance performance report (TPR); technical assistance completion reports (TCRs); and related loan, sector study, and other TA documents.
- (v) **Good and bad practice studies.** These were a byproduct of the analysis of completed TAs. Some examples were taken from previous evaluations done by OED.
- (vi) **Comparison with other funding agencies.** Interviews with officials of resident aid partners in DMCs studied provided information on alternative approaches to TA.
- (vii) **Review of annual TA funding allocation systems.** This examined the approach to allocation between countries and within country allocations. It included review of data

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<sup>4</sup> The TA paper is the original design and financing proposal for a TA that is approved by ADB's Management or Board. It is also referred to as the TA report.

on annual allocations and interviews with staff of the Strategy and Policy Department (SPD) and regional departments (RDs).

- (viii) **Analysis of ADB databases on TA.** ADB databases were used to support analysis of TA budgeting and allocation, staff inputs and expertise provided for TA formulation and administration, corporate systems for quality control and for monitoring and evaluation, year-end bunching of TA approvals, implementation issues including scope changes and consultant recruitment, usage of performance monitoring databases and OED's database on TAs that have been evaluated and rated.
- (ix) **Senior staff interviews.** These were used to clarify the extent of existing corporate level processes and information systems for overall management of TA.

9. Fieldwork was conducted from April to August 2006. Each of the country field studies was written up as a separate report that was shared with the respective regional departments, other interested departments, and members of the TA Reform Task Force. Meetings at ADB Headquarters, with videoconference links to resident missions, provided feedback on the preliminary findings. The five country study reports are in Supplementary Appendixes A–E.

## E. Study Sample

10. Five DMCs were selected for the country case studies: Fiji Islands, India, Kyrgyz Republic, Philippines, and Viet Nam. They were chosen to represent a range of differing country circumstances across ADB's operational regions, including poverty incidence, income level size, geography, and sectors.

11. In each selected DMC, the SES evaluated ADB's strategic approach to TA at country and sector level, and examined the performance of TAs in 3–4 selected sectors and/or thematic areas. The choice of sectors and themes was decided in consultation with the respective RDs and resident missions (RMs). They were mainly sectors that had received significant support from ADB operations over the previous 5–10 years. Some were areas that ADB had entered more recently, and in others ADB support had been reduced. In each sector, the SES focused mainly on TAs approved in the period 2000–2004 that had been completed or substantially completed. This allowed enough time for TA outcomes to be identifiable, while still being distinguishable from subsequent initiatives and remaining within people's recall. The TAs were also sufficiently recent for the evaluation findings and lessons to be relevant to ADB's current and future TA program.

12. In total, the country studies covered 110 individual TAs in the five countries, comprising 66 ADTAs and 44 PPTAs, for total approved grant financing of nearly \$60 million. A breakdown by country, sector, and TA type is shown in Table 1. Compared with the number of TAs approved in 2000–2004, the SES sample was equivalent to (i) almost all the completed or substantially completed ADTAs and PPTAs in the selected sectors in the five DMCs;<sup>5</sup> (ii) over the 5-year period, both by number and by value, Fiji Islands (about 100% of ADTAs and more than 75% of PPTAs); India (20% of ADTAs and nearly 50% of PPTAs); Kyrgyz Republic (around 75% of ADTAs and 100% of PPTAs); Philippines (about 50% of ADTAs and 40% of ADTAs); and Viet Nam (31% of ADTAs by number and 20% by value, and 48% of PPTAs by number and 43% by value);<sup>6</sup> and (iii) slightly less than 10% of all ADTAs approved ADB-wide during the period and slightly more than 10% of all PPTAs, both by number and by value. Further details of the SES sample are in Appendix 2.

<sup>5</sup> For the transport sector in India, the SES only examined PPTAs because transport sector ADTAs were being studied by an ongoing OED SAPE of ADB support to the transport sector in India.

<sup>6</sup> A small number of TAs approved before 2000 was included in the SES sample because of their linkage to TAs approved in the period 2000–2004. Consequently, the sample ADTAs for the Fiji Islands exceeded 2000–2004 ADTA approvals in value terms (115%), and the sample PPTAs for the Kyrgyz Republic exceeded 2000–2004 PPTA approvals in terms of numbers (140%) and value (118%).

**Table 1: Sample of TA Projects Evaluated**

Country	Sector	Number of TAs			Value of TAs (\$ million)		
		ADTA	PPTA	Total	ADTA	PPTA	Total
Fiji Islands	Agriculture and Natural Resources	3	2	5	1.41	1.35	2.76
	Governance and Economic Management	6	0	6	1.31	0.00	1.31
	Water and Sanitation	2	1	3	0.93	0.80	1.73
	<b>Subtotal</b>	<b>11</b>	<b>3</b>	<b>14</b>	<b>3.65</b>	<b>2.15</b>	<b>5.80</b>
India	Finance	10	1	11	5.95	1.00	6.95
	Transport PPTA	0	15	15	0.00	7.30	7.30
	Urban	1	2	3	0.67	2.00	2.67
	<b>Subtotal</b>	<b>11</b>	<b>18</b>	<b>29</b>	<b>6.62</b>	<b>10.30</b>	<b>16.92</b>
Kyrgyz Republic	Finance	2	1	3	1.15	0.68	1.83
	Governance	8	1	9	3.47	0.50	3.97
	Social	1	3	4	0.50	1.60	2.10
	Transport	2	1	3	1.09	0.60	1.69
	<b>Subtotal</b>	<b>13</b>	<b>6</b>	<b>19</b>	<b>6.21</b>	<b>3.38</b>	<b>9.59</b>
Philippines	Agriculture and Natural Resources	1	1	2	1.00	0.15	1.15
	Education	4	0	4	2.20	0.00	2.22
	Finance	4	1	5	4.46	0.56	5.02
	Industry and Trade	0	1	1	0.00	0.40	0.40
	Governance and Economic Management.	8	1	9	2.47	1.00	3.47
	Urban	1	1	2	1.25	0.85	2.10
	<b>Subtotal</b>	<b>18</b>	<b>5</b>	<b>23</b>	<b>11.40</b>	<b>2.96</b>	<b>14.36</b>
Viet Nam	Agriculture/Rural Livelihoods	5	5	10	2.05	4.91	6.96
	Energy	3	3	6	0.95	1.35	2.30
	Health	6	3	9	2.30	1.05	3.35
	<b>Subtotal</b>	<b>14</b>	<b>11</b>	<b>25</b>	<b>5.30</b>	<b>7.31</b>	<b>12.61</b>
<b>Total</b>	<b>66</b>	<b>44</b>	<b>110</b>	<b>33.18</b>	<b>26.10</b>	<b>59.28</b>	

ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, TA = technical assistance.  
Sources: Special evaluation study country case studies.

13. In addition to the evaluation of TA outcomes in the SES sample, the assessment took into account: (i) the evaluation of TAs in CAPEs and SAPEs; and (iii) completed TA performance evaluation reports (TPERs/TPARs) and project performance evaluation reports (PPERs/PPARs) (for attached or “piggybacked” ADTA).

## F. Limitations

14. The study design had the following limitations:

- (i) The TAs that have been evaluated are not a random sample of TAs. Like other multilateral development institutions, OED uses a purposeful rather than a random sampling methodology when selecting TAs for evaluation. It would be prohibitively expensive and resource intensive to select a random sample. Biases, intended or not, may be associated with purposeful samples. Thus, some caution must be exercised in determining whether the evaluation findings are broadly representative of the TA portfolio.
- (ii) Consideration of regional technical assistance (RETA) was limited to aspects of TA formulation and at corporate level. Since RETAs involve multiple participating countries, a different sample of DMCs would have been needed to evaluate the outcomes of individual RETAs. There is a case for conducting a separate SES on the performance of RETAs in the future.
- (iii) While the SES sample included TAs for capacity building, a more comprehensive study of capacity building will be the task of the forthcoming SES on capacity development (CD) included in OED’s work program for completion in 2007.

- (iv) It did not examine technical cooperation financed by loans.
- (v) Assessment of ADB procedures and systems for consultant recruitment was limited to their contribution to the performance of TAs in study countries.
- (vi) Assessment of trust funds was limited to the corporate level.
- (vii) ADB's pilot scheme for delegating TA preparation and consultant recruitment to DMCs was not evaluated in detail, since the study countries included few TAs from this scheme and most have not been completed.

## II. CONTEXT

### A. Technical Assistance Types and Financing

15. ADB has three types of TA. According to the operations manual (OM),<sup>7</sup> the first is PPTA to prepare a project, a program loan, or a sector loan. The second is ADTA to finance institution building; plan formulation and/or implementation; operation and management of ADB-financed projects; and sector, policy, and issues-oriented studies. The third is RETA for any of the above activities that cover more than one DMC and for conducting regional studies, conferences, seminars, workshops, and training courses. By way of contrast, the World Bank has a more precise definition of TA (broadly equivalent to ADTA and economic sector work [ESW]) types, dividing them into (i) institutional development plan, (ii) "how-to" guidance, (iii) model/survey, (iv) client document review, and (v) knowledge sharing forum.

16. TA may be financed either as a grant or as a loan. Most TAs are grant financed, except for detailed engineering and large advisory services attached to project or program loans.<sup>8</sup> Grant-financed TA up to \$1 million is approved by the President, and over \$1 million is approved by the Board on a no objection basis. Loan-financed TA is presented to the Board for approval. About 95% of grant-financed TA approved in 2005 was for TAs of \$1 million or less.

17. If ADB financing does not exceed \$150,000, and the TA does not require substantial logistical support from the recipient DMC, it is considered small-scale technical assistance (SSTA). SSTAs comprised a fifth of the number of approved TAs in 2005, but accounted for only 4% of total TA financing.

18. TA is financed from three main types of sources: (i) the Technical Assistance Special Fund (TASF), provided through voluntary contributions and from transfers of ordinary capital resources (OCR) net income; (ii) the Japan Special Fund (JSF), provided by the Government of Japan; and (iii) trust funds and other sources.

19. In recent years, TA approvals reached the limits of the financing available from TASF and JSF. This led to attempts to improve the screening of TA proposals. It was also associated with rapid growth in the amount of TA financed from trust funds. By January 2007, there were 34 trust funds, each with their own rules and procedures for eligibility, processing, and implementation; and with responsibility for administration shared by the Office of Cofinancing Operations (OCO), Regional and Sustainable Development Department (RSDD), SPD, or the Office of Regional Economic Integration (OREI).

### B. Objectives of Technical Assistance

20. There are three levels of objectives for TA: ADB corporate level, country level, and individual TA level. Details of these levels of objectives are in Appendix 3. At corporate level, the

<sup>7</sup> ADB. 2003. Operations Manual Section D12/BP: (Business Products and Instruments: Technical Assistance). Manila (29 October), para. 3.

<sup>8</sup> For example, a TA loan providing support for implementation of policy reforms as part of a sector development program.

TA objectives are stated in the ADB Charter. Since TA is one of ADB's two operational instruments supporting a wide range of activities, the corporate objectives are broadly stated, affording a substantial measure of flexibility. They are to (i) meet DMC's requests to assist them in coordinating their policies and plans to improve resource utilization, make their economies more complementary, and promote orderly expansion of their foreign trade, in particular, intra-regional trade; and (ii) support the preparation, financing, and execution of projects and programs. These corporate level objectives are broadly reiterated in the OM.

21. ADB's long-term and medium-term strategic frameworks provide further corporate level objectives for TA. The Long-Term Strategic Framework (LTSF) 2001–2015 called for ADB to develop improved mechanisms and procedures for TA to be used effectively, including more flexible and longer-term models of TA and greater ownership.<sup>9</sup> The medium-term strategy (MTS) established several medium-term corporate level objectives for enhancing the development effectiveness of ADB interventions, of which TA is an integral part.<sup>10</sup> Specifically, it sought (i) a stronger country focus, (ii) greater coherence of ADB lending and nonlending activities at country level, (iii) long-term engagement in selected areas in each DMC, and (iv) better coordination with development partners. Building upon MTS, the MTS II identified core operational sectors where ADB will focus its lending and TA operations.<sup>11</sup> As regards TA, it seeks to: (i) use TA resources in line with MTS II priorities, (ii) more closely integrate TA with ADB lending and nonlending operations at the country level, and (iii) improve monitoring of TA at the ADB Management level.

### C. Approaches to Technical Assistance

22. While the types of TA and their objectives are well defined, ADB has not attempted to formally develop a series of standard approaches to TA. For example, one of the objectives of TA is to improve institutional capabilities. Many TAs include in their inputs and outputs a diagnostic study of the problem, a final report, production of manuals, delivery of training and the holding of workshops. ADB has no standardized approach or established best practice for improving institutional capabilities. There is neither a commitment for an explicit long-term engagement by ADB nor an exit strategy or a strategy for EAs to internalize the activities and/or follow-up programs.

23. This is partly because of the history that TA originates from the time when ADB was a more narrowly based "project" bank, and its interventions were more straightforward and investment related. According to senior staff, ADB's traditional approach to operations has used TA principally to support lending. Although circumstances have varied, the following medium-term cycle is illustrative of ADB's traditional approach to TA: (i) initially, and subsequently at intervals of perhaps 5 years, provide ADTA for a sector study to investigate whether conditions are in place to justify ADB lending operations; (ii) depending on the sector study findings, provide PPTA to prepare a loan; and (iii) if needed, provide an associated ADTA to support implementation of the loan project. The only exception to this lending-driven approach is that TA may also be provided for some activities within ADB's mandate that are usually not linked to lending—such as anticorruption, good governance, gender, and engagement in fragile states where lending is not an issue (e.g., certain Pacific countries)—but the amount of such TA would be kept modest in scale.

24. This traditional approach is still relevant and followed in many cases. However, with ADB's transformation into a broadbased development institution, the diversity of ADTAs and RETAs has increased. Under ADB's 2002 business processes, ADTAs and RETAs were described as knowledge products. TA was seen as the delivery mechanism for transferring knowledge, disseminating best practices, facilitating exchanges of views between DMCs and the rest of the

<sup>9</sup> ADB. 2001. *Moving the Poverty Reduction Agenda Forward in Asia and the Pacific: the Long-Term Strategic Framework of the Asian Development Bank (2001–2015)*. Manila.

<sup>10</sup> ADB. 2001. *Medium-Term Strategy (2001–2005)*. Manila.

<sup>11</sup> ADB. 2006. *Medium-Term Strategy II (2006–2008)*. Manila.

development community, and creating awareness of reforms and policies. This expanded role of TA has been accompanied by instances of ADTA preceding PPTA for capacity building and policy reform in preparation for the commencement of operations, which is in line with the LTSF focus on more flexible models of TA. Clearly, over time, TA has become an increasingly important tool, both as support to ADB's lending operations and in its own right.<sup>12</sup> MTS-II makes it clear that there are two dimensions of development assistance, financing, and expertise.

25. These changes have meant that, alongside the traditional types of lending-related TAs that are relatively predictable and standardized, a growing amount of TA is outside of this mould. The following examples illustrate the diversity of present uses of TA and their differing needs for ADB models and recognized best practices:

- (i) **Designing a project.** PPTA of traditional relatively standardized type.
- (ii) **Undertaking special studies.** This type of ADTA includes traditional sector studies that produced a situational analysis and a roadmap of how to proceed. There has been growth in other types of special studies—such as thematic studies commissioned prior to CSP preparation—for which ADB has no defined models or best practices.
- (iii) **Promoting the transfer of technology.** Traditionally provided as ADTA, but are now less relevant for DMCs that have acquired basic technological capability.
- (iv) **Providing an expert service.** ADTA to provide a service that the host organization cannot provide for itself. This has grown in importance as DMCs seek access to international best practice, an asset in short supply in many DMCs and within ADB. Success depends on attracting best practice international expertise, which is influenced by ADB's approach to recruiting consulting services.
- (v) **Policy development.** This is a growing part of ADTA, but is complex and risky. It requires consultants to present best practice advice tailored to the DMC's policy and institutional context. It faces challenges similar to expert service regarding recruitment of best practice expertise.
- (vi) **Capacity building and change management.** This is a common focus of ADTA but one that ADB has not mastered. Access to a range of models and methods is needed, but these have to be adapted to circumstances. Staff that design and administer such TA should have had hands-on experience. Capacity building is a long-term intervention, probably requiring 5–10 years.
- (vii) **Conferences, seminars, workshops, and training courses.** These are a growing type of ADTA and RETA that can benefit DMCs, and enhance ADB's reputation and promote its business. To realize this potential, they need to be led by staff that have an international reputation in the field in question and are experienced in running such events. There is scope for standardization of this kind of TA.

#### D. Trends in Technical Assistance Approvals and Portfolio Performance

26. An analysis of trends in TA approvals and portfolio performance is in Appendix 4. Approval trends may be summarized as follows: (i) annual TA approvals have grown steadily, with 260 TAs approved for \$241 million in 2006; (ii) ADTA has grown fastest, accounting for about half of TA approvals by number and value from 2000 to 2006; (iii) PPTA and RETA have grown more slowly, each accounting for about one fourth of approvals by number and value from 2000 to 2006; (iv) the average value of each TA declined in real terms over the past decade; and (v) while PPTA tends to be closely linked to lending operations, and this is also true for some ADTAs, much of RETA is only loosely linked to lending.

<sup>12</sup> ADB. 2003. *Review of the Management and Effectiveness of Technical Assistance Operations of the Asian Development Bank*. Manila (page 6).

## E. Past Reviews and Evaluations of Technical Assistance

27. In the past decade, ADB carried out two major reviews of TA: (i) the 1997 review of TA Operations,<sup>13</sup> and (ii) the 2003 review of management and effectiveness of TA (footnote 12) and TA action plan.<sup>14</sup> Other relevant evaluations and studies of TA have included (i) an evaluation of the sustainability of policy reforms through ADTA;<sup>15</sup> (ii) an evaluation of TA included in OED's Annual Review of Evaluation Activities in 2003;<sup>16</sup> (iii) a review of TA portfolio performance included in OED's Annual Report on Loan and Technical Assistance Portfolio Performance;<sup>17</sup> (iv) a study on improving the effectiveness of ADTA in the People's Republic of China (PRC);<sup>18</sup> (v) evaluations of capacity development assistance to the Lao People's Democratic Republic (Lao PDR) and Sri Lanka;<sup>19</sup> (vi) an 1998 evaluation of PPTA on the agriculture sector in Bangladesh;<sup>20</sup> (vii) evaluations of capacity building TA in Western Samoa (1995), Vanuatu (1996), and Indonesia (1997);<sup>21</sup> (viii) a 2004 board information paper on knowledge management in ADB;<sup>22</sup> and (ix) a 2004 preliminary assessment of knowledge products and services.<sup>23</sup> The findings of previous reviews and evaluations of ADB TA are in Appendix 5.

28. The overall finding of the previous reviews and evaluations is that TA has produced many useful results but has not been achieving its full potential. The following major issues were commonly raised: (i) the quality of TA designs was mixed, so efforts were needed to improve the process of selection and screening TAs to ensure relevance and quality of formation; (ii) too many TAs were supply-driven and there was not enough DMC ownership—so DMCs needed to be more involved in TA selection and formulation; (iii) there was too little strategic focus for TA at the country level, it was not well integrated with other activities in the CSP, and this led to too many ad hoc interventions; (iv) TAs were often formulated as one-time interventions but would have better prospects of success if a longer term, programmatic perspective was adopted—particularly when supporting areas such as policy reform and capacity building; (v) TA designs were not sufficiently flexible to adapt to changing or unforeseen circumstances during implementation, and this reduced effectiveness; (vi) too little provision was made for dissemination of study findings and planning for implementation after completion of the TA, which limited the influence and sustainability of the support provided; (vii) TAs did not do enough to make use of national consultants and in doing so help to build the capacity of the domestic consulting industry and reduce TA costs—ADB's recruitment procedures should be used to facilitate the use of national consultants; (viii) ADB did not provide enough staff inputs to support TA implementation—recent studies showed that frequency of supervision missions has declined; (ix) monitoring of TA performance was weak, there was a need to (a) improve the quality of design and monitoring frameworks in TA papers; and (b) improve the TA monitoring system, particularly with respect to outputs and outcomes; and (x) ADB

<sup>13</sup> ADB. 1997. *Review of the Bank's Technical Assistance Operations*. Manila.

<sup>14</sup> Based on the 2003 review, a TA action plan was reported to the Board in August 2003. This was also reported to donors during the Asian Development Fund IX negotiations in February 2004.

<sup>15</sup> ADB. 2001. *Special Evaluation Study on Sustainability of Policy Reforms through Selected Advisory Technical Assistance*. Manila.

<sup>16</sup> ADB. 2004. *Annual Review of Evaluation Activities in 2003*. Manila.

<sup>17</sup> ADB. 2006. *Annual Report on Loan and Technical Assistance Portfolio Performance for the Year Ending 31 December 2005*. Manila.

<sup>18</sup> ADB. 2001. *Improving the Effectiveness of Advisory Technical Assistance in the People's Republic of China*. Manila.

<sup>19</sup> ADB. 2004. *Special Evaluation Study on Capacity Development Assistance of the Asian Development Bank to the Lao People's Democratic Republic*. Manila.

<sup>20</sup> ADB. 1998. *Special Evaluation Study on the Impact of Bank Project Preparatory Technical Assistance on the Agricultural Sector in Bangladesh*. Manila.

<sup>21</sup> ADB. 1995. *Western Samoa: Special Study of the Assessment of the Effectiveness of Bank Assistance in Capacity Building in Western Samoa*. Manila; ADB. 1996. *Vanuatu: Special Study of the Effectiveness of Bank Technical Assistance in Capacity Building to Vanuatu*. Manila; and ADB. 1997. *Indonesia: Special Study in Assessment of the Effectiveness of Bank Technical Assistance for Capacity Building to Indonesia*. Manila.

<sup>22</sup> ADB. 2004. *Knowledge Management in ADB*. Manila.

<sup>23</sup> ADB. Unpublished. *A Preliminary Analysis of Knowledge Products and Services of the ADB*. Manila.

needed an easily accessible ADB-wide knowledge base to make more use of knowledge generated by TA. Some of these issues have also been raised in OED's TPARs/TPERs (Box 1) and CAPEs and SAPEs, as shown in Appendix 6 and summarized in Box 2.

**Box 1: Why TA Fails – Feedback from TPARs/TPERs Rated “Unsuccessful”**

A review of some of the minority of technical assistance (TA) projects rated “unsuccessful” in TA performance evaluation reports (TPARs/TPERs)<sup>a</sup> identified the following factors influencing this evaluation outcome:

1. Failure to take account of local conditions when formulating recommendations, including use of broad international experience that has not been tailored to specific country requirements; poor or no translation of key documents into the national language(s); and the production of voluminous and complex reports that are difficult to convert into relevant actions.
2. Insufficient executing agency (EA) involvement caused by EAs' lack of understanding of TA objectives; lack of subject knowledge; lack of time; lack of interest; wrong EA for TA subject matter; absence of effective counterpart(s) or counterparts not sufficiently available; and changes in EA personnel and in the EA itself during implementation.
3. Poor TA preparation, which did not fully take into account prevailing conditions resulting in conflicts with existing work; insufficient resource allocation; and over complex objectives. Preparation was also affected by poor data availability and, in one instance, by the false assumption that previous TA recommendations would have been adopted by the time the new TA commenced.
4. Inappropriate implementation, including ineffective coordination of key stakeholders (e.g. steering committees did not meet, did not agree on TA direction, or were inadequate for the role); focus on report production rather than sustainable outcomes; delays in implementation; insufficient, inadequate or absent Asian Development Bank (ADB) TA supervision; and lack of implementation flexibility, particularly when major policy changes or EA reorganization occurred.
5. Poor EA performance and coordination, including poor sustainability, resulting from EA staff who were involved in TA implementation leaving the EA; poor understanding of the relative roles of different government agencies/ministries and institutions in ensuring successful implementation; and consultants compiling existing information without providing new insights.

<sup>a</sup> TAs covered were TA 5733-REG: *A Review of Road Design and Construction Standards*; TA 2954-NEP: *Strengthening the Project Performance Management System*; TA 2205-RMI: *Small Enterprise Development*; TA 2446-PNG: *Small Business Development Corporation Accounting and Management Information Systems*; TA 3178-INO: *Capacity Building for Setting Up District level Financial and Budgetary Systems*; TA 2915-BAN: *Insurance Industry and Pension and Provident Fund Reforms*; TA 1784-PRC: *Tertiary Sector Economic Reform Policies and Re-development Planning for the Huai Hai Road Area*; TA 2015-PRC: *Urban Environmental Improvement Planning*; TA 1296-LAO: *Restructuring of the Monetary and Banking Systems*; TA 1433-LAO: *Long-Term Credit Facility Support*; TA 1434-LAO: *Debt Disposal Unit*; TA 970-BHU: *Institutional Strengthening of the Department of National Budget and Accounts of the Ministry of Finance*.

Source: Compiled from technical assistance performance evaluation reports.

### Box 2: Issues on TA Performance in CAPEs and SAPEs

Various issues concerning the performance of technical assistance (TA) have been raised in past evaluation reports by the Operations Evaluation Department (OED)—particularly country assistance program evaluations (CAPEs) and sector assistance program evaluations (SAPEs), which highlighted the following aspects of TA performance:

1. **In some countries, TA was influential in policy reform, capacity building and project preparation:**
  - (i) It supported policy reform and capacity building in transition countries (e.g., Mongolia; Uzbekistan).
  - (ii) In the People's Republic of China (PRC), it helped build up the capacity of the legal and regulatory framework for environmental management, contributed to fiscal reforms adopted by the Government, and helped improve the climate for private sector investment.
  - (iii) In Bhutan, it strengthened capacity in the energy, financial, transport, and social infrastructure sectors.
  - (iv) In the Philippines, it helped to build government capacity in power sector planning and management, and supported ADB policy dialogue on important issues such as tariff setting and sector restructuring.
  - (v) In Viet Nam, project preparatory technical assistance (PPTA) grants generally produced good results and led to approval of ADB project loans.
  - (vi) CAPEs for the PRC and Uzbekistan cited TA as a comparative advantage of ADB.
2. **However, ADB country strategies gave little emphasis to TA:**
  - (i) There was no coherent TA strategy in country strategies for Cambodia, PRC, Indonesia, Lao People's Democratic Republic, Mongolia, Papua New Guinea Philippines, Uzbekistan, and Viet Nam.
  - (ii) In the PRC TA was treated as less important than loans, but "not all the strategic objectives of ADB have to be achieved by lending programs alone"
  - (iii) A CAPE for Papua New Guinea found that "lack of clear strategy and substantial efforts to reform the public sector and improve governance early has lessened the institutional impacts of many ADTAs."
  - (iv) In Cambodia, the country assistance program did not provide guidance on the approach to capacity building and institutional strengthening.
  - (v) The CAPEs for PRC, Lao PDR, and Uzbekistan recommended programming TA strategically rather than in an ad hoc fashion, and that be more focused and support clearly defined objectives.
3. **TA projects were too diverse, lacked focus and continuity:**
  - (i) Too much diversity reduces the capacity to achieve a critical mass or create a substantial impact in particular areas—this was found by the PRC, Cambodia, Lao PDR, Uzbekistan and Viet Nam CAPEs.
  - (ii) A CAPE for the Philippines found TA had performed poorly. One lesson was that selectivity was essential and that ADTAs should be formulated as part of a programmatic approach to sector reforms.
  - (iii) In Bhutan, ADB assistance tended to underestimate the need to strengthen institutional capacity. A longer-term view of capacity building was needed.
  - (iv) A CAPE for Cambodia found that successful support for education was based on long-term, comprehensive, well-coordinated lending and nonlending programs using a sector-wide approach.
  - (v) In the PRC, executing agencies said there should be more ADB follow-up on completion of TA.
  - (vi) A CAPE for Viet Nam found that TA operations needed a long-term strategic focus in terms of institutions to be assisted, developing synergies, and timing and sequencing of TAs in the program.
4. **There was limited decentralization of TA administration:**
  - (i) The majority of evaluation study reports underscore the importance of decentralization and the increased role and responsibilities of resident missions in TA administration.
5. **Other issues included:**
  - (i) Lack of government ownership in TA design, consultant selection, and administration—cited in Bhutan, PRC, Indonesia, Lao PDR, Philippines, Uzbekistan and Viet Nam CAPEs; and a SAPE for the Lao PDR.
  - (ii) Inadequate TA supervision—cited in CAPEs for PRC, Indonesia, and Uzbekistan and in the OED reports on the loan and TA portfolios produced in both 2005 and 2006.
  - (iii) Inadequate counterpart arrangements—CAPEs for Bhutan and Viet Nam, and SAPE for the Lao PDR.
  - (iv) Lack of consultation with stakeholders—cited in CAPEs for PRC and Philippines.
  - (v) Emphasis on outputs rather than outcomes—cited in the Lao PDR and Uzbekistan CAPEs.
  - (vi) Need to improve links between lending and nonlending programs—cited in CAPEs for Lao PDR and Uzbekistan, and a SAPE for social sectors in Pakistan.

Sources: CAPE PRC (1998), CAPE Viet Nam (1999), CAPE Mongolia (2002), CAPE Bangladesh (2003), CAPE Philippines (2003), CAPE PNG (2003), CAPE Cambodia (2004), CAPE Nepal (2004), CAPE Bhutan (2005), CAPE Indonesia (2005), CAPE Uzbekistan (2006), CAPE Lao PDR (2006), SAPE Bangladesh Power Sector (2003), SAPE Philippines Power Sector (2005), SAPE Pakistan Social Sectors (2005), SAPE Lao PDR Agriculture and Natural Resources Sector (2005), and SAPE Pakistan Roads Sector (2006).

29. There is much in common between the findings of previous ADB TA reviews and evaluations and the findings of recent studies that other funding agencies and nongovernment organizations have conducted on technical cooperation. Appendix 7 summarizes relevant findings of studies by the International Monetary Fund, United Kingdom Department for International Development, and Inter-American Development Bank. Common concerns include (i) not enough country ownership in the selection, recruitment, and management of TA; (ii) TA is too often driven by funding agencies so that country needs and priorities are not given enough attention; (iii) concerns on the part of more outspoken critics over value for money, and TA being overpriced and ineffective; (iv) TA has not changed enough to match the changing circumstances and needs of recipient countries; (v) a trend from expert staff providing advice to TA becoming focused on projects, with the funding agency merely providing funding, and the recipient often being overwhelmed with consultants it had not selected or lacked the capacity to select well; (vi) principal-agent problems and market imperfections making it more difficult to use consulting services contracts effectively; and (vii) deficient systems for monitoring TA outcomes and using such information to manage TA at corporate level in the funding agency organization. Clearly, ADB is not the only organization struggling to improve the development results achieved through the use of TA. The issues are common and pervasive throughout the funding agency community.<sup>24</sup> Action Aid's recent report concluded that TA was overpriced and ineffective (see Appendix 7).

### III. FINDINGS FROM THE SPECIAL EVALUATION STUDY COUNTRY STUDIES

#### A. Introduction

30. This chapter presents the key findings of the SES country studies under three headings: (i) country strategic focus, (ii) formulation and implementation of TA, and (iii) outputs and outcomes of TA. A detailed analysis of the country study findings is in Appendix 8. This analysis, in turn, was based on the individual country study findings (Supplementary Appendixes A–E).

#### B. Country Strategic Focus

31. The study examined (i) the extent to which CSPs had provided an overall strategic direction for TA and factors influencing that direction, (ii) to what extent TA was programmed as part of the CSP, and (iii) whether the actual TA program was consistent with the CSP. Overall, the study found that the medium-term framework for guiding TAs was weak and that CSP did not provide a framework for developing and justifying TA strategies and programs. This was reflected in (i) the general lack of synergy between the TA and lending programs (e.g., in the Fiji Islands and the Kyrgyz Republic where there were frequent year-on-year changes to the program); and (ii) increasing use of sector road maps which, although a positive development, were descriptive in nature and contained little indication of long-term government sector objectives and the means through which they were to be achieved. Notable exceptions were for the transport sector in India where a framework for programmatic support had been developed, and in Viet Nam where the TA program was broadly consistent with the CSP. The lack of strategy programming of TAs in CSPs echoes similar findings reported in many CAPEs (Box 2).

32. In Fiji Islands, Kyrgyz Republic, and Philippines, there was little evidence that DMCs had had a major input into the strategic programming of TA. This finding does not comply with the statement in ADB's Charter that TAs should "meet requests from members in the region" Even so, across the SES country studies, EAs regarded 98% of PPTAs and 92% of ADTAs as high government priorities. This finding suggests that TAs had addressed important issues on the government's agenda, but this could also be explained by the governments' wide-ranging needs for TA so it would be difficult for a

<sup>24</sup> The World Bank is about to undertake a review of its ESW and TA.

TA not to be relevant to government. There were instances where TAs were more determined by ADB requirements and sometimes budget allocations rather than by DMC needs, e.g., the use of TA in the Fiji Islands to fund economic, thematic and sector work (ETSW) for the preparation of the Pacific Island Economic Report for the Fiji Islands.

33. TA was generally linked to ADB corporate objectives in TA papers. However, the alignment of TA to sector policies was less clear and few TA papers contained a section to enable the relationship with sector policy/policies to be demonstrated. Lending is principal development activity, but many TAs had little relation to existing or potential future lending programs.

34. The lack of clarity in strategic direction for TA led to a tendency for TA in some countries to be scattered rather than focused on priority sectors and activities, another finding that is consistent with previous evaluations. This was particularly true in Fiji Islands, Philippines, and Viet Nam. This was also shown by the lack of consistency between programmed TA and TA approvals. In Fiji Islands, India, Kyrgyz Republic, and Philippines, more than half of the TAs approved during the study period had not been included in the CSP or later CSP update (CSPU). Although there is undoubtedly a need for flexibility in responding to changing government requirements, this level of unprogrammed TA reflects an inconsistent approach to the strategic planning of TA.

35. The CSPs examined as part of the SES contained few, if any, references to the lessons identified from other ADB-supported activities in other DMCs except where sub-regional programs existed. This situation afforded little opportunity for ADB to build comparative advantage based on lessons identified from past successes and failures.

36. Other key strategic issues identified in the SES country studies included:

- (i) Missed opportunities to consolidate influence, e.g., in the Kyrgyz Republic, ADB implemented an influential ADTA in the President's Administration, but in a follow-up ADTA replaced the Russian speaking consultant with a non-Russian speaker. The latter was unable to build on the established relationship with the Government and became marginalized.
- (ii) Overlooked strategic opportunities, e.g., ADB missed an opportunity to developing its influence and standing when it turned down requests from the Ministry of Finance and National Planning in the Fiji Islands to help strengthen its capacity by providing long-term advisory support through TA.
- (iii) Lost opportunities resulting from spreading support too thinly, e.g., in the Kyrgyz Republic, ADB had a high profile in basic education but then spread its work to other aspects of education—resulting in an overall low level of assistance which led the Government to turn to the World Bank for assistance.
- (iv) Unidentified constraints to program delivery, e.g., none of the CSPs examined attempted to demonstrate how risks and constraints might be addressed and managed effectively.
- (v) Mismatch between staff resources and program requirements.

37. Efforts are being made to address many of the strategic issues identified in the SES by the new country partnership strategies (CPS) which have replaced CSPs. In particular, the focus on a Managing for Development Results approach and on long-term sector road maps should provide a stronger framework for planning and implementing TA. However, the success of this new framework will depend on strong country ownership, good funding agency coordination, and the availability of financial and human resources to deliver the expected results. It is too early to conclude whether these initiatives will be more successful than past initiatives that attempted to address these long standing problems.

### C. Formulation of Technical Assistance

38. The study examined, for SES sample countries, TA formulation in terms of adequacy, ownership, quality at entry, resource requirements, and quality control.

39. **Formulation Process.** The operations manual (OM) and new business processes (NBP) do not provide sufficient guidance for TA formulation, apart from a TA template. In particular, they do not explain how to prepare a TA paper or what to include in the design; the TA section of the OM is limited to defining types of TA, financing arrangements, and approval authority. NBP refer only to the role of the mission leader. The 2003 TA review resulted in SPD preparing draft staff instructions for TA, including formulation, but these were neither finalized nor adopted.

40. **Concept Paper.** The normal first step in formulation is the preparation of a concept paper for inclusion in a CSP/CSPU at the request of government. In the SES sample, 73% of PPTAs and 64% of ADTAs were initially screened in this way to ensure consistency with the CSP. If the concept paper is not included in the CSP/CSPU, it is scrutinized through interdepartmental circulation and then cleared by the responsible vice president. In the opinion of ADB staff contacted for this evaluation, both inter- and intra-departmental scrutiny of concept papers added value in only about half the cases. These findings raise doubts about the consistency with which concept papers are scrutinized. Concept papers by nature contain preliminary ideas for 3–5 years, and need updating and developing as TA papers.

41. Quality at entry issues revealed in the SES included a lack of EA ownership and the need for clear diagnostics. The level of DMC and EA ownership is often referred to as a key ingredient for ensuring TA success. Ownership can be defined in many ways but includes requirements for EA support, DMC driven TA objectives and scope, matching TA to country needs, harmonizing programs with other funding agencies, making aid flows more predictable and ensuring mutual accountability. Ownership also implies that the EA will become more responsible and accountable both for the conduct of the TA and its outcomes. The SES highlighted the various means through which the level of DMC/EA ownership could be increased:

- (i) **Ensuring that DMCs rather than ADB play the dominant role in selecting and prioritizing TAs.** For example, in India, the Government had a clearly stated objective for capital market reform and demonstrated its commitment over a series of ADTAs that supported the reforms.
- (ii) **Involving EAs in the development of TAs and their objectives.** In 44% of ADTAs in the SES sample, mission leaders estimated that the EA's contribution to the design and monitoring framework (DMF) was less than 20%. In cases where a number of agencies were involved, sometimes stakeholders crucial to TA effectiveness made little contribution to the DMF and were not involved in designing the TA. DMF is seen as an ADB requirement rather than a useful tool for EAs.
- (iii) **Actively involving EAs in consultant selection.** Although government concurrence is required for all TA consultant recruitments, decisions on consultant selection are taken by ADB (project administration instructions [PAI]/OM). In response to frequent EA comments that they wished to become more involved in consultant selection, the Central Operations Services Office (COSO) carried out a pilot study in 2004 where, for 20 TAs in 10 DMCs, EAs were delegated responsibility for consultant selection, subject to adherence to ADB guidelines and procedures. The pilot only appears to have worked well in the PRC where selection for all three pilot PPTAs was completed in 2004. Of the two ADTAs, one was completed in 2005 but one is still outstanding. As a result of that experiment and continuing requests from some DMCs, COSO has included a statement in its revised operational guidelines: "In order to increase ownership of TA projects and improve sustainability of project benefits, ADB may, in

particular circumstances, delegate responsibility to a borrower ('delegated TA') to recruit and supervise TA consultants".<sup>25</sup> Although the experience of the pilot project in the PRC was good, problems were experienced in most other countries.

- (iv) **Ensuring strong commitment from all involved EAs in TA implementation and follow-up actions.** In TA projects covered by the SES that concerned multiple agencies, ADB relied on the EA to secure the commitment of other agencies. This was not always effective.
- (v) **Giving more power to EAs to supervise consultants and to participate in payment decisions.** The SES found that, in 30% of ADTAs and 77% of PPTAs, consultants viewed ADB as their client rather than the EA. In these cases, the situation does not foster a satisfactory relationship between the consultant and the EA. Requiring EAs to participate in the supervision of consultants, reviewing their outputs, and recommending payment against agreed milestones are all ways in which EAs can feel more closely involved in TA implementation.
- (vi) **Giving EAs a formal input into the evaluation of consultant performance.** Involving EAs in this way will improve the ability to rate consultant performance from the EAs' perspective in addition to ensuring that EAs feel that their views are being heard. The existing provision in the PAI needs strengthening in this regard.
- (vii) **Ensuring that EAs contribute a portion of the actual costs of the TA.** EAs often make in-kind payments (such as the provision of office space) which are valued at widely differing rates. Such a payment could consist of a fixed local currency contribution toward the overall budget. This transfer of some accountability to EAs would act as an incentive to ensure effective implementation and would also mean that EAs would be more proactive in discussing TA implementation with ADB.
- (viii) **Replacing TAs with program-based grant and lending instruments.** Where substantial amounts of TA resources and time are required, this option could be considered.

42. In addition to ownership, quality at entry issues identified related to weak diagnostic analysis, unclear objectives, mismatches between the TA budget and terms of reference (TOR), unrealistic work scheduling and weak DMFs.<sup>26</sup>

43. The study found that diagnostic analysis often in the form of economic and thematic sector work was not conducted consistently—a finding that has been referred to before by ADB reviews and evaluations. In 2001, SPD tested diagnostics tool kits for power generation, transmission, and distribution in Nepal; and for basic education for the state of Punjab in Pakistan. Although the diagnostics were placed on the ADB website for wider use, there was no evidence of their use in the SES sample TAs. A diagnostic analysis should identify (i) current performance and goals and objectives for the TA target area; (ii) underlying issues giving rise to the need for a TA; (iii) underlying causes of these issues; and (iv) organizational change strategies to address the issues, their causes and to overcome constraints. Such diagnostics are not routinely carried out and TA papers rarely include satisfactory diagnostic analyses. Consequences of poor diagnostics included incomplete TOR, difficulties in determining budgets, and issues managing EA expectations.

44. Objectives established for TAs in the SES sample varied between the attainable and the unrealistic. The SES showed little relationship between size of TA and objective realism, e.g., in India, an SSTA for improving the regulation and supervision of derivative instruments had multiple

<sup>25</sup> ADB. *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers*. Page 3, footnote 9.

<sup>26</sup> DMFs for TAs have improved significantly. For TAs approved in 2000, DMFs were rated as satisfactory or better for only 19% of ADTAs and 12% of RETAs. For 2005 approvals, the corresponding proportions of satisfactory DMFs were 64% and 58% respectively. Although this trend is encouraging, the proportion for satisfactory DMFs for TAs is still too low and is significantly lower than the 83% of satisfactory DMFs for projects approved in 2005. See: ADB. 2006. *Annual Report on Loan and Technical Cooperation Assistance Portfolio for the Year Ending 31 December 2005*. Manila (pages 111–116).

objectives which could not be addressed within the \$150,000 budget. Although an excellent study was prepared, this led to inflated expectations and government disappointment with the outcome. Less than 25% of TAs in the SES sample were rated having “just right” resources.

45. ADB has not standardized TA models, products, or practices which could be marketed or continuously improved. In addition, there is little progression planning for TA as interventions are not often regarded as being part of a longer-term program of assistance. There is a need for a more systematic allocation of TA budgets and the technical assistance indicative planning figure (TAIPF). This should be based on an ADB and government agreed prioritization of TA programs as set out in CPSs and the individual TAs within programs.

46. The time allocated to ADTAs was considered by EAs to be too short in 32% of cases and far too short in 26% of cases. These figures were broadly corroborated by ADB staff. The situation for PPTAs was slightly better with 53% considered as having adequate time by both EAs and ADB staff. These findings point to ADB’s difficulty in estimating implementation schedules even though every consultant proposal includes such a schedule.

47. For both ADTAs and PPTAs, TORs are based on required inputs and outputs. This is fine for PPTAs, but the TORs for ADTAs do not usually specify required outcomes. This means that a consultant’s input is deemed to be complete once the required inputs have been used and the required output has been delivered without full reference to the quality of work produced. This approach also misses an opportunity for consultants to identify ways in which the issues in the TA might be addressed. The work schedules prepared by consultants could also be used to inform the design of TA. In addition, there is no clearly defined requirement for EAs to be accountable for TA outcomes and inputs.

48. The DMF establishes the targets and performance indicators used by each component of the project performance management system (PPMS), and its use has been mandatory since 1996. Although the OM encourages a participatory approach in DMF preparation, the EA contribution in the SES sample exceeded 50% in only 32% of cases. A 2003 SES by OED found that the quality of DMFs was poor. Management subsequently prepared an action plan and the quality has improved. For TAs approved in 2000, DMFs were rated “satisfactory” or better for only 19% of ADTAs and 12% of RETAs. For 2005 approvals, the corresponding proportions of satisfactory DMFs were 64% and 58%, respectively. Although this trend is encouraging, the proportion for satisfactory DMFs for TAs is still too low and is significantly lower than the 83% of satisfactory DMFs for projects approved in 2005.<sup>27</sup>

49. The need for a clear ADB exit strategy to be defined at entry was underscored by responses in the SES from 85% of ADB staff and 95% of EAs, which saw the TA as a step in a more general reform program requiring further assistance in the future. The study found that few TAs included a strategy to continue a reform or change process after TA completion. In addition, the need for results dissemination is often not included in TA papers, which can seriously hamper the dissemination of findings both within and outside ADB. In addition, there remains a need for all key TA reports to be made available in the language of the DMC. Perhaps most important is for ADB to actively follow up to support the recommendations included in TA reports. This is often not done. As a result TA, particularly ADTA, does not result in change. Completion of an ADTA report is not the end of a TA. Rather, it is the beginning of serious discussions based on the knowledge included in the report that should lead to the implementation of some of the key recommendations in the report.

50. **Resources to Support Implementation.** Appendix 9 shows that actual staff time spent on TA formulation was significantly less than the staff coefficient used by the Budget, Personnel and

<sup>27</sup> ADB. 2006. *Annual Report on Loan and Technical Cooperation Assistance Portfolio for the Year Ending 31 December 2005*. Manila (pages 111–116).

Management Systems Department (BPMSD): 2.6 weeks for ADTAs versus 5.0 weeks and 3.0 weeks for PPTA compared with a coefficient of 10.0 weeks. Despite this, with the exception of the Fiji Islands, the average annual workload of the officers concerned was at least 1.5 person-years. In India and in the urban, transport, and education sectors, workloads were particularly high. This is consistent with the SES findings of inadequate diagnostics, poor TA project scoping, weak DMFs, and inadequate briefing of EAs.

51. The SES found that most staff had experience and technical skills that were relevant to the TAs they were designing. However, they lacked competencies in change management, policy reform, and capacity building. These are frequently key areas to be addressed during TA implementation.

52. **Quality Control.** Overall, the evaluation found that quality control for sample TAs was inconsistent and patchy. The NBP provide details of authority delegation but not details of where responsibility and accountability for quality control reside. The NBP make ADB officers responsible for the TA they formulate but this is affected by the number of times there are changes in the assigned ADB staff during the life of a TA. The study found that the same ADB staff was involved throughout in only 43% of ADTAs and 58% of PPTAs. This is exacerbated by the lack of formal handover processes—the study found examples where this handover had consisted of an email to the EA. It also found a tendency for the quality of supervision for ADTAs to decline following handover. Frequent changes in ADB staff assigned to TAs has also been documented in other OED reports and has been a source of complaints by some DMCs. ADB reorganizations exacerbate this problem.

53. Other than a management checklist for PPTAs provided by PPMS, there are no ADB-wide checklists to ensure that common issues of importance have been addressed during TA formulation. In the SES sample, 44% of the concerned ADB staff considered that departmental review of their TA papers added little or no value. The NBP envisaged that sector or crosscutting committees carry out peer reviews of draft TA papers but these committees were subsequently dismantled. Communities of practice were established in 2006 to revive some of these responsibilities, but not peer review.

54. ADB staff covered by the SES reported that interdepartmental circulation added little or no value in just under half of sample TAs. Reasons given for this included that officers assigned to read TA papers may not have appropriate backgrounds and that work on reviewing goes largely unrecognized during the annual performance reviews of staff or by other departments.

55. The role of the Staff Review Committee (SRC) in quality control has diminished. The NBP made SRCs optional. The study found that only 37% of sample TA papers had an SRC, of which 67% were approved in 2002 or earlier. This has effectively removed an important forum for senior level scrutiny of TAs. However, there were questions about the value added by SRCs for TA and whether attending such meetings was an effective use of time of senior staff.

56. Quality control is affected by the continuing bunching of TA approvals at year-end. The 1-year allocation of the TAIPF provides a “use it or lose it” incentive for gaining TA approval by year-end. Over the SES study period, about a quarter of TAs were approved in December, placing strain on the already deficient quality control system. To address this problem, consideration is being given to a 3-year rolling TAIPF.

#### **D. Implementation of Technical Assistance**

57. In analyzing TA implementation performance, the SES examined adherence to TA design, schedules and processes, consulting services, EAs, and ADB supervision.

58. **Adherence to Design.** The TOR and targeted outcomes for TA had not always provided a reliable guide for what could realistically be achieved by TA consultants, and in several cases consultants' inputs ended before government decided whether to implement TA recommendations. Within the SES sample, there were several cases where international consultants had based their proposals not on best practice adapted to country conditions but on experience from their home country. The SES found that many well-organized study tours had been effective in exposing EAs to best practice elsewhere.

59. Consultants usually followed designs very closely in order to meet the terms of their contracts, and focused on high priority tasks if designs were too ambitious. There was often a mismatch between TA scope and resources. Only 3.5% of 1969–2006 TAs had supplementary TA approved to correct for significant mismatches between TA scope and resources.

60. **Schedule.** TA closing dates are often not adhered to. Only 40% of TAs closed from 2004 to 2006 were completed within a year of the original completion date. In addition, for the same period, only 14% of TAs were financially closed within a year of the target completion date. On average, TAs remain open for about 10 months after physical completion.

61. **Process.** Many TAs within the SES sample were conceived without a process framework whereby the proposals for change in the TA were accompanied by required changes in the enabling environment (e.g., approval of legislation and EA capacity building). However, there were some notable success stories, e.g., in Bangalore, India, limited inputs from a RETA enabled implementation of a significant change management program which had marked impacts on public health and overall quality of life indicators.

62. **Consulting Services.** The SES found that ADB could do more to improve relationships with consultants to optimize value added. Consultants form the vital delivery component in the TA outsourced model and contribute to both ADB's reputation and comparative advantage—about 90% of EAs and 87% of the ADB staff sample said that consultants had enhanced ADB's reputation. The relationship between consultants, EAs, and ADB is complex and has proved confusing to consultants in the SES sample—in 30% of ADTAs and 77% of PPTAs, they stated that they regarded ADB rather than the EA as the client.

63. Major consulting firms with strong knowledge of international best practice in their specialized fields have increasingly disinvested in the aid agency-funded consultancy market as fee rates have become more attractive elsewhere. Those that have remained have increasingly bid for work through local franchises, raising questions over the maintenance of their service and content quality. However, many highly experienced former employees have remained in the market place as either individual consultants or as part of smaller niche consultancies. Increasingly, ADB is outsourcing work to individual consultants and to firms which themselves outsource work to non-permanent members of staff.

64. Most EAs in the SES sample were at least satisfied with consultant selection processes but roughly a quarter were not. Among the most common complaints were the exclusion of EAs from the selection process and too little use made of national consultants. However, all EAs have the right under PAI to "object(s) to any (consultant) based on previous experience with them"<sup>28</sup> but most do not exercise this right. A recent change to the PAI made it possible for delegated recruitment to happen for the selection of consulting firms.<sup>29</sup> ADB could do more to promote national consulting

<sup>28</sup> ADB. 2006. Recruiting Individual Consultants. *Project Administration Instructions*. PAI 2.03A Section F. Manila (12 October, para. 17).

<sup>29</sup> ADB. 2006 and 2007. Recruiting Consulting Firms. *Project Administration Instructions*. PAI 2.02A Sections D and E. Manila (7 April and 14 February, respectively).

industries in addition to the current programs of seminars and the series of consulting industry development TAs. Forty-three percent of consultants in the SES sample raised a range of issues from minor contract amendments to major delays in payments.

65. Eighty-three percent of EAs rated the performance of consultants as at least “satisfactory”. Of those that did not, the most common complaint was team leader performance, for a variety of reasons from cultural insensitivity to lack of technical and managerial skills. The consequences of this can be severe and result in implementation delays and dissatisfied EAs. The study found that 84% of consultants were found by EAs to be “satisfactory” or better at communicating best practice. However, consideration could be given to promoting the use of national consultants as a means of assisting in the implementation of TA findings, thus maintaining both continuity and the influence of ADB. Although there have been problems with the performance of some consultants, these figures suggest that this is not a widespread problem.

66. **Executing Agencies.** The EAs are not always fully engaged in TA implementation. This is because (i) consultants may not be available for long enough to coach EA staff to manage recommended changes, (ii) consultants rarely work with EA implementation teams, (iii) TAs may not have sufficient time allocated to skills transfer, (iv) TA designs focus on report production, and (v) EAs only make counterparts available on a part-time basis. Similar problems have been reported in other OED reports (Box 1). Box 3 summarizes what EAs could do to increase their involvement with TA and improve the effectiveness of TA.

**Box 3: What can Executing Agencies (EA) do to Improve Technical Assistance (TA) Effectiveness?**

Although the onus for improving TA effectiveness is on the Asian Development Bank (ADB), EAs also have a role to play:

- (i) Ensuring that all key stakeholders are actively involved at all stages of TA conception, processing, implementation, and follow-up both through coordination mechanisms such as steering committees and on a day-to-day basis.
- (ii) Allocating and managing required resources, including counterparts, for the TA in addition to seeking to implement agreed recommendations and ensuring that TA activities and outputs are updated as required.
- (iii) Involving themselves in existing and potential future processes—including formulation of terms of reference; consultant selection; consultant performance evaluation; implementation oversight; and, critically, the continued adoption, promulgation, and refinement of TA outputs and outcomes following TA completion.
- (iv) Ensuring that staff involved in the TA pass on/hand over their knowledge, before they depart, to new staff and that new staff receive necessary training.
- (v) Ensuring interdepartmental and interministerial coordination for TA implementation together with internalization and/or follow-on of TA outputs.
- (vi) Subjecting TAs to national audit and anticorruption mechanisms.

Source: Special evaluation study compilation.

67. **ADB Supervision.** Key issues identified by the SES included staff inputs, the mix of experience and expertise, and client management. All EAs in the SES sample rated consultant and ADB staff competence as “satisfactory” or better, and 86% of EAs and consultants rated the quality of ADB supervision as “satisfactory” or better. ADB’s responsiveness was rated at least “satisfactory” by 85% of EAs and 90% of consultants. Of the minority who rated supervision lower, the greatest issue was ADB staff’s lack of experience and frequent changes. ADB staff changed during implementation on 52% of sample ADTAs. Nearly all (99%) of EAs rated ADB against other funding agencies as at least average, and in 63% of cases better than most or the best.

68. Despite these positive findings, other OED reports have found systematic weaknesses related to the supervision of the TA portfolio.<sup>30</sup> In both 2004 and 2005, only about one quarter of

<sup>30</sup> ADB. 2006. *Annual Report on Loan and Technical Assistance Portfolio Performance for the Year Ending 31 December 2005*. Manila (paras. 173–177).

the active portfolio of about 1,000 TAs were reviewed by one or more TA supervision missions. In 2005: (i) inception missions were reported for 30% of the newly approved TAs; (ii) review missions were reported for 18% of the ongoing TAs; (iii) special administration missions were reported for 3% of the ongoing TAs; (iv) missions of all types were reported for 35% of the ongoing PPTAs; (v) inception missions were reported for 43% of the new PPTAs; (vi) missions of all types were reported for 25% of the ongoing ADTAs; and (vii) missions of all types were reported for 15% of the ongoing RETAs. There is some underreporting of TA missions in ADB's administrative systems and TA activities of resident mission staff are typically not recorded unless a mission is involved. Also, some TAs may not require missions although there is no empirical evidence available. While the number of missions is not the only measure of how well a TA is being administered, most TAs are not reviewed in the field each year, so that there is no face-to-face contact between ADB staff, the consultants, and EAs. ADB staff appear to rely heavily on reviewing reports and contact through letters, faxes, emails, and telephone to administer TAs and to monitor their implementation. Overall, these figures indicate that the size of the TA portfolio exceeds ADB's capacity to satisfactorily manage its implementation.

## E. Outputs and Outcomes of Technical Assistance

69. The SES examined the outputs and outcomes of sample TAs against those set in the TA papers. Many DMFs had confused impacts, outcomes, outputs, and inputs; and contained vague and sometimes over-generalized indicators that were difficult to measure. The SES restated outputs and outcomes where necessary and used these as the basis for evaluation. The study analyzed the achievement of outputs and outcomes, and performance by the EAs. It also identified key factors affecting the sustainability of TA outcomes (summarized in Box 4 with details in Appendix 10).

### Box 4: Factors Affecting Technical Assistance Sustainability

The study identified a number of factors influencing technical assistance (TA) sustainability including:

- (i) **Regular changes in the senior personnel of executing agencies (EAs)** – the study found that frequent changes in senior personnel could severely impact on long-term TA ownership.
- (ii) **TA wrongly assuming that agency budgets will be increased to ensure changes are sustainable** – particularly so where TA was provided to improve EAs' capacity to manage the operational and maintenance costs of new or rehabilitated infrastructure.
- (iii) **Counterpart staff not being full time** – EA counterparts rarely worked full time with consultants on a TA.
- (iv) **TAs may not spend all allocated funds even though intervention objectives have not been met** – an average 14% of funds allocated to advisory TAs in the study sample remained unspent and were returned to their funding source.
- (v) **Lack of interest in following up after consultant final report submission and conclusion of the TA** – the study found little evidence of efforts to follow up on the impacts of TA following consultant report submission.
- (vi) **Un-integrated approach to the management of sector or geographic programs** - in some instances, a series of TAs in the same sector may be dealt with by individual project officers rather than coordinated under one officer.
- (vii) **Absence of accepted methodologies for change management** – other than training, there are no standard methodologies for addressing key change management issues including processes, practices, and attitudes.
- (viii) **Too little time to complete and consolidate upon the intervention** – TAs may fail to estimate the time required to complete a set of tasks and to ensure outcome sustainability.

Source: Special evaluation study compilation.

70. **Achievement of Outputs.** Overall, the selected TAs examined for this SES were successful at producing outputs. For 70% of sample PPTAs and 72% of ADTAs, outputs were achieved or exceeded. More than 90% of ADTAs produced proposals suitable for policy reform, and 37% of proposals were acted on. Where recommendations were made to improve the functioning of an agency, they were at least partially acted on in 91% of cases. Over half (59%) of the EAs reported the recommendations were not easy to implement, which highlights a need to ensure that

recommendations are presented in a form, which can be implemented. Where training had been carried out, 92% of EAs had noticed at least some improvement in trainee's performance.

71. **Achievement of Outcomes and Success Rates.** In 2006, ADB set a benchmark that TA performance is satisfactory if 70% of TAs are rated as successful by OED.<sup>31</sup> The SES evaluated TA outcomes in terms of relevance, effectiveness, efficiency, sustainability, and in overall terms. Overall performance of SES sample TAs was that 72% were rated "successful" or "highly successful" (Table 2). This level of performance slightly exceeds the benchmark for satisfactory TA performance but there were significant differences between countries and sectors. In particular, the SES findings for India (77% successful) and Viet Nam (92% successful) exceeded the benchmark by some margin reflecting, in part, the exceptionally good TA outcomes in the financial sector in India and the health sector in Viet Nam. However, there is a question of whether these outcomes are consistent with the overall performance of the TA portfolio. A comparison of the TA ratings resulting from the fieldwork undertaken for this evaluation with the TA ratings for the same and other countries from other OED evaluations is set out in Chapter V.

**Table 2: Special Evaluation Study Sample Technical Assistance Performance Ratings**

<b>Country</b>	<b>Sample Size (no.)</b>	<b>% Rated Successful or Better</b>
Fiji Islands	14	71
India	29	77
Kyrgyz Republic	19	53
Philippines	23	61
Viet Nam	25	92
<b>Total</b>	<b>110</b>	<b>72</b>

Source: Fieldwork undertaken for this special evaluation study.

72. Overall, the SES showed that some ADTAs delivered an excellent product that was tailored to the EA's requirements. This is shown by some excellent results from India (finance sector) and Viet Nam (health sector). Excellent TA results have also been documented in other OED reports (Box 5).

<sup>31</sup> ADB. 2006. *2005 Annual Poverty Reduction Report: Progress in Implementing the Poverty Reduction Strategy*. Manila.

### Box 5: Successful Technical Assistance – Some Examples

#### Building Country Systems in the PRC<sup>a</sup>

A recent technical assistance performance evaluation report (TPER) focused on five technical assistance (TAs) supporting audit, procurement, and performance evaluation in the People's Republic of China (PRC) in response to the need for strong legal and regulatory frameworks as key aspects of governance. Overall, these TAs were successful in supporting enabling legislation and regulations and procurement together with identifying new organizational arrangements and the structure of a new department to supervise procurement. The TPER identified key TA success factors as:

- (i) Realistic design with achievable outcomes and outputs;
- (ii) Active involvement of the executing agency (EA) from start of the TA to result evaluation;
- (iii) Respected consultants; and
- (iv) Training manuals produced in formats, which encourage updating and revision.

The TPER concluded that the Asian Development Bank (ADB) should take a long-term strategic approach in supporting governance reform and not an ad hoc opportunistic approach.

#### Good Practice in Change Management in India<sup>b</sup>

ADB carried out a TA in India designed to strengthen tax administration under two existing agencies. Eight working groups were established, which identified both the TORs and the consultants with whom they wanted to work. The work took account of the needs of the two different agencies including preparation of manuals to standardize work processes and related training programs. Recommendations for change were made by each working group on a continuous basis and implemented immediately when accepted. Rapid decision making was facilitated by close client management from a national officer from the India Resident Mission who forged key relationships between the agencies, senior government officials, working groups, and consultants.

#### Supporting Health Reform in Viet Nam<sup>c</sup>

In Viet Nam, a series of TAs were directed at the 2002–2004 CSP goal of “increasing access of the rural poor to health services and reducing the vulnerability to health shocks.” Of the five TAs evaluated, all were rated as at least “successful”. In all cases, the TAs responded to high government priorities, were frequently interrelated and sequential, and were often developed jointly with government with a good rapport between ADB staff, EAs, and consultants. Outputs were found useful by EAs, e.g., in one case, the study report is still used as a key staff training aid and is kept updated by the EA.

#### Promoting Constructive Dialogue in the Fiji Islands<sup>d</sup>

ADB responded to an urgent government request to bring all sugar industries stakeholders together (sugar is both a major employer and revenue earner) to address the withdrawal of EU preferential prices, changes in land tenure, and production and processing constraints. ADB devised and implemented an intermediation process, which enabled widely differing opinions to be debated in a constructive environment. ADB maintained strong ownership of the process (vital for intermediation) and successfully catalyzed the assessment of a viable future for the industry.

<sup>a</sup> Source: ADB. 2006. *Technical Assistance Performance Evaluation Report for Selected Technical Assistance Projects in Public Administration for the People's Republic of China*. Manila.

<sup>b</sup> Source: Appendix 8.

<sup>c</sup> Source: Viet Nam Country Study (Supplementary Appendix E), available on request.

<sup>d</sup> Source: Fiji Islands Country Study (Supplementary Appendix A), available on request.

## IV. CORPORATE LEVEL INFLUENCES ON PERFORMANCE OF TECHNICAL ASSISTANCE

### A. Introduction

73. This chapter examines ADB corporate level processes that influence the performance of TA (Figure 1). Since TA is one of ADB's two principal operating instruments, corporate level influences

should be significant. As this chapter explains, weaknesses in corporate level management of TA provide the underlying explanation for many of the problems associated with TA performance.

## B. Corporate Priorities

74. The LTSF and MTS, as discussed in Chapter II, provided a very broad set of corporate level priorities. To what extent were these pursued for TA? The evidence from the SES suggests not very much. Based on the TAs in the SES sample, it is difficult to discern any significant progress toward addressing the LTSF priorities of introducing improved mechanisms and procedures, including longer-term models, for using TA more effectively. The 2003 review of TA took an important step toward identifying measures to improve TA effectiveness but there was not a sufficiently concerted effort to implement the measures. Around the time of LTSF approval in 2001, there were some initiatives to develop TA clusters, but these were not sustained.

75. In the case of the four priority areas established by the MTS, there has been some progress but the extent is not commensurate with what might be expected of a declared corporate priority:

- (i) **Stronger country focus.** A closer relationship was established between strategy and program by replacing the former country operational strategies and country assistance programs with CSPs and CSPUs. Country focus was also enhanced by the resident mission policy, which led to expansion of resident mission staffing and some further delegation of responsibilities to resident missions. However, based on the TAs in the SES sample, ADB remained an organization delivering its programs predominantly from Manila.<sup>32</sup>
- (ii) **Greater coherence of all ADB activities at country level.** This study only examined TA but did so in enough detail to suggest that work remains to be done to produce an optimal level of coherence between lending and nonlending activities. Under the President's direction, this has been given increased emphasis in ADB's WPBF and the work of the ongoing TA Reform Task Force.
- (iii) **Long-term engagement in selected areas in each DMC.** As Chapter III and several CAPEs showed, there was little evidence from the SES country case studies to suggest that RDs had reorganized the way they did business to establish longer-term areas of operational focus at country level and to develop the more effective customer or client orientation that this would require.
- (iv) **Better coordination with other development partners.** In the SES sample, there was some evidence of coordination among development partners in the use of TA. At the same time, there were also examples of competition between funding agencies, especially between ADB and the World Bank.

76. MTS II calls for a stronger link between the lending program and TA. Clearly, there are many instances when TA can usefully compliment the lending program. PPTAs are used to prepare bankable feasibility studies and ADTA can be used to improve the legal, policy, and regulatory framework to support reform and to build institutional capacity to increase the probability that projects and programs financed by ADB, other funding agencies, and the government will be successful. However, many nonlending activities could have a strategic impact on achieving efficient, pro-poor economic growth and remove obstacles related to achieving development results. Examples of such factors include improving governance, promoting anticorruption initiatives, building an enabling environment for the private sector, analyzing factors related to poverty, improving public expenditure management, addressing gender issues, strengthening environmental management, and engaging in fragile states and small island countries. This is only a partial list of a large number of potential thematic areas that would be of interest to ADB. Clearly, ADB cannot be involved in all themes in all countries. Selectivity, focus, and long-term engagement

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<sup>32</sup> New guidelines for CSPs have recently been issued (ADB. 2007. *Country Partnership Strategy Guidelines*. Manila).

are needed for both lending and nonlending operations. The CPSs should formulate a clear strategy for the use of TA in a particular DMC that supports both lending and nonlending operations and responds to the government's priorities. Statements in MTS II should not be narrowly interpreted to mean that ADB should only use TA to support lending operations. In most DMCs, there will be opportunities to use TA to achieve important impacts in nonlending areas. These should be identified, prioritized, and programmed in the CPSs and subsequent updates.

### C. Development of Technical Assistance Products

77. **ADB Does not Update its TA Product Range in Response to the Market.** Given that TA is one of ADB's two main operational instruments, it is surprising that it has not sought to develop and continuously update a suite of TA products to meet the needs of its clients. As discussed in Chapter II, ADB now uses its three existing types of TA (ADTA, PPTA, and RETA) for an increasingly diverse range of activities, but it has not developed standard TA models within these TA types, based on best practices. Such models would help DMCs to better articulate their requests for TA, enhance and simplify the task of TA formulation, and improve the prospects for successful TA outcomes. ADB's TA and procedures governing the use of consultants are applied uniformly across DMCs and EAs. ADB has not made serious attempts to tailor its procedures to the level of development of DMCs or the institutional capacity of the EAs.

78. PPTA played an important role in the historical development of ADB lending. For many years, DMCs lacked the capacity to design and appraise investment proposals. Some still do. PPTA was used to fill this gap. However, times have changed. Although some smaller DMCs still depend on PPTA to prepare projects, a number of DMCs do not, particularly middle-income countries (MICs). Many are critical of the PPTA product, particularly over lack of EA involvement in the design process and in consultant recruitment, and because the growing emphasis on safeguard compliance and other crosscutting themes often leaves too little resources to conduct a thorough technical feasibility study. They see PPTA as an ADB-oriented rather than customer-oriented product, with the consultants being appointed by, and reporting to ADB. Another concern is that PPTAs do little to enhance DMC capacities to progressively take over more of the preparation process. PPTA can sometimes inhibit the development of such capacity (Box 6).

#### Box 6: Deskillling Executing Agencies through Project Preparatory Technical Assistance (PPTA)

A former senior staff member of an executing agency described how PPTA had led to deskilling of the Bangladesh Water Development Board (BWDB). In the late 1970s, it had built up its in-house capacity for carrying out feasibility studies, based on experience gained on studies for three drainage and flood control projects conducted with assistance of international consultants. BWDB reached a point that it could do most parts of a feasibility study, requiring outside expertise only for modeling river flows.

In the 1980s, as a strategy for obtaining work, national consultants recruited former secretaries of the Ministry of Agriculture and former BWDB chairpersons. These influential recruits persuaded BWDB to use local consultants rather than in-house capacity to design projects. The incentive for the current BWDB chairpersons was the promise of being recruited by these firms when they retired. The process was unwittingly encouraged by funding agencies, which always insisted on using international consultants working in association with national consultants. To fill these positions, the national consulting firms recruited the staff of BWDB's unit with the feasibility design capacity.

Therefore, decades after it started to establish an in-house capacity, BWDB is still dependent on outside consultants for preparing all but the simplest designs, and international consultants still take the leading roles in design and management of the project preparation process.

Source: Asian Development Bank. 1998. *Evaluation Study on the Impact of Bank Project Preparatory Technical Assistance on the Agricultural Sector in Bangladesh*. Manila.

79. Some middle-income DMCs, including the PRC and India, can now prepare project designs and feasibility studies without outside assistance. However, ADB often still insists on providing a PPTA to check the designs and compliance with ADB safeguards. Some middle-income DMCs argue that they no longer want such PPTA, and that if ADB requires it then it should be financed not from TA but from ADB's administrative budget. They also complain that PPTA delays the implementation of projects because of the additional time required for preparation and approval of the TA paper and for consultant recruitment.

80. ADB should establish an explicit menu of PPTA products to fit the spectrum of circumstances in different DMCs and sectors. At one end might be countries like the PRC where the EA may often be able to prepare the project without PPTA, and where country systems with some validation and strengthening could be followed for addressing safeguards.<sup>33</sup> At the other end might be the Pacific Island countries where the traditional PPTA remains relevant. In between might be several variants where limited PPTA services would be provided to supplement domestic project preparation capacity in areas where gaps have been identified, but where the PPTA process would be used more deliberately to foster eventual graduation from need for PPTA—including through greater use of domestic consulting services.

81. In the case of ADTA, there is an even greater need to define ADB's product range tailored to a range of DMC needs and develop a suite of models based on best practices. ADTAs now cover a diverse range of complex and challenging subjects such as policy development, capacity building, and change management. No statistics are kept on the demand for any of these products. There is no market research of target audiences about the value of the products, the most appropriate form of presentation, and other important market information. There are no guidelines or handbooks to assist DMCs and ADB staff in deciding which product to propose and how to ensure an effective design. Each ADTA is a "one-off" and there appears to be little or no learning about how to improve the ADTA product from one ADTA to the next.

82. The introduction of a cluster TA facility in 1997 was a new ADTA product to enable broad-based interventions to be made through a number of initiatives over a period of time, allowing flexibility for some components to be designed based on initial implementation experience. As of the end of 2006, 28 cluster TAs had been approved, including a cluster of PPTAs. Problems have been experienced in the implementation of some of the cluster TAs. In the PRC, an umbrella TA facility has been successful at responding rapidly to specific small-scale government requests, and an innovative joint ADB/PRC TA award has been established which recognizes exceptional ADTA contributions. Although there are some examples of innovative use of TAs, these are individual initiatives rather than the reflection of a deliberate strategy on the part of ADB to customize TA policies and procedures to the needs of DMCs and EAs.

#### **D. Funding the Product**

83. **Trust Funds are now a Major TA Financing Source.** The balance between different sources of TA funding changed over the study period. At the start of the period, 41% was funded from the TASF, which comes from funding agency contributions and transfers from ADB's OCR income; 36% from the JSF; and 12% from trust funds. In 2002, JSF financing was reduced to slightly over half of the previous levels. Over the period, there was a steady increase in trust funds. As a result, by 2006, the TASF financed 38% of TA, 23% was from JSF, and 38% was from trust funds. Budgeted and actual TA financing are shown in Table 3.

<sup>33</sup> ADB. 2006. *Special Evaluation Study on Environmental Safeguards*. Manila; and ADB. 2006. *Special Evaluation Study on Involuntary Resettlement Safeguards*. Manila.

**Table 3: Budgeted and Actual Financing of Technical Assistance Operations, 2001–2006**  
(\$ million)

Item	Budgeted						Actual <sup>a</sup>					
	2001	2002	2003	2004	2005	2006	2001	2002	2003	2004	2005	2006 <sup>c</sup>
<b>A. TA Program</b>	145.0	160.0	137.0	155.0	175.0	180.0	145.5	179.0	175.2	195.1	198.8	241.6
<b>B. Financial Sources</b>												
1. TASF	35.0	51.0	20.0	24.0	67.0	87.0	59.1	102.7	86.2	78.4	89.5	92.3
2. JSF	60.0	33.0	33.0	36.0	36.0	40.0	53.1	36.4	36.9	40.0	28.4	56.6
3. TA Savings/ Cancellations <sup>b</sup>	20.0	10.0	7.0	10.0	10.0	10.0						
4. Other Sources	10.0	10.0	15.0	35.0	30.0	32.0	17.2	30.3	52.1	76.7	80.9	92.7
5. ACCSF	0.0	0.0	0.0	0.0	0.0	0.0	16.1	9.6	0.0	0.0	0.0	0.0
<b>Total Financial Resources</b>	<b>125.0</b>	<b>104.0</b>	<b>75.0</b>	<b>105.0</b>	<b>143.0</b>	<b>169.0</b>	<b>145.5</b>	<b>179.0</b>	<b>175.2</b>	<b>195.1</b>	<b>198.8</b>	<b>241.6</b>
<b>C. Resource Funding Gap (A less B)</b>	20.0	56.0	62.0	50.0	32.0	11.0	0.0	0.0	0.0	0.0	0.0	0.0

ACCSF = Asian Currency Crisis Support Facility, JSF = Japan Special Fund, TA = technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Each year, the budgeted TA program is based on the operational resources parameter, but actuals are higher mainly due to use of additional OCR income and establishing of new trust funds in some years.

<sup>b</sup> TA savings/cancellations are returned to their source.

<sup>c</sup> Preliminary figures based on LTAA data as of January 2007

Sources: Treasury Department and Strategy and Policy Department for budget; ADB budgets for 2005 and 2006, and ADB annual reports for actuals.

84. When TA resources became stretched after the JSF funding reduction, more OCR net income was transferred into TASF. Up to 2001, there was a tendency in ADB to leave under spent TAs accounts open and use the unspent funds for additional work deemed important to the division or department responsible for the TA. In some cases, the additional work was only tangentially related to the original scope of the TA. Controls on the use of the surplus TA funds were lax. Little consideration was given to whether the surplus funds could be better used for other purposes. The 2001 target for recycling unspent TA of \$20 million proved optimistic, with only \$8 million being achieved. The following year, the amount was \$7 million. Incentives were improved by allocating the savings to the division that surrendered the surplus funds. While cancelling unused TA funds and recycling them into other TAs is generally appropriate, some EAs felt that ADB was sometimes overly strict in closing TAs and cancelling the remaining TA funds. In some cases, EAs felt that if they were allowed to use some of the surplus funds, more progress would have been made in implementing the TA recommendations.

85. Trust Funds are used to pursue development partners' agendas. At the end of 2006, there were 34 trust funds, 12 of which were fully committed. Trust funds reflect the development agendas of funding agencies. Table 4 summarizes trust fund operations. Details of each fund are given in Appendix 11. These are in broad alignment with the strategic areas and crosscutting themes identified in the LTSF.

**Table 4: Summary of ADB Trust Fund Operations**  
(as of 31 December 2006)

Item	Number of Funds	Total Amount (\$ million)	Available Amount (\$ million)	Focus: Sectors/Themes
Single Donor Cooperation Funds	20	\$223.2	\$86.6	<ul style="list-style-type: none"> <li>• Inclusive Social Development<sup>a</sup></li> <li>• Sustainable Growth<sup>b</sup></li> <li>• Private Sector Development<sup>c</sup></li> <li>• Environmental Sustainability</li> <li>• Governance for Effective Policies and Institutions<sup>d</sup></li> <li>• Poverty Reduction</li> <li>• Regional Cooperation and Economic Integration</li> </ul>
Multi Donor Cooperation Funds	14	\$203.2 <sup>e</sup>	\$15.5	<ul style="list-style-type: none"> <li>• Inclusive Social Development<sup>a</sup></li> <li>• Sustainable Growth<sup>b</sup></li> <li>• Environmental Sustainability</li> <li>• Governance for Effective Policies and Institutions<sup>d</sup></li> <li>• Poverty Reduction</li> </ul>
<b>All Cooperation Funds</b>	<b>34</b>	<b>\$426.4<sup>f</sup></b>	<b>\$102.1<sup>f</sup></b>	

<sup>a</sup> Social sectors including education, health, and water management.

<sup>b</sup> Includes renewable energy, agriculture and fisheries, transport, urban development, product development, reconstruction, and information and communication technology.

<sup>c</sup> Private sector including privatization, financial sectors including microfinance, and telecommunications sector.

<sup>d</sup> Includes policy development, law and governance, and results management.

<sup>e</sup> Includes EUR5.5 million or \$6.4 million equivalent (\$1.16771 = EUR1 as of 5 March 2007) under Pakistan Earthquake Fund

<sup>f</sup> Data as of 5 March 2007. Office of Cofinancing Operations and Controllers Department currently reviewing trust fund data.

Sources: Operations Evaluation Mission and Office of Cofinancing Operations internal reports.

86. Funding agencies specify what their trust funds are to be used for, and some restrict use to particular countries. Since trust funds are now a large part of total TA financing, they may influence the corporate and country TA programs by expanding TA in favored sectors and subsectors. In contrast to TASF and JSF, which support ADB's traditional focus of TA linked to lending, trust funds were often targeted at addressing issues such as social development or environmental management—without any close association with the lending program in a particular CSP. These issues may, or may not, be areas that DMCs prioritize for ADB involvement. However, the thrust of trust funds are likely to continue to be on thematic and knowledge areas which are complimentary.

87. Consistent planning is further influenced by the way in which trust funds are allocated to users. In the past, trust funds provided additional funds over and above the allocations made to individual departments and, hence, to country programs. The weakness in such a system is that there is a probability that they will be accessed by departments and other areas of ADB working outside of the areas prioritized by the DMC in the country strategy. The resultant TAs in these circumstances are more likely to be supply-driven and elicit little real interest and ownership on the part of the DMCs involved. This appears to be particularly true for some RETAs.

88. Now, trust funds are allocated to regional departments as part of the operational planning parameters. This further distorts planning, as there can be no guarantee that any regional department's priorities are linked to the objectives of the trust funds. There is a tendency for regional departments to fund priority TAs from TASF—as procedures are simpler and more predictable—rather than seeing if a priority fits any trust fund first, and using TASF as a fund of last resort. There is again a likelihood of ADB producing supply-driven TAs funded from the trust funds.

89. A problem in the way in which trust funds are managed is the passive approach of ADB to the acquisition of trust funds and their nonstrategic use. ADB did not develop proposals or market ideas to funding agencies for trust fund support, though there is presently a move to do so, notably in the water and energy sectors. To date, unlike the World Bank and the European Bank for Reconstruction and Development, ADB has not made presentations to funding agencies, which have resulted in funds like the multi-aid agency fund for global public goods of the World Bank. However, OCO plans to hold such a meeting at the 2007 ADB Annual Meeting. It has tried to get some guidance on where funding is most needed, but its request to operational departments received a mixed response. Even so, these discussions were well received by funding agencies, and resulted in a new trust fund and the replenishment of two existing ones.

90. Management of trust funds is shared between OCO, RSDD, SPD, or OREI. It appears that the trust fund is allocated to RSDD if it is sufficiently large and relates to a specific sector, such as water management, HIV/AIDS poverty, environment, etc.. Others remain either with OCO, SPD, or OREI depending on the subject/sector/theme. Currently, OCO and RSDD manage the majority of trust funds. Both OCO and RSDD manage trust funds using the same procedures. Until 3 years ago, OCO had limited resources for trust fund administration (one professional and two support staff). ADB has been somewhat passive in its acceptance of procedures required of trust funds, regardless of the level of micromanagement the funding agency wants to impose. This results in additional transaction costs for ADB staff and DMCs. This helps explain why TASF, followed by JSF, are viewed as the most desirable source of TA funding. Ideally, ADB and the funding agency should agree on qualifying criteria to access the fund. Once agreed, authority would be delegated to ADB from the funding agency concerned for the selection and approval of individual TAs, following normal ADB procedures. Funding agencies would review periodic reports from ADB, and if they felt that selected TAs did not fit the criteria, funding would be transferred to TASF. Funding agencies will always try to influence the expenditure of their funds. In the case of bilateral aid partners, this may be a requirement of their government auditing systems and procedures. However, ADB needs to continue to build influence with funding agencies over the strategic focus, direction, and administration of trust funds to simplify the procedures.

91. In response to these issues, OCO is currently identifying new approaches to cooperation funds.<sup>34</sup> The approaches identified by OCO (based on both MTS II and the financing partnership strategy [FPS]) potentially include:

- (i) Rationalization and strategic orientation of cooperation funds in dialogue with funding agencies to group funds wherever possible;
- (ii) Extending bilateral dialogue to a broader dialog with partners, commencing with a partner meeting at the forthcoming ADB Annual Meeting;
- (iii) Improving fund utilization forecasts;
- (iv) Demonstrating ADB's accountability for funds; and
- (v) Establishing financing partnership facilities, which will broaden the basis for cooperation.

## **E. Allocation Systems**

92. **TA Allocation and Corporate Objectives.** ADB's system of allocating TAs to its operations groups does make limited attempts to prioritize the use of TA across ADB. Appendix 12 shows the planned distribution of TA funds between operations groups for the period 2006–2008. There is no significant change in relative weighting between any groups in the organization during that period.

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<sup>34</sup> ADB. 2007. *Implementation of ADB's Financing Partnership Strategy – New Approaches for Cooperation Funds and Financing Partnership Facilities*. Draft. Manila.

93. Allocation of the TA budget to departments largely reflects historic allocations. This meant few shifts in allocations in response to changes in ADB corporate priorities, such as when ADB adopted poverty reduction as its overarching objective.<sup>35</sup> When there was a major change in responsibility within a department, it had to accommodate the change by adjusting within its overall allocation. In 2002, when Afghanistan was granted emergency TA, the funds were almost wholly taken from the TA allocation of the South Asia Regional Department (SARD). This meant that DMCs in SARD's area of responsibility suffered disproportionately from diversion of TA resources compared with other DMCs.

94. Contrary to the principle in the ADB Charter and the OM—TA should be generally linked to lending—at the level of sector divisions, there is neither a clear nor a complementary relationship between the number of ADTAs and RETAs and the number of loans processed or ongoing. Ratios of ADTAs and RETAs to loans in 2003 are presented in Appendix 13. There are significant variations in ratios across divisions and departments. In departments and divisions with low numbers of loans processed, there is a tendency to process more ADTAs and RETAs, perhaps because workloads are low. This suggests that there may be instances of supply-driven TA.<sup>36</sup>

95. As Appendix 12 shows, some TA funding allocations go directly to nonoperational parts of ADB. In the SES sample, four ADTAs in the Philippines were managed by OED, COSO, and the Economics and Research Department (ERD). The TAs performed well compared with those administered by regional departments—mainly because of greater staff continuity since promotions tend to occur within the departments concerned and staff remain for reasonably long periods. Generally, the officer who started a TA project remained with it until completion.

96. RETAs are sometimes used to fund costs which should be covered under ADB's internal administrative expenditures (IAE). Central departments (including COSO, Controllers, Office of the General Counsel, RSDD, SPD, OREI, and ERD), although related to DMCs, use RETA for various activities such as studies, training, seminars, workshops, and publications. This use is contrary to the idea of TA being assistance provided to DMCs, and not to supplement the cost of ADB's core functions. These consultants, from an accounting and governance perspective, would be more appropriately funded out of a staff consultancy budget than through TA. This issue has also been raised at the Budget Review Committee: "On the use of RETA vs. IAE in carrying out some work program related tasks, it was clarified that current practice in the Bank has been quite consistent and basic rules followed. There are however grey areas where activities may be funded by either RETA or IAE, such as the Asian Development Outlook (ADO), the business opportunities seminars, and OED's impact assessment studies. The ongoing review on enhancing effectiveness of TA management is expected to address this issue." The Budget Review Committee also reviewed the status of implementation:

"The TA Reform Task Force identified that some activities that are currently funded as TA may more readily fit within the decision-making framework of ADB's regular administration budget. Thus, the Task Force suggests that funding for the three activities (*Asian Development Outlook*, OED's assessment studies, and business opportunities seminars) should be shifted to IAE. The Task Force views that the direct benefits of these activities lie more with ADB than the DMCs. This reclassification would result in an increase of about \$2.8 million in the IAE budget for 2008."<sup>37</sup>

However, this would create some practical difficulties for user departments as IAE cannot be used to fund workshops, conferences, etc., as RETA can.

<sup>35</sup> In the case of DMCs eligible for concessional financing from the Asian Development Fund, ADB's performance-based criteria for Asian Development Fund lending have some potential to influence TA allocation over the medium term—to the extent that PPTAs and attached ADTAs are influenced by Asian Development Fund lending volumes.

<sup>36</sup> ADB's Mekong Department (Southeast Asia Department since May 2006) and Pacific Department had higher ratios of TAs to loans processed than other departments.

<sup>37</sup> Report of the Budget Review Committee, 17 November 2006.

97. TA provided to nonoperational departments for work in DMCs is usually additional to the annual TA IPF provided to the country program. According to country directors, few would decline the offer of additional TA from a nonoperating part of ADB, but such TAs are not necessarily aligned with country priorities and might only be selected because alternatives are not considered. This makes the major justification for the allocation of TA budget to nonoperational departments a corporate one. No where, however, is a corporate justification that the work makes a greater contribution to the overall corporate objectives of ADB than a competing individual TA in a country list of priorities. This kind of assessment of alternatives to determine resource allocation is not done. Another weakness in TA delivered from outside the country program is that the DMC concerned makes no provision for any additional requirements for expenditure in its future plans. For some TAs within the SES sample, this undermined TA effectiveness and sustainability.<sup>38</sup>

98. Box 7 summarizes Management's recent efforts to reform TA allocation. There have been two recent changes in TA allocation systems at corporate level. First, in 2005, the operational vice presidents were made responsible for allocating TA funds to departments. A second change was the decision in 2005 to reduce the number of TAs because of concerns that the number of TAs was too large in relation to the number of staff to supervise them.

**Box 7: Recent Management Efforts to Reform Technical Assistance Allocation**

**2004.** From this year onward, vice presidents put great emphasis on the project performance management system (PPMS) Action Plan, ensuring that all directors attended PPMS/design and monitoring framework (DMF) training, that directors general (DGs) appointed PPMS focal points, and that the central role and quality requirements for DMF were reinforced.

**2005.** The President's planning directions specified ceilings on the *number and value* of technical assistance (TA) grants, but these applied only to the core TA program—Japan Special Fund (JSF) and Technical Assistance Special Fund (TASF). The prioritization exercise was a way to persuade departments to think more strategically about what they really wanted to do, rather than simply applying a ceiling for each Department, and then leaving the issue of noncore TA funding open. One vice president held back \$5 million in TA funds that he intended to distribute in the third quarter for those departments that demonstrated the need for more funds through timely processing. The need for more strategically focused TA, closer linked to lending, was highlighted in the Medium-Term Strategy II (MTS II) and identified by the President in April 2005 as a concern that the TA program “is diffused and its impact not demonstrable, even though it is costly and absorbs enormous staff resources.”<sup>a</sup>

**2006.** The President expressed concern about the still high number and volume of TAs at a Management Committee Meeting in late 2005. In response, the Strategy and Policy Department (SPD) decided to apply Operations Groups-level ceilings by *number* of TAs for 2006, and to include noncore TAs in the count. These ceilings proved more restrictive than 2005. The vice presidents allocated this smaller quota across departments after examining the proposed TA program of each Department. Because of a large increase in JSF, SPD also requested the Operations Groups to make a greater effort to use JSF instead of TASF whenever possible. Vice presidents were more actively engaged with department heads in TA management. One vice president held back a reserve of six TAs to be allocated later in the year according to need and performance on processing. All of these were allocated in the third quarter.

<sup>a</sup> Memo from the President to the Vice Presidents on “Preparing the Work Program and Budget Framework 2006 to 2008—Planning Directions and Resource Parameters” dated 29 April 2005. Source: Study compilation, see also Appendix 4 para. 8.

99. The reduction in TA numbers, based on the standard staffing inputs for TAs in the SES sample, would release fewer than four professional staff. Moreover, based on interviews with resident mission staff during the country case studies, it seems that the reduction in TA numbers is often being achieved

<sup>38</sup> An OED ADTA to strengthen results monitoring and evaluation in the Philippines required the EA to obtain an increase in its annual budget so that the results-based monitoring system could be extended to all government agencies. That budget increase was not forthcoming. Nor was funding provided to train staff of these agencies. Hence, the system was only rolled out in four of the 20 agencies planned.

by simply amalgamating individual TAs into more complex TAs,<sup>39</sup> which will not reduce the work of TA supervision and management. If TA quality is not to be compromised, increases in the average TA size should be supported by more ADB resources at the TA design stage, a corresponding strengthening of implementation arrangements and, if necessary, an increase in timelines.

100. Instead of imposing quotas to encourage fewer and larger TAs, ADB may achieve better results by introducing the concept of risk management for TA. Where risk of failure is assessed as high, one way of addressing the risk is to reduce the scope and size of a TA. A low initial investment might be a better approach when ADB is moving into a new sector or EA, and the commitment of the government and agency is uncertain. As the EA demonstrates its commitment, the amount of TA resources provided can be increased either through supplementary or follow-on TAs.

## **F. Allocation of Staff to Technical Assistance Processing and Administration**

101. **ADB Organizational Arrangements Hamper the Efficient Deployment of ADB Staff to TA.** An analysis of staff deployment was conducted to examine staff allocation issues for TA. Appendix 14 provides estimates of a crude ratio of operational staff at departmental and divisional level to the estimated workload, based on staffing coefficients and the actual number of TAs and loans processed in 2003.<sup>40</sup> This indicates significant staff deployment inefficiencies. For example, (i) in some divisions, workloads per staff member were three times those in others; (ii) there were sharp workload disparities comparing divisions for the same sector across different departments; and (iii) disparities in the ratios of TAs and loans processed to ongoing TAs and loans suggest that present resource allocation systems may encourage departments and divisions with lower workloads to keep loans and TAs open to justify their staffing levels. The uneven distribution of work among regional departments was recognized by Management. The corporate realignment undertaken in 2006 was an attempt to balance the work better among the regional departments.

102. These staff deployment disparities partly reflect the fact that, since the 2002 reorganization into five RDs, ADB's sector divisions tend to be too small to readily accommodate uneven workflows. Yet, there are no corporate level procedures to provide sufficient flexibility to adjust staff resources at both departmental and divisional levels in line with workloads. This weakness needs to be addressed.

103. Since lending is the priority of operations divisions, the first consideration of sector directors when assigning staff is to assign the most capable staff to loan processing. Assigning staff for TAs is often determined as a residual. Within TA, those TAs that are critical to future lending—especially PPTAs—are likely to be given priority. Lowest priority is likely to be given to administration of TAs, especially if they are not critical for lending. There are several implications for TA staffing: (i) on average, TA mission leaders are less experienced than loan mission leaders;<sup>41</sup> (ii) in divisions where loan processing workloads are high compared with staffing, the quality and quantity of staff deployment for TA processing and administration is likely to be compromised; and (iii) in such divisions, there is reduced likelihood of TAs being formulated by a team, and often the most the mission leader can expect is for the division's thematic specialists to provide some standardized text sections for inclusion in the TA paper. These characteristics of staff deployment help to explain the limitations in TA design and supervision that were observed in the country case studies and reported in other OED evaluations.

<sup>39</sup> Although Management reduced the planned number of TAs, no reduction was planned in total TA funding each year.

<sup>40</sup> ADB does not have a time-recording system. Thus, directors do not have precise information on how their staff spend their time. The staffing coefficients on which the workplan and budget are based are approximations and subject to a high error of estimate. Staff salaries and benefits account for about two thirds of ADB's internal administrative budget. However, ADB managers do not have a system to determine accurately how this resource is used.

<sup>41</sup> For 2005, the share of mission leaders at level 4 or below was 46% for TA compared with 34% for loans. The share of mission leaders with less than 3 years in ADB was 29% for TA and 20% for loans, and the share with more than 10 years was 25% for TA and 38% for loans.

## G. Accountability Management

104. **Accountability is Unfocused and is Not Supported by the Way in which ADB is Operationalized or by Management Reporting Systems.** In principle, quality control for TAs operates in three different ways through (i) the chain of responsibility and accountability, (ii) review of papers for TA processing, and (iii) TA performance monitoring. However, the evidence from the SES sample (discussed in Chapter III and Appendix 8) showed that quality control is weak.

105. Under the NBP, the main responsibility and accountability for TA preparation and implementation rests with mission leaders reporting to sector directors. In practice, once the TA paper has been approved, this chain of accountability tends to erode. A first problem is that officer responsibility is commonly reassigned to other staff—often several times over the life of the TA—making it difficult to attribute TA performance to the work of any individual staff member. This tends to go hand in hand with the practice of more capable and experienced staff being assigned to loan processing, with responsibilities for TA processing and loan and TA administration then being assigned from the remaining staff resources. A second problem is that information on implementation performance is poor and no information is collected on TA outcomes. This means there is little information on performance, against which to hold mission leaders and their directors accountable. A third problem is that the supervision of TA implementation rests heavily on EAs through their day-to-day contact with consultants.

106. TA concept papers are reviewed within the department and interdepartmentally, whether as part of CSP or CSPU preparation or as standalone papers (if not included in a CSP or CSPU). The TA paper is reviewed in much the same way. However, ADB provides little incentive for staff to review a TA proposal thoroughly. This was clearly evident for the SES sample, where the quality of reviews was found to be patchy. The sector committees did not function as expected in the 2002 reorganization. There is no formal scrutiny of the technical competence of a TA design outside of feedback from senior staff and through interdepartmental comment. However, many TA missions feel that these processes did not add value to the TA design.

107. The NBP provide for an elaborate scrutiny of the draft final report of the PPTA consultants through review by the ADB project team for the TA and then again interdepartmentally. Administratively, this is a costly process. However, in practice, it seems that this interdepartmental review often simply does not take place for many PPTAs. The requirements of the NBP in this area are not followed. Interdepartmental review would be better invoked selectively according to risk management principles.

108. According to the World Bank country directors interviewed as part of the country case studies, one of the strengths of the World Bank's approach to analytical and advisory activities is its system of quality control through peer review. For each advisory project, the World Bank establishes a peer review team, chaired by the sector director, which reviews each stage of designing the proposal. Team members are selected for their expertise in the field concerned, and often include academics and consultants paid a small fee for their comments. While this system had to overcome initial resistance, it seems to have institutionalized the use of informed feedback from both internal and external peer reviewers and criticism for purposes of quality control. Given the weakness of ADB's review system, it may wish to examine whether elements of the World Bank's peer review system could be useful to ADB.<sup>42</sup> In particular, if ADB staff do not have the time or expertise to seriously review draft reports, external peer reviewers could be used as a standard practice. This would require changing the standard template for the TA cost table to include a line item for external peer reviewers. A clearly defined incentive system for internal peer reviews could also contribute to enhancing the vigor and hence the quality of such reviews.

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<sup>42</sup> SARD has experimented with a limited form of departmental peer review system.

109. ADB's corporate MIS for TA is the TPR. The TPR is a computerized database that is supposed to be updated at least quarterly for every TA. Based on the data input, each TA is rated separately on its implementation progress and on the achievement of the TA objectives. Ratings are on a four-level scale: highly satisfactory, satisfactory, partly satisfactory, and unsatisfactory. For the 997 ongoing TAs at year-end 2005, 84% were rated satisfactory or better, 11% partly satisfactory, 2% satisfactory, and 3% incomplete. A TA that is rated unsatisfactory either in implementation progress or in achieving the stated objectives would also receive a combined rating of unsatisfactory. Most of the TAs rated as partly satisfactory or unsatisfactory were experiencing implementation problems. The fact that only 1 of 997 ongoing TAs achieved a rating of highly satisfactory suggests that either the rating should be abandoned or the criteria should be reviewed to determine whether adjustments would be appropriate so that more well-performing TAs would qualify. While the TPR ratings are largely consistent with the outcome ratings reported in TCRs, they are more positive than those reported in OED reports. Given this difference, OED questions the reliability of some of the TPR ratings. The TPR does not generate information in a form that could be used by Management as it is voluminous, lacks well-defined summary indicators of performance, and is not updated consistently. The SES monitored usage of the TPR for a 2-week period in August 2006. Information was recorded on the position of persons accessing the database; their department; and whether they were writing to, or reading from, the database. The results are summarized in Appendix 15. The key finding was that international staff rarely access the TPR. In the 2-week period, only two international staff added or amended an existing record for 969 active TPRs. Clearly, the TPR is not used as a monitoring instrument, but merely as a system for producing the quarterly report. The entering and reading of data are largely delegated to administrative staff.

110. Under the Information Systems and Technology Strategy II implementation program, project and TPR formats will be revisited and, if needed, revised to improve their efficacy and efficiency.<sup>43</sup> OED highlighted the importance of improvements to both the PPR and TPR in its annual portfolio evaluation report in 2006.<sup>44</sup>

111. Indicators are set for each TA based on the PPMS guidelines for DMFs. TAs in the SES sample showed a wide variety of indicators that attempted to monitor a wide range of goals, purposes, objectives, outcomes, outputs, aims, and missions. The publication of the new DMF guidelines should help to standardize the key TA components that can be measured. It will be important that measurable performance indicators are required and that data is collected to monitor them. The required data collection should be factored into the costing of a TA. However, the DMF will only be effective if the indicators are measured both during and after TA implementation. This does not appear to be happening. There is no evidence in any of the TAs evaluated as part of this study that any indicator measurement had taken place.

112. Individuals, divisions, and departments have devised their own MISs. Although these provide a form of localized MIS, they do not provide Management with information at corporate level, and their existence hampers the development of improved corporate level systems and informed corporate decision making. Overall, Management has not been successful in requiring the development and use of a TA MIS that can be used to effectively manage and monitor the implementation of the TA program.

## H. Approach to Use of Consultants

113. **ADB's Outsourced Business Model is under Strain.** While all development institutions use consultants to an extent, ADB's overall business model has given particular emphasis to

<sup>43</sup> ADB. 2006. *Action Plan to Improve Loan and Technical Assistance Portfolio Performance*. Manila.

<sup>44</sup> ADB. 2006. *Annual Report on Loan and Technical Assistance Portfolio Performance for the Year Ending 31 December 2005*. Manila.

outsourced delivery. With a relatively small core of professional staff, ADB has relied heavily on consulting services, primarily provided through TA and staff consultants. While the World Bank often conducts project preparation work by drawing on its in-house staff, ADB provides PPTA to outsource much of this work to consultants. Similarly, under the World Bank's business model, its staff provide implementation support and advisory services; in ADB's case, many of these roles are outsourced to ADTA (or RETA) consultants.

114. The outsourced model has helped to keep ADB's administrative overheads lower than in most comparable institutions. Its approach to recruitment of consulting services has been to achieve efficiency and fairness through competition. Recruitment of consulting services has been treated like competitive procurement of a product or commodity. This has relied on ADB staff having the detailed knowledge needed to be able to prepare TOR that clearly specify the work under the contract, even to the point of fixing each of the types and quantities of expertise. However, the evidence from the SES sample (Chapter III and Appendix 8) suggests that some TA contracts are now suffering from problems relating to the contracting model being used by ADB, including (i) failure of TOR to anticipate the nature and extent of work required to achieve intended outcomes, (ii) mismatch between objectives and resources of the TA, and (iii) limitations in the expertise offered by consulting firms.

115. How is ADB to interpret these signals about the health of its outsourced model? Table 5 uses Williamson's organizational failures framework to consider the issues.<sup>45</sup> The framework examines factors that lead to success or failure in use of outsourcing compared with in-house provision. As activity complexity and uncertainty rise, it becomes more difficult to specify all eventualities in a contract. At the same time, if there are limits in the information and understanding available to staff, then their judgments on contractual matters will lose objectivity and become based on bounded rationality ("intendedly rational but only limitedly so").<sup>46</sup> A further element is that if the number of competing firms is small, they will be tempted to gain advantage through opportunistic behavior, especially if contract termination would be costly to ADB. In combination, these factors may lead to a rise in "informational impactedness"—a situation where one party has more information and may disclose it selectively to gain advantage. It may be costly to verify the information or resolve differences, so poor performance may go unchallenged or the contractual relationship may be marred by haggling.

116. For each element of the organizational failures framework, Table 5 suggests that changes in the nature and setting for TA have increased the risk of ADB's outsourced business model, leading to failures. The SES country studies repeatedly received feedback from ministries of finance, EAs, and other resident aid partners, that ADB's use of TA consultants was not producing full value-for-money. This has already caused concerns over ADB's reputation, which will worsen unless corrective action is taken. Options that ADB needs to consider at corporate level for addressing such problems include the following: (i) increase the number of professional staff so that more work can be done in-house rather than outsourced through TA; (ii) substantially improve the quality of professional staff, especially regarding sector expertise so that they will be more able to guide TA; (iii) for certain types of more complex TAs replace competitive contracting with a more collaborative model, such as through some form of longer-term framework contracts and by specifying outcomes not inputs in the TOR; (iv) be prepared to pay higher fee rates to attract competition from best practice consulting firms; and (v) for less complex TAs or components of TAs, initiate a drive to make use of and build up the national consulting industries in DMCs. One encouraging sign is that COSO has introduced a sliding scale that can be used to vary the weighting of technical scores relative to financial scores for evaluating consultant proposals. Issues related to the technical expertise of ADB's staff are not new.

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<sup>45</sup> Williamson, Oliver E. 1975. *Markets and Hierarchies*. New York: Free Press.

<sup>46</sup> Under conditions of bounded rationality, where people cannot formulate perfect contracts, internal organization of supply arrangements may have advantages over contracts by allowing adaptive, sequential decisions rather than having to specify everything in the contract.

The 2006 Annual Evaluation Review<sup>47</sup> documented that since 1995, ADB mission leaders have become younger and less experienced. The panel that reviewed the 2002 reorganization concluded that ADB should add 50 more staff with technical backgrounds.

**Table 5: Consulting Services for ADB Technical Assistance as Viewed Through the Organizational Failures Framework**

Element of Framework	Consulting Services for ADB Technical Assistance
External environment	<ul style="list-style-type: none"> <li>• DMC capacity has risen considerably since ADB was established, and they now require more sophisticated services from TA.</li> <li>• Growth in consulting services markets in industrialized countries that offer much higher fees than ADB for some types of consulting (e.g., financial sectors, privatization, management consulting).</li> <li>• Most consulting companies outsource their expertise rather than using full-time employees.</li> </ul>
Complexity/uncertainty of contract	<ul style="list-style-type: none"> <li>• Rise caused by shift from simple “brick-and-mortar” projects to complex sector interventions to address policy and institutional reform.</li> <li>• Proliferation of items added to TOR.</li> </ul>
Bounded rationality—“intendedly rational but only limitedly so”	<ul style="list-style-type: none"> <li>• Since the mid-1990s, ADB lost much of its sector expertise, so many project officers lack the expertise to guide specialist TA consultants.</li> <li>• Use of quality and cost-based consultant selection for complex policy reform, change management, and capacity building ADTAs is an example of bounded rationality.</li> </ul>
Numerous and fragmented suppliers	<ul style="list-style-type: none"> <li>• Best practice expertise now disbursed widely in individual consultants and niche consultancies.</li> </ul>
Opportunism	<ul style="list-style-type: none"> <li>• Consulting firms do not mind if outcomes are not achieved as long as they meet the outputs as defined in the TOR.</li> </ul>
Informational “impactedness” <sup>a</sup>	<ul style="list-style-type: none"> <li>• Erosion of budgets has meant that offered fees may not reflect market rates.</li> <li>• Distrust and lack of confidence over use of consultants on the part of some ADB staff and EAs.</li> </ul>

ADB = Asian Development Bank, ADTA = advisory technical assistance, COSO = Central Operations Services Office, DMC = developing member country, TA = technical assistance, TOR = terms of reference, EA = executing agency

<sup>a</sup> Informational impactedness means (i) there is asymmetric information between buyer and seller, and (ii) it is costly to find the true information. Available: <http://www.stanford.edu/~jchong/articles/Yosem/Mingchun%20Summary.doc>  
Source: Special evaluation study. Based on: Williamson, Oliver E. 1975. *Markets and Hierarchies*. New York: Free Press.

**117. ADB’s System of Rating of Consultants Does Not Build Up a Good Performance Profile of Consultant Firms and Individuals Engaged on Different Kinds of TA.** According to ADB procedures, the performance of consulting firms is supposed to be evaluated 60 days after completion of an assignment. Individual consultants are evaluated 30 days after the end of the contract. Team members working for consultant firms are also supposed to be rated, but not against the set criteria applied to individual consultants. There is a four-point rating scale of “excellent”, “satisfactory”, “marginal”, and “unsatisfactory”.<sup>48</sup> Consultant firms are supposed to be rated by a divisional team, which includes the project officer and other professional staff. Ratings are sent to the division director responsible for the assignment for endorsement.

**118.** The consultant rating system has several weaknesses that limit its usefulness as a corporate system to help staff select the best performing consultants. Since nearly all firms are rated either “excellent” or “satisfactory”, the ratings are not effective in distinguishing the range of consulting firm

<sup>47</sup> ADB. 2006. *Annual Evaluation Review*. Manila.

<sup>48</sup> ADB. 2006. *Project Administration Actions*. *Project Administration Instructions*. PAI 5.15–5.16. Manila (24 July).

performance.<sup>49</sup> It assigns little weight to the client management and quality control function of consulting firms, with the result that it fails to distinguish between firms relying on freelance consultants or firms offering a higher quality service. It also focuses mainly on outputs and gives little indication of the contribution to outcomes. A more frank assessment would, in many cases, be obtained if the views of the EA were sought and factored in their evaluation equally with that of ADB staff. The PAI explicitly state that “if the assignment is under a TA project with an EA, the evaluator seeks comments from the EA on the consultant’s performance.”<sup>50</sup> This is rarely done. This instruction needs to be enforced. The main purpose of the current evaluation system appears to be to help identify the worst performing consultants, whereas ideally it might provide a ranking of top ADB consulting firms by main categories that could be made available publicly, provide staff with more informed guidance to assist in selection of consultants, and in so doing, provide firms with an improved incentive to perform to the highest standards. Many ADB staff do not take the evaluation of consultant performance seriously and, in some cases, do not complete the evaluations. COSO procedures make it difficult for ADB staff to gain access to the ratings, and the results of evaluations are not disclosed to EAs. Overall, ADB’s system for evaluating consultant performance is dysfunctional and is not used to improve future consultant recruitment.

119. The consultant evaluation system needs to be revised to incorporate a 360 degree feedback system that includes feedback from the EAs (already required but seldom sought), the consultants and ADB staff. In addition, ADB staff should routinely have access to the past performance of consultants when making selection and shortlisting decisions.

120. In response to a number of these issues, COSO undertook a review of the performance evaluation review (PER) in 2006 as part of a wider review of the use of consultants,<sup>51</sup> and the PAI were subsequently amended.<sup>52</sup> Ratings of consultants for the previous 12 months were reviewed. As a result, actions were instigated against 11 individual consultants and 1 consulting firm for unsatisfactory performance. To ensure that evaluations are completed, it is now not possible to re-engage a consultant until previous PERs have been completed. PERs will also be linked to existing information in data on individual consultants (DICON) and data on consulting firms (DACON) databases.

## I. Evaluation and Rating of Performance of Technical Assistance

121. **ADB’s Two-Tier System for Evaluating and Rating TA Does Not Provide the Information Needed for Corporate Management of the TA Program.** ADB has a two-tier system for evaluating and rating TA: (i) self-evaluation through TCRs prepared by regional departments, and (ii) independent evaluation by OED. In practice, neither tier provides a reliable basis for informing ADB Management of how the TA portfolio has been performing or for assimilating lessons from TA at corporate level.

122. The regional departments prepare TCRs for all standalone ADTAs and RETAs and for PPTAs that were not followed by a loan. TCRs suffer from two major problems. First, they do not examine TA performance in achieving outcomes. They are brief (two pages); are usually conducted through desk review without obtaining the views of the client; and their coverage is largely confined to inputs and outputs, but not outcomes. As such, TCRs can make no contribution to results-based management. Second, they are subject to conflict of interest since they are prepared by the division—often the ADB staff—whose work is being evaluated. ADB has no system for independent validation of TCR findings. Previous OED studies have found that TCR

<sup>49</sup> According to COSO, 110 of 116 firm rated in 2004 were either “satisfactory” or “excellent”. In 2005, this applied to 52 of 56 rated firms.

<sup>50</sup> ADB. 2006. Project Administration Actions. *Project Administration Instructions*. PAI 5.16 Section C. Manila (24 July, para. 8).

<sup>51</sup> ADB. 2006. *Use of Consultants by the Asian Development Bank and its Borrowers*. Manila.

<sup>52</sup> ADB. 2006. Project Administration Actions. *Project Administration Instructions*. PAI 5.0, Sections 5.01–5.16. Manila.

ratings are generally more favorable than in TPERs and project performance evaluation reports (PPERs), which could be an indication of upward rating bias.<sup>53</sup> Not surprisingly, TCRs are rarely referred to when formulating new operational activities. In their present form, they have little value.

123. OED independently evaluates TAs through TPERs and PPERs (for attached TA), as well as conducting a small number of SESs on TA.<sup>54</sup> In TPERs and PPERs, OED evaluates about 30–40 completed TAs each year (Appendix 16). These mostly cover ADTAs and are usually conducted in clusters on a country, sectoral, or thematic basis. They are based on OED's detailed TPER and PPER guidelines and have a clear focus on outcomes. However, they are generally more detailed than is needed to evaluate a TA. This limits the number of TAs that can be covered. OED, like the evaluation units in other multilateral banks, makes no attempt to draw a statistically representative sample of TAs that are evaluated. Thus, OED cannot claim to report representative performance rating of the TA portfolio as a whole. As explained in Appendix 16, coverage limitations are so serious that the present system of independent evaluation does not provide a feedback loop for Management on the performance of TA. An analysis of TPERs and PPERs prepared in 2000–2005 showed that (i) by the time TPERs and PPERs are carried out, it is generally long after TA completion (often 5–10 years later), by which time lessons are less relevant to ADB's current and future operations,<sup>55</sup> and (ii) evaluated TAs are thinly spread across countries, and therefore do not provide a basis for assessing the performance of the TA program at the country level.

124. The deficiencies in the system of evaluation and rating of TA are a fundamental obstacle to improving the management of TA at corporate level. They mean that at present, results-based management of the TA program is not possible, and staff cannot be held accountable for the performance of TAs for which they were responsible. The most practical option for correcting this situation involves reform of the TCR, including (i) expanding its scope to include outcomes, something that will require Management to follow through on its commitment to review the PAI covering the preparation of TCRs; (ii) including the opinions of the government and the EA; and (iii) replacing the TPER with a system of independent validation by OED of an annual random sample of TCRs, with a view to ensure quality standards.

## J. Knowledge Management

125. **ADB Has Not Yet Developed an Effective Corporate Knowledge Management System on TA Lessons and Good Practices.** Effective knowledge management should enable individual departments and divisions, working closely with relevant Communities of Practice, to become responsible for identifying, extracting, and promoting best practice in the areas in which they operate. This would mean a regular review of all past work to update best practices continuously. The results of evaluations, including lessons identified, are contained in a variety of reports—including TA papers, TPR, back-to-office reports, TCRs, TPERs, PPERs, SAPEs, CAPEs, CSPs, and SESs.

126. At present, no synthesizing of these lessons is done to develop best practice to ensure that past mistakes are not repeated and that TA processes are continuously improved. The existing knowledge management framework focuses on the collection, labeling (through development of a taxonomy), and storage of information (through information technology)—all key features of a document or information management program. The recently introduced catalogue of TA consultants' reports on ADB's intranet site is an example of progress in this area. Although these activities would support the development of knowledge management, they stop short of developing processes for the extraction of value-added materials; the development of knowledge products; and, most importantly,

<sup>53</sup> ADB. 2005. *Annual Evaluation Review*. Manila.

<sup>54</sup> Over the past decade, OED has conducted several evaluations that assessed aspects of TA and capacity building at country, sector, and thematic levels.

<sup>55</sup> Although the SES sample included 118 TAs, and nearly all had been approved in 2000–2004, none of these TAs had been evaluated by a TPER or PPER by the time of SES fieldwork in mid-2006.

the requirements for a culture change program to ensure that all in ADB recognize the importance of, and derive benefit from, contributing to and using a knowledge management system.

127. A review of lessons, recommendations, and follow-up actions identified in TCRs was carried out for Viet Nam. This showed that the quality of information is variable, ranging from recommendations for improvements to underlying corporate processes to country and EA-specific implementation difficulties. There is no evidence that identified actions were ever followed up or implemented, and no record kept if this is the case. Consequently, there is no accountability trail.

128. Lessons identified from TPERs/TPARs are supposed to be stored in OED's postevaluation information system (PEIS). A review of PEIS data for Viet Nam found there were no records under "Latest Overall Performance Assessment of Projects/TA;" under "Country Synthesis: Lessons Learned" the latest circulation date was 25 October 1995; and many records under "Narrative on Overall Assessment of Postevaluated Project/TA" were missing. These findings indicate that PEIS is not functioning as a knowledge database for TA lessons learned. OED has established a Knowledge Management Unit to catalyze and facilitate identification, creation, storage, sharing, and use of lessons. Specifically, the Knowledge Management Unit aims to lead knowledge management in OED to meet client needs by disseminating findings and recommendations from operations evaluation, thereby increasing awareness and utilization of these in ADB and, progressively, beyond. Its responsibilities also include (i) the development and administration of evaluation capacity development activities in ADB and in DMCs, (ii) providing support to operations evaluation activities through the development of improved workflow and document management processes, and (iii) more efficient access to a wider variety of knowledge products and services by key audiences. In line with this, OED has developed a new user-friendly evaluation lessons database system which is expected to be fully operational by April 2007. The new system enables users to perform keyword searches or browse by country, sector, theme, topic, project cycle segment, or report type for a given time frame.

129. Unlike reports and recommendations to the President, TA papers are not required to discuss lessons identified in the area being addressed, and very few do. In the SES sample, there were many examples of good ADB practice not being considered by subsequent TAs. This increases the danger of repeating mistakes made by the previous TA.

## K. Implementation of Recommendations of Previous Reviews

130. **Past Reviews of TA Have Not Led to Recurring Issues Being Addressed Effectively.** The 1997 and 2003 reviews of TA made recommendations for improving TA that were approved by Management. Based on the country case studies and on interviews with senior staff, the SES examined whether these recommendations have been implemented. The overall findings on implementation of past recommendations are summarized below:

- (i) **Greater selectivity through tighter screening of TA proposals.** This was recommended in 1997, but the SES country studies showed screening is still weak.
- (ii) **All TAs should be part of country and sector strategies, not ad hoc.** This was recommended in 1997 and 2003. In spite of some efforts, director generals—who are responsible for CSPs—have still not ensured that a country TA program delineated in a CSP or that TAs are clearly integrated into a country strategy. The SES country studies and several CAPEs showed that TA programming is often ad hoc, and there was rarely a substantive medium-term sector road map within which to place TA.
- (iii) **Increase government commitment and ownership.** Building upon the 1997 recommendation for greater stakeholder participation, the 2003 review recommended that "a checklist of good practices to enhance country ownership will be used for all TA, and staff instructions for TA processing under preparation will explicitly include these." SPD prepared a checklist as an appendix to draft staff instructions on identification, preparation, and processing of grant-funded TA. However, operational departments found the draft staff instructions too binding; as a result, they were never issued and the

subject was abandoned. The SES country case studies found that—with some exceptions (e.g., finance sector in India, health sector in Viet Nam), country commitment and ownership were often limited, and many TA proposals were supply driven. DMCs did not view TA as being a fund of money available to them to apply to priority issues in areas of mutual ADB and DMC interest. Rather, they viewed it as ADB's money to be used as ADB wished. Similar findings have been reported in other OED reports.

- (iv) **Focus on outcomes, not just outputs.** The 2003 review recommended that “TA success will be measured in terms of outcomes (development goals and monitorable indicators) and not outputs (reports, seminars, etc.). All TA papers now include DMFs that specify outcomes. Although OED has documented some improvements in the quality of TA DMFs, further progress is needed. Sector directors interviewed by the SES stated that in practice most TAs still focus on outputs, and once outputs have been produced, the TA is deemed to have been completed. The TCR only considers inputs and outputs, not outcomes.
- (v) **Allow more time for dissemination and planning of follow-up activities.** This was to be addressed in the staff instructions for TA processing that were abandoned (item [iii] above). Sector directors interviewed said that TAs now allow more time for this purpose, although this was not evident from the SES sample.
- (vi) **Strengthen TA supervision.** The 1997 review recommended that more ADB resources be provided for TA supervision. However, in the 2003 review, increasing resources was not considered realistic, and supervision was to be improved by adopting new ways for staff, consultants, and EAs to work together. OED reports show that supervision is still a problem and that ADB has been slow to consider the need for more fundamental changes in roles of staff, consultants, and governments related to TA.
- (vii) **Provide staff with guidance on design of TA for policy and sector reforms and capacity development.** The 2003 review recommended introduction of a toolkit to be drawn from an OED evaluation (footnote 16). RSDD was to prepare guidelines and a training package for capacity building. In practice, neither the toolkit nor the training package has materialized. Based on the SES sample, basic diagnostics for these developing types of TA are still not performed well. A toolkit was produced by SPD but is rarely used. Management checklists were produced by SPD for PPMS but are rarely used either. Partly as a result of ADB's Enhanced Poverty Reduction Strategy,<sup>56</sup> a capacity development working group has been developing a medium-term framework and action plan for integrating capacity development into country programs and operations, although it is too early to know how widely it will be used or if this initiative will be successful in improving the development results achieved by TA for this purpose.
- (viii) **Improve knowledge management.** This was recommended in 2003. Some progress has been made by introducing an intranet-based catalogue of TA consultant reports, but few staff know of this catalogue. The major tasks of synthesizing lessons identified, developing TA knowledge products, and establishing a knowledge management culture have yet to begin. However, RSDD does produce a 3-year knowledge products and services work plan which includes tabulations of the use of TA by sector and thematic area.<sup>57</sup>
- (ix) **Improve monitoring of TA.** The 2003 review expected that this would be achieved through the TPR. While the TPR has now been established on an ADB-wide basis, the SES found that, in many cases, TA records are not kept up-to-date, and that professional staff rarely use the TPR. This is not an effective instrument for directors, director generals, or vice presidents to manage the TA program.

<sup>56</sup> ADB. 2004. *Enhancing the Fight Against Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Manila.

<sup>57</sup> ADB. 2006. *Knowledge Products and Services (KPS): Work Plan 2007–2009*. Draft. Manila.

- (x) **Update the guidelines for evaluation of TA.** As recommended in the 2003 review, OED has updated its TPER guidelines. The corresponding changes in PAI 6.08 that govern TCR preparation have not been made.

131. These findings suggest a recurring pattern that should be of concern to ADB Management and the Board. Reviews and evaluations of TA have produced important findings and recommendations for improving TA performance. These have, however, been implemented in a partial, fragmented, and halfhearted manner. Subsequent reviews and evaluations have identified the same problems and produced similar sets of recommendations, which have again not been properly implemented. The central issues have not been addressed. Despite efforts of the operational vice presidents in the past 2 years to strengthen TA management, it is difficult to avoid the conclusion that for long periods of time, ADB Management has either been unable to address many of the issues or does not feel that it is important to do so, despite periodic statements that TA performance must be improved.

132. **Management Needs to Give Attention to Improving the Corporate Systems that Underpin TA Performance.** From a corporate governance perspective, the issues identified in this chapter fall mainly within the responsibility and accountability of Management reporting to the Board. In particular, it is Management's responsibility to ensure that ADB has sound corporate level systems for carrying out corporate priorities, developing and updating the TA product range, financing and allocating TA, staff deployment, TA quality control, and TA monitoring and evaluation.

133. Some of the issues fall within the responsibility of vice presidents. These include improving cohesion between TA and lending, quality control systems at the level of operations groups, coordination of trust funds, and TA knowledge management systems and knowledge dissemination.

134. Given the scale of the TA program, it is not possible for Management, or individual vice presidents, to perform these corporate level responsibilities for managing TA unless they have sufficient professional staff to support this work in their respective offices. This is precluded by the present situation where the vice presidents are supported by a single professional staff. This is perhaps the most basic explanation for why past TA reform agendas have not been implemented. Key factors affecting TA effectiveness identified by the SES are summarized in Box 8. The concentration of factors which are within ADB's control reflects the relatively low level of TA ownership by DMCs.

### Box 8: Key Factors Effecting Technical Assistance Effectiveness

#### Strategic

- (i) Technical assistance (TA) projects are often spread thinly across multiple sectors and executing agencies (EAs).
- (i) In most sectors, the medium-term framework for guiding TA is weak.
- (ii) TAs can be more determined by the Asian Development Bank (ADB) budget allocations than by developing member country (DMC) needs.
- (iii) ADB does not prioritize corporate objectives that could guide TA programs.
- (iv) ADB does not always use TA strategically to position it as the most trusted adviser in a sector.
- (v) ADB comparative advantages are not systematically applied to country programs or systematically improved through strategic use of TA.
- (vi) TA allocation is not based on corporate objectives.
- (vii) Most TAs assume government commitment without requiring government to demonstrate it.

#### Planning

- (i) Country strategy and programs (CSPs) do not provide a framework within which TA strategies and programs including an exit strategy are developed and justified.
- (ii) CSPs pay little attention to ADB success stories elsewhere in the region.
- (iii) CSPs give too little attention to producing synergies between different elements of the program.
- (iv) CSPs do not systematically identify and address constraints to effective program delivery.
- (v) CSPs do not exhaustively examine resource constraints.

#### Product

- (i) ADB has not standardized TA into models, products, or standard practices.
- (ii) Most advisory TAs (ADTAs) address policy reform, capacity building, and change management, but few ADB staff have experience and expertise in these areas.
- (iii) ADB does not update its TA product range in response to the market.

#### Process

- (i) The Operations Manual and new business processes do not provide enough guidance for formulating a TA design of any complexity and innovation.
- (ii) Diagnostics at entry are often neglected or conducted without methodological rigor.
- (iii) The extent of country ownership is often weak.
- (iv) Objectives established for TAs vary between the attainable and the unrealistic.
- (v) TA budgets are sometimes not based on requirements for the intervention.
- (vi) Typical terms of reference (TOR) for TA projects do not require consultant companies to demonstrate their expertise on how to address the problems at issue.
- (vii) Work schedules are not prepared as part of TA design.
- (viii) The DMF usually does not include the type of performance indicators needed for effective monitoring and evaluation of TA.
- (ix) Exit strategies are not produced for ADTAs.
- (x) Many staff are too overloaded to commit enough time to TA design.
- (xi) Quality control is spread too thinly with the result that responsibility for quality is not clear.
- (xii) Systematic peer review of draft TA papers has lapsed.
- (xiii) Interdepartmental circulation adds little or no value in just under half of TAs.
- (xiv) For TA, the use of the Staff Review Committee is limited.
- (xv) There is substantial bunching of TA approvals at year end.
- (xvi) The TOR and targeted outcomes for ADTAs usually do not provide a reliable guide for what can realistically be achieved by the TA consultants.
- (xvii) TA closing dates stipulated in the TA paper are generally flexible and are often extended.
- (xviii) TA papers often neglect the question of effective process to achieve sustainable results.
- (xix) ADB neglects client management for TA.

#### Consultants

- (i) ADB does not always manage relationships with consultants to optimize value added.
- (ii) ADB's contract administration pays too much attention to minor details.
- (iii) Consultant performance is not assessed rigorously or used systematically in future recruitment decisions.
- (iv) Consultants often do not regard the EA as the principal client for the TA.

Source: Compiled from the special evaluation study country case studies (Chapter III, Appendix 8).

## V. OVERALL ASSESSMENT, CONCLUSIONS, LESSONS, AND RECOMMENDATIONS

### A. Overall Assessment

#### 1. Rating Method

135. The overall assessment presented in this chapter was based on top-down and bottom-up assessments of TA performance. The approach was adopted from the methodology described in the OED guidelines for CAPEs and for TPERs.<sup>58</sup> The top-down assessment examined the strategic positioning of ADB based on the broad summary of OED evaluations and periodic reviews of TAs (Chapter II) and the case study countries (Chapter III), together with the performance of ADB in managing and implementing the TA program (Chapters III and IV). The bottom-up assessment considered the performance of the TAs in the SES sample information in completed and ongoing CAPEs and SAPEs and TA ratings in OED's database (Chapter III). The overall rating took into account both the top-down and bottom-up ratings.<sup>59</sup>

#### 2. Top-Down Assessment

##### a. Country Positioning

136. The assessment of country strategic focus in Chapter III found that TA was not used with consistent strategic purpose and positioning in any of the case studies. There were exceptions in each of the countries, e.g., sectors where TA was used more strategically and consistently; and there were many occasions when ADB recognized the strategic importance of providing a particular TA or group of TAs. Such cases of more strategic country positioning often resulted in TAs that were "successful" and addressed key development problems and challenges in an appropriate manner, bringing to bear ADB's strengths in partnership with the government and, in some cases, with other development partners.

137. ADB did not define an explicit strategy for the use of TA in the CSP in any of the case study countries. In most cases, the CSP said little about TA, reflecting a lack of dialogue between ADB and the government about how best to use TA. In most cases, both at the country and sector level, ADB did not develop a program to guide TA and link it closely to support lending or thematic priorities. In four of the five case study countries, most of the TAs approved during the study period had not been programmed, which suggests a failure of departmental management. Several CAPEs (e.g., PRC, Indonesia, Lao PDR, Papua New Guinea, and Uzbekistan) also concluded that TA was not addressed strategically in CSPs.

138. Weakness in country positioning does not necessarily imply that individual TAs will have a low success rate. It means that ADB will not capture potential synergies; will not select the types of TA interventions with most potential to contribute to the development of the country and sector; and will fail to conceive TAs within a longer-term pattern of support, probably involving several projects and TAs, that is needed for major development impacts to be achieved and for changes to be sustained. Several OED reports have found that long-term engagement, sometimes over a decade, helps ADB to contribute to the achievement of development results. While through the efforts of staff, EAs, and TA consultants. However, those objectives are not always focused on the strategic or binding development constraints, so resources are not used optimally.

<sup>58</sup> Available: <http://www.adb.org/Evaluation/methods.asp>

<sup>59</sup> Similar to Chapter III, the rating used a 0–3 scale. For example, highly successful = 3, successful = 2, partly successful = 1, and unsuccessful = 0.

139. The overall rating for country positioning is “partly successful”. Table 6 summarizes the basis of this rating for case study countries individually and taken together.

**Table 6: Country Positioning Rating**

<b>DMC</b>	<b>Rating</b>	<b>Commentary</b>
Philippines	1	<b>Partly Successful.</b> The CSP did not provide a sound focus for TA, which was widely scattered. Many approved TAs had not been programmed.
Kyrgyz Republic	1	<b>Partly Successful.</b> The CSP had consistent sectoral focus, but with too many sectors given ADB’s small annual program. The CSP said little about TA. TAs were scattered among subsectors and agencies.
India	2	<b>Successful.</b> ADB consistently focused its lending and TA on a limited number of well-chosen sectors. There were notable synergies in the finance sector among TAs. Weaknesses included lack of explicit direction for TA in the CSP and slowness to adjust PPTA to country systems.
Viet Nam	2	<b>Successful.</b> The CSP retained a consistent sectoral and geographical focus, and this helped to make good use of TA. Weaknesses included lack of direction for TA in CSP, supporting too many sectors, scattering TA across EAs, and slowness to adjust PPTA to country systems and capacities.
Fiji Islands	1	<b>Partly Successful.</b> There was no consistent strategy or program for TA, and many approved TAs had not been programmed. Although some important TAs were included in the program, the ad hoc approach to programming prevented full synergies being realized
Overall	1	<b>Partly Successful</b> which also reflects the lack of strategic programming of TAs noted in the CAPEs for several countries.

ADB = Asian Development Bank, CAPE = country assistance program evaluation, CSP = country strategy and program, EA = executing agency, PPTA = project preparatory technical assistance, TA = technical assistance.

Sources: Special evaluation study country case studies.

## **b. ADB Performance**

140. The following assessment of ADB’s performance draws on the SES country studies and the broader body of evaluation evidence contained in CAPEs, SAPEs, the 2003 annual evaluation review, TPERs, and OED’s annual reports on loan and TA portfolio performance. The assessments in Chapters III and IV found that ADB’s performance in the formulation and implementation of TAs in the SES sample was “partly successful”. Too many TAs were weakly formulated and interventions were not tailored to the address well defined issues. ADB’s quality control systems at each stage of formulation are broken and need to be fixed. In only about half of the cases did mission leaders believe that review by senior staff or interdepartmental reviews added value to the TA design. The SRC mechanism now only functions for a third of TAs.

141. ADB’s performance in TA implementation was also disappointing. The implementation of many TAs is not adequately supervised by ADB staff. The focus is on producing consultant reports rather than on implementing the recommendations. Since TA formulation was often weak, the TA paper, DMF, and TOR did not always provide clear direction for TA consultants. Since the original objectives and targets were too imprecise to provide a basis for judging performance, what was appreciated in the end was the effort and ingenuity of the consultants to try to make the most of poorly focused TAs. Many of the observed weaknesses could be traced to sector directors not assigning sufficient quantity and quality of staff resources to TA formulation and administration.

142. The SES gave more attention than previous reviews to examining the influence of ADB corporate level processes on TA performance. The finding of this assessment was that corporate level management of TA is “partly successful”. Many of the problems with TA at the level of country and sector strategy, and in formulation and implementation, are influenced by underlying corporate level processes. Lack of strategic focus begins at the corporate level, with weak systems for the prioritization and allocation of TA resources. Problems of staff allocation to TA formulation and

administration are linked to corporate level rigidities that allow workloads in some divisions to be significantly higher than in others without instituting mechanisms of adjustment, and to planning systems that seem to routinely assume that all professional staff will carry excessive overtime burdens. They are also affected by the lack of reliable systems for linking staff performance to TA performance. Neither the TPR, TCR, nor the present system of evaluating TAs generates information that enables Management to know how the TA program is performing at present or has performed in the past. This is a serious shortcoming, making it impossible for ADB to practice results-based management of TA at the corporate level.

143. At a time when the assistance needs of DMCs are changing and are becoming increasingly more demanding and sophisticated, it is a failure on the part of both corporate and departmental management that ADB has not tailored TA products and procedures to better meet the demands of DMCs. It is the responsibility of Management to ensure that corporate level quality control systems for TA function satisfactorily. It should concern Management that elements of ADB's outsourced business model using TA consultants are coming under strain, and needs to be reviewed and perhaps significantly modified. Finally, many of the main TA reform requirements have been identified in past reviews and action plans. It was Management's responsibility to ensure that the necessary changes were implemented. In practice, only a few minor reforms, largely of an administrative or procedural nature, have been proposed and implemented. Problems that have been known for a decade or more have not been effectively addressed.

144. Based on ratings of "partly successful" for TA formulation and supervision, and "partly successful" for corporate level management of TA, the overall rating for ADB performance is "partly successful". Table 7 summarizes the assessment of ADB performance.

**Table 7: Asian Development Bank Performance Rating**

Aspect	Rating and Commentary
TA Formulation	<b>Partly Successful.</b> While many TAs are well formulated, too many are not. Poor formulation is linked to not selecting appropriate staff expertise to formulate the TA, and not allowing enough time to do this well. Diagnostics are often weak. Hence, objectives, scope, DMF, and TOR are often not optimal or realistic; the process of establishing country ownership is cut short; and resources and time do not match the work required. ADB has not become a learning organization to learn lessons to improve TA design. Too many TA papers fail to build upon previous ADB TA experience to design an effective intervention. At each of the main stages of formulation, quality control processes add little value.
Support for Implementation	<b>Partly Successful.</b> The TA paper, DMF, and TOR often do not give clear direction for TA implementation, and allow too little elapsed time. Sometimes ADB does not make best use of domestic consulting services. TA consultants generally follow the TA design and most perform satisfactorily, although the number that does not is still too high. EAs rarely feel they have full ownership, partly because the contractual relationship between ADB and the consultant undermines the EA's role. ADB often neglects TA administration. There are too few missions, often without the right expertise, to review progress under TAs and to resolve problems. Frequent changes of ADB staff assigned to a TA erode accountability for TA performance.
Management of TA	<b>Partly Successful.</b> Corporate level management of TA is weak. There are weaknesses in the systems linking TA with corporate priorities to improve TA performance in line with experience and demands from DMCs. Passive acceptance of trust funds has distorted ADB corporate priorities for the use of TA. There is an ADB-wide pattern of allocating less staffing than necessary for TA formulation and administration. A particularly serious problem is that Management has no reliable corporate level information on past or present performance of TA. There is little to no accountability for TA performance at departmental, divisional, or staff levels. ADB-wide quality control systems for TA are moribund. Previous reviews and evaluations of TA have repeatedly identified the main problems with TA, but Management has not seen to it that necessary actions were satisfactorily implemented to resolve the well known problems. Despite these problems, OED does note that many ADB staff have performed well in the management of TA.
Overall	<b>Partly Successful.</b>

ADB = Asian Development Bank, DMC = developing member country, DMF = design and monitoring framework, EA = executing agency, TA = technical assistance, TOR = terms of reference.

Source: Special evaluation study country case studies.

### c. Overall Top-Down Rating

145. Based on ratings of “partly successful” for both country positioning and ADB performance, the overall top-down rating is “partly successful”.

### 3. Bottom-Up Assessment

146. **Basis for Assessment.** ADB has established the benchmark for TA performance as “to increase the share of projects with “highly successful” and “successful” project ratings for the 2008–2010 average to 70% by 2010”.<sup>60</sup> The assessment of the performance of TA against this benchmark takes into account: (i) the evaluation of TA outcomes in the SES sample in Chapter III; (ii) the evaluation of TAs in completed and selected ongoing CAPEs and SAPEs; and (iii) completed TPERs and PPERs for attached ADTA in OED’s database.

147. **SES Sample.** The performance of each of the TAs in the SES sample was evaluated in relation to the objectives and outcome targets stated in the TA paper. The finding was that, for the SES sample as a whole, the average ADTA ratings for relevance, effectiveness, and efficiency slightly exceeded the benchmark for “successful” performance, while the average rating for sustainability fell short of acceptable outcomes. The average PPTA ratings for relevance, effectiveness, and efficiency were close to the benchmark for “successful” performance, but sustainability again fell short. ADTAs in the sectors examined in India (77% “successful”) and Viet Nam (92% “successful”) performed particularly well, largely due to the findings from the financial sector in India and the health sector in Viet Nam. In both these instances, these ratings stood out from the evaluation findings from other sectors and other countries and, therefore, dominated to some extent the SES sample. They also exceed the success rates for other TAs evaluated in those countries (62% and 56%, respectively) as shown in Table 8. Lower levels of TA performance have been documented in other sectors in those countries. This comparison illustrates the difficulties of extrapolating from the results of an evaluation of a non-random, purposeful sample of TAs to general conclusions about the performance of the entire TA portfolio. PPTAs in Fiji Islands were also, on average, rated “highly satisfactorily”, but those in Philippines and the Kyrgyz Republic were rated “partly successful”.

**Table 8: TA Performance Ratings**

Country	SES TA Ratings		TA Ratings in OED’s Database		SAPE/CAPE Ratings		Total TAs	
	Sample Size (no.)	% Rated Successful or Better	Sample Size (no.)	% Rated Successful or Better	Sample Size (no.)	% Rated Successful or Better	Sample Size (no.)	% Rated Successful or Better
People’s Republic of China	—	—	39	67	67	73	106	71
Fiji Islands	14	71	1	100	—	—	15	73
India	30	77	20	50	30	77	80	70
Kyrgyz Republic	19	53	7	43	—	—	26	50
Lao PDR	—	—	27	56	16	50	43	54
Philippines	23	61	16	44	—	—	39	54
Viet Nam	24	92	25	64	—	—	49	78
Other DMCs	—	—	193	58	—	—	193	56
<b>Total</b>	<b>110</b>	<b>72</b>	<b>328</b>	<b>57</b>	<b>113</b>	<b>71</b>	<b>551</b>	<b>63</b>

CAPE = country assistance program evaluation, OED = Operations Evaluation Department, SAPE = sector assistance program evaluation, SES = special evaluation study, TA = technical assistance, TPAR = technical assistance performance audit report, TPER = technical assistance performance evaluation report.

Sources: Fieldwork undertaken for this SES and the OED information system.

<sup>60</sup> ADB. 2006. *2005 Annual Poverty Reduction Report: Progress in Implementing the Poverty Reduction Strategy*. Manila.

148. The data in Table 8 suggest that country factors may have an impact on TA performance. TA has performed better in some countries (e.g., PRC, Fiji, India, and Viet Nam) than ADB standard for satisfactory performance. In other countries, TA performance was less satisfactory. This should not be surprising as OED has consistently documented that country factors affect the likelihood that projects will be rated as being “successful”.<sup>61</sup> Other factors, particularly the sector, are also important determinants of project and TA success. This finding underscores the importance of adequate diagnostics and institutional and contextual analysis as part of the TA formulation process. ADB’s DMCs are at different levels of development and capacity of institutions varies among institutions within the same country. There are differences between national, provincial/state, and local institutions, differences by sector and differences by type or organization (e.g., self-financing or budget dependent), and policy environment. These findings suggest that ADB’s TA business practices should not treat all EAs in all countries the same.

149. Table 9 summarizes the ratings for ADTA and PPTA according to the criteria of relevance, effectiveness, efficiency, and sustainability for the TAs rated in the five country studies undertaken for this evaluation. Overall ratings are given in Table 10. Further discussion of TA performance in the individual case study countries is in Supplementary Appendixes A–E. This positive outcome is not necessarily representative of ADB’s entire portfolio. This was a purposeful sample involving selected sectors in five countries. TA performance in the financial sector in India and the health sector in Viet Nam was particularly good. This good performance biased the ratings upward. Other OED reports suggest that these very positive outcomes are not necessarily representative of TA performance in other sectors in the same country.

**Table 9: Bottom-Up Assessment of Special Evaluation Study Sample**

Weighting (%) <sup>a</sup>	Criteria	ADTA	PPTA
20	Relevance	2.5	2.4
30	Effectiveness	1.9	1.7
30	Efficiency	1.8	1.7
20	Sustainability	1.9	1.4
	<b>Overall</b>	<b>1.9</b>	<b>1.7</b>

ADTA = advisory technical assistance, PPTA = project preparatory technical assistance.

<sup>a</sup> According to technical assistance performance evaluation guidelines.

Note: 0–0.79 = unsuccessful, 0.8–1.59 = partly successful, 1.6–2.69 = successful, and 2.7–3.0 = highly successful.

Source: Details are presented in Appendix 8.

150. **TA Completion Reports.** Table 10 compares TCR self-evaluation and independent evaluation ratings. It clearly shows that TCR ratings are higher than OED ratings. A comparison of TCRs and OED ratings available for the same TA shows that more than one third of TCR ratings were downgraded following independent evaluation (Appendix 8). Previous OED reports have raised questions about the adequacy of the self-assessment included in TCRs. The disconnect between OED and TCR ratings is significant. More attention should be given to improving the accuracy and usefulness of TCRs.

<sup>61</sup> ADB. 2005. *Annual Evaluation Review*. Manila; and ADB. 2006. *2006 Annual Evaluation Review*. Manila.

**Table 10: Technical Assistance Evaluation Results**

Item	Total No. of Rated TAs	Proportion (%)		
		HS/GS/S	PS	US
<b>Self Evaluation</b>				
TCRs	1,532	81	17	2
<b>Independent Evaluation</b>				
TPARs/TPERs	185	63	30	7
Attached ADTAs <sup>a,b</sup>	143	49	33	18
<b>Total</b>	<b>328</b>	<b>57</b>	<b>31</b>	<b>12</b>

ADTA = advisory technical assistance, GS = generally successful, HS = highly successful, PS = partly successful, S = successful, TA = technical assistance, TCR = technical assistance completion report, TPAR = technical assistance performance audit report, TPER = technical assistance performance evaluation report, US = unsuccessful.

<sup>a</sup> Evaluations covered project/program performance evaluation reports.

<sup>b</sup> This finding is somewhat surprising as previous evaluations have concluded that capacity building is likely to be more successful if it is pursued through a combination of projects and TAs. See ADB. 2006. *Special Evaluation Study on Lessons in Capacity Development: Sectoral Studies in Sri Lanka*. Manila.

Sources: TCRs and TAs evaluated in OED reports circulated as of 31 December 2006.

151. **CAPEs and SAPEs.** All completed and selected ongoing CAPEs and SAPEs were examined for TA issues. Key findings are set out in Appendix 6 and summarized in Box 2. All the key issues identified in CAPEs and SAPEs were also raised during the SES studies. For the CAPEs, TAs were only individually evaluated in the recently drafted TA effectiveness review which will form part of the PRC CAPE.<sup>62</sup> Preliminary analysis of evaluation data from 51 ADTAs covered in that study is included in Table 11 as are the ratings from the four SAPEs which evaluated TAs.<sup>63</sup> The overall rating of TA from these sources is close to the benchmark for the proportion of TAs rated as “successful”. However, this rating is dominated by the findings from the draft PRC CAPE (51 TAs) and the draft PRC Transport SAPE (11 TAs). The TA program in the PRC has been relatively successful (of the 24 TAs rated in that database, 75% were evaluated as being “successful”) and the large number of TAs covered means that these findings cannot be taken as indicative of the performance of the overall TA program.

152. **TPERs and PPERs.** OED maintains a database of all evaluation findings from TPERs and PPERs for attached ADTAs. Only 57% of the 328 TAs in the OED information system were rated as being “successful” or better (Table 8). This is significantly below the 70% success rate that reflects satisfactory TA outcomes.

153. The ratings from TA evaluations as contained in TPERs and the ratings from attached or “piggybacked” ADTAs assessed in PPERs are included in Table 11 and are below the benchmark. These ratings represent the wide range of evaluations carried out by OED for both standalone and attached TAs. Overall, 63% of TAs evaluated in TPERs were rated as being at least “successful” and 48% of TAs evaluated in PPERs were rated as “successful”. Since there is a random element in the selection of projects that are evaluated, random selection also played a role in the TAs that were evaluated in the PPERs. TPERs, on the other hand, covered TAs related to a particular theme, sector, or country. Thus, there is a sample bias.

154. The percentage of TAs rated as “successful” in TPERs and PPERs has been fairly static over time. For TAs approved in the 1980s, the portion of evaluated TAs rated as “successful” was 44%,

<sup>62</sup> ADB. 2007. *Country Assistance Program Evaluation: Success Drives Demand for More Innovative and Responsive Services for the People’s Republic of China*. Draft. Manila.

<sup>63</sup> ADB. 2005. *Sector Assistance Program Evaluation for the Agriculture and Natural Resources Sector in the Lao People’s Democratic Republic*. Manila; ADB. 2007. *Sector Assistance Program Evaluation of Asian Development Bank Assistance to Indian Energy Sector*. Draft. Manila; and ADB. 2007. *Sector Assistance Program Evaluation of the Asian Development Bank Assistance for Roads and Railways in the People’s Republic of China*. Draft. Manila; and ADB. 2007. *Sector Assistance Program Evaluation for the Transport Sector in India*. Draft. Manila.

58% from 1990 to 1994, 59% from 1995 to 1999, and 60% from 2000 to the present. There is no trend toward more successful TA outcomes over the past 15 years.

**Table 11: Bottom-Up Assessment of Technical Assistance Performance**

<b>Source</b>	<b>Number of TAs</b>	<b>% Successful</b>
TA SES	110	72
CAPE/SAPEs	113	71
TPERs	185	63
PPERs	143	48
<b>Overall</b>	<b>551</b>	<b>63</b>

CAPE = country assistance program evaluation, PPER = project performance evaluation report, SAPE = sector assistance program evaluation, SES = special evaluation study, TA = technical assistance, TPER = technical assistance program evaluation.

Sources: Tables 8 and 9.

155. Because the TAs that OED has evaluated were not randomly selected, there are questions about whether the 63% success rate is representative for the TA portfolio as a whole. There are some concerns that the 551 TAs that have been rated may have a positive bias because (i) TAs from the PRC, a country in which TA is more successful than in other countries, are over represented; and (ii) sectors in which TA performed well may be over represented in some of the country studies (e.g., PRC, India, Viet Nam). The degree of bias in the selection of TAs evaluated by OED has not been estimated rigorously. As a rough indicator, the success rates were weighted by the country's share of TAs (excluding RETAs). After doing so, the overall success rate fell marginally to 59%. The TCR database rates 81% of TAs "successful". The success rates for TAs for which both TCR and OED ratings were available were 84% and 64%, respectively. Applying this correction factor to the 81% success rate results in a "corrected" success rate of 61%. This is close to the 63% figure shown in Table 11. Based on the evidence available, it appears reasonable to conclude that the success rate for the TA portfolio falls below the 70% threshold that ADB has defined as satisfactory performance.

156. **Overall Bottom-Up Assessment.** The ratings in Table 11 indicate that about 37% of the TAs were "less successful" and that the overall success rate (63%) falls below the benchmark (70%) for TA performance than to be rated as at least "successful". As such, the bottom-up rating based on all past evaluations of TA is "partly successful".

#### **4. Overall Assessment of TA Performance**

157. The overall rating of TA performance was "partly successful". This reflected the top-down rating of "partly successful", and the bottom-up rating of "partly successful".

### **B. Conclusions**

158. No other multilateral funding agency possesses a product with the range and flexibility of ADB's TA. TA has an in-built flexibility that, if used effectively, can provide DMCs with a wide range of advice and support, and to meet their need for access to international best practice. The three existing types of TA—ADTA, PPTA, and RETA—are suitable to accommodate many different kinds of support. They are well-known to DMCs and have come to represent a "brand name" that ADB should continue to value.

159. However, the TA policies, business practices, and procedures that ADB uses have not kept up with the times. PPTAs still follow a fairly rigid model of providing international consultants assisted, usually to a minor extent, by national consultants, to prepare a project for ADB financing. However, some DMCs, particularly middle-income DMCs, now have greater capacity to conduct this

work without, or with less, PPTA. Some are frustrated because they believe that using PPTA delays project processing, adds little value, and is used primarily to meet ADB needs, particularly in areas related to safeguards, participation, and poverty/social analysis rather than in the technical and economic viability of the project. In other DMCs, international consultants are needed to help prepare bankable projects. ADB has not done enough to use PPTA as a vehicle for building domestic project preparatory capacity, with the goal of eventually reducing the need for PPTA or using it more efficiently to supplement domestically prepared feasibility studies. In the case of ADTAs, many interventions provide isolated, short-term inputs by international consultants that focus on the production of reports rather than helping EAs address the challenges associated with implementing the resulting recommendations. The activities that ADTA is increasingly used for—policy reform, change management, and capacity building—require assistance over a long period (not necessarily continuously), and need to focus on supporting domestic change processes rather than the conventional ADB approach of preparing consultant reports. In this context, there is a need to incorporate, at the design stage, a more rigorous consideration of how the TA is to be implemented and communicated.

160. TAs and TA business practices should be flexible and responsive to the needs of particular DMCs. ADB's one-size-fits-all approach to designing and implementing TAs is no longer appropriate. It does not recognize the diversity of institutional capacity in the Asia and Pacific Region, both across and within countries. For example, a country such as the Fiji Islands may still require traditional PPTA to conduct a large part of the project preparatory work, and ADTA support may need to include significant elements of capacity building. For much of this, it may require support from international consultants familiar with the country but not necessarily international best practice consulting firms. On the other hand, in some sectors in the PRC and India, the standard PPTA model may no longer be appropriate as EA staff or national consultants can perform most preparatory tasks satisfactorily. The remaining tasks may relate to compliance with ADB's safeguard policies or more detailed poverty analysis. In such countries, TA could be used to build domestic capacity to prepare bankable feasibility studies. In the PRC and India, the niche for ADTA to add value is increasingly (i) through providing access to international best practice, and (ii) through linking this with use of national consultants to tailor the support to local requirements and to stretch the period of involvement to match the time frame for bringing about change. This time frame will largely be determined by domestic processes, which can be better estimated by EAs than by ADB.

161. In discussing TA, the MIC Strategy<sup>64</sup> concluded that there is a strong demand for TA, particularly for advice on policy reform, capacity building, and promotion of knowledge management and transfer. However, the MIC strategy reported concerns raised by DMCs, which are consistent with the findings of this evaluation. These include (i) lack of strategic focus; (ii) weak links with the CSP, (iii) lack of country ownership, (iv) lack of flexibility (to respond to clients' needs in a timely manner), and (v) insufficient attention (and resources) devoted to administration. OED's 2005 and 2006 reports on ADB's loan and TA portfolios concluded that the size of the TA portfolio had exceeded ADB's capacity to manage it effectively and that many TAs were not adequately supervised by ADB. ADB Management agreed with this broad conclusion and adopted a rather blunt instrument to gradually reduce the number of TAs approved to partly address this problem. While reducing the number of TAs was an appropriate short-term response, there should be better long-term solutions that balance ADB's staff constraints and its desire to use TA to deliver a broad range of development results.

162. ADB staff play the dominant role in ADB's standard TA model. ADB staff, with varying levels of input from EAs, are responsible for developing the objectives and scope of the TA, defining the

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<sup>64</sup> ADB. 2006. *Enhancing Asian Development Bank Support to Middle-Income Countries and Borrowers from Ordinary Capital Resources*. Manila (paras. 81–83).

terms of reference, estimating the TA budget, short listing consultants, evaluating competing proposals, contracting the consultants, approving the quality of the reports, deciding when to pay consultants and evaluating consultant performance. For most TAs, the EAs contribution to financing is minimal and often in kind. Consultants view ADB, not the EA, as the primary client since their contract is with ADB. The dominant role of ADB undermines EA ownership of the TA. Strong EA ownership is a key determinant of TA success and the sustainability of TA benefits. Some DMCs feel that TA ownership would be stronger if EAs played a more direct role in consultant selection, contracting, and supervision.

163. ADB should consider whether a new way of delivering TA could address the two strategic issues of: (i) finding ways to increase DMC ownership of TAs; and (ii) addressing ADB's institutional capacity constraints that led to a decision to reduce the number of TAs made available to DMCs by adopting more efficient business practices. One model that has the potential to address both of these issues would be to delegate more accountability and authority to EAs for topic selection, formulating the TA and selecting, contracting and supervising consultants. In this model ADB's role would change to playing a more supplementary role of agreeing on the topic selection, the objectives and scope of the TA, monitoring its implementation and ensuring that ADB's Guidelines on the Use of Consultants were followed. This would be analogous to the procedures followed for the recruitment and supervision of loan-funded consultants. OED has not undertaken an evaluation to assess whether loan-financed consultants perform better or worse than TA-financed consultants.

164. ADB has attempted to test this model. The 2003 pilot study<sup>65</sup> highlighted the importance of the capacity of EAs to manage TA processes. During the experiment, ADB changed its approach to reduce the number of ADB approvals required since some DMCs complained that the new procedures increased, rather than decreased, the administrative burdens on EAs. Although this experiment was largely successful in the PRC, it was not successful in other DMCs. However, because of feedback from MICs, ADB revised its consultant guidelines to provide more flexibility to delegate consultant recruitment and supervision to EAs with proven capacity (as demonstrated through detailed capacity assessment). Since this change was made in 2006, it is too early to determine whether it will have the desired effects of increasing TA ownership by EAs and reducing administrative burdens on ADB staff.

165. ADB should consider a more aggressive approach to delegating more authority and accountability to EAs for TA management. This would be consistent with the target in the Paris Declaration<sup>66</sup> that 50% of technical cooperation flows are implemented through coordinated programs consistent with national development strategies. However, as the MIC Strategy notes: "OCR countries vary widely with regard to income, poverty incidence, capital market access, and the progress they have made in policy reforms and institution building. ADB support therefore needs to be highly customized to the development needs of each country."<sup>67</sup> EA capacity varies across countries and across sectors in the same country. It would not be appropriate to implement this model for all TAs. ADB needs to do a better job of tailoring its approach to providing TA to the capabilities of individual EAs and DMCs.

166. This SES is the first ADB study to attempt a more comprehensive evaluation of TA. Its special contribution was to look in detail at each of the steps in the TA results chain in a cross

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<sup>65</sup> ADB. 2003. *A Pilot Study for Delegation of Consultant Recruitment and Supervision Under Technical Assistance to Executing Agencies*. Manila.

<sup>66</sup> *Paris Declaration on Aid Effectiveness: Ownership, Harmonization, Alignment and Mutual Accountability*. 2005.

<sup>67</sup> ADB. *Enhancing Asian Development Bank Support to Middle-Income Countries and Borrowers from Ordinary Capital Resources*. Para 56 (i). July 2006.

section of countries and sectors. Its overall finding was that TA performance has been “partly successful”. TA is not realizing its full potential contribution.

167. The main explanation of the “partly successful” performance of TA relates to weaknesses in TA management at the corporate, departmental, and division levels. Weaknesses have been allowed to persist in the systems for allocating TA funds, selecting TAs, quality control, monitoring and evaluation, knowledge management, follow-up on the implementation of TA recommendations, and the allocation of adequate staff to TA formulation and administration. It is Management’s job to ensure that, if systems are deficient at each level, they are corrected. This is particularly true for widely recognized, long standing problems.

168. Many of the problems with TA were identified by past reviews and evaluations but most have not been satisfactorily addressed. When ADB formulates a new set of reform proposals based on the work of the TA Reform Task Force, a fundamental question will be how to design a mechanism that will be effective in ensuring that the individual reform activities are implemented in full and achieve their objectives.

### **C. Lessons**

169. At corporate level, the lesson from this evaluation is that when major problems are identified in aspects of ADB’s TA business, Management should ensure that they are dealt with. If not, the problems are unlikely to disappear on their own. This study has produced evidence that known weaknesses persist in the design, implementation, and management of TA. Recently, several initiatives have sought to improve TA effectiveness. Examples include tighter control on the number of TAs to lessen supply driven operations; closer Management supervision; reduction in the number of inactive TAs; enhanced business processes especially relating to CPS and concept papers; and more proactive and strategic acquisition of trust funds. However, Management has only started to address problems associated with TA that have been long known. It remains to be seen if these ongoing efforts prove to be any more successful than past initiatives.

170. To remain relevant to its clients, ADB has to respond to changes in DMCs circumstances and needs (i) by making adjustments in the TA products and models it provides; and (ii) in its methods of selecting, designing, and implementing them. Unless ADB improves the way that it delivers TA, and the way it implements its outsourced consultant-reliant business model, it may lose competitiveness compared with other international development institutions that rely more on in-house staff.

171. To consistently achieve good TA results, there must be clear responsibility and accountability for TA performance at the ADB staff, division, and departmental levels. This must be measured, monitored, tracked, and integrated within ADB’s personnel performance evaluation systems. Unless this is done, there will be little incentive at the staff, director, or director general levels to ensure high standards in the formulation and implementation of ADB interventions. In the 2006 Annual Evaluation Report,<sup>68</sup> OED highlighted the need for ADB to change the formal and informal incentives that govern staff behavior so that ADB can make the transition from an organization dominated by the approval culture to one that is focused on achieving development results. In its reply to that report, Management agreed to study the feasibility of strengthening ADB’s staff performance appraisal systems to provide stronger incentives to focus on project quality at entry and project administration and supervision to encourage achieving better development results. Such a feasibility study should cover both TA and lending operations.

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<sup>68</sup> ADB. 2006. *2006 Annual Evaluation Report*. Manila (Chapter V).

172. In its core business of designing, developing, and implementing TA projects, ADB has not organized itself as a learning organization. Despite its recent emphasis of knowledge management, ADB is not building up a systematic core of knowledge about issues pertinent to improving the use, effectiveness, efficiency, and results achieved by TA. There is no mechanism or systematic process which ensures that lessons identified and recommendations for design improvements for future TAs are applied consistently in practice or shared across ADB. There is no synthesis of consultant reports or of lessons identified from individual TAs to develop best practice, ensure that past mistakes are not repeated and that TA processes can be continuously improved. The existing knowledge management framework focuses on the collection, labeling, and storage of information—all key features of a document or information management program. These activities, however, stop short of developing processes for the extraction of value-added materials, the development of knowledge products, and, most importantly, the requirements for a culture change program and incentives to ensure that all in ADB recognize the importance of, and derive benefit from, contributing and using a knowledge management system.

173. To address these issues, ADB needs to consider better ways to plan, manage, and deliver TA. Box 9 sets out some features of a programmatic approach to TA, which could be considered.

#### **Box 9: A Programmatic Approach to Technical Assistance**

A possible future approach to technical assistance (TA) would be for the instrument to be used to support an overall program of reform in developing member countries (DMCs). Capacity building, a frequent key feature of advisory TAs (ADTAs), is a long-term process and refers to institution building, which cannot be achieved by training alone. A long-term programmatic approach to TA would facilitate ongoing capacity building, with each intervention forming part of a longer-term process of reform.

A key aspect of this approach would be the production of long-term sector and thematic road maps to be agreed by government (and other donors), on which all current proposed and future interventions would be plotted. These road maps would contain clear goals and objectives, specific indicators for monitoring progress, clear critical paths for ensuring the effective timing and sequencing of interventions, and proposed sources of funding (government, loan, grant, TA, etc.). The road maps would show how different interventions related to the achievement of overall goals and objectives. These road maps would then form the basis of country partnership strategies (CPSs) and all proposed Asian Development Bank (ADB) interventions.

Programs would be supported by the production of a toolkit of current best practice TA methodologies and modalities based on past experience and would include relevant process checklists.

In some middle-income countries where adequate capacity already exists, this model could be modified to identify three or four themes where ADB could be engaged for policy dialogue and capacity building over the CPS period. Key features of this approach might include:

- (i) setting up a revolving fund/imprest account in the name of the Ministry of Finance in which, for example, 80% of the ADTA funds in the country strategy and program (CSP) should be deposited.
- (ii) requiring executing agencies (EAs) to take responsibility for defining the terms of reference for ADTAs that fell within the agreed cluster areas and for recruiting, supervising, and paying consultants and evaluating their performances.
- (iii) ensuring compliance with ADB guidelines through regular review missions.
- (iv) ensuring that adequate auditing and anticorruption safeguards are in place.

Source: Special evaluation study team.

## **D. Recommendations**

174. About two thirds of ADB's TA activities have been evaluated as "successful". For the remainder, there are many areas that ADB needs to address both to improve TA performance and to raise the success rate above the medium-term benchmark. The following recommendations offer direction to both Management and the Task Force for TA Reform to consider when formulating actionable proposals for TA reform.

Recommendation	Responsibility
<b>A. TA Strategy</b>	
1. The system of TA resource allocation should be improved to ensure that it (i) fits with ADB's strategic development priorities, and (ii) addresses the strategic areas and themes contained in country strategies that reflect country requirements.	Management, SPD, and RSDD
2. Drawing on lessons identified by evaluation studies, sector and thematic road maps (including capacity development), and the government's prioritized TA requests, country partnership strategies should include a clear strategy and program for TA with a long-term framework and measurable indicators of expected outcomes, and by bringing together ADB's knowledge departments and ADB Institute.	RDs
<b>B. TA Management</b>	
1. Corporate level TA management needs to be improved. It should be a priority for ADB Management to ensure that a better corporate TA management system is developed, tested, and implemented.	Management, SPD, and RSDD
2. ADB should consider delegating more authority and contracting accountability regarding TA prioritization, programmatic approaches, consultant selection, consultant performance evaluation, and supervision to executing agencies that have sufficient capacity and adequate systems to guard against corruption.	RSDD, SPD, and COSO
3. Consideration should be given to (i) ensuring, wherever practical, that staff who process ADTAs remain involved up to completion of the TA, even if they are transferred internally to a new assignment; (ii) tracking the results of the ADTAs and reflecting these in staff performance assessments; and (iii) establishing joint performance evaluation with executing agencies to ensure that their accountability for TA implementation is recognized.	BPMSD and RDs
4. ADB must strengthen its quality control systems for TA. To monitor quality control, a sample of TAs should be evaluated as part of ADB's biennial review of quality at entry to assess progress being made in this area.	Management, SPD, and RDs
5. The system for TA portfolio monitoring and evaluation should be overhauled to provide corporate and departmental level data on TA implementation, performance, and outcomes. This would involve (i) streamlining the TA performance report and ensuring it is updated regularly, and (ii) including the views of executing agencies and consultants in TA completion reports.	COSO, RDs, and OIST
6. A more systematic TA knowledge management process should be developed to collect and synthesize lessons and key findings from TA, and ensure that they are continuously used in ADB's TA models and products. All data and reports prepared by consultants should be regularly archived. Incentives must be developed for ADB to use this knowledge base. To promote knowledge management, TA cost tables should include line items for dissemination, translation, and the use of external and internal peer reviews.	RSDD, RDs, COSO, and SPD

ADB = Asian Development Bank; ADTA = advisory technical assistance; BPMSD = Budget, Personnel, and Management Systems Department; COSO = Central Operations Services Office; OIST = Office of Information Systems and Technology; RD = regional department; RSDD = Regional and Sustainable Development Department; SPD = Strategy and Policy Department; TA = technical assistance.

## EVALUATION DESIGN MATRIX

Subject	Evaluation Question	Research Question	Method
<b>A. Corporate Level TA Processes</b>			
1. Corporate priorities and TA allocation systems	Did ADB's system for allocating TA funding reflect corporate priorities and did it contribute to effective use of TA?	<ul style="list-style-type: none"> <li>- What was the basis of the corporate level system of annual country allocations and how did this influence performance of TA?</li> <li>- What was the basis of country level systems for assigning annual country TA allocations to individual TA proposals, and did this contribute to strategic use of TA at country level?</li> </ul>	<ul style="list-style-type: none"> <li>- Review of allocation systems</li> <li>- Time-based analysis</li> <li>- Senior staff interviews</li> </ul>
2. Staffing and other resources for formulating and supervising TA	Did ADB provide enough of the right type of staff and other resources for TA?	<ul style="list-style-type: none"> <li>- Did the budgeting system provide a reliable basis for assigning enough staff and other resources to TA?</li> <li>- Did actual staff inputs for TA formulation and supervision conform with budgeted levels?</li> <li>- Did the project team for TA formulation and supervision have the necessary experience and expertise mix?</li> <li>- Were there effective incentives and staff recognition for quality work on TA?</li> <li>- Was there continuity of staff involvement in TA formulation and supervision?</li> </ul>	<ul style="list-style-type: none"> <li>- Analysis of TA records</li> <li>- Analysis of TA records</li> <li>- Comparison with 2006 AREA study on experience/expertise for loan processing/implementation</li> <li>- Questionnaire</li> <li>- Senior staff interviews</li> <li>- Questionnaire</li> <li>- Analysis of TA records</li> </ul>
3. Quality control systems	Did corporate level quality control systems provide an effective method of ensuring the quality of TA formulation?	<ul style="list-style-type: none"> <li>- Did peer review and interdepartmental circulation ensure the quality of TA?</li> <li>- Did clustering of TA approvals in Q4 affect quality of formulation?</li> <li>- Did quality control differ between standalone and attached TA?</li> </ul>	<ul style="list-style-type: none"> <li>- Analysis of TA records</li> <li>- Questionnaire</li> </ul>
4. Information systems and evaluation feedback	Did existing feedback loops provide a reliable basis for corporate level oversight and management of the TA program, and did they lead to corporate learning?	<ul style="list-style-type: none"> <li>- Did the coverage and quality of self-evaluation and post evaluation provide reliable feedback on the performance of completed TA, and was it made use of?</li> <li>- How effective were ADB's knowledge management systems at pooling and disseminating knowledge and information gained from TAs, and did this contribute to corporate learning?</li> </ul>	<ul style="list-style-type: none"> <li>- Analysis of TA records</li> <li>- Questionnaire</li> <li>- Senior staff interviews</li> <li>- Questionnaire</li> <li>- Senior staff interviews</li> </ul>

Subject	Evaluation Question	Research Question	Method
<b>B. Country Level TA Performance</b>			
1. Strategic direction	Was TA programmed and planned as an integral part of ADB's country and sector assistance strategies, and did this provide sound strategic direction for TA?	<ul style="list-style-type: none"> <li>- Was TA aligned with ADB corporate priorities?</li> <li>- Was TA aligned with country priorities and programs?</li> <li>- Did TA focus on priority sectors and themes where ADB had comparative advantage?</li> <li>- Was TA concentrated in a limited number of priority sectors and themes?</li> <li>- Was there continuity of TA support over an extended period?</li> <li>- Were there in-built synergies to scale up impacts?</li> <li>- Did TA programming and planning take account of support from other donors?</li> </ul>	- Analysis of strategic focus
2. Prioritization and selection	Was the choice of individual TAs consistent with ADB's country and sector assistance strategies?	<ul style="list-style-type: none"> <li>- Was TA support concentrated on priority sectors and activities?</li> <li>- Were the topics for TA support chosen by the government agencies with the capacity and authority to identify strategic and long-term issues?</li> </ul>	
3. TA formulation	What was the quality of TA design?	<ul style="list-style-type: none"> <li>- Was formulation based on a thorough diagnostic analysis, building on existing knowledge and expertise?</li> <li>- Were the views of principal stakeholders reflected in TA design?</li> <li>- Was an appropriate type and/or model of TA adopted?</li> <li>- Was the level of funding of individual TAs appropriate for achieving TA objectives?</li> <li>- Did TA design provide the most suitable mix of international and domestic consultants for achieving TA objectives?</li> <li>- What was the quality of terms of reference?</li> <li>- Was the design complementary to support from other donors?</li> <li>- What was the quality of the TA design and monitoring framework?</li> <li>- Was dissemination of findings effectively provided for?</li> </ul>	<ul style="list-style-type: none"> <li>- Sector overviews</li> <li>- Analysis of completed TAs</li> <li>- Good practice case studies</li> <li>- Benchmarking studies</li> </ul>
4. Implementation	Was TA implemented as designed, which factors affected implementation performance, and how were they addressed?	<ul style="list-style-type: none"> <li>- How closely was the TA design followed, and what changes were made?</li> <li>- Did the implementation arrangements work well?</li> <li>- Did ADB consultant recruitment procedures lead to timely recruitment of suitably qualified and experienced experts?</li> <li>- How did TA consultants perform?</li> <li>- Were there feedback loops to ensure early reporting of implementation problems?</li> <li>- Was ADB supervision sufficient to support TA implementation?</li> </ul>	<ul style="list-style-type: none"> <li>- Sector overviews</li> <li>- Analysis of completed TAs</li> <li>- Good practice case studies</li> <li>- Benchmarking studies</li> </ul>

Subject	Evaluation Question	Research Question	Method
5. Outcomes	How effectively, efficiently and sustainably did TA achieve intended outcomes, and what was the value added?	<ul style="list-style-type: none"> <li>- Did PPTA prepare investment proposals suitable for financing?</li> <li>- What was the relative contribution of PPTA to enhancing the investment proposals versus preparing them to satisfy ADB policies and procedures?</li> <li>- What was the contribution of ADTA to improving improved resource utilization and capacity building?</li> <li>- Did ADTA have a wider positive influence beyond the immediate area covered during TA implementation?</li> <li>- Is the contribution of ADTA likely to be sustained?</li> </ul>	<ul style="list-style-type: none"> <li>- Sector overviews</li> <li>- Analysis of completed TAs</li> <li>- Good practice case studies</li> <li>- Benchmarking studies</li> </ul>
6. Lessons	What lessons can be derived?		

ADB = Asian Development Bank, ADTA = advisory technical assistance, AREA = annual review of evaluation activities, PPTA = project preparatory technical assistance, TA = technical assistance.

Source: Special evaluation study team.

## TECHNICAL ASSISTANCE PROJECTS COVERED BY THE SPECIAL EVALUATION STUDY SAMPLE

**Table A2.1: Fiji Islands**

No.	Sector/Theme	TA No.	TA Name	Type	TA Amount (\$ million)	Year Approved	Year Completed
1.	Agriculture and Natural Resources	3887	Alternative Livelihoods Project	PPTA	0.65	2002	2004
2.	Agriculture and Natural Resources	3888	Intermediation of Sugar Sector Restructuring	ADTA	0.66	2002	
3.	Agriculture and Natural Resources	4403	Fisheries Sector Review	ADTA	0.15	2004	2005
4.	Agriculture and Natural Resources	4572	Strengthening Commercial Agriculture Development	ADTA	0.60	2005	
5.	Agriculture and Natural Resources	4589	Rural and Outer Islands Development	PPTA	0.70	2005	
6.	Governance and Economic Management	3391	Strengthening Debt Management	ADTA	0.15	2000	2003
7.	Governance and Economic Management	3408	Preparation of a Medium-Term National Development Plan	ADTA	0.15	2000	2002
8.	Governance and Economic Management	3960	Supporting Economic Management and Development Policies	ADTA	0.25	2002	
9.	Governance and Economic Management	4100	Implementation of the Information and Communication Technology Strategy	ADTA	0.15	2003	2005
10.	Governance and Economic Management	4157	Strengthening Public Sector Financial Governance	ADTA	0.46	2003	2005
11.	Governance and Economic Management	4330	Strengthening Public Sector Banking and Cash Management	ADTA	0.15	2004	2005
12.	Water and Sanitation	3055	Suva-Nausori Water Supply and Sewerage (JSF-Financed)	PPTA	0.80	1998	2000
13.	Water and Sanitation	3170	Implementation of Corporatization of Water Supply and Sewerage Services	ADTA	0.15	1999	2003
14.	Water and Sanitation	4270	Capacity Building in Water and Sewerage Services	ADTA	0.78	2003	

ADTA = advisory technical assistance, JSF = Japan Special Fund, PPTA = project preparatory technical assistance, TA = technical assistance.  
Source: Asian Development Bank loan, TA, and equity approvals database.

Table A2.2: India

No.	Sector/Theme	TA No.	TA Name	Type	TA Amount (\$ million)	Year Approved	Year Completed
1.	Finance	3473	Development of a Secondary Debt Market	ADTA	0.60	2000	2002
2.	Finance	3732	Assessing the Role of Mortgaged-Backed Securities	ADTA	0.15	2001	2003
3.	Finance	3866	Secured Transactions Reform	ADTA	0.50	2002	
4.	Finance	3943	Enabling Environment for Structuring Asset Reconstruction Companies	ADTA	0.80	2002	
5.	Finance	4010	Reform of the Mutual Funds Industry	ADTA	0.80	2002	2005
6.	Finance	4202	Demutualization and Consolidation of Indian Stock Exchanges	ADTA	0.15	2003	
7.	Finance	4203	Regulation and Supervision of Derivative Instruments	ADTA	0.15	2003	
8.	Finance	4226	Pension Reforms for the Unorganized Sector	ADTA	1.00	2003	2005
9.	Finance	4247	Rural Finance Sector Restructuring and Development	PPTA	1.00	2003	
10.	Finance	4263	Capacity Building for Tax Administration	ADTA	1.00	2000	2003
11.	Finance	4370	West Bengal Development Finance	ADTA	0.80	2004	
12.	Transport PPTA	3751	Madhya Pradesh State Road Sector Development	PPTA	0.60	2001	2005
13.	Transport PPTA	3752	National Highway Corridor – Public-Private Partnership	PPTA	0.70	2001	2005
14.	Transport PPTA	3845	Madhya Pradesh State Road Development	PPTA	1.00	2002	2004
15.	Transport PPTA	3914	{ Economic Studies for the Rural Roads Sector Development	PPTA	0.15	2002	2003
16.	Transport PPTA	3915	{ Engineering Studies for the Rural Roads Sector Development	PPTA	0.15	2002	2003
17.	Transport PPTA	3916	{ Environmental Analysis for the Rural Roads Sector Development	PPTA	0.10	2002	2005
18.	Transport PPTA	3917	{ Institutional and Policy Development Studies for Rural Roads Sector Development	PPTA	0.15	2002	2005
19.	Transport PPTA	3918	{ Social Analysis for the Rural Roads Sector Development	PPTA	0.15	2002	2005
20.	Transport PPTA	3974	Inland Waterway Sector Development Program	PPTA	0.90	2002	
21.	Transport PPTA	3995	Chhattisgarh State Roads Sector Development	PPTA	0.80	2002	
22.	Transport PPTA	4036	National Highway Corridor (Sector)	PPTA	0.50	2002	
23.	Transport PPTA	4152	National Highway Sector II	PPTA	0.30	2003	2005
24.	Transport PPTA	4220	Rural Roads Sector II	PPTA	1.00	2003	
25.	Transport PPTA	4355	High Priority National Highways	PPTA	0.00	2004	Cancelled
26.	Transport PPTA	4378	North Eastern State Roads	PPTA	0.80	2004	
27.	Urban	3759	Integrated Urban Development in Madhya Pradesh	PPTA	1.00	2001	2004
28.	Urban	3902	North Eastern Region Urban Sector Profile	ADTA	0.15	2002	2004
29.	Urban	4348	North Eastern Region Urban Development	PPTA	1.00	2004	

ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, TA = technical assistance.

Source: Asian Development Bank loan, TA, and equity approvals database.

**Table A2.3: Kyrgyz Republic**

No.	Sector/Theme	TA No.	TA Name	Type	TA Amount (\$ million)	Year Approved	Year Completed
1.	Governance	3204	Strengthening Aid Coordination and Management	ADTA	0.12	1999	2001
2.	Governance	3249	Strengthening Capacity in the Office of the President	ADTA	0.34	1999	2001
3.	Governance	3382	Strengthening Capacity in the Ministry of Finance for Financial Management and Planning of the Public Investment Program	ADTA	0.46	2000	2002
4.	Governance	3658	Governance Assessment Study for Sound Development Management and Poverty Reduction	ADTA	0.10	2001	2003
5.	Governance	3767	Strengthening Capacity of the Ministry of Finance for Financial Management and Planning of the Public Investment Program, Phase II	ADTA	0.60	2001	2005
6.	Governance	3779	Strengthening Corporate Governance and Judicial Reforms	ADTA	0.85	2001	2005
7.	Governance	3859	Strengthening Capacity in the Office of the President, Phase Two	ADTA	0.50	2002	2005
8.	Governance	3950	Customs Modernization and Infrastructure Development	PPTA	0.50	2002	
9.	Governance	4450	Capacity Building and Institutional Strengthening for Customs Modernization and Infrastructure Development	ADTA	0.50	2004	
10.	Transport	3335	Third Road Rehabilitation	PPTA	0.60	1999	2002
11.	Transport	3531	Improvement of Road Sector Efficiency	ADTA	0.44	2000	2004
12.	Transport	3757	Institutional Support in the Transport Sector	ADTA	0.65	2001	
13.	Finance	2963	Pension Reform	PPTA	0.68	1998	2001
14.	Finance	4068	Capacity Building in Savings and Credit Unions and Microfinancial Systems	ADTA	0.55	2002	
15.	Finance	4069	Financial Sector Reforms	ADTA	0.60	2002	
16.	Social	4166	Education Development	PPTA	0.60	2003	
17.	Social	4187	Institutional Strengthening for Community-Based Early Childhood Development	ADTA	0.50	2003	
18.	Social	4672	Vocational Education and Skills Training	PPTA	0.30	2005	
19.	Social	3420	Community-Based Early Childhood Development (JSF)	PPTA	0.70	2000	2003

ADTA = advisory technical assistance, JSF = Japan Special Fund, PPTA = project preparatory technical assistance, TA = technical assistance.  
Source: Asian Development Bank loan, TA, and equity approvals database.

Table A2.4: Philippines

No.	Sector/Theme	TA No.	TA Name	Type	TA Amount (\$ million)	Year Approved	Year Completed
1.	Agriculture and Natural Resources	3469	Capacity Building Support For Pasig River Environmental Management and Rehabilitation	ADTA	1.00	2000	2002
2.	Agriculture and Natural Resources	2835	Metro Manila Air Quality Improvement	PPTA	0.15	1997	2004
3.	Education	3115	Secondary Education Development and Improvement Project	ADTA	0.79	1998	2002
4.	Education	3482	Strengthening Management Capacity and Improving Quality of Technical Education and Skills Development System	ADTA	0.78	2000	2002
5.	Education	3609	Studies on the Access of the Poor to Education	ADTA	0.15	2000	2004
6.	Education	3954	Organizational Development of CHED	ADTA	0.50	2002	2004
7.	Finance	2558	Strengthening Rural Micro-enterprise Finance Project	ADTA	0.60	1996	2003
8.	Finance	3245	Nonbank Financial Sector Development	ADTA	1.86	1999	2003
9.	Finance	3773	Strengthening the Regulatory and Market Governance	ADTA	1.00	2001	2003
10.	Finance	3847	Strengthening the Anti-Money Laundering Regime	ADTA	1.00	2002	2005
11.	Finance	3814	Preparing the Microfinance for Rural Development Project	PPTA	0.56	2001	2004
12.	Industry and Trade	4070	Program to Accelerate Small and Medium Enterprise Financing	PPTA	0.40	2002	2003
13.	Governance and Ec. Mgt.	2875	Institutional Strengthening of the System of National Accounts	ADTA	0.45	1997	2002
14.	Governance and Ec. Mgt.	3308	Strengthening Results Monitoring and Evaluation	ADTA	0.40	1999	2002
15.	Governance and Ec. Mgt.	3310	Capacity Building for Procurement	ADTA	0.40	1999	2003
16.	Governance and Ec. Mgt.	3349	Capacity Building in Local Government Unit Financing	ADTA	0.60	1999	2001
17.	Governance and Ec. Mgt.	3475	Institutional Strengthening of the Housing and Urban Development Sector	ADTA	0.15	2000	2001
18.	Governance and Ec. Mgt.	3932	Improving the Climate for Investment and Productivity in the Philippines: An Approach to Long-Term Poverty Reduction	ADTA	0.12	2002	2005
19.	Governance and Ec. Mgt.	3959	Support for the Local Governance Performance Measurement System	ADTA	0.20	2002	2005
20.	Governance and Ec. Mgt.	4185	Enhancing the Efficiency of Overseas Workers' Remittances	ADTA	0.15	2003	
21.	Governance and Ec. Mgt.	3760	Metro Manila Urban Services for the Poor	PPTA	1.00	2001	2003
22.	Multisector	3291	Development of Poor Urban Communities	PPTA	0.85	1999	2006
23.	Water Supply, Sanitation, and Waste Management	3848	Metro Manila Solid Waste Management	ADTA	1.25	2002	2005

ADTA = advisory technical assistance, CHED = Commission on Higher Education, Ec. Mgt. = economic management, PPTA = project preparatory technical assistance, TA = technical assistance.

Source: Asian Development Bank loan, TA, and equity approvals database.

**Table A2.5: Viet Nam**

No.	Sector/Theme	TA No.	TA Name	Type	TA Amount (\$ million)	Year Approved	Year Completed
1.	Agric/Rural Livelihoods	3223	Agriculture Sector Program (JSF-Financed)	PPTA	1.000	1998	2002
2.	Agric/Rural Livelihoods	3818	Forests Livelihood Improvement in the Central Highlands Gender Strategy and Implementation Plan for Agriculture and Rural Development	PPTA	1.560	2001	
3.	Agric/Rural Livelihoods	3831	Agriculture Sector Development Support	ADTA	0.450	2002	2004
4.	Agric/Rural Livelihoods	4105	Agriculture Science and Technology	ADTA	0.600	2003	2005
5.	Agric/Rural Livelihoods	4194	Livelihood Improvement in the Central Coastal Provinces	PPTA	0.900	2003	
6.	Agric/Rural Livelihoods	4292	Improving Risk Management in the Viet Nam Bank for Agriculture and Rural Development	PPTA	0.650	2003	
7.	Agric/Rural Livelihoods	4395	Rural Infrastructure for Sustainable Livelihood Improvement in Central Region	ADTA	0.150	2004	
8.	Agric/Rural Livelihoods	4440	Gender Mainstreaming Action Plan for Agriculture and Rural Development	PPTA	0.800	2004	
9.	Agric/Rural Livelihoods	4452	Developing Agricultural Insurance	ADTA	0.250	2004	2006
10.	Agric/Rural Livelihoods	4480	Road Map for Power Sector Reform	ADTA	0.600	2004	
11.	Energy	3763	Northern Power Transmission	ADTA	0.400	2001	2005
12.	Energy	4051	Northern Power Transmission and Expansion	PPTA	0.700	2002	2005
13.	Energy	4470	Preparation of Song Bung 4 Hydropower: Phase I	PPTA	0.500	2004	
14.	Energy	4475	Muong Duong Thermal Power Generation	PPTA	0.150	2004	
15.	Energy	4670	Muong Duong Thermal Power Generation (Supplementary)	ADTA	0.150	2005	
16.	Energy	4670		ADTA	0.400	2005	
17.	Health	3337	Rural Health	ADTA	0.600	1999	2004
18.	Health	3483	Capacity Building for Prevention of Food-Borne Diseases (JSF)	ADTA	0.500	2000	2003
19.	Health	3877	Making Health Care More Affordable for the Poor: Health Financing in Viet Nam	ADTA	0.200	2002	2005
20.	Health	4092	Health Care for the Poor in the Central Highlands	ADTA	0.150	2003	2005
21.	Health	4102	Strengthening of Preventive Health Services	PPTA	0.500	2003	2005
22.	Health	4205	Early Childhood Development for the Poor	PPTA	0.500	2003	
23.	Health	4331	Support for Pro-Poor Health Policies	ADTA	0.450	2003	
24.	Health	4331	Support for Pro-Poor Health Policies (Supplementary)	ADTA	0.500	2004	
25.	Health	4331		ADTA	0.050	2005	
25.	Health	4542	HIV/AIDS Prevention Among Youth	PPTA	0.400	2004	

ADTA = advisory technical assistance, Agric = agricultural, HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome, JSF = Japan Special Fund, PPTA = project preparatory technical assistance, TA = technical assistance.  
Source: Asian Development Bank loan, TA, and equity approvals database.

## OBJECTIVES OF ASIAN DEVELOPMENT BANK TECHNICAL ASSISTANCE

### A. Corporate Level Objectives

1. Article 2 of the Asian Development Bank (ADB) Charter states that ADB will have among its functions “to meet requests from members in the region to assist them in the coordination of their development policies and plans with a view to better utilization of their resources” and “to provide technical assistance for the preparation, financing and execution of development projects and programs, including the formulation of specific project proposals.” Article 21 envisages that ADB will have the capacity to “provide technical advice and assistance which serve its purpose and come within its functions, and where expenditures incurred in furnishing such services are not reimbursable, charge the net income of the Bank therewith.”

2. The Operations Manual (OM) section on technical assistance (TA), in both its 1995 version<sup>1</sup> and the 2003 update,<sup>2</sup> broadly reiterated the corporate level objectives of the Charter, with added emphasis on the role of TA in facilitating the flow of development finance to developing member countries (DMCs), and in capacity enhancement. Both versions stated that “The objectives of ADB’s TA operations are to facilitate the flow and efficient utilization of development finance to developing member countries and to enhance their development capacity.”

3. The 2003 OM (footnote 2) further defined the functions of TA operations as follows:<sup>3</sup> “ADB assists DMCs in (i) identifying, formulating, implementing, and operating development projects; (ii) improving their institutional capabilities; (iii) formulating and coordinating development strategies, plans, and programs; (iv) undertaking sector-, policy- and issues-oriented studies; and (v) promoting the transfer of technology. ADB also utilizes its TA to foster regional cooperation among DMCs by assisting in the preparation of regional studies and conducting, by itself or in cooperation with other organizations, conferences, seminars, workshops, and training courses for participants from DMCs, thus promoting the role of ADB as a development resource center”.

4. Both versions of the OM section on TA elaborated on specific objectives for project preparatory technical assistance (PPTA) and advisory technical assistance (ADTA). These were identical except that ADTA, as defined in the 2003 OM, absorbed what the 1995 OM had defined as project implementation technical assistance (PITA).<sup>4</sup> According to the 2003 OM, the objectives of PPTA, ADTA, and regional technical assistance (RETA) are as follows:

- (i) PPTA is “to prepare a project, program loan, or a sector loan for financing by the ADB and other external sources.”
- (ii) ADTA is “to finance institution building; plan formulation; and/or implementation, operation and management of ADB-financed projects; and sector-, policy-, and issues-oriented studies.”
- (iii) RETA is “for any of the two above-mentioned development activities, and for those mentioned in paragraph 2 [para. 3] that cover more than one DMC.”

5. The Long-Term Strategic Framework (LTSF) 2001–2015 called for ADB to develop improved mechanisms and procedures for TA to be used effectively, including more flexible and longer-term models of TA, and the role of DMC ownership in ensuring that TA is used effectively.<sup>5</sup>

<sup>1</sup> ADB. 1995. Operations Manual. Section 18/BP: Technical Assistance. Manila (12 December), para. 2.

<sup>2</sup> OM Section D12/BP, issued on 29 October 2003, para. 2.

<sup>3</sup> The 1995 OM provided a broadly similar definition of functions.

<sup>4</sup> The 1995 OM said ADTA was “for financing institution building; plan formulation; and sector-, policy-, and issues-oriented studies,” and included PITA as a further type of TA “for assisting in the implementation, operation, and management of a Bank-financed project.” In updating the OM in 2003, PITA was discontinued as a separate type of TA, and its objectives were absorbed within ADTA.

<sup>5</sup> ADB. 2001. *Moving the Poverty Reduction Agenda Forward in Asia and the Pacific: the Long-Term Strategic Framework of the Asian Development Bank (2001–2015)*. Manila.

6. The Medium-Term Strategy (MTS) 2001–2005 which covered the first 5 years of the LTSF, and also covers the bulk of the period examined by this study, established several medium-term corporate level objectives for enhancing the development effectiveness of ADB interventions, of which TA is an integral part.<sup>6</sup> Specifically, it sought (i) a stronger country focus, (ii) greater coherence of all ADB activities (lending and nonlending) at country level, (iii) long-term engagement in selected areas in each DMC, and (iv) better coordination between all development partners. Building upon MTS, the Medium-Term Strategy II 2006–2008 (MTS 2) identified core operational sectors where ADB will focus its lending and TA operations.<sup>7</sup> As regards TA, it seeks (i) use of TA resources in line with MTS II priorities and country strategy and program (CSP) at country level; (ii) closer integration of TA with ADB lending and nonlending operations at country level; and (iii) improved monitoring of TA at ADB Management level.

## **B. Country and Regional Level Objectives**

7. At country level, the CSP provides a country focus for a further set of strategic objectives for lending and nonlending operations that provide a mechanism for further refinement of the role of TA at country level. Thus, it should be possible to define a more specific set of objectives for TA at country level for a defined period. Similarly, regional CSPs should define specific objectives for RETAs in respective regions, particularly in respect of subregional programs like the Greater Mekong Subregion and the Central Asia Regional Economic Cooperation programs.

## **C. Objectives of Individual Technical Assistance Projects**

8. Individual TAs include specific objectives for the activities being supported. These are unique to the respective TA, and should contribute to the broader set of objectives established for a CSP. Since 2003, ADB has required TA papers to include results and monitoring frameworks, which facilitate performance monitoring and evaluation.

## **D. Other Types of ADB Technical Assistance**

9. **Cluster TA.** This is an extension of PPTA, ADTA, and RETA types of TA. It is meant to enable a program of interventions to be designed with different components that can be implemented serially or in other combinations. Not all the components have to be defined at the approval stage—some can be decided after taking account of the implementation experience of the initial components. The Office of the General Counsel considered that, for accounting purposes, cluster TAs represented a legal commitment to provide funds and therefore should be accounted for as a commitment on the date of approval. As cluster TAs were large in size, they often closed out a TA annual allocation for a DMC. This made them unwieldy and unpopular with DMCs and ADB country program managers.

10. **Small-Scale Technical Assistance.** This refers to a TA that is small enough to fall with the financial delegations of a division director. The small-scale TAs are defined by size; not by category. They can be an ADTA, PPTA, or RETA. They have to be for less than \$150,000. The procedures ensure that they are the most flexible and customer-responsive instrument available within ADB. They usually take under 2 months to be designed and approved.

<sup>6</sup> ADB. 2001. *Medium-Term Strategy (2001–2005)*. Manila.

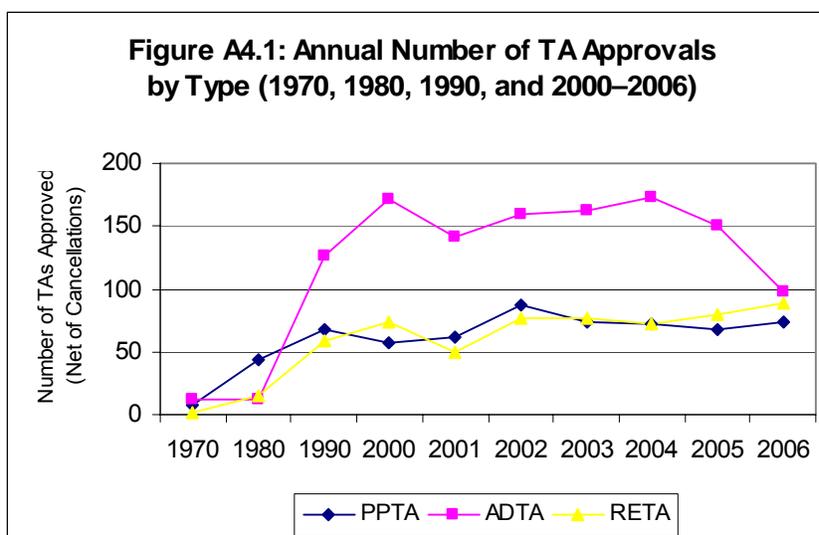
<sup>7</sup> ADB. 2006. *Medium-Term Strategy II (2006–2008)*. Manila.

## TRENDS IN TECHNICAL ASSISTANCE APPROVALS AND PORTFOLIO PERFORMANCE

### A. Annual Approvals of Technical Assistance

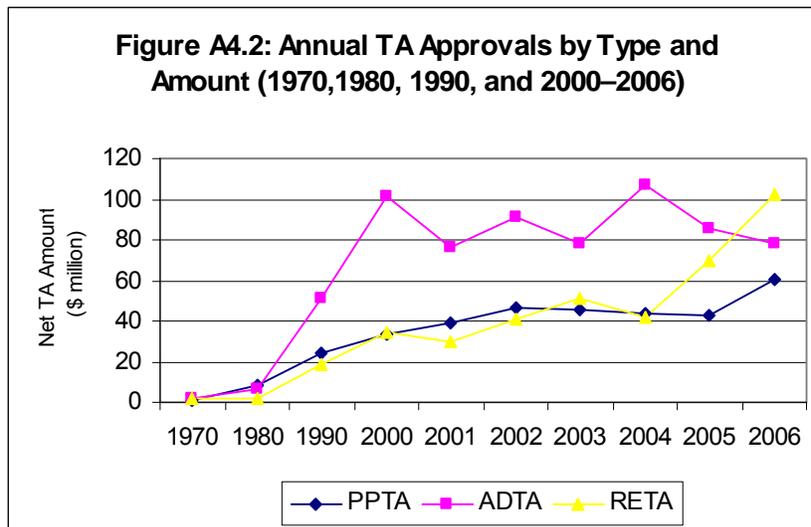
1. Since the Asian Development Bank (ADB) introduced technical assistance (TA) in 1970, the value of TA approved each year has grown steadily. In 1970, ADB approved 21 TAs for \$5.1 million, while in 2006 it approved 260 TAs for a total value of \$241 million. Growth was driven mainly by project preparatory technical assistance (PPTA) until the early 1980s and by advisory technical assistance (ADTA) after that. Of TA approved in 2006, about \$78 million was ADTA, \$61 million was PPTA, and \$102 million was regional technical assistance (RETA).

2. Over the past 15–20 years, the broad trends in approvals of the three types of TA were (i) rapid growth in ADTA, which now accounts for about half of the number and value of TAs approved annually; (ii) continued growth in PPTA and RETA, which each account for about 25% of the number and value of annual TA approvals; (iii) growth in the role of trust funds as a source of financing for TA, with sources other than Technical Assistance Special Fund and Japan Special Fund providing for more than a third of TA funding approved in 2006; and (iv) slow growth in the average value of individual TAs, with little growth in the past decade. Trends in annual approvals are shown in Figures A4.1–A4.3.



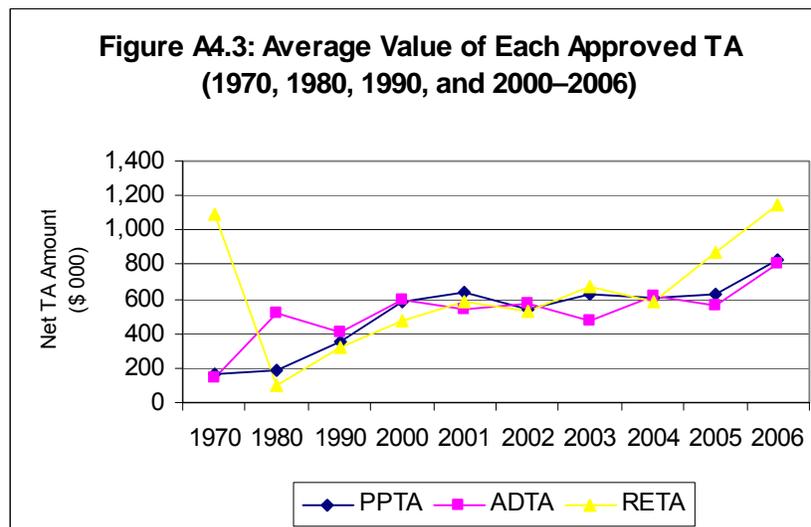
ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, RETA = regional technical assistance, TA = technical assistance.

Source: Asian Development Bank loan and TA approvals database.



ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, RETA = regional technical assistance, TA = technical assistance.

Source: Asian Development Bank loan and TA approvals database.



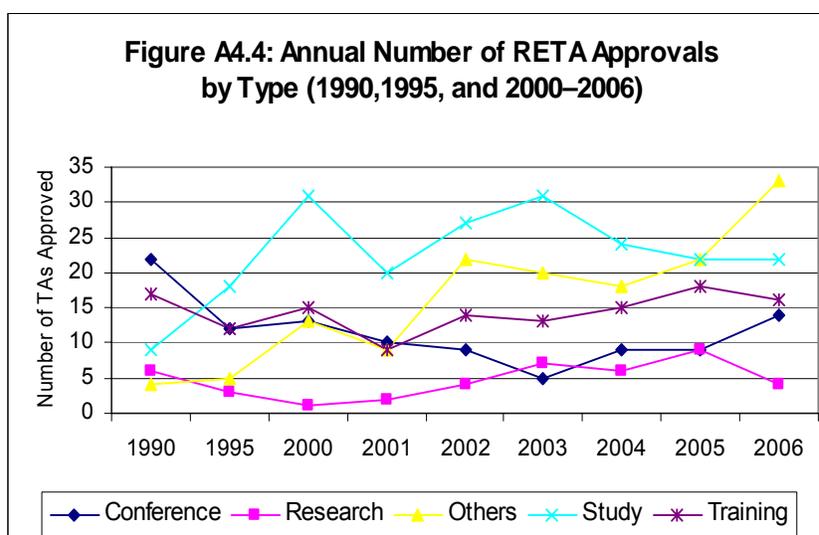
ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, RETA = regional technical assistance, TA = technical assistance.

Source: Asian Development Bank loan and TA approvals database.

3. Changes in TA have reflected underlying changes in ADB's mission and priorities, as these adjust in line with new thinking on international development. TA has generally been the first part of ADB's operations to adapt to such changes. This reflects its role in studying, introducing, reinforcing, and disseminating new strategic approaches. It is also because time frames for preparing and implementing TA are shorter than for loans. Growth in ADTA has been fuelled by ADB change initiatives that attached increasing importance to policy, institutions, strategy, and knowledge. Among these were the drive from the mid-1980s to make ADB a more broadbased development institution. This involved providing support for a wider range of sectors and thematic areas and shifting from financing standalone investments to financing interventions at the level of policies, sectors, and institutions. Similarly, the adoption of poverty reduction as ADB's overarching goal supported by pillars and crosscutting themes related to governance, gender, environment, private sector development, human development, and regional cooperation in 1999 led to further growth in ADTA, which was used to support the shift in ADB operations from general socioeconomic development to supporting poverty reduction.

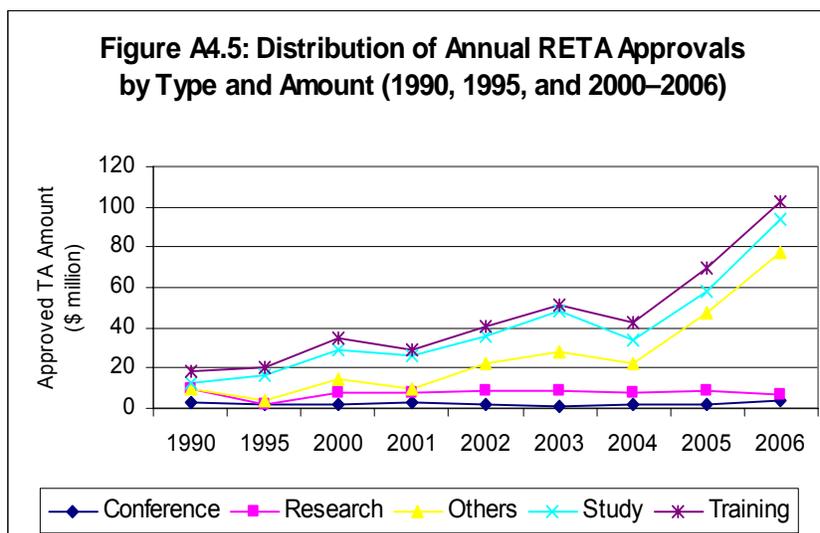
4. PPTA can generally be linked quite closely to country lending operations. This is not always so for ADTA, and is often not the case for RETA. Some ADTAs are an essential accompaniment to lending, others are more optional, while others have no direct link to lending and their contribution depends on their role in ADB's country and sector strategy. RETA covers a more amorphous mix of activities. In some cases, RETA has financed studies that are essentially PPTAs for investments that fit within a broader subregional plan. Other RETAs may constitute a nonlending component of ADB subregional or interregional strategies, which may overlap with elements of individual country strategies. RETAs also cover various other activities that might be considered an extension of ADB administrative costs rather than a genuine operational activity. These include the Operations Evaluation Department's (OED's) annual RETA for selected evaluation studies, preparation of the Asian Development Outlook, and funding of various seminars and training events organized by various departments.

5. Two categories of RETA—studies and other RETA—have seen rapid funding increases, and now account for about two thirds of RETA funding approvals. These are the two least defined categories of RETA, and contain a varied range of individual RETA activities. The three smaller categories—conferences, research, and training—are better defined, but their link to development results is not always very clear. Trends in annual RETA approvals are in Figures A4.4 and A4.5.



RETA = regional technical assistance, TA = technical assistance.

Source: Asian Development Bank loan and TA approvals database.



RETA = regional technical assistance, TA = technical assistance.  
Source: Asian Development Bank loan and TA approvals database.

## B. TA Portfolio Performance

6. OED's 2006 report on portfolio performance found that there were 977 active TAs at the end of 2005.<sup>1</sup> This had been reduced from 1,016 at the end of 2004 following efforts to eliminate delays between completion of implementation and closure of TAs.

7. With such a large TA portfolio, ADB had been unable to field TA implementation missions<sup>2</sup> for many TAs. The proportion of ongoing TAs reviewed each year by a TA implementation mission declined steadily from 66% in 1998 to 25% in 2005. During 2005, only 18% of ongoing TAs had review missions, 30% of newly approved TAs had inception missions (43% for PPTAs), and 25% of ADTAs, and 15% of RETAs had at least one mission of any kind. It should, however, be noted that these figures overstate the lack of review missions. In some cases, review operations staff working in a particular developing member country (DMC) often incorporate TA review meetings as part of their other missions to the DMC. In addition, some TA supervision that does not require a mission is done by resident missions. These types of TA review work are not reflected in ADB mission data or TA supervision statistics.

8. Following OED's 2005 report on portfolio performance,<sup>3</sup> Management adopted an action plan to improve loan and TA portfolio performance. Among the main elements of the plan were to (i) reduce the number of TA approvals, including setting a cap of 256 new TAs in 2006 compared with 326 in 2005; (ii) improve reporting of TA administration, including updating of the TA performance report; and ensure that TA reviews, as part of other missions, are recorded;<sup>4</sup> (iii) have the TA Reform Task Force consider establishing uniform and simplified implementation procedures, increasing the small-scale TA limit from \$150,000 to \$300,000, increasing Management's delegated approval authority from \$1 million to \$2 million, and establishing a TA loan facility with simplified processing procedures for preparatory activities to ensure project readiness; (iv) have the TA Reform Task Force examine measures for improving DMC ownership, such as requiring the executing agency to submit a draft TA completion report (TCR); and (v) revise the project administration instruction (PAI) 6.08 on the TCR to use the same performance assessment criteria as provided in PAI 6.07 on the project completion report.<sup>5</sup>

<sup>1</sup> ADB. 2006. *Annual Report on Loan and Technical Assistance Portfolio Performance for the Year Ending 31 December 2005*. Manila.

<sup>2</sup> Inception, review, and special TA review missions.

<sup>3</sup> ADB. 2005. *Annual Report on Loan and Technical Assistance Portfolio Performance for the Year Ending 31 December 2004*. Manila.

<sup>4</sup> According to OED's 2006 report on portfolio performance, this did not improve in 2005.

<sup>5</sup> ADB. 2006. Internal Procedures and Reports. *Project Administration Instructions*. PAI 6.08. Manila (19 June) was reissued in June 2006 without any significant change in TCR format.

## PAST REVIEWS AND EVALUATIONS OF ASIAN DEVELOPMENT BANK TECHNICAL ASSISTANCE

### A. Reviews

1. **1997 Review.** The review found that technical assistance (TA) operations had been fairly successful in achieving intended outputs but that less was known about outcomes and impacts. The major finding concerned the need for greater selectivity through tighter screening of TA proposals and for closer links between TA and longer-term sector/subsector strategies at country level. The review also proposed the upgrading of regional technical assistance (RETA) screening procedures to ensure strategic relevance; inclusion of a project framework in all TA papers; increasing stakeholder participation in TA design and implementation; assigning more Asian Development Bank (ADB) administrative resources to strengthen TA supervision; and improving the system of monitoring TA.

2. **2003 Review and TA Action Plan.** The review and action plan recognized that ADB had made a concerted effort to improve the strategic programming and planning of TA. This had been supported by the improved country focus, streamlined approach to RETA programming, and new approaches to knowledge management resulting from ADB reorganization and the revised business processes, and from implementation of the resident mission policy. However, there were still problems of lack of integration of TA within a country strategy and program (CSP), RETAs within ADB's subregional and interregional strategies, and lack of sufficient long-term perspective in TA programming and design. All proposed advisory technical assistance (ADTAs) and project preparatory technical assistance (PPTAs) were to be included in the CSP based on TA proposals submitted by the developing member country (DMC). Attached TAs would be subject to the same scrutiny during formulation as standalone TAs. Lack of country ownership was cited as one of the main factors limiting TA effectiveness, and a checklist of good practices was proposed for enhancing country ownership. Another concern was that TA implementation periods should allow more time for dissemination and planning for implementation. Within ADB, an easily accessible knowledge base was needed to support more efficient use of knowledge generated by TA. This was to be launched after endorsement of proposals for establishing an ADB knowledge management framework.

3. The 2003 review again referred to the need to devote more staff resources to TA implementation, but recognized that staff resources were constrained. It discussed adopting more efficient approaches to interaction between staff, consultants, and DMC officials. It found that more use should be made of domestic consultants, and expected that this would be facilitated by quality- and cost-based consultant selection (QCBS) which was introduced in 2002, and possible changes arising from an ongoing review of ADB's guidelines for consultants.<sup>1</sup> It also proposed an examination of further options for greater DMC involvement in consultant selection. The review indicated that internal management of TA funds and tracking of TA progress had been strengthened by introduction of the technical assistance performance report system.

4. By 2003, ADB required design and monitoring frameworks to be prepared for all TAs. The TA action plan proposed that the success of TAs would be measured in terms of outcomes not outputs, and that ADB's Operations Evaluation Department (OED) would update its guidelines for evaluating TA, and work with other development partners to harmonize TA evaluation procedures. OED updated the guidelines for technical assistance performance evaluation reports (TPEs) in

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<sup>1</sup> The use of QCBS was approved by ADB's Board of Directors on 19 February 2002 for introduction from 1 April 2002.

2005,<sup>2</sup> and is part of a working group of the Evaluation Cooperation Group of the multilateral development banks that will develop good practice standards for evaluation of TA.

## B. Other Recent Evaluations and Studies

5. The Special Evaluation Study (SES) on Sustainability of Policy Reforms through Selected ADTA<sup>3</sup> examined the performance of ADTAs in the energy and water sectors in five DMCs. Overall, the contribution to reform was found to be less than potential. The main reasons were lack of ownership of ADTAs, weakness of the executing agencies (EAs), adverse domestic environments for reform, adopting issue-based approaches to reform instead of longer-term programmatic approaches, and ad hoc approach to training and capacity building. Another problem was that ADB staff inputs for supervision of ADTAs were grossly inadequate.

6. OED's Annual Review of Evaluation Activities 2003<sup>4</sup> included a summary of lessons on ADTA derived from TPERs, SESs, and technical assistance completion reports circulated in 1995–2003. These referred mainly to experience in Bangladesh, Cambodia, People's Republic of China (PRC), Indonesia, Kazakhstan, Kyrgyz Republic, Mongolia, Pacific DMCs, Nepal, Philippines, and Viet Nam. Common requirements for the success of ADTA included the need for strong commitment from the government and EA, an appropriate but flexible design, a participatory approach involving key stakeholders in planning and management, an assessment of the capacity of the proposed EA, effective monitoring and supervision, and competent consultants capable of adapting to local conditions. Broad lessons were derived about the achievement of TA outcomes, including that (i) capacity building was a long-term process and should be part of a concerted program of support, (ii) mechanisms were needed to ensure that TA outcomes were sustained after completion, and (iii) a strategic focus was needed for TA operations in a particular country.

7. OED's Annual Report on Portfolio Performance for 2005<sup>5</sup> highlighted two key issues about how ADB manages ongoing TA: (i) the number of ongoing TAs has risen sharply—from 663 in 1998 to 977 in 2005—and this has increased the workload of TA administration; and (ii) the proportion of ongoing TAs receiving implementation missions declined from 66% in 1998 to 25% in 2005 (although these data exclude TA reviews conducted as part of other missions).

8. The Study on Improving the Effectiveness of ADTA in the PRC<sup>6</sup> found that ADTAs often did not address critical issues. This was because they were “supply-driven” (by ADB), failed to involve key decision makers in topic selection, or failed to design ADTA within a strategic longer-term program of support. Design of ADTA, including preparation of terms of reference, was usually dominated by ADB and lacked government ownership. Often, much of the TA budget was spent on international consultants who sometimes performed poorly because of lack of familiarity with the PRC. Increased roles for domestic consultants and greater interaction between domestic and international consultants were suggested. The main TA implementation issues concerned the need to streamline ADB's consultant recruitment procedures and delegate more recruitment to EAs. Other implementation problems concerned the need to establish efficient interaction between EA staff and consultants, and for sufficient ADB supervision. The study found that

<sup>2</sup> Previously, these were known as technical assistance performance audit reports (TPARs).

<sup>3</sup> ADB. 2001. *Special Evaluation Study on Sustainability of Policy Reforms through Selected Advisory Technical Assistance*. Manila.

<sup>4</sup> ADB. 2004. *Annual Review of Evaluation Activities in 2003*. Manila.

<sup>5</sup> ADB. 2006. *Annual Report on Loan and Technical Assistance Portfolio Performance for the Year Ending 31 December 2005*. Manila.

<sup>6</sup> ADB. 2001. *Improving the Effectiveness of Advisory Technical Assistance in the People's Republic of China*. Manila.

ADTAs could be more effective if they incorporated a built-in plan for dissemination and follow-up activities. It also considered the merits of greater delegation of TA administration to EAs, as practiced by World Bank and United Nations Development Programme. This had advantages in terms of EA commitment, ensuring relevance of topic selection and TA design, and contributing toward upgrading of the EAs management capacity, but could have disadvantages if the EA lacked capacity or if there was corruption or misuse of funds.

9. The SES on Capacity Development Assistance to the Lao People's Democratic Republic included loan and TA support for capacity development in the agriculture, power, road transport, urban development, and water supply and sanitation sectors. It found that ADB support had mixed results, with relatively good performance in some sectors and poor performance in others. In spite of much past support, the country still needed high levels of capacity development support. The study found that the country context influences results, particularly through existing constraints in human resource capacity, staffing and remuneration policies and practices, and financial constraints. It also found deficiencies in ADB's approach to capacity development support. Most ADB support was sector focused, without explicit linkage to a systematic framework for capacity development at national level. The process of designing support gave too little attention to stakeholder participation and ownership. The designs often lacked depth, were reactive rather than strategic in focus, and emphasized inputs instead of outcomes. There was a tendency to pursue external blueprints without adapting these to country circumstances.

10. The evaluation of PPTA on the agriculture sector in Bangladesh examined the performance of 32 PPTAs implemented from 1975 to 1997. This found that most of the PPTAs had been effective in preparing projects that benefited the rural population. The main issues identified concerned the need for clear ADB country and sector strategies to guide PPTA, giving more attention to strengthening institutional capacity, increasing ownership by EAs (they had little involvement in preparing terms of reference, recruitment, supervision, and evaluation); increasing beneficiary involvement; addressing institutional issues separately from and before the PPTA, including a thorough assessment of project risks; and improving the way monitoring and supervision is used to support midcourse adjustments in PPTAs.

11. The separate evaluations of capacity building TA in Indonesia, Vanuatu, and Western Samoa found that the major constraints to effectiveness were the lack of any tangible commitment by the DMC government to the TA; the broad spread of TAs across too many agencies resulting in poor overall focus; the absence of good diagnostics, resulting in problems to be addressed not being identified effectively and poor "scoping" of TAs; the often vague nature of the stated objectives for the TA; insufficient attention being given in the design to the process to be adopted, with particular reference to the noninclusion of management in capacity building programs; and poor monitoring systems, resulting in poor management information about TA progress being reported to ADB.

12. The 2004 ADB's Board of Directors information paper on knowledge management identified TA as ADB's main source of formal knowledge products and services (KPS); and recommended that ADB prepare KPS programs at country, subregional, and interregional levels, to be consolidated into an overall ADB 3-year KPS program. ADB's Regional and Sustainable Development Department subsequently prepared a preliminary analysis of ADB knowledge products and services, mostly by taking an inventory of TA from all funding sources. This advocated a comprehensive approach to KPS through preparing KPS plans at departmental level, based on CSPs and subregional programs, with plans then to be integrated consistently into divisional work programs.

**EXTRACTS FROM CAPEs AND SAPEs  
CONCERNING TECHNICAL ASSISTANCE PERFORMANCE**

1. All past country assistance program evaluations (CAPEs) and sector assistance program evaluations (SAPEs) were reviewed as part of the special evaluation study (SES). Extracts from these are presented below and summarized in Box 1 of the main text.

1. **Country Assistance Program Evaluation for the People's Republic of China** (December 1998)
  - (i) **Strategy for technical assistance (TA), para. 129.** The TA program in PRC seemed too diverse, and except for the environment and fiscal policy reform sectors, there was not enough focus to bring about substantial impacts in particular areas. The Banks' country strategy documents gave little emphasis to TA as an instrument for promoting reform measures and for institutional strengthening. PPTAs were often criticized as ineffective with little or no value-added... Many ADTAs were supply-driven and lacked ownership by the PRC. The cluster of TAs for the environment sector has proven to be a success story and should be used as a model to be used for other niche sectors/agencies. Thus, there is need for greater selectivity in TA operations and the TA strategic objectives/programs should be clearly spelled out in the COS.
  - (ii) **Para. 58.** A particular shortcoming in the COS documents was the discussion of the modalities for use of TA resources. The Bank's resources for TA programs represent an area of comparative strength of the Bank in relation to other partners in the PRC's development such as the World Bank. Not all the strategic objectives of the Bank have to be achieved by lending programs alone. TAs could have served as a special instrument in the hands of the Bank to promote policy reforms and help design appropriate projects that might reconcile the differing perspectives of the PRC's borrowing program and the Bank's lending program.
  - (iii) **Para. 117.** (i) There is a need to formulate a more focused TA program supporting clearly defined strategic objectives. COS documents should incorporate a section on TA strategic objectives. Future CPMs should make concerted efforts to focus the TA program to link directly with the strategy objectives of COS and the lending program of the CAP in PRC.
  - (iv) **TA implementation, para. 102.** The general concern was that the Bank's involvement in project preparation has limited value to the feasibility studies conducted by the counterpart agencies. Quite often, PPTA consultants were unfamiliar with local conditions and the counterpart agencies had to educate the consultants; in the end, the PPTA report was largely a rehash of the counterpart's feasibility studies.
  - (v) **Para. 102.** For ADTAs, the general perception from the counterpart agencies was that there should be effective follow-up upon the completion of TA studies. While the overall TA reports were found useful, a number of factors have resulted in many TA findings becoming obsolete too early. These factors included, among others, (i) lack of sufficient consultation with local counterparts during ADTA implementation; (ii) suggestions and recommendations made in the reports appear to be out of context with the socio-cultural conditions of the beneficiaries; (iii) lack of ownership by the counterpart agencies, as many TAs are supply-driven by the Bank to meet certain requirements of the Bank; (iv) lack of translation of the reports into Chinese; and (v) inadequate follow-up actions by the Bank.
  - (vi) **Para. 117.** (iv) Although the TA ratings determined by the Bank have been good, Bank staff resources devoted to TA have been inadequate to perform the

required supervision during implementation. On average, less than 10 days of staff time are spent on TA per year on supervision.

**2. Country Assistance Program Evaluation for Viet Nam (December 1999)**

- (i) **Lessons learned, para. 126.** The use of TA for capacity building and institutional strengthening can greatly assist the country in its reform process, but the TA operations need to have long-term strategic focus in terms of the institutions to be assisted, the synergy that can be tapped, and the timing and sequencing of the TAs to be implemented.
- (ii) **Government ownership, para. 104.** Generally, PPTAs produced most tangible results, resulting in projects for the ADB lending program. Nevertheless, views repeatedly articulated by the Vietnamese counterparts suggest that there were problems with the existing mode of delivery of PPTAs that broadly relate to the issue of ownership of the TA activities. In a number of cases, the Vietnamese authorities concluded that they had too little control over the consultants involved in project preparation, which in some cases detracted from the efficiency of the work on project formulation and design... On the other hand, ADB staff and consultants argued that the Government often did not sufficiently articulate its requirements, allocate counterpart staff, or provide information and documentation of sufficient quality and quantity to allow for meaningful interaction with the consulting team.
- (iii) **Knowledge management, para. 109.** ...Also, there was little effort to improve coordination over time. Those involved in implementing projects were not properly informed of earlier initiatives in related areas supported by ADB or by other agencies. Discussions with consultants on the ground indicated that they tended to stumble across the reports of other consultants on earlier or related work largely by accident. A large number of reports were produced, but there was little follow-up to ensure that productive use was made of them.

**3. Country Assistance Program Evaluation for Mongolia (October 2002)**

2. No TA issues identified.

**4. Country Assistance Program Evaluation for Bangladesh (January 2003)**

- (i) **Para. 236.** In general, COSs underestimate the complexity and time necessary to bring about institutional change and capacity enhancement. Greater resource commitments and new TA modalities with a long-term focus are required.

**5. Country Assistance Program Evaluation for the Philippines (February 2003)**

- (i) **TA strategy, para. 131.** Though the above findings are based on a small sample of ADTAs, they underscore the need for a systematic program approach to sector reforms. A long-term agenda that covers the whole gamut of required reforms should be formulated...
- (ii) **TA design, para. 126.** ... during project preparation, ADB mission leaders need to actively participate in initial stakeholder workshops, in defining PPTA strategy, and in documenting the participatory processes. PPTAs should maintain sufficient flexibility in terms of time to ensure stakeholder participation and contribution in project implementation.
- (iii) **Executing agency (EA) participation in consultant selection, para. 126.** ...EAs need to actively participate in the selection of PPTA consultants so that

only those with the requisite experience and aptitude to facilitate such participatory development process are recruited.

**6. Country Assistance Program Evaluation for Papua New Guinea (September 2003)**

- (i) **TA strategy, para. 95.** Country strategies were weak in translating the stated goals into an operational program. Instead, the current or immediately forthcoming pipeline of projects was described, rather than setting out a 5-year framework to guide future lending and TA activities...
- (ii) **Para. 96.** ...No strategy was presented for choosing different lending or TA modalities, although the country strategies of the mid-1990s suggested that policy-based lending and advisory TAs should be the preferred option...

**7. Country Assistance Program Evaluation for Cambodia (March 2004)**

3. **TA strategy, lessons learned, executive summary.** The lack of a clear strategy and substantial efforts to reform the public sector and improve governance early has lessened the institutional development impacts of many ADTAs;

- (i) Ineffective aid coordination is shown to have reduced the institutional development impacts of many ADTAs;
- (ii) Since many of the stand-alone, capacity-building ADTAs have narrowly focused on improving technical skills at the individual level, institutions as a whole have remained weak. Skill transfers were not institutionalized;
- (iii) The successful experience of ADB assistance in the education sector demonstrates the value of long-term, comprehensive, well-coordinated lending and nonlending programs through the sectorwide [*sic*] approach. Other long-term modalities adopted in other sectors also have good promise.

4. **Para. 195.** The CAPs provide no direction as to what the ideal capacity-building and institutional-strengthening approach should be. As a result, many ADTAs focused on providing training to build up technical capacity at the individual level, while ignoring institutional strengthening, with the result that institutions as a whole failed to function effectively. Moreover, there was lack of demand and readiness on the government side to institutionalize skill transfers for sustainability purpose. In some cases, consultants spent too much time producing policy and planning documents, leaving little capacity built.

**8. Country Assistance Program Evaluation for Nepal (December 2004)**

5. No TA issues identified.

**9. Country Assistance Program Evaluation for Bhutan (June 2005)**

- (i) **Example of using TA strategically.** ADB has supported the modernization of the Bhutanese legal system, based on Buddhist and Indian laws and English common law. It is essential to strengthen the legal and regulatory environment and to develop an equitable and transparent set of rules within the country's changing political and economic environment. This process has been strategically important in light of the Government's decentralization of authority from the central Government to the districts and village blocks. In the energy sector, ADB has helped establish an appropriate policy and legal framework that contributed to restructuring the sector, and in the financial sector, ADB's

assistance has helped establish an appropriate regulatory system for the nascent banking system.

- (ii) **EA ownership.** Implementation of some TA, particularly in the financial and energy sectors, had been adversely affected by the lack of adequate counterpart support from the EAs. Under ADB policies, recruitment of TA-financed consultants rests with ADB. For most of the TAs, government officials were not materially involved during the identification and selection process and have, therefore, tended to disassociate themselves from TA implementation. Lack of stakeholder ownership has often led to inadequate mechanisms for formal coordination with senior officials through steering committees or other channels. The lack of oversight has sometimes resulted in inconsistencies between government policy advocacy issues and those recommended by consultants. A more participatory approach in the early stages of the project cycle would ensure a mutual understanding between ADB and stakeholders about the scope and intended outputs of the proposed assistance, and ultimately lead to improved efficiency, better TA accountability, and better impact and results from ADB's key knowledge-based products.
- (iii) **Long-term view of capacity building, para. 189.** On the institutional side of ADB's programs, ADB assistance has tended to underestimate the time needed for institutional capacity building. A longer-term view of capacity-building needs and implementation processes is required. Standalone capacity-building ADTAs can be weakened when they target technical skills improvements at the individual level rather than broader institutional capacity building through improved management, operational, functioning, and budgeting systems.

#### 10. **Country Assistance Program Evaluation for Indonesia** (December 2005)

- (i) **Executive Summary.** During the CAPE review period, 16% of ADB TA grant funds were allocated to Indonesia. The usefulness, impact, and sustainability of many TA-funded outcomes is questionable. This is an ADB-wide issue and is not related only to Indonesia. Issues relate to ADB-driven TAs and lack of country ownership, unclear accountability of consultants to the executing agency, overly ambitious TA objectives, inadequate ADB staff supervision, and poor consultant performance. Improving TA products requires action in many areas. This is the subject of an OED Special Evaluation Study on Effectiveness of TA, and of the TA Reform Task Force of the Strategy and Policy Department.

#### 11. **Country Assistance Program Evaluation for Uzbekistan** (January 2006)

- (i) **Principal recommendations.** (iii) ADB should improve the management of the TA program and the results achieved by (a) programming TA strategically rather than in an ad hoc fashion; (b) improving the link between TA and lending programs; (c) strengthening country ownership by identifying strategic topics of interest to the Government; (d) emphasizing the achievement of TA results rather than the production of TA reports; and (e) improving TA supervision and the management of consultants working on TA projects.
- (ii) **TA as one of ADB's comparative advantages, para. 18.** TA projects enable ADB to provide international and domestic consulting advice to governments so they can address specific problems. They are linked to its sectoral expertise and have the potential to position ADB so it can engage in policy dialogue with DMCs and to build capacity to improve the management and planning of government business.
- (iii) **Para. 19.** TA enables ADB to support investment loan initiatives with advice about policy, management, institutional capacity, and other issues, as well as

providing practical support to strengthen management. Used skillfully, such support helps maximum benefit to be derived from project interventions.

- (iv) **TA strategy, para. 151.** TA is a comparative advantage of ADB. If that advantage is to be maximized, it needs to be used strategically, especially when the annual indicative levels are low. The country strategy echoes ADB's MTS on the importance of removing constraints to development: "Institutional development is the single most important task relating to managing the transition." Thus, in the case of Uzbekistan, it would be expected that the thrust of TA would be institutional development in the priority sectors identified by the country strategy. This has not occurred. Instead, there have been apparently ad hoc interventions rather than a coherent program of TA. This is particularly noticeable with ADTAs, which appear to have become a necessary attachment to an investment loan rather than part of a strategic program in a sector. A comparison of all attached ADTAs reveals little consistency in the approach to sector opportunities or constraints.
- 12. Country Assistance Program Evaluation for the Lao People's Democratic Republic (April 2006)**
- (i) **Recommendations. Need to improve the management of the TA program.** Many ADTAs did not perform well, with limited government commitment. This was particularly true for TAs that were not attached to any project. ADB should improve the management of TAs by (i) increasing government participation in TA design and implementation to increase client ownership; (ii) improving the link between the lending and nonlending programs; (iii) programming TA strategically, rather than in an ad-hoc fashion; and (iv) focusing on achievement of TA outcomes, rather than outputs.
- 13. Sector Assistance Program Evaluation in Pakistan – Social Sectors (July 2005)**
- (i) **TA strategy, para. 53.** ...There has been a lack of ADTA in support of lending. Since TA resources are limited, this may indicate a need for involvement in fewer sectors and a more aggressive approach to developing partnerships with, for example, bilateral funding agencies and the specialized United Nations agencies.
- (ii) **Overall program, para. 99.** Given the difficult policy and political economy context, there was an over-emphasis on lending with little attention to ETSW, capacity building, and policy dialogue.
- 14. Sector Assistance Program Evaluation for the Lao People's Democratic Republic (Lao PDR) – Agriculture and Natural Resources (ANR) (December 2005)**
- (i) **Para. 90.** The technical content of these individual TAs was generally appropriate and relevant to the Government's sector priorities, with attention to fundamental ANR constraints and opportunities in the country. TA outputs (e.g., consultant reports and training) were generally delivered on time and of adequate quality, with recommendations and proposals for action. However, relevance alone and delivery of reports do not make TAs effective, efficient, and sustainable. The OEM observed a number of TA limitations that warrant serious attention for future consideration.
- (ii) **Para. 91.** Terms of reference were not always well defined. For example, the scope of TA 2011-LAO (Study to Evaluate the Impact of Agriculture Program Lending) was broad, and its analytical coverage did not identify requirements and

constraints for further reform. In several cases, TA durations were too short. Intermittent inputs of different TA consultants could not be easily coordinated and scheduled to have meaningful and focused engagement with Lao counterparts. There was little evidence of effective ownership of some TAs among government officials and counterpart agencies. These TAs were perceived as being imposed externally and driven by ADB staff or consultants. The overall composition of the TAs appears to be diffuse and incongruent, reflecting a mix of interventions without an overall bond and coordination reflecting a strategic focus and technical framework. In retrospect, although these TAs addressed genuine ANR issues, there was inadequate prioritization, sequencing, and synergy among them.

- (iii) **Para. 92.** The outputs of the technically oriented TAs comprised numerous recommendations, action plans, and agendas for change. In most cases, the recommendations were not backed by analyses of resource implications within the country and within MAF in particular. In reality, resource constraints, institutional conditions, and existing operating procedures of the government bureaucracy reduced the likelihood of adoption or implementation of the recommendations. The effectiveness of the TAs at the time was compromised by events that took place within MAF: repeated reorganizations, inadequate policy clarity, and deficient arrangements and preparedness of counterpart staff to work with TA consultants. Without adequate counterpart and partnership arrangements, in many instances, the TAs operated in isolation, and served as capacity substitution instead of capacity development initiatives. Outcomes of the technical and capacity development TAs were generally limited.
- (iv) **Para. 93.** There were few direct outcomes and impacts following completion of technically-oriented TAs. The OEM found that TAs on agriculture support services, irrigation, forestry, and livestock were largely premature. TA 1745-LAO and TA 2333-LAO for MAF catalyzed institutional development. TA-assisted data management systems faced uncertain availability of resources for their O&M. Implications for human resource requirements and budgets were not adequately considered, and many recommendations could not be implemented following TA completion. Sustainability of TA outcomes was less likely without continuing support to MAF from aid agencies. Nevertheless, TA 2333-LAO introduced an indicative planning approach to MAF and designed a farming system approach to extension.

## 15. Performance of Selected Technical Assistance

- (i) **Para. 128.** The OEM's assessments of a sample of six advisory and seven regional TAs for the Lao PDR are summarized in Table 7. The OEM assessed the regional TAs only in the context of their design, implementation, and performance in the Lao PDR. The OEM did not rate the performance of a number of TAs, because their implementation has either just commenced or not yet started. The TAs are individually relevant to the Government's development strategies and sector challenges. The overall performance of eight TAs rated by the OEM is generally good: two successful advisory TAs, three successful regional TAs (rated in the context of the Lao PDR), one partly successful regional TA, and two ongoing regional TAs that are likely to succeed.
- (ii) **Para. 129.** In general, consultants may deviate from their advisory, facilitating, and catalytic roles when counterpart arrangements are deficient. For example, TA 4005-LAO, which commenced in April 2005, was not designed to have significant institutional impacts. With its deficient counterpart arrangements, TA 4005-LAO may continue to serve as capacity substitution rather than helping to catalyze the development of domestic institutional capacity.

- (iii) **Para. 130.** The expected outputs and outcomes of TAs are sometimes ambitious. Realistic performance targets and indicators are required for benchmarking TA performance based on feasibility and available resources. For example, TA 4339-LAO is seeking to assist 50% of minority women in the Nam Ngum River Basin to participate in village meetings and attend training courses. The TA may face difficulties in achieving this target within its objectives and scope. One of the three objectives of this TA is to institutionalize gender-responsive programs within government agencies that can help to address the issues of gender inequality and poverty. Close interface and coordination of efforts will be required between TA 4339-LAO and a recent TA (September 2005) that aims to (i) develop gender-responsive institutional structures and systems at MAF; (ii) strengthen the capacity of MAF staff to incorporate gender dimensions in policies, strategies, programs, and projects; and (iii) deliver gender-sensitive agricultural extension services.
- (iv) **Para. 131.** Several grant-funded initiatives focus on livelihood issues and poverty faced by upland farmers, including ethnic minorities, but there is little synergy among these initiatives: (i) Japan Fund for Poverty Reduction (JFPR) 9062-LAO: Sustainable Agroforestry Systems for Livelihood Enhancement of the Rural Poor; (ii) TA 4434-LAO: Poverty Reduction Through Land Tenure Consolidation, Participatory Natural Resources Management, and Local Communities Skills Building Project; (iii) TA 4339-LAO: Study on Gender Inequality in Women's Access to Land, Forests, and Water; (iv) JFPR 9034-LAO: Reducing Poverty Among Ethnic Minority Women in the Nam Ngum Basin; and (v) TA 4392-LAO: Marketing Support for Organic Produce of Ethnic Minorities. There is little evidence of cooperation and interface among different groups who execute and deliver these grant-funded initiatives. There is need for a strategy, greater selectivity, and focus of the TA portfolio in the future to address binding constraints facing the ANR sector, rather than relying on the relevance of individual TA operations without a clear bond and synergy to achieve optimal development effects. For example, TA 4392-LAO should not work in isolation to develop alternative income-generating opportunities for ethnic minority farmers in rural villages by addressing their primary marketing constraints.
- (v) **Para. 132.** Typical constraints facing the sustainability of TAs stem from limited availability of human, institutional, financial, and other resources to implement TA recommendations. TAs frequently do not analyze the feasibility and implications of recommended actions on capacity requirements, resources, institutional arrangements, and operating conditions in the country. The risks of operating individual TAs as standalone initiatives (in a narrow context of delivering consultants' outputs) may jeopardize the achievement of broader outcomes and impacts. Clear institutional responsibilities (mandates, roles and functions), counterpart arrangements, ownership, and synergy are instrumental to achieving capacity development objectives.

6. **Table 9: Assessment of ADB's ANR Strategy:**

- (i) **Evidence of sound analytical base.** There was little evidence that TA findings were strategically incorporated into country strategies for ANR sector assistance. A number of studies through TAs (Appendix 9) supported agricultural reforms associated with ADB's policy-based operations. Broad-based economic sector work in ANR commenced in 1998 with TA 2883-LAO, followed by TA 3403-LAO, which resulted in the Government's Strategic Vision for the Agriculture Sector (1999). However, ADB itself did not align its ANR operations with this Strategic

Vision. In 2002, a livestock sector study was undertaken in cooperation with ILRI. ANR sector studies were undertaken in part through TAs in the 1990s, but their overall synthesis, integration, and application to ANR sector assistance have been weak. There is no substantive evidence that non-TA economic and sector work on ANR has been done in-house by ADB staff over the last 5 years.

- (ii) **Evidence of risk identification and mitigation.** ADB's country strategies recognized that (i) rapid buildup of resources channeled through local institutions would increase risks of project failure and misuse of resources; (ii) a lack of continuity and insufficiency of ADB and counterpart staff would hinder CSP implementation. The CSP considered that the LRM could help provide continuity, with continuous high-level ADB staff inputs. ADB support would be dissipated if the Government could not improve governance and accountability. In the broad sense, the country strategies highlighted measures to address this risk. Risks related to failure to address geographic, ethnic, and gender inequities in income and social indicators, as well as unsustainable environmental management, were recognized by the CSP as factors that can limit development results.

7. **Table 10: Assessment of Overall Performance of ANR Sector Assistance of ADB:**

- (i) **Efficiency.** ...Efficiency of TA operations was generally affected by inadequate counterpart arrangements, absorptive capacity, and lack of institutional analysis. TAs intended for capacity development were often used for capacity substitution. The use of TA resources partly resulted in capacity development. Overall, ANR sector assistance is assessed as **less efficient**.
- (ii) **Sustainability.** TA operations often produced recommendations that could not be implemented because of deficient analysis of their implications on requirements for resources, institutional mandates, and organizational development and management.

16. **Sector Assistance Program Evaluation for Bangladesh – Power Sector**  
(December 2003)

8. No TA issues identified.

17. **Sector Assistance Program Evaluation for Pakistan – Road Sector**  
(November 2006)

9. No TA issues identified.

## **SOME FINDINGS OF RECENT STUDIES OF TECHNICAL ASSISTANCE BY OTHER FUNDING AGENCIES AND NONGOVERNMENT ORGANIZATIONS**

1. Relevant findings from four recent studies of technical assistance (TA) conducted by donor agencies and nongovernment organizations are summarized below.
2. A working group of the Inter-American Development Bank<sup>1</sup>—which is closest among international financial institutions to the Asian Development Bank (ADB) in terms of the type and extent of TA it provides—recently identified significant problems with its use of TA. The approach to TA was no longer well matched to the socioeconomic situation of the region served. TA resources had not kept up with growth in demand from recipient countries, and consequently was spread too thin. This meant there was not enough TA to develop vision, new ideas and experimental programs—leaving the bank as a “taker” of ideas instead of an innovator. Another problem was that TA had gradually changed from being a source of advice and assistance provided mainly by the bank’s staff experts into “project-based” packages of financing to be carried out by consultants. TA was thus something the bank funded but no longer “did.” This left member countries to deal with the problems of managing consultants and they were often overwhelmed.
3. An evaluation of TA provided by the International Monetary Fund (IMF)<sup>2</sup> found that the priorities and mindsets of IMF’s various TA programs had become a more important influence on the selection of new TAs than the recipient country needs and priorities. This was a clear example of donor-driven TA. Little evidence could be found of TA being formulated within a medium-term framework to guide the support. There were problems of lack of ownership—for example, client involvement in the preparation of terms of reference was low. The evaluation found that TA effectiveness was often undermined by lack of awareness of the institutional, organizational, managerial features of the recipient country. There was also a problem of inadequate dissemination of TA reports, which contributed to duplication of effort and lack of learning, as well as insufficient coordination with other donors. A problem in the management of TA was that the IMF lacked a reliable monitoring system for TA. There were weaknesses in the choice of monitoring indicators, mixing up of outputs and outcomes, and lack of systematic tracking of performance against indicators.
4. In 2006, the United Kingdom Department for International Development prepared a note on how to provide technical cooperation personnel.<sup>3</sup> This highlighted some of the perceived problems with providing TA. In particular, it focused on the need to design systems that recognize and address the limitations of the principal–agent model of providing TA. When a donor funds TA for a recipient, this often creates a problem of having two principals, which can undermine the lines of responsibility for managing TA expert and, as a result, weaken effectiveness. Problems of imperfect competition in the market for TA consultants, including imperfect information and barriers to entry, meant that the process of selecting experts was difficult and liable to result in poor selection. Weak capacity in recipient countries further exacerbated these problems.
5. A review by ActionAid<sup>4</sup> found that extensive literature since the 1960s had pointed out that TA was overpriced and ineffective, but this had not led to significant change. At least a

<sup>1</sup> Inter-American Development Bank. 1999. *Institutional Strategy*. Washington DC.

<sup>2</sup> IMF. 2005. *Evaluation Report on IMF Technical Assistance*. Washington DC.

<sup>3</sup> Department for International Development. 2006. *How to Provide Technical Cooperation Personnel*. Policy Division. London.

<sup>4</sup> ActionAid. 2006. *Making Technical Assistance Work*. Johannesburg.

quarter of donor budgets were still spent on TA. TA was often donor-driven, lacked country ownership. ActionAid called for “root and branch” reform of TA according to the principles of (i) putting recipient countries in the lead position, (ii) giving them freedom to choose their own development path, (iii) mutual accountability between donors and recipients, and (iv) country specificity of TA support. The report recommends governments to draw up capacity building plans based on national development plans, ensure TA contributes to capacity building, ensure transparency and accountability, and ensure that women’s rights are fully taken into account. It recommends donors to take the lead in the capacity building process; make maximum use of country systems (e.g., for procurement); not use TA to either substitute for or complement conditionally; and be fully transparent.

## COUNTRY STUDY ANALYSIS

### A. Introduction

1. This appendix assesses the country strategic focus of technical assistance (TA) based on the findings of the five country studies. It asks whether TA was programmed and planned as an integral part of the country strategy and program (CSP), and whether the CSP provided sound strategic direction for TA. It then examines whether the choice of individual TAs was consistent with the adopted strategy and program and factors that influence the effectiveness of the strategic focus of TA at country level.

### B. Prioritization and Selection Process at Country Level

2. **The CSP does not Provide a Framework in which Coherent TA Strategies and Programs are Developed and Justified.** The special evaluation study (SES) examined the way that TA is treated within CSPs in case study countries. The findings are summarized in Table A8.1. In each country, the CSP formulation process of the Asian Development Bank (ADB) focuses primarily on lending. The governments said that consideration of TA was usually limited to briefly reviewing and approving a list of prospective TAs. In none of the CSP and country strategy and program update (CSPU) documents reviewed was there more than a passing discussion of TA in the main sections on country and sector strategy, and none developed a distinct strategy and program for TA within the CSP.

3. The governments expressed concern about this process, indicating that it led to an ADB supply-driven approach to TA prioritization and selection at country level. This did not optimize the effective use of TA in selected areas of focus. In India, the Ministry of Finance (MOF) described how it received a continuous stream of ad hoc requests for approval of TAs from ADB. In the absence of a well-defined TA program, it was virtually impossible for MOF to objectively prioritize or monitor TA performance. In the other developing member countries (DMCs), the finance ministries were critical that the TA selection process generally followed ADB's proposals instead of selecting from short lists of priority TAs proposed by the government.

4. Therefore, it is not surprising that there was little consistency in the TA strategy and TA program over the medium term (Table A8.1). There was a tendency for the TA program to wander in terms of objectives and focus from year to year. This was possible because CSP objectives were generally broad and permissive. Only in India and Viet Nam, where domestic planning and approval procedures are stronger and the governments are firmer about limiting ADB's support to particular sectors and activities, was this tendency more restrained. The lack of DMC input into strategically programming TA is surprising given that ADB's Charter makes clear that TAs should "meet DMC's requests..." These findings, together with the conclusions reported in previous evaluations, suggest that ADB's model for programming and prioritizing TA is inconsistent with the Charter obligation to give a major voice to DMC's priorities. This problem needs to be addressed at the ADB corporate level and reflected in ADB's business processes. Giving a greater voice to DMCs in selecting TA is the first step in improving TA quality.

**Table A8.1: Strategy for Technical Assistance at Country Level in Case Study Countries**

Country	Was there a Distinct TA Strategy/Program in the CSP?	Was TA Strategy/Program Consistent over Medium-Term?	Was Support Concentrated on Priority Sectors and Activities?
Fiji Islands	<b>No</b>	<b>No.</b> Overall objectives for TA in CSPs/CSPUs had some consistency from year to year, but over several years the cumulative effect of adjustments was to erode the original objectives.	<b>Scattered.</b> The process of selection of sectors for TA is unclear. Much of the TA was reactive rather than planned and proactive, not sufficiently prioritized and hence widely scattered in terms of sectors and perceived priorities.
India	<b>No.</b> CSP presented TA as being of peripheral rather than strategic importance. The objectives of TA in the country program were not discussed.	<b>Partly.</b> TA tends to follow the overall country strategy because most of the TAs are linked to demand-driven loans.	<b>Mostly concentrated in a few key sectors.</b> ADB focused mainly on four sectors: energy, transport, urban, and finance. Following ADB's adoption of poverty reduction as its overarching aim, the 2003 CSP extended ADB assistance to the social sectors.
Kyrgyz Republic	<b>No.</b> There was no distinct TA program. It is difficult to discern a strategy for TA from the 1997 COS, the subsequent CAPs and CSPUs, or the most recent CSP.	<b>No.</b> Although TAs usually followed the overall country strategy in terms of sectors of involvement, they were not well-focused on priority activities within sectors. This was a problem given the small size of the program.	<b>Some sector consistency but too many sectors and fragmented among subsectors.</b> Sectoral focus did not change significantly, apart from the addition of the health sector. Given the small size of the program, TA was thinly spread across the sectors. Within sectors, TA was often spread over too many different subsectors.
Philippines	<b>No.</b> There was no clear strategy for TA in the 1998 COS, subsequent CAPs and CSPUs, or the 2005–2007 CSP. The latter had a section on knowledge products and services, and listed five broad areas in which assistance will be provided, but gave no indication of the role of TA in the strategy.	<b>No.</b> In the 2002–2004 and 2004–2006 CSPUs, overall objectives were stated in a general manner that encompassed a wide range of activities. Priorities were not defined. The actual TA program jumped from one sector to the next and one activity within a sector to the next.	<b>Scattered.</b> During 2001–2005, there were 45 TAs in 28 different agencies. Attempting to do a little in many agencies, where a lot was required in each one, was unlikely to have much impact.
Viet Nam	<b>No</b>	<b>Partly.</b> Successive CSPUs mainly followed the strategy set by the 2002–2004 CSP. They also demonstrated that there were midcourse adjustments in the overall strategy to include new areas for support or drop programs being pursued by other bilateral aid partners. Except for infrastructure, changes in strategy were minimal.	<b>Fairly scattered.</b> The strategy in the CSP was very broad, particularly in the context of the limited size of the TA program. The range of sectors covered was ambitious but within each sector attention was given to concentrating resources to a particular region.

ADB = Asian Development Bank, CAP = country assistance plan, COS = country operational strategy, CSP = country strategy and program, CSPU = country strategy and program update, TA = technical assistance.  
Sources: Special evaluation study country case studies.

5. The selection process for TAs at country level did not follow a clear pattern. First, in a vertically integrated strategy, DMC objectives would be ranked for importance based on ADB's corporate objectives, which produce a base for establishing CSP priorities. No such ranking occurs in CSPs; nor is there a formal linkage of country strategy to ADB's corporate objectives. Secondly, the country objectives should be the basis for evaluating different alternatives and prioritizing them based on their expected contribution. That does not occur.

6. Incremental changes in CSP objective lead to inconsistency over the medium term. This is shown for the Fiji Islands in Table A8.2. Over a 3-year period, each CSPU slightly restated the overall objectives of ADB support. The cumulative effect was that objectives changed considerably, e.g., the change from CSPU 2004–2006 in Objective 1 from “essential physical infrastructure” to “productive physical infrastructure” in CSPU 2005–2007.

**Table A8.2: Restating of Country Objectives in Three Country Strategy and Program Updates for the Fiji Islands**

CSPU	Objective 1	Objective 2	Objective 3
2003–2005	To enhance local capacity for stimulating economic growth and poverty reduction	To strengthen government departments and policy formulation, and reform implementation capacities to instill good governance, including accountability	To assist in creating enabling conditions for private sector, and public-private partnership development
2004–2006	To support increased public investments in essential physical infrastructure development in key sectors for stimulating economic growth and poverty reduction	To strengthen the associated policy, institutional and regulatory frameworks, including setting appropriate tariffs and revenue collections to instill good governance and accountability	To support increased private sector participation and competition in key sectors by creating enabling conditions for private sector, and public-private partnership development
2005–2007	To support increased public investments in productive physical infrastructure development in key sectors for stimulating economic growth and poverty reduction	To strengthen the associated policy, institutional and regulatory frameworks, including setting appropriate tariffs and revenue collections to instill good governance and accountability	To support increased private sector participation and competition in key sectors by creating enabling conditions for private sector, and public-private partnership development

CSPU = country strategy and program update.  
Sources: Special evaluation study country case studies.

7. **Too Often TAs are Spread Thinly Across Multiple Sectors and Executing Agencies.** A consequence of the weaknesses in the process for prioritizing and selecting TA was the tendency to scatter TA widely rather than concentrate on priority sectors and activities. In Fiji Islands, Philippines, and Viet Nam, this problem was acute. In the Philippines, 45 TAs were provided to 28 different executing agencies (EAs) in the period 2001–2005. In the Kyrgyz Republic, although there was some consistency in the choice of sectors, TAs were scattered among subsectors and activities within these. The main exception regarding concentration of TA support was India. Strong government control over which areas ADB supports was fairly successful in limiting the range of sectors and activities within sectors.

8. A further shortcoming in the treatment of TA at country level is the absence of measurable objectives for the ADB country program. A country strategy needs a set of challenging goals, indicating where a program will be at the end of that planning period and providing reliable indicators so that progress toward the goals can be measured.

9. There is also a need for country strategy to address issues in an appropriate order, and more programmatically, especially where long-term engagement is contemplated. For example,

there are constraints at each level of public administration in the Kyrgyz Republic and in many parts of state administrations in India. Strategy needs to determine whether or not a constraint at the EA level is due to a higher order constraint, e.g., at a whole of government level. This depends on preparing diagnostic studies or situational analyses of a high standard before developing the country strategy or the TA program. There was little evidence that these had been done in the case study countries.<sup>1</sup>

### **C. Strategic Direction for TA at Country Level**

#### **1. Sector Level Strategy**

##### **10. In Most Sectors, the Medium-Term Framework for Guiding TA Support is Weak.**

The sector level objectives and strategies in the CSPs of case study countries were generally vague. Some level of consistency between a TA intervention and strategy was not hard to find, but the contribution of the strategy to guiding ADB support was often unclear or questionable.

11. In India, for example, the country strategy concentrated on four sectors—energy, finance, transport, and urban development—with a geographic focus on certain states. Within this concentration, the program was to focus on (i) creating conditions for accelerated growth, which are conducive for the private sector; (ii) generating jobs and increasing incomes from faster and broad-based pro-poor economic growth; and (iii) improving basic social services to enhance human development. To maximize the development impact, it targeted (i) support for policy reform; (ii) innovation in project design, including public-private partnerships; and (iii) leveraging ADB assistance with nonlending activities. Almost all TA in the finance and transport sectors could be loosely associated with creating conditions for accelerated growth. Those in the urban sector could be said to improve basic social services to enhance human development. Innovation in project design was not apparent in any of the project preparatory TA (PPTA) grants in the SES sample. The CSP did not explain how it intended to leverage ADB assistance with nonlending activities.

12. Many of the CSPs for case study countries—especially more recent CSPs—included sector road maps in the format required by the new business processes (NBP). However, ADB needs to address a fundamental problem with such road maps. The purpose of a sector road map should be to establish a framework agreed with the government to guide ADB lending and TA support over the medium term. To be of value, this must be based on assessments of the main sector needs and issues, taking into account support from other funding agencies; and must establish realistic goals, targets, and strategies for steadily achieving them over the road map period. Such a framework should be the product of extended negotiation with the government, perhaps in the context of formulating a project or program. It cannot be simply drafted by ADB. In contrast, as was evident in the CSPs of case study countries, the NBP type of road map is essentially descriptive. It is primarily a document to comply with ADB's internal bureaucratic produces, and seldom involves commitment on the part of the government to the few targets listed. Performance against targets is rarely measured.<sup>2</sup> As a tool for guiding TA or lending at sector level, it is shallow and inadequate.

<sup>1</sup> For example, in providing support for state governments in India, ADB seems to have made no attempt to develop a statewide program of capacity building to prepare state agencies for the added complexities of managing projects and operating and maintaining their outputs. Another area is in the field of policy development, a generic and core area of government activity, where ADB invests a lot in interventions to formulate draft policy proposals but does little to raise the government's capacity to research and draft effective policy. There are many interventions at sector level which, as in the case of the Kyrgyz Republic, can be jeopardized if the central agencies of government do not possess the necessary capacity to develop or review policy proposals.

<sup>2</sup> In the agriculture sector in the Kyrgyz Republic, the objective was to increase farm and rural enterprise productivity and profitability. The road map in the CSP, however, did not indicate why or by how much.

13. The country case studies examined whether there was any substantive form of medium-term framework to guide TA at the sector level. As Table A8.3 indicates that there was no such framework in most sectors; when a framework did exist, its quality was often unsatisfactory. This is a serious weakness. As previous reviews of TA have recognized, unless a solid framework of this kind is in place, the effectiveness of advisory TA (ADTA) and all ADB support is likely to be reduced. Much ADTA is used for policy reform, change management, and capacity building. By their nature, such activities need to be supported consistently for some years if they are to produce results. The absence of a sound medium-term framework puts this at risk.

14. Given these limitations in sector level strategies, potential synergies at sector level—between TAs, and between TA and lending—are not being realized (Table A8.3). In the Fiji Islands and the Philippines, synergy was particularly weak. In India, Kyrgyz Republic, and Viet Nam, there were some examples of groups of TAs that reinforced each other—notably in the finance sector in India and the Kyrgyz Republic, and in the health sector in Viet Nam—but this did not apply to all sectors.

**Table A8.3: Strategy for Technical Assistance at Sector Level in Case Study Countries**

Country	Was there a Medium Term Framework/ Road Map to Guide Use of TA in the Sector?	Were TAs Within a Sector Mutually Reinforcing?
Fiji Islands	<b>Generally no.</b> There was an uncoordinated approach to sector level TA strategy. There were frequent year-on-year changes in the sector level TA program (as shown in various CSPUs/CSPs). The exception was in water sector reform, although these TAs were not successful.	<b>Weak synergy.</b> The lack of clear sector frameworks agreed between the government and ADB meant that most TAs were ad hoc, and reactive rather than proactive, so synergies were weak.
India	<b>Partly yes.</b> The latest CSP had sector road maps for most sectors. TA was referred to in road maps, but few included defined TA strategies, and these were very broad (e.g., finance, transport, urban). However, in some sectors, notably transport, a framework for programmatic support had been developed.	<b>In some, cases yes.</b> An example of good synergy involved a sequence of TAs involving securitization.
Kyrgyz Republic	<b>Generally no.</b> For most of the study period, the CSP simply stated the objectives for the sector, with no medium-term framework. Sector/subsector road maps incorporating TA were included in the 2004–2006 CSP, although these were not used as a strategic tool to guide ADB support. An exception was the finance sector where a medium-term framework was established when processing a program loan.	<b>In some, cases yes.</b> There was good synergy in the finance sector, and some in transport. The various strands of intervention were brought together into an increasingly effective strategy both at the country and subregional levels.
Philippines	<b>No.</b> There were no sector road maps in the CSPs. ADB's sectoral goals were changing (e.g., education, transport, energy).	<b>Weak synergy.</b> Within sectors, TAs were often only weakly related, and the impact on policy reform and institutional development was limited.
Viet Nam	<b>Generally no.</b> The CSP did not contain sector road maps. Sector strategies broadly followed the country strategy set out in the CSP and CSPUs, but without an agreed medium-term framework to guide ADB support in all priority sectors. One exception was in the power sector where a TA helped the government to develop a substantive road map for sector reform.	<b>In some, cases yes.</b> Health sector reforms are an example. There was also a geographical focus on the Central Region.

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, TA = technical assistance.

Sources: Special evaluation study country case studies.

## 2. Alignment with DMC Priorities and Programs

15. **TAs can be More Determined by ADB Budget Allocations than by DMC Needs.** Government priorities tend to be stated in broad terms in TA papers. As a result, most proposed TAs can be regarded as a high priority. EAs regarded 98% of PPTAs and 92% of ADTAs in the SES sample as high government priorities.

16. In all case study countries, there were examples of TAs that were supply driven. A small-scale technical assistance (SSTA) into access of the poor to higher education in the Philippines came about more because of an unspent TA budget allocation rather than a need on the part of the government. Its finding that the poor were being excluded from public universities was not welcomed by the government. There were also cases of TAs that were largely for ADB use. An example was the Pacific Island Economic Report<sup>3</sup> prepared for the Fiji Islands. The government regarded this as a report commissioned by and for ADB; it resented this, as it wanted to use the TA funding to provide long-term advisory support for the Ministry of Finance and National Planning. If needed, the report should have been treated as economic and sector work funded from ADB's administrative budget.<sup>4</sup> Another similar example was an SSTA to prepare a governance assessment for the Kyrgyz Republic. Such assessments are required for CSPs. They are sometimes funded by TA and sometimes as staff consultancies. These should be charged to the ADB staff consultancy budget for economic and sector work and not taken from a DMC's TA allocation.

## 3. Alignment with ADB Corporate Priorities

17. **TA is Generally Linked to ADB Corporate Objectives.** TA papers always link proposed interventions to ADB's corporate priorities. Data on the linkages between proposed TA programs and corporate strategic and thematic areas are included in the Regional and Sustainable Development Department's annual 3-year ADB-wide knowledge products and services (KPS) work plan. However, the extent to which this information is used to inform management decision making—rather just being a statistical reporting exercise—is unclear, as ADB does not appear to align TA proactively with ADB-wide sector policies (where they have been formulated). Few TA papers include a section to demonstrate the relationship with ADB sector policy.<sup>5</sup>

18. Under the overarching objective of poverty reduction and the strategic areas and crosscutting themes of the Long-Term Strategic Framework (LTSF), lending for development purposes is the principal activity of ADB. TA interventions that have little relationship to lending or to the effectiveness of lending should be given greater scrutiny but this seldom happens (Chapters IV and VI).

## 4. Alignment with ADB Best Practice

19. **CSPs Pay Little Attention to ADB Success Stories Elsewhere in the Region.** CSPs give little attention to activities that ADB has successfully supported in other DMCs and in which it has built up a track record of success. Consequently, ADB does not systematically build on

<sup>3</sup> ADB. 2002. *Technical Assistance to the Republic of Fiji for Supporting Economic Management and Development Policies*. (TA 3960-FIJ, for \$250,000).

<sup>4</sup> ADB TA has been used to finance similar reports for other Pacific island DMCs.

<sup>5</sup> Work is being done to improve this situation in one sector with support from a trust fund. The "Promoting Effective Water Management Policies and Practices" program monitors the conformity of proposed loans and TAs with water policy. As a result, an increasing number of water TAs now indicate how they conform with and contribute to water policy.

success to develop areas of comparative advantage. CSPs do not consider ADB operations in other DMCs except where subregional programs exist. As a result, aligning CSPs with ADB best practice and success stories elsewhere seldom occurs.<sup>6</sup>

#### D. Consistency between Technical Assistance Program and Approvals

20. The country case studies compared actual TA approvals with those stated in the CSP and CSPUs over the study period. As Table A8.4 indicates, in each country except Viet Nam, the approved TAs were often different from those in the planned program. Given the weaknesses in TA prioritization and selection at country level, this was somewhat predictable. However, its extent is alarming. In Fiji Islands, India, Kyrgyz Republic, and Philippines, more than half of TAs approved during the study period had not been included in the CSP or a later CSPU. Only in Viet Nam was the planned program followed in a more disciplined manner. Although some changes from program are to be expected, the extent of the changes suggests that the strategy and programming mechanism of the CSP is not treated seriously when it comes to TA.

**Table A8.4: Consistency of Technical Assistance Program in Case Study Countries**

Country	Were Actual and Planned TA Program Consistent?	Were ADTAs Linked to Lending Activities?
Fiji Islands	<b>Inconsistent.</b> The actual TA program did not closely follow country strategy as laid out in the annual program and updates.	<b>Mostly no.</b>
India	<b>Inconsistent.</b> More than half of TAs approved in 2001–2005 were not included in the program. The TA program for a particular year varied considerably from one CSP/CSPU to the next.	<b>Mostly yes.</b>
Kyrgyz Republic	<b>Inconsistent.</b> Nearly three-quarters of approved TAs were not included in the 2001–2003 CAP, 2003–2005 CSPU, 2004–2006 CSP, and 2005–2006 CSPU. The TA program for a particular year changed considerably from one CSP/CSPU to the next.	<b>Mostly yes.</b> ADTAs were generally in the same sectors as lending activities, but often not directly linked to lending. In some cases, they were for transition-related public sector reforms/capacity or building necessary to make ADB's intervention in the country more effective.
Philippines	<b>Inconsistent.</b> More than half of TAs approved in 2002–2004 were not included in the 2002–2004 and 2004–2006 CSPUs.	<b>Mostly no.</b> Only a third of ADTAs in 2002–2005 were linked to loans.
Viet Nam	<b>Generally consistent.</b> Except for timing differences, actual TAs were generally consistent with the planned TA program.	<b>Often yes.</b> TAs were often linked to lending activities, but not always (e.g., health).

ADB = Asian Development Bank, ADTA = advisory technical assistance, CAP = country assistance plan, CSP = country strategy and program, CSPU = country strategy and program update, TA = technical assistance.

Sources: Special evaluation study country case studies.

21. CSPUs liberally added and removed proposed TAs with little or no explanation. As an illustration of this problem, Table A8.5 shows the Fiji Islands' pipeline of TAs for 2005, first as specified annually by three consecutive CSPUs, and then as actually approved in 2005. There were continuous changes over the CSPUs, and the TAs that were approved bore little resemblance to those in the CSPUs.

<sup>6</sup> ADB support for the Central Asia Regional Economic Cooperation (CAREC) is an exception. This has built on ADB's successful experience of supporting the Greater Mekong Subregion (GMS) program, in some cases employing consultants who had worked on GMS to advise CAREC.

**Table A8.5: Fiji Islands TA Program for 2005 as Reported in Country Strategy and Program Updates and as Actually Approved**

2003–2005 CSPU	TA Program for 2005 as Specified in		2005 Approved TAs
	2004–2006 CSPU	2005–2007 CSPU	
<b>Multisector/Others</b>	<b>Multisector/Others</b>	<b>Multisector/Others</b>	<b>Agriculture and Natural Resources</b>
1. Skills Development and Employment Creation	1. Urban Sector Development	1. Urban Sector Development	1. Strengthening Commercial Agriculture Development
<b>Transport and Communications</b>	<b>Finance and Industry</b>	<b>Finance and Industry</b>	2. Rural and Outer Islands Development
1. Road Infrastructure Development	1. Strengthening the Fiji Islands's Stock Exchange	1. Strengthening the Fiji Islands's Stock Exchange	<b>Law, Economic Management, and Public Policy</b>
	<b>Transport and Communications</b>	<b>Law, Economic Management, and Public Policy</b>	1. Private Sector Development Road Maps
	1. Road Upgrading	1. Women's Action Plan II	
		2. Strengthening Development Planning and Implementation	
		3. Implementation of an Efficient Audit System	
		4. Leadership Enhancement and Advancement Project	

CSPU = country strategy and program update, TA = technical assistance.

Sources: Special evaluation study country case studies.

22. Table A8.6 provides data on this problem in the Philippines' program: 55 programmed TAs did not reach maturation; only 20 were approved. Another 18 appeared without having being programmed in a CSP or CSPU.

**Table A8.6: Programmed and Approved Technical Assistance in Philippines, 2002–2005**

Country Strategy and Program	2002	2003	2004	2005	Total
Number of programmed but unapproved TAs	22	16	11	6	<b>55</b>
Number of programmed TAs approved	6	2	5	7	<b>20</b>
Number of non-programmed TAs approved	7	5	6	0	<b>18</b>

TA = technical assistance.

Sources: Special evaluation study country case studies.

23. A further issue examined by country case studies was whether approved ADTAs were linked to lending activities. Findings on this question were mixed (Table A8.4). In India, Kyrgyz Republic, and Viet Nam, there was a reasonably close linkage between ADTAs and lending, with ADTAs often being used to address implementation, policy, or capacity building issues associated with lending activities. However, in the Fiji Islands and the Philippines, many approved ADTAs had no direct linkage to lending. It is not the case that all TAs should be linked to the lending program. There are many thematic issues which are addressed with TA where there is no lending program, e.g., the LTSF defines a key strategic area as governance. The use of TA to address such issues is consistent with ADB's strategies and policies provided (i) the government places priority on receiving assistance from ADB in this area, (ii) the TA is consistent with the CSP, (iii) the TAs are not ADB-driven, and (iv) ADB has a long-term commitment to the thematic area.

## E. Other Aspects of Strategic Focus

### 1. Positioning ADB for Longer-Term Focus

24. **ADB does not always Use TA Strategically to Position it as the Most Trusted Adviser in a Sector.** By spreading its TA too thinly and not developing a sufficiently programmatic approach, ADB misses opportunities to develop a relationship as the government's trusted adviser in the sectors and themes it assists. Such positioning is not usually addressed in country strategies. In practice, strategic positioning is not applied consistently in the programming of TA. Some examples from SES case study countries are provided below:

- (i) **After establishing a strategic influence, ADB sometimes misses opportunities to consolidate its role.** For example, in the Kyrgyz Republic, ADB implemented an influential ADTA in the President's Administration where it directly advised the President on policy matters. A follow-up ADTA ignored a key success factor by replacing the Russian speaker from the first TA with a non-Russian speaking one. The latter was unable to respond quickly enough to the requests of the President, nor discuss issues with him, and became marginalized.<sup>7</sup>
- (ii) **Strategic opportunities are overlooked.** ADB did not recognize the potential for developing its influence and standing when it turned down requests from the Ministry of Finance and National Planning in the Fiji Islands to help strengthen its capacity by providing long-term advisory support through TA.<sup>8</sup>
- (iii) **Opportunities are lost by spreading support too thinly.** In the Kyrgyz Republic, ADB has been the lead agency in education. It had a high profile in basic education but then spread its work to other aspects of the sector. The assistance it could provide to each education subsector was so low that the Government turned to the World Bank for assistance. When ADB's country lending and TA ceilings are low, the CSP must expressly guard against the risk of spreading support too thinly.
- (iv) **Need for a focal point for geographically based ADB interventions.** In India, in operations in the focal states of Madhya Pradesh, Chhattisgarh, and the eight North East states, interventions tend to be managed on a sector basis. Without a focal point for a state, there is sometimes no single person knowledgeable enough to represent ADB with senior stakeholders, ensure that it is well positioned for future work, and to deal with problems.
- (v) **Need for continuity of ADB presence and representation.** Continuity can be provided by a project officer, as was the case over a number of years of successful ADB support for finance sector reform in the Kyrgyz Republic, or by a consultant, as in the case of successful programs in the education sector in Cambodia and Uzbekistan.
- (vi) **Need for continuity of ADB intervention strategies.** Sector directors need to ensure that ADB intervention strategies are institutionally embedded—not personality driven—so as to remain intact when there are changes in project officer or sector director.

<sup>7</sup> ADB. 1999. *Strengthening Capacity in the Office of the President*. Manila (TA 3249-KGZ, for \$340,000, approved on 30 August); and ADB. 2002. *Strengthening Capacity in the Office of the President, Phase 2*. Manila (TA 3859-KGZ, for \$500,000, approved on 24 April). ADB. 2001. *Technical Assistance Completion Report on Strengthening Capacity in the Office of the President in Kyrgyz Republic*. Manila (TA 3249-KGZ) had said that "familiarity with the Russian language is a very important advantage in such a TA owing to the volume of documents that need to be read and worked on".

<sup>8</sup> Some support was provided through SSTA, but this was much less than required.

## 2. Synergies

25. **A Program Should be More than the Sum of its Parts—CSPs Give Too Little Attention to Producing Synergies between Different Elements of the Program.** Synergy is not a criterion applied to strategy development in CSPs. In India, ADB is operating in a number of states across a number of sectors—particularly transport and urban development. There is potential for greater synergy. For example, the state roads project in Chhattisgarh is supported by a 3-year \$1.6 million capacity building ADTA, principally to establish operation and maintenance systems. There were concurrent loan projects in rural roads and in agriculture, in agencies that were administratively weak. There was not only an opportunity for addressing public sector weaknesses in a number of agencies in Chhattisgarh but, more specifically, for concurrently introducing operation and maintenance systems in both the state and rural roads agencies.

26. Occasionally, there were synergies. An example in India concerned securitization. A regional TA (RETA) studying secured transactions reform in five countries started what became a program. One of the countries covered in the RETA was India and the results raised its interest. The RETA was followed by an ADTA in India to demonstrate how to operationalize such reform. At about the same time, a governance ADTA was started on the administration of justice in India. One of its diagnostic findings was that part of the reason for the bottlenecks in the administration of justice was the number of cases concerning moveable securities. This TA led to a PPTA and hence to a loan to improve courts administration, part of which is to address the need to establish a registry of secured transactions.

## 3. ADB Comparative Advantage

27. **ADB Comparative Advantages are not Systematically Applied to Country Programs nor Systematically Improved through Strategic Use of TA.** CSPs do not provide a frank assessment of ADB's comparative advantage in a DMC. When comparative advantage is discussed, it is usually limited to rhetoric to justify particular sector interests within ADB. TA is a comparative advantage of ADB. Through TA, it can provide access to best international practice—an advantage that is very marketable, particularly in rapidly developing DMCs such as the People's Republic of China (PRC), India, and Viet Nam. Access to best international practice is not, however, a comparative advantage that ADB has constantly promoted.

## 4. Confirmation of Government Commitment

28. **Most TAs Assume Government Commitment without Requiring Government to Demonstrate it.** A key success factor of any TA is government commitment to the TA's objectives. This was noted by the 2003 review of TA, which proposed the introduction of a checklist of good practices to enhance country commitment. Assessing government ownership is difficult and CSPs provide no information to gauge a government's commitment to the individual elements in a proposed program. Experience is one test. A second is the resources a government is prepared to assign to collaborate with an intervention. In India and Viet Nam, budget allocations tended to be well aligned, as the governments had a clear idea of what they wanted to use ADB assistance for. In Fiji Islands, Kyrgyz Republic, and Philippines, some activities initiated by ended because of lack of budget. There were also issues over government's willingness to commit full-time counterparts. One option for establishing commitment before the start of a TA would be to require the government contribution to the TA to be provided in cash rather than in kind. Another option, especially in new areas of support, would be to start TA support on a small scale, and then provide further TA once criteria to demonstrate commitment have been met.

## 5. Identification and Addressing of Constraints

29. **Constraints to Effective Program Delivery are not Systematically Identified and Addressed in CSPs.** Producing planned outputs does not guarantee desired outcomes. There are often constraints which prevent outcomes from being achieved unless they are addressed. The constraints need to be examined in CSPs—both at country program level and at individual intervention level. CSPs have a section on risks, and some sector road maps also list constraints. However, none of the CSPs for case study countries attempted to demonstrate how risks and constraints might be addressed and managed effectively.<sup>9</sup>

## 6. Manageability

30. **Resource Constraints are not Exhaustively Examined in CSPs.** The CSP should ensure that ADB has the quantity and quality of staff needed to manage the proposed program. ADB should only enter into new areas when those conditions are satisfied. However, CSPs do not include implementation plans that reconcile ADB's human and financial resources and the needs to manage, process, and supervise the implementation of the program. This is a serious weakness in ADB's business practices. In ADB's India transport operations, for example, only one staff member in the South Asia Department (SARD) had experience in railways despite a significant railway program. None had experience of inland waterways—where ADB embarked on a \$900,000 PPTA (that was unsuccessful and abandoned before completion as there had been inadequate initial consultations with government over the subregional character of the proposed loan). In the Kyrgyz Republic, the CSP identified four strategic areas of activity. The first was improving the provision of public services, which requires a critical mass of ADB officers with experience in change management and capacity building. There was no such critical mass in the Central and West Asia Department. CSPs do not influence ADB staff recruitment, so it is hard to have confidence that the required staff expertise will be available to implement the planned work program.

## F. Formulation and Implementation of Technical Assistance

### 1. Introduction

31. This chapter examines how well ADB formulates and implements individual TAs, based on findings from the SES sample. It considers the adequacy of the formulation process, TA quality at entry, the resources provided for formulation, and the evidence on quality control. Regarding implementation, it examines adherence to TA design, and the performance of consultants, EAs, and ADB supervision.

<sup>9</sup> The India CSP road map for transport addresses state capacity as follows: "At the state level, maintenance has been carried out by public works departments, but due to inadequate allocation of state budgets and inefficiency of PWD operation, maintenance works have huge backlogs. For rural roads, planning, systematic planning, execution, and financing schemes for maintenance are almost non-existent [*sic*]. ADB will help rural road authorities introduce sustainable maintenance mechanisms, including contracting out of operation and maintenance services to the private contractors." While this might elicit improvements, it does not address the constraint of state budgets, nor the potential unexamined constraint of a weak private sector which might be as unable to meet operation and maintenance requirements as the public authority. ADTAs can be used to address constraints but, if constraints are not identified systematically, that opportunity is lost. So is the opportunity to support a program of continuous improvement in an agency which identifies that agency's commitment to (i) change, and (ii) address the constraints to improved agency effectiveness.

## 2. Formulation Process

32. **The Operations Manual and New Business Processes do not Provide Enough Guidance for Formulating Complex or Innovative TA Design.** ADB's approach to formulation of TA is based on the NBP. These outline the procedural steps in TA formulation—preparation of a TA concept paper, fielding a TA preparation mission, drafting a TA paper, review of the TA paper, and approval of the TA paper. However, they do not explain how to prepare a TA or what to include in the TA design. Neither does the TA section of the Operations Manual (OM), which is limited to defining types of TA, financing arrangements, and approval authority. There is no other source of guidance on TA formulation—such as a set of guidelines or a handbook.

33. Following the 2003 review of TA, the Strategy and Policy Department (SPD) prepared draft staff instructions for TA, which included guidance on the process and criteria for TA formulation. These envisaged that formulation of a PPTA would require economic and thematic assessments to justify the project, a sector road map, identified impacts of the proposed ADB budgets, linkage with country strategy, DMC ownership commitments, and clearly articulated outputs to enable a project or program to be processed. Similarly, the draft guidelines envisaged that ADTA or RETA formulation was to identify a problem or an issue and design a set of measures that would address this effectively, to be financed through the TA. The formulation stage would require a diagnostic analysis of the problem or issue to provide a justification for the TA, a sector road map, identification of the contribution the intervention would make to the country strategy, DMC ownership commitments, and clearly articulated outputs to address the issue. However, these guidelines were not finalized or adopted.

34. For TA formulation, the NBP refer only to the role of the mission leader—not to other members of the project team. Within the SES sample, regardless of complexity, only the mission leader took part in the TA fact-finding mission in virtually all cases. Some mission leaders acknowledged that having a team would have improved the quality of TA formulation.

### G. Concept Paper

35. Before a TA can be formulated, it is normally first identified and outlined as a TA concept paper in the CSP or CSPU. If a concept paper is not included in a CSP or CSPU, it is scrutinized through interdepartmental circulation, before being cleared by the responsible Vice President. Within the SES sample, 73% of PPTAs and 64% of ADTAs were initially screened through the CSP or CSPU process. TA concept papers tend to be very broad. In reality, the TA concept papers included in CSPs receive little scrutiny. This means that weakly conceived proposals may be included in the pipeline, often reflecting the interests of sector divisions rather than any serious contribution to country strategy.

36. Based on the opinions of project officers for ADTAs in the SES sample, both inter- and intra- departmental scrutiny of concept papers added value in only about half the cases (although the number of project officers who responded to this question was small). Therefore, it seems that scrutiny is not always applied consistently or rigorously.

### H. Quality at Entry

#### 1. Diagnostic Analysis

37. **Diagnostics are Often Neglected or Conducted without Methodological Rigor.** Most ADTAs are intended to introduce some kind of change either in the EA. Key to having change

accepted and introduced effectively is (i) management commitment to introduce the change; and (ii) managing a core of staff that understands what needs to be done to achieve the objective by the end of the TA.

38. There are considerable variations between EAs in terms of the problems they face and their capacity to implement a TA or a project. In India, many EAs at national level are highly competent, but this is not always so at subnational level. Within the SES sample, the capacity of state level EAs in Madhya Pradesh, Chhattisgarh, and the North Eastern states was weak. Seven PPTAs were implemented in states or EAs with weak capacity. The PPTAs were seldom required to assess EA capacity to implement the proposed investment project. However, all the PPTAs required plans for some kind of institutional strengthening or, in one case, to implement a program of capacity building.<sup>10</sup> By focusing on plans for the future rather than the problems and risks of relying on the initially weak capacity, the PPTAs may avoid asking hard questions about the capacity of an EA to implement a project and maintain the infrastructure provided—a condition that should be critical to any investment decision.

39. The relationship between unsatisfactory diagnostics and adverse performance has been referred to repeatedly by ADB reviews and evaluations.<sup>11</sup> TA papers rarely include a satisfactory diagnostic. Diagnostics for conventional loan projects, such as infrastructure projects, are usually prepared by the PPTA consultants. This works satisfactorily if ADB has experience in the sector and DMC, but diagnostics are essential if the sector or activity is new. According to ADB's traditional approach to using TA, the initial diagnostic might recommend preparation of a sector study under ADTA before considering individual investment proposals. The SES sample included the case of inland waterways in India, where ADB moved too quickly to provide PPTA for a new sector without conducting adequate diagnostics first. The PPTA proved too ambitious in relation to sector challenges and the capacity limitations of the EA.

40. A diagnostic analysis should set out to identify (i) current goals, objectives, and performance levels of the area targeted for a TA; (ii) problems which have given rise to the need for a TA; (iii) underlying causes of the problems; (iv) internal and external barriers and constraints to address the problems effectively; and (v) organizational change strategies to address the problems and their causes and to overcome any constraints. This should form the basis for producing an overall plan to address the requirements for change. The plan would include (i) a strategy for achieving the desired outcome, determining the time required to produce the required changes in a sustainable way; (ii) an outline of a timetable; (iii) the resources, both human and financial, required for such a change management program, including the inputs required of the EA; and (iv) an identification of responsible parties and their areas of responsibility. The production of such a plan would form a more transparent basis for obtaining EA commitment to the proposed TA as well as enabling ADB to determine what kind of commitment is required of it for the proposed outcomes are to be achieved. Often, the plan would require a reasonably long-term program of change and sustained ADB involvement over 5–10 years.

41. ADB has not established an agreed methodology for conducting a diagnostic or situational analysis. In 2001, SPD tested diagnostics tool kits in energy generation, transmission, and distribution in Nepal; and in basic education in the state of Punjab in Pakistan. It took about 1 week to collect the data and report preparation took 1 week more. The tool kits were written up for use by ADB and placed on the website. There was no evidence of their use in any TA in the SES sample.

<sup>10</sup> If this actually took place, it had so little impact that senior officials interviewed by the SES could not recollect it.

<sup>11</sup> See, for example, ADB. 1994. *Report on the Task Force on Improving Project Quality*. Manila.

42. Many TAs address issues like capacity building, institutional reform, and policy development, in which the ADB staff responsible have little or no experience. ADB provides no training in information gathering and diagnostics to assist project officers to improve their competencies in these areas. Mission leaders are rarely joined on TA fact-finding missions by other professional staff who might contribute to the initial diagnostic. Such a diagnosis is a necessary precursor for the ADB staff concerned to be able to discuss with the EA precisely what is required to achieve the intended outcomes. As a result, terms of reference (TOR) are often unrealistic as they do not identify key agency weaknesses. The EA experiences unrealistically raised expectations of the capacity of the proposed intervention to achieve change. However, what it must do to secure the change is rarely defined and agreed to by the EA. An example of how poor diagnostics can undermine a TA is in Box A8.1.

#### **Box A8.1: Poor Diagnostics Leading to Failed Technical Assistance**

A \$560,000 project preparatory technical assistance (PPTA) was proposed to develop a microfinance project for rural finance in the Philippines.<sup>a</sup> There was no market research to assess the market for the proposed product, nor of what kind of product the market wanted. There was no survey of microfinance institutions, or of the demand for credit, or of the credit instrument to be provided. At the time, the Government was emphasizing thrift and savings as a source of funding for micro-credit rather than borrowing. The agency and the consultants were aware of this policy position but the Asian Development Bank (ADB) staff did not take it into account. In the end, \$450,000 of technical assistance (TA) was spent on a solution that could not find a market.

<sup>a</sup> ADB. 2001. *Technical Assistance to the Republic of the Philippines for Microfinance for Rural Development*. Manila.

Sources: Special evaluation study country case studies.

43. Failing to produce a realistic diagnostic has three serious sets of consequences:
- (i) TOR are incomplete, so consultants make proposals with an incomplete understanding of problems to be addressed. This increases the risk that an inappropriate selection of consultants will be made, as certain expertise might be overlooked.
  - (ii) The diagnostic has to be prepared at the inception stage, by which time:
    - (a) The budget for the TA has been determined and cannot be varied upwards. The sensible approach would then be to reduce the scope of the TA if the budget is insufficient, but this is usually resisted as it is perceived to reflect poorly on the TA design and the division responsible. Consultants then have to do as much as they can of the activities specified, as they have contracted to perform them all.
    - (b) The inputs of the consultants are determined, and the consultants have usually been mobilized. It is difficult to vary the approach at this stage because of budget constraints, and since the timetable for consultants has been used as the basis for contracting them.
  - (iii) The initial expectations of the EA have to be revised, which can cause loss of confidence in the TA. EA ownership may suffer.

## **2. Country Ownership**

44. **The Extent of Country Ownership is Often Weak.** The degree of DMC and EA ownership has been frequently referred to as a key ingredient for ensuring TA success. The World Bank defines country ownership as meaning “that there is sufficient political support within a country to implement its developmental strategy, including the projects, programs, and

policies for which external partners provide assistance.”<sup>12</sup> While this definition addresses the political dimension, it does not reflect the responsibilities and accountabilities that come with ownership. In contrast, Sharpe et al.<sup>13</sup> have suggested five key principles for making a country-led approach work:

- (i) Support country strategies – funding agencies should base their country strategies on their partner’s country plans, rather than their own analysis of priorities.
- (ii) Match aid instruments to country needs – funding agencies must listen to partner countries’ priorities for aid delivery.
- (iii) Harmonize aid – funding agencies should not try to do everything everywhere.
- (iv) Make aid flows more predictable – without this, it is risky for recipient governments to make long-term spending commitments.
- (v) Insist on mutual accountability – funding agencies should be accountable to developing countries for how aid is given, just as developing countries should be accountable to their own people and to funding agencies for how aid is used.

45. When the TA program is reviewed against these five principles, it can be seen that ADB has made considerable headway in moving toward more country ownership. However, more needs to be done to develop DMCs’ responsibility and accountability for TA. The concept of ownership is rooted in the notion that possession of an asset will encourage the owner to make better use of it. For example, many countries have implemented land reform policies which transfer ownership rights to producers (and implicitly responsibility and accountability for the land) in the knowledge that production will subsequently increase, and this has indeed been the outcome. In the case of TA, the increasing transfer of ownership of the TA process to DMCs is expected to result in similar gains in TA relevance, efficiency, effectiveness, and sustainability—not only for specific TAs but also for the overall TA program and TA development and implementation processes.

46. There are a number of means through which the level of DMC ownership could be increased:

- (i) **Ensuring that DMCs, rather than ADB, play the dominant role in selecting and prioritizing TAs.** A key criterion for effectiveness and sustainability is that the EA should have a strong need for the TA, supported by high-level commitment. This was found in Philippine ADTAs on anti-money laundering<sup>14</sup> and reform of the Securities Exchange Commission.<sup>15</sup> In the former, the TA was needed because the Philippines had an urgent need to get off the Non-Cooperative Countries and Territories list of the Financial Action Task Force on Money Laundering—given its dependence on overseas workers’ remittances. In the latter case, the Securities Exchange Commission faced a crisis over a number of scandals, including insider trading, and its future was under threat. The crisis ensured Securities Exchange Commission management buy-in for the TA. However, such crises are not common, so government commitment usually needs to be demonstrated before a TA is designed. This was the case with capital market reforms in India. The Government had a clearly stated objective for such reforms and showed its commitment over a series of ADTAs to support

<sup>12</sup> World Bank. 2004. *Country Development Framework*. Washington, DC.

<sup>13</sup> S. Sharpe et al. 2005. United Kingdom: More Country Ownership. *In Finance and Development*. Volume 42, No. 3. Washington, DC: IMF (September).

<sup>14</sup> TA 3847-PHI: *Strengthening the Anti-Money Laundering Regime*, for \$1 million, approved on 19 March 2002.

<sup>15</sup> TA 3245-PHI: *Nonbank Financial Sector Development* for \$2 million, approved on 25 August 1999; and TA 3773-PHI: *Strengthening Market and Regulatory Governance*, for \$1 million approved on 15 November 2001.

the reforms. However, for many other TAs in the SES sample, even though the objectives were high government priorities, commitment never reached the intensity required. That often became evident early in TA implementation when full-time counterpart staff were not provided, and additional budget appropriations were not provided to secure the desired changes.

- (ii) **Involving EAs in the development of TAs and their objectives.** The NBP allow 2 weeks for a TA fact-finding mission. While this would allow someone with the right expertise to prepare a diagnostic and scope the intervention, it would generally not be long enough to fully engage an EA and other stakeholders in deciding on an approach to address the problem and to ensure government ownership and a satisfactory level of stakeholder support. In 44% of ADTAs in the SES sample, mission leaders estimated that the EA's contribution to the design and monitoring framework (DMF) was "less than 20%." Where a number of agencies were involved—as in the urban sector and some finance sector projects—stakeholders crucial to TA effectiveness sometimes made little to no contribution to the DMF, were not involved in designing the TA, and therefore had doubtful commitment to its objectives. These findings indicate that TA designs are typically driven by ADB staff.
- (iii) **Actively involving EAs in consultant selection.** EAs have frequently commented that they wish to be more involved in the selection of consultants, particularly to ensure a good cultural fit. In response to these issues, the Central Operations Services Office (COSO) at ADB carried out a pilot study in 2004 where EAs were delegated responsibility for consultant selection in 20 TAs in 10 DMCs,<sup>16</sup> subject to adherence to ADB guidelines and procedures. The pilot study only appears to have worked well in the PRC where selection for all three pilot PPTAs was completed in 2004. Of the two ADTAs, one was completed in 2005 but one is still outstanding. Preliminary analysis indicates that this delegated responsibility is more likely to succeed where an EA is used to working with ADB. As a result of this study, COSO has included a statement in the revised guidelines: "In order to increase ownership of TA projects and improve sustainability of project benefits, ADB may, in particular circumstances, delegate responsibility to a borrower ("delegated TA") to recruit and supervise TA consultants." This is an important change and those responsible for future TAs will need to implement this wherever possible, while recognizing that it will not be possible to move immediately to full delegation. Anecdotal evidence from the PRC suggests that the pilot study caused a considerable extra workload for those EAs involved, as all steps in the recruitment process had to be agreed and signed off by ADB. It is hoped that, following the pilot, more responsibility and accountability for the recruitment process will also be delegated to EAs where feasible.
- (iv) **Ensuring strong commitment from all involved EAs in TA implementation.** In interventions that concerned multiple agencies, ADB relied on the EA to secure the commitment of other agencies. Sometimes, this would have required prior studies or market research to determine the extent of support, but such studies were usually not performed. For example, in the Philippines, urban sector TAs in low-cost housing and solid waste management failed because buy-in from

<sup>16</sup> TA 4340: *Xi'an-Zhengzhou Railway Development*; TA 4384: *Hunan Roads Development III*; TA 4327: *Flood Management Strategy*; TA 4447: *Evaluation of Environment Policy and Investment for Water Pollution Control in the Huai River Basin and Taihu Lake Basin*; TA 4363: *Support for the Reform in Compulsory Education Financing* (this TA was not successful and ADB has withdrawn the responsibility of recruiting consultants from the EA).

local government units did not materialize.<sup>17</sup> In the Kyrgyz Republic, ADB tried to secure buy-in for several TAs by appointing central agencies like the President's Administration, Office of Prime Minister, and MOF as EAs in the expectation that they could achieve the necessary coordination of line agencies.<sup>18</sup> However, this was not effective as TA implementation is usually not a core responsibility of central agencies.

- (v) **Giving more power to EAs to supervise consultants and to participate in payment decisions.** The SES found that in 30% of ADTAs and 77% of PPTAs, consultants viewed ADB as their client rather than the EA. This does not foster a satisfactory relationship between the consultant and the EA. Requiring EAs to participate in the overall supervision of consultants, reviewing their outputs, and recommending payment against agreed milestones are all ways in which EAs can feel more closely involved in TA implementation.
- (vi) **Giving EAs a formal input into the evaluation of consultant performance.** Involving EAs in this way will improve the ability to rate consultant performance from the EAs' perspective in addition to ensuring that EAs feel that their views are being heard.
- (vii) **Ensuring that EAs contribute a portion of the actual costs of the TA.** EAs often make in-kind payments (such as the provision of office space) which are valued at widely differing rates. Such a payment could consist of a fixed local currency contribution toward the overall budget. This transfer of some accountability to EAs would act as an incentive to ensure effective implementation but would also mean that EAs would be more proactive in discussing TA implementation with ADB.

### 3. Achievable Set of Objectives

47. **Objectives Established for TAs Varied Between the Attainable and the Unrealistic.** There was little relationship between size of TA and realism of objectives. SSTAs were just as likely to have unrealistic objectives as were \$1 million TAs. In many cases, objectives were realistic. In others, they were too ambitious and could be only partly achieved within the TA resource. Comparisons between one TA and another in the same DMC revealed wide divergences in the realism of objectives. For example, in the Philippines, two TAs addressing organizational problems in the relatively small Securities and Exchange Commission were allocated \$3 million, whereas another TA for \$775,000 was expected to strengthen management capacity at all levels of the country's large technical education and skills development system, as well as design and implement major programs related to quality assurance and training, and graduate employment.<sup>19</sup> There is little justification for unrealistic objective setting. If the original objectives were important but TA resources were insufficient, ADB should be willing to provide an extension or continuation of the TA if the initial work is successful. A more programmatic option is to start support at a low level and provide further support as the commitment of the EA is established and the likelihood of success becomes more guaranteed.

<sup>17</sup> ADB. 2001. *Technical Assistance to the Republic of the Philippines for: Preparing the Metro Manila Urban Services for the Poor*. Manila (TA 3760-PHI, for \$1 million, approved on 5 November); and ADB. 2002. *Technical Assistance to the Republic of the Philippines for Metro Manila Solid Waste Management*. Manila (TA 3848-PHI, for \$1.25 million, approved on 18 March).

<sup>18</sup> PPTAs in community-based early childhood development and vocational education and skills training, strengthening corporate governance and judicial reforms, and customs modernization.

<sup>19</sup> ADB. 2000. *Technical Assistance to the Republic of the Philippines for Strengthening Management Capacity and Improving Quality of Technical Education and Skills Development System*. Manila (TA 3482-PHI, for \$775,000, approved on 24 August).

48. Complexity makes change management programs more difficult—especially for the EA. Good programs limit the number of changes to be addressed at any one time. There is a basic psychological rule that good managers can cope with, possibly, three major long-term problems at one time. Beyond that, each additional problem produces increasingly unmanageable stress. Box A8.2 describes the case of an SSTA that had objectives which were too ambitious in relation to resources provided.

#### **Box A8.2: Overly Complex Objectives**

A small-scale technical assistance (SSTA) for \$150,000<sup>a</sup> was provided to improve the regulation and supervision of derivative instruments in India. It drafted new regulations and proposed measures to improve risk management. It partially provided solutions to removing impediments to the development of new derivatives products. It was supposed to produce trained officials but addressed the requirement through a study tour to Australia and the Republic of Korea. The SSTA was also required to improve derivatives monitoring and surveillance systems, establish associated regulatory and surveillance systems for new products, develop more diversified products that appropriately meet client requirements, and develop an appropriate incentive structure. These requirements—supposedly important to the success of the development of an effective derivatives market—could not be addressed within the SSTA resources.

The unrealistic objectives had a number of consequences:

- (i) The Government's expectations were raised that more would be accomplished than was possible.
- (ii) Since the Government assumed the technical assistance (TA) would address all the objectives, it did not seek funds from other sources to carry out the tasks that were omitted.
- (iii) The Government now has a partial answer to the issues it wished to address but progress is delayed while the gaps are filled.
- (iv) An excellent study was prepared but, because of inflated expectations, the Government was disappointed by the outcome and the reputation of the Asian Development Bank (ADB) was not enhanced.

<sup>a</sup> ADB. 2003. *Technical Assistance to India for Regulation and Supervision of Derivative Instruments*. Manila (TA 4203-IND).

49. One of the criteria for selecting an operational division director should be his or her capacity to evaluate the realism of a TA, based on their experience in implementing loans and TAs. Either that criterion is not being applied in selection processes or division directors are abrogating this important responsibility. This is important because an unrealistic set of objectives places a TA in an unwinnable situation. The objectives cannot be achieved with the resources allocated and there is bound to be a disappointed client. Within the SES sample, resources were considered “just right” in less than 25% of TAs.

#### **4. Type of Assistance Model**

50. **ADB has not Standardized its TA into Models, Products, or Standard Practices.** Within the three types of TAs—PPTAs, ADTAs, and RETAs—ADB has not established standardized TA models, products, or practices that could be documented, marketed to clients, and improved upon over time based on experience. In the absence of standardized approaches, many TA papers borrow from a previous TA paper addressing the same kind of problem. However, little or no attempt is made to learn from the experience of the previous TA, so many new TAs repeat the same errors of formulation.

51. There is little provision for a seamless progression from one TA to the next as few interventions are regarded as being part of a longer-term program of assistance. Too frequently, where there is a succession of TAs—as occurred in the anti-money laundering interventions in the Philippines and the provision of policy advice to the President's Administration in the Kyrgyz Republic—there is a marked gap between the completion of the first TA and the

mobilization of the second, and different consultants are recruited. This results in loss of experience gained and relationships developed on the first TA.

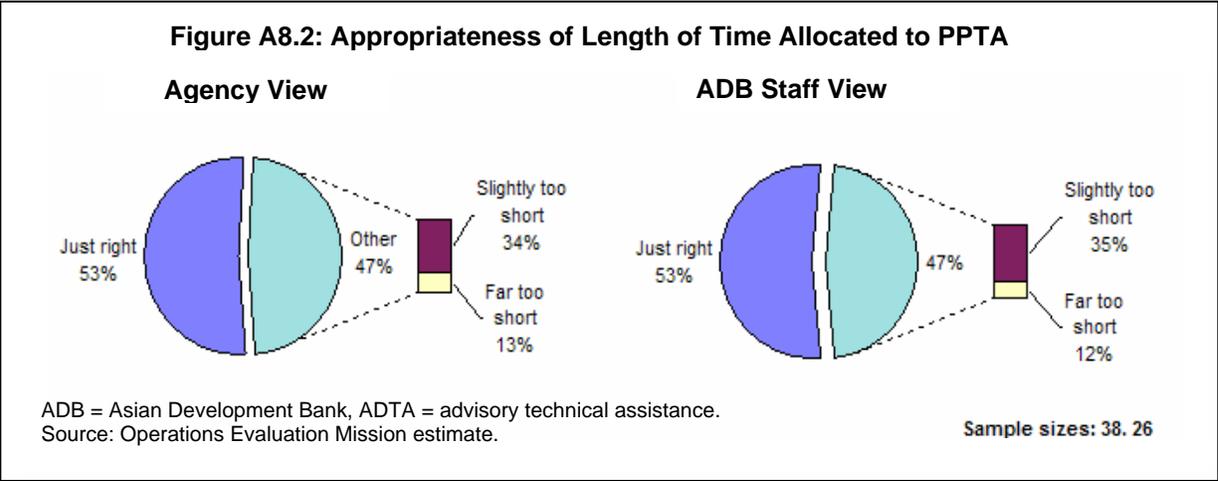
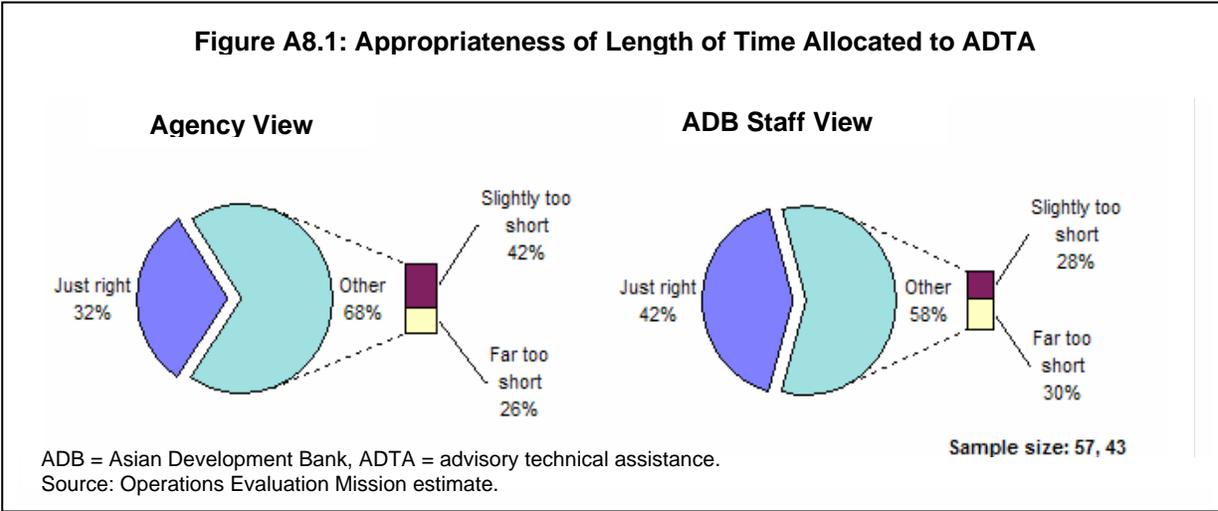
## 5. Matching Scope to Budget

52. **TA Budgets are often Arbitrary, not based on Requirements for the Intervention.** For 73% of ADTAs and 53% of PPTAs in the SES sample, the TA budget was determined on a “top-down” basis by director generals or directors, and given to mission leaders irrespective of what was really needed to do the work. As a result, there were a number of anomalies:

- (i) In India, 33% of ADTAs in the SES sample were for \$150,000 and 43% of PPTAs were for \$1 million—corresponding to the approval ceilings for directors and the President respectively. Many of the SSTAs were too small to complete the assignments as well as the EA might have wished.
- (ii) Unanticipated TAs were often resourced using any unallocated TA budget under the technical assistance indicative planning figure (TAIPF) or by reducing the budgets of other TAs in the pipeline. For example, in 2003 the Government of India made an unexpected request for assistance to de-mutualize Indian stock exchanges (there were over 20) and to help develop a market for derivative instruments under its capital markets reform program. ADB provided two TAs each of the maximum SSTA grant of \$150,000, neither of which was sufficient to complete the work required.<sup>20</sup>
- (iii) The country programs of Cambodia, Kyrgyz Republic, and Uzbekistan all had ADTAs to improve the regulatory capacity of central banks over credit unions. The first was in Cambodia in 1999, for \$1.45 million. The Kyrgyz Republic (for \$550,000) and Uzbekistan (for \$400,000) TAs were both approved in 2002. With much lower budgets than in Cambodia, neither TA was able to produce sustainable improvements.
- (iv) Given that DMC ownership is such an important criterion for success, responding to a DMC request with an arbitrary budget allocation does not signal to the DMC concerned that ADB is taking its request seriously.

53. The country case studies provided evidence from EAs, project officers and TA consultants that the time allowed for TAs is usually too short. This problem was especially serious for ADTAs. As Figure A8.1 shows, EAs in the SES sample considered that the length of time allocated to ADTAs was just right in only 32% of cases and far too short in 26% of cases. ADB staff concerned considered that the length of time was far too short in 30% of ADTAs and slightly too short in a further 28%. PPTAs fared slightly better, with 53% being regarded as having sufficient time allocated to them both by EAs and ADB staff (Figure A8.2). TA consultants broadly corroborated the EA and ADB staff views on time allowed for TA. These findings point to ADB’s difficulty in estimating implementation schedules, despite consultants’ inclusion of such a schedule in every proposal.

<sup>20</sup> ADB. 2003. *Technical Assistance to India for Demutualization and Consolidation of Indian Stock Exchanges*. Manila (TA 4202-IND, for \$150,000, approved on 21 October); and *Technical Assistance to India for Regulation and Supervision of Derivative Instruments*. Manila (TA 4203-IND, for \$150,000, approved on 22 October).



54. Within the SES sample, there were similar issues over the time allocated for training. EAs considered the length of time just right in 46% of interventions. In 54% of the cases, the length of time allocated for training was too short.

55. In the case of PPTA, as the Operations Evaluation Department (OED) pointed out in its annual report on loan and TA portfolio performance for 2005, the average PPTA budget decreased by 18% in real terms over the period 1996–2005. During that time, several additional policy requirements were added to the PPTA tasks. Consultants sometimes struggle to address all the tasks required. This leads them to do the work themselves rather than engage the EA as a partner in the design work. Consequently, ownership and understanding of the project design may suffer, and EA capacity to design projects is not built up.

56. How could so many TA projects have passed through ADB’s checks and reviews without someone suggesting that the objectives were too ambitious for the time and resources allowed? Why was this not corrected by sector directors or the offices of directors general? Why was it not challenged during interdepartmental circulation? These are not new issues. Such problems have been pointed out repeatedly by past OED evaluations. However, in this area, ADB has failed to become a learning organization to use evaluation findings to make systemic

improvement in how it formulates new TAs. In the final analysis, this is a case of departmental management failure—responsibility for which rests with directors general and directors.

## 6. Terms of Reference

**57. Typical TOR for TA Projects do not Require Consultant Companies to Demonstrate their Expertise on How to Address the Problems at Issue.** The TOR for PPTA are structured to inform consultants of the inputs and outputs required to design a loan. This approach to TOR is satisfactory so long as the PPTA work is limited to project preparation, and does not extend to tasks of a more advisory nature. ADTAs and RETAs are usually intended to produce outcomes that involve introducing the basis for some kind of change. However, in ADTAs designed to address institutional problems, the TOR typically do not stipulate the outcomes to be achieved. Instead, they specify inputs in terms of type and quantity of experts. If inputs are wrongly specified, the consultants can seek a contract variation, but in practice it may only be discovered that they are wrong when most of the inputs have been used. Once the consultants have delivered the inputs required, and produced the output (usually a final report), their task is complete—regardless of the quality of solutions they have provided. Any flaws in their proposals are left for the EA to resolve. As the EA that required assistance in the first place, it often has neither the capacity nor the competencies to correct the flaws. In such situations, the likelihood of less than optimal solutions and outcomes is great.

58. Use of TOR that focus on addressing a problem or producing a specified outcome have one important advantage for more complex ADTAs. They allow each consulting firm making a proposal to apply its “corporate mind” to identifying the best way of resolving the stated problems. Short-listed firms with relevant experience may often offer good ideas. Some of these might be incorporated into the winning proposal (commercial confidence restrictions notwithstanding) at the time of contract negotiations.

## 7. Work Scheduling within the Agencies Concerned

**59. Work Schedules were not Prepared as Part of TA Design.** The template for TA papers does not contain an explicit time schedule for key tasks and none of the TA papers examined as part of this study included such schedules. As a consequence, EAs sometimes had unrealistic ideas about what to expect from the TA and underestimated their own role. The absence of a work program in the TA paper made it difficult for ADB to monitor the progress of an intervention. Although a fixed work program is not always appropriate,<sup>21</sup> it is essential to have government endorsement of a sequence of steps to be followed at the appropriate time to secure a change, with a realistic assessment of the resources required at each stage. However, the absence of a time schedule does not mean that TA mission leaders do not prepare them. Consultants typically include such schedules in their tender documents, and these could be used as the basis for inclusion in the TA paper template.

## 8. Design and Monitoring Framework

**60. The DMF usually does not Include the Type of Performance Indicators Needed for Effective Monitoring and Evaluation of TA.** ADB’s results-based approach to development assistance uses the project performance management system (PPMS) for monitoring and evaluation of loans and TAs. The PPMS aims to provide feedback throughout the project cycle

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<sup>21</sup> Sometimes flexibility is needed to allow for the difficulties of a change program and determine when the timing is right to move ahead.

so that team leaders can take corrective action to achieve the desired results, and to derive lessons from subsequent project evaluation. As regards TA, it has four components—DMF, technical assistance performance report (TPR), TA completion report, and technical assistance performance evaluation report (TPER). The PPMS is described in Appendix 17.

61. The DMF establishes the targets and performance indicators used by each component of the PPMS.<sup>22</sup> A well-prepared DMF is, therefore, critical for successful monitoring and evaluation. Use of some form of DMF has been mandatory for loans and TA since 1996.<sup>23</sup> A participatory approach is encouraged in the development of the DMF to facilitate stakeholder understanding and participation in TA, thus increasing country ownership and cooperation.<sup>24</sup> However, results from the SES sample show this was only followed infrequently. ADB staff reported that the EA's contribution to the DMF "exceeded 50%" in only 32% of ADTAs. From an accountability and performance assessment point of view, most DMFs in the SES sample had two significant weaknesses: (i) they did not present monitorable indicators in the form of measurable targets related to the objectives set for a TA, and (ii) they did not present indicators with which to assess ADB's performance criteria of relevance, effectiveness, efficiency, and sustainability.<sup>25</sup>

62. A 2003 SES by OED on project performance management found that the quality of DMFs of ADTAs approved in 2002 was poor.<sup>26</sup> In response, ADB Management produced an action plan to improve DMF quality. A follow-up OED assessment of all loans and TAs approved in 2004 found that there had been a modest improvement in DMFs for ADTAs. By 2005, almost half of approved ADTAs had DMFs with goals and purposes that were rated "satisfactory" or better (Table A8.7). While this progress is acknowledged, clearly more progress is needed as even the 2005 figures are not acceptable for an institution like ADB that is focused on achieving results.

**Table A8.7: Quality of Design and Monitoring Frameworks for ADTAs**  
(% of TA frameworks rated "satisfactory" or better)

Level	2000	2002	2004	2005
Goal/Impact Level	21	12	29	48
Purpose/Outcome Level	20	12	23	60

ADTA = advisory technical assistance, TA = technical assistance.  
Source: Operations Evaluation Department.

## 9. Exit Strategy

63. **Exit Strategies are not Produced for ADTAs.** Within the SES sample, few TAs included a strategy to ensure that the process of reform or change was maintained after TA completion, and to plan for further ADB support at later stages of the reform program or open up opportunities to assist other areas of strategic importance. Having an exit strategy is particularly important since ADTAs are typically underfunded. This point is underscored by responses from

<sup>22</sup> ADB. 2006. Operations Manual. Section J1/BP: Project Performance Management System. Manila, (24 January), para. 2(i).

<sup>23</sup> For PPTAs, a DMF for the proposed project is one of the outputs of the TA.

<sup>24</sup> ADB. 2006. Operations Manual. Section J1/BP: Project Performance Management System. Manila (24 January), para. 3.

<sup>25</sup> Many DMFs for TAs in the SES sample provided only the vaguest of indicators/targets, e.g., "improvements to ...," and "impediments removed."

<sup>26</sup> ADB. 2003. *Project Performance Management in the Asian Development Bank and its Projects in Developing Member Countries*. Manila.

85% of ADB staff and 95% of EAs that saw the intervention as a step in a more general reform program requiring further assistance in the future.

64. TA papers only occasionally make provision for dissemination of results within ADB or externally. The final reports of TA consultants are now made available on the catalogue of TA consultant's reports on ADB's intranet site, but no summaries are provided for wider use by Communities of Practice and professional staff. This neglect of dissemination means that TAs have less influence than they should, and lessons from past TAs are not built upon systematically. A line item for dissemination should be included in the standard format of the TA cost table.

65. Another factor is language. As ADB works in English, its published TA reports are usually not written in the languages most widely used in recipient countries. Yet, ADB rarely makes provision to translate these into local languages. ADB's narrative style of presentation is also not reader-friendly. Senior officials and members of civil society in DMCs and senior ADB staff need more easily accessible information. A line item for translation should be included in the standard format of the TA cost table.

## I. Resources to Support Formulation

### 1. Staff Inputs

66. **Many Staff are Too Overloaded to Commit Enough Time to TA Design.** Appendix 9 provides estimates of the time spent by ADB officers formulating TAs in the SES sample, together with estimates of their total annual workload on loans and TAs. This shows that the actual staff time on TA formulation was significantly less than the staff coefficient used by the Budget, Personnel and Management Systems Department (BPMSD). The average time was 2.6 weeks for ADTAs and 3.0 weeks for PPTAs.<sup>27</sup> This compares with current staffing coefficients of 5.0 weeks for ADTA and 10.0 weeks for PPTA. In all countries except the Fiji Islands, the average overall annual workload of the officers concerned was 1.5 person years or more, which is a clear indication that staff were overloaded. Workloads were particularly high for staff working in India, and in the urban, education, and transport sectors. This evidence of overloading staff was consistent with SES findings of inadequate diagnostics, poor scoping of TA projects, weak DMFs, and inadequate briefing of EAs to secure a realistic commitment to the work of the TA. This reflects poorly on divisional management. One of the prime responsibilities of divisional managers should be to match work programs and available resources. One of the consequences of accepting overly ambitious work plans seems to be allocating insufficient staff time to TA formulation and supervision. This has adverse consequences for TA quality.

### 2. Experience and Expertise Mix

67. **ADB Officers Usually had Expertise Relevant to the Sector or Technical Area.** In most cases, ADB staff who designed TAs in the SES sample had experience relevant to the sector to be addressed. So, for example, transport TAs were generally formulated by transport economists or transport engineers, and education TAs by education specialists. This was generally sufficient for ensuring that PPTAs were prepared by suitable staff.

68. **Most ADTAs Address Policy Reform, Capacity Building, and Change Management, but Few ADB Staff have Experience and Expertise in these Areas.** Many ADTAs involved

<sup>27</sup> In the SES sample, 6.0 weeks was the longest time taken to prepare an ADTA or a PPTA. Those inputs were claimed both by a very inexperienced project officer and some experienced project officers.

more than sector or technical issues. As Table A8.8 shows, most involved institutional strengthening, public sector reform, and skills transfer. Further analysis of the SES sample showed that slightly over a third of ADTAs had their primary focus on capacity building, 23% on change management, and 15% on policy development.

**Table A8.8: Principal Activities of ADTAs**  
(% of TAs in each country)

Question	Fiji Islands	India	Kyrgyz Republic	Philippines	Viet Nam	Average
Step in general reform program requiring further assistance?	80	100	93	100	100	95
Recommendations for policy reform?	100	89	92	83	75	88
Recommendations about functioning of agency?	70	75	85	78	89	79
Seek to transfer skills to the agency?	68	44	85	83	80	75
Any training of staff?	80	50	91	78	60	74

ADTA = advisory technical assistance, TA = technical assistance.

Source: Special evaluation study sample.

69. Given the frequency that they are addressed, it is clear that the core competencies of some ADB staff should involve policy reform, capacity building, and change management. However, few operational staff have senior level experience of directly managing change within an organization. Consequently, ADTAs in these areas are frequently formulated by ADB officers who lack the necessary experience. Based on the SES sample, it appears that sector directors seldom take steps to strengthen formulation by assigning staff or staff consultants with relevant experience to assist the mission leader in designing such ADTAs.

## J. Quality Control

70. ADB's quality control systems for TA impose significant bureaucratic costs without providing effective quality control.

### 1. Departmental Management

71. **Quality Control is Spread Too Widely with the Result that Responsibility for Quality is Not Clear and is Easy to Evade.** The NBP provide a chart showing delegation of authority. Essentially, this identifies who is responsible for approving various operational activities. It does not show who is responsible and accountable for quality.<sup>28</sup>

72. The NBP make ADB officers responsible for TAs they formulate. That is clear so long as the mission leader remains involved for the duration of the TA. However, this occurred in only 43% of ADTAs and 58% of PPTAs. For a short-term instrument, the incidence of ADB staff change is high and has led to justifiable complaints from DMCs. The process for handover and transfer of accountability is not formalized. The successor simply inherits something he or she was not responsible for initiating. Recognition tends to end with the approval of the TA paper, not with successful completion of the intervention. There is no realistic assessment of the progress of the TA at handover and no adjustment to performance and development plans of ADB officers to identify the level of performance required to produce a "satisfactory" rating or better for the management of the TA. Within the SES sample, there was a tendency for quality of supervision of ADTAs to decline

<sup>28</sup> The presumption that the approving position would also be accountable for quality is invalidated by the fact that the President is responsible for many of the final approvals. He cannot be held accountable for the quality of TA papers.

with a change in ADB staff. This was not evident with PPTAs, where the incentive of processing the eventual loan was sufficient to stimulate interest in the success of the intervention.

73. Another weakness in quality control is that there are no ADB-wide checklists to ensure that common issues of importance have been addressed in TA formulation. The NBP do not require this, and there are no staff instructions for TA formulation. Checklists would provide an accountability trail that the ADB officer and director have fulfilled their responsibilities. PPMS provides a management checklist for PPTAs, but the SES found no evidence that it is consistently applied by any operations division. Some departments have experimented with introducing their own checklists, but these have not been applied consistently and lack the authority of an ADB-wide checklist.

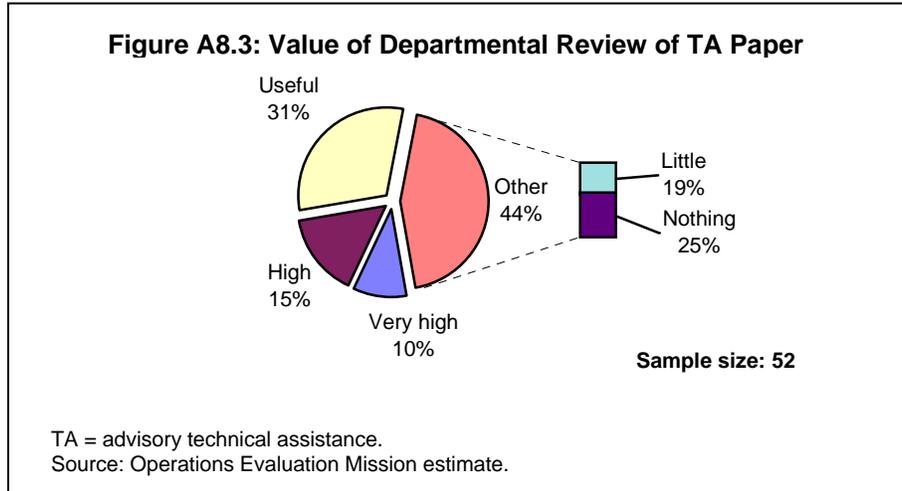
74. Departmental management sometimes abdicates responsibility for quality. There was an example from the Kyrgyz Republic where the director and officer disagreed about the design of a PPTA. Rather than being firm about what he believed to be right, the division director tried to resolve the situation by requiring the TA paper to be reviewed by a staff review committee (SRC) meeting.

75. The SES did not make a systematic study of support provided by divisional management to officers preparing TAs. However, it did identify three cases where no management or other support was provided. It was apparent that some division directors took substantial interest in the development of TA papers in their divisions while others did not. Personal relationships often appear to have been a factor. In some cases, collaboration between a division director and the officer concerned was good. Where this was more uncertain, and the officer had less access to the director—which was likely to occur with junior staff—collaboration and assistance were infrequent. Further evidence of difficulties in the director/staff relationship was provided by the 2003 staff engagement survey,<sup>29</sup> which found that only half of staff were satisfied with their immediate manager. Good quality control relies on effective management of staff. If that is done poorly, quality control suffers.

76. Officers for TAs in the SES sample confirmed that the contribution of their departments to quality control was disappointing. As Figure A8.3 indicates, 44% of ADB officers considered that departmental processes of review of TA papers added little to no value. Attached TAs received even less scrutiny than stand-alone ADTAs, as the focus of quality control was on the loan.

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<sup>29</sup> Hewitt. 2003. *Staff Engagement Survey*. Manila: ADB.

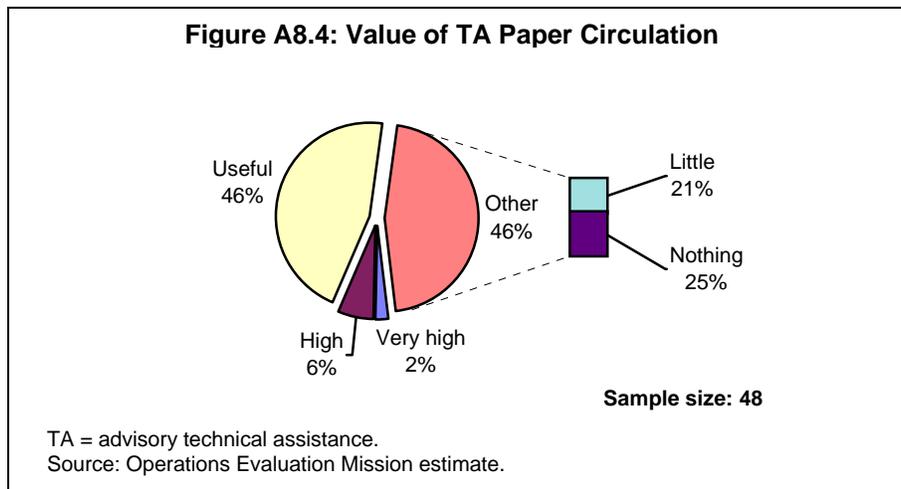


## 2. Peer Review

77. **Systematic Peer Review of TA Papers has Lapsed.** The NBP envisaged that sector or crosscutting committees would be responsible for peer review of draft TA papers. When these committees were subsequently dismantled, their peer review function lapsed. Some regional departments introduced their own approaches to peer review or quality control. These tended to concentrate on loan projects even though TAs can be important in terms of positioning ADB for future work. When Communities of Practice were established in 2006 to revive some of the sector and crosscutting roles of the earlier committees, peer review was not included among their responsibilities.

## 3. Interdepartmental Circulation

78. **Interdepartmental Circulation Added Little to No Value in Just Under Half of TAs.** The formal interdepartmental circulation process tends to be haphazard and limited to support offices. There is no guarantee that the officer assigned to read a TA paper will have appropriate background knowledge or treat this work seriously. Excellent work in commenting on TA papers goes largely unrecognized in performance and development plans. As Figure A8.4 shows within the SES sample, although project officers said interdepartmental circulation was useful in 54% of TAs, in 46% of the cases they said it added little or no value to a TA paper.



#### 4. Staff Review Committee

79. **For TA, the Use of the Staff Review Committee is almost Defunct.** Prior to the NBP, the SRC chaired by the director general concerned was designed to be a key element in TA quality control. However, the quality of the discussions and comments declined in terms of value added. Thus, the NBP made it optional for departmental management to hold an SRC meeting. In the SES sample, only 37% of TA papers had an SRC, and 67% of those were approved in 2002 or earlier. An analysis of PPIS data indicates that, by 2005, SRCs were held for only 15% of TAs approved that year. Thus, in practice, the senior level scrutiny of TAs that resulted from SRCs has effectively ceased for the large majority of TAs.

#### K. Bunching

80. **There is Still Substantial Bunching of TA Approvals at Year-End.** In 1996, ADB began a drive to space TA approvals more evenly over the year. As Table A8.9 shows, this had some success until 2002. Since then, the percentage of TAs submitted for approval in December exceeded the apparently unsatisfactory baseline level of 1995. Over the SES study period, about a quarter of TAs were approved in December. Given the large number of TAs approved in the rush to the end of the year, it appears likely to OED that many do not receive sufficient attention from either senior staff or Vice Presidents. The sheer numbers overwhelm the ability of senior staff to provide a rigorous quality control function. The 1-year allocation of TAIPFs provides an institutional incentive to have TAs approved by the end of the year—a “use it or lose it” incentive system drives the TA approvals. A more flexible TAIPF allocation system, allowing some carryover of the unutilized TAIPF into the next year, may help to address this issue.

**Table A8.9: Percentage of TAs Approved in December, 2000–2006<sup>a</sup>**

Year	ADTA and PPTA	RETA	Total
1995	27	33	28
2000	29	22	27
2001	21	27	22
2002	28	38	30
2003	36	26	33
2004	44	44	44
2005	27	37	29
2006	23	26	24

ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, RETA = regional technical assistance, TA = technical assistance.

<sup>a</sup> Excludes supplementary TA approvals.

Source: Asian Development Bank.

#### L. Implementation Performance

##### 1. Adherence to Design

81. **The TOR and Targeted Outcomes for ADTAs usually do not Provide a Reliable Guide for What can Realistically be Achieved by the TA Consultants.** The result of mismatches between TA scope and resources, and vagueness in the TOR was that, in many cases, the TA consultants were left to do what they could to make progress toward the TA’s broad set of aims up to the inputs limits fixed by their contract. TA designs rarely made sufficient allowance for the speed that public sector change takes place in DMCs.<sup>30</sup> Consequently, it was common for consultants’

<sup>30</sup> For example, in India, a public information dissemination specialist was given 2 months to develop a plan to disseminate information and build support for a fiscal consolidation program, and to assess the required capacity building for an effective information dissemination program. Support for a fiscal consolidation program generally cannot be built so quickly.

inputs to come to an end long before government had decided whether to proceed with the recommendations included in the final report of the ADTA.

82. Although many TAs sought to transfer ideas and practices to DMCs, what was actually implemented was rarely what could be termed a best practice model. Among TAs in the SES sample—especially in the Philippines and the Kyrgyz Republic—the international consultants often based their policy and other proposals on policies and practices they were familiar with, often taken from their own home country. For example, in the Philippines, the consultants preparing an urban services project proposed to use a community land trust model taken from Boston, Massachusetts which was too sophisticated for the Philippines.<sup>31</sup>

83. Another problem experienced with trying to transfer best practices was that it is difficult for DMC governments and EAs to assess how effective a proposed policy or practice will be if they have not seen it operating in practice. Study tours are an answer to this predicament. Within the SES sample, where well-managed study tours were included, they were effective. This occurred in a number of TAs in India. In the Kyrgyz Republic, a study tour to Spain helped to introduce the department of water resources to the idea of water user associations. From this visit, it also got the idea of reorganizing itself along watersheds.

84. Consultants generally followed designs as closely as possible given the limitations of the designs. Where they did not, it was usually because the design was too ambitious. In such cases, they tended to concentrate on the priority tasks and address the lower priority tasks only to the extent possible, given the resources. Such changes were rarely recorded and did not result in formal changes in the scope of a TA or the TOR of the consultants. ADB officers concerned report that there is a disincentive to seeking changes in the scope of a TA since it is regarded as reflecting poorly on the quality of a design and performance of the project officer.

85. ADB was rarely willing to provide supplementary TA to correct for mismatches between TA scope and resources. Analysis of TA approvals indicates that only 3.5% of TAs approved in 1969–2006 had supplementary TA approved. For some TAs within the SES sample, ADB was unwilling to spend the full approved amount of the TA even though there were further tasks for which the remaining funds were needed.

## 2. Schedule

86. **The TA Closing Dates Stipulated in the TA Paper are Flexible and are Often not Adhered to.** The closing date of a large number of TAs required extension from the target date stipulated in the TA paper.<sup>32</sup> Of 994 TAs financially closed from 2004 to 2006, 402 (40%) were either completed before or within a year of the original completion date stipulated in the TA paper. The rest were completed over an average period of about 2.4 years. Given that the remuneration schedules of consultants are based on these timetables, there are strong incentives for consultants to report on time. Similarly, closure of accounts required further extension of completion dates. Only 139 (14%) of the 994 TAs were financially closed within a year of the target completion date in the TA paper. The balance were financially completed over an average period of 2.8 years. On average, TAs remain open about 10 months after physical completion. Remaining TA resources are often used for “associated” activities to further the achievement of goal or purpose.

<sup>31</sup> ADB. 2001. *Technical Assistance to the Republic of the Philippines for Preparing the Metro Manila Urban Services for the Poor Project*. Manila (TA 3760-PHI, for \$1 million, approved on 5 November).

<sup>32</sup> The original TA completion date and account closing date as stipulated in TA papers are largely the same.

### 3. Process

**87. TA Papers Often Neglect the Question of Effective Process to Achieve Sustainable Results.** To contribute to an effective process to bring about changes, the proposals for change developed under an ADTA need to be accepted and implemented by the client. This often requires approval of legislation or regulations and building up agency capacity to perform key activities. Each of the steps involved in obtaining approval and initiating implementation needs to be incorporated within an overall change management program. Many ADTAs in the SES sample were not conceived within this kind of process framework, and this limited their contribution. However, there were also some notable success stories. Box A8.3 presents an example where limited inputs from an ADB RETA enabled implementation of a significant change management program in Bangalore, which had marked impacts on public health and the overall “live-ability” of the city.

#### Box A8.3: Good Practice in Urban Change Management

**Background.** A regional technical assistance (RETA) set out to introduce benchmarking and process reengineering in 10 Asian cities. Each city selected its priorities for reengineering and established a small task force to map the relevant processes and make recommendations for changes. They were then supported by international consultants working directly with the task forces for intermittent periods and providing remote support through e-mail.

**The Approach.** Bangalore was one of the 10 cities. It selected taxation and public health as its priorities. It began the change process by establishing two working groups to study existing processes and identify opportunities for improvement. In 1999, the heads of the municipal public health and taxation departments visited Australia on a study tour and training program. They examined rates assessment and collection methods, and solid waste management. The technical assistance (TA) consultants provided inputs to the change program as requested by the two heads and made short visits to Bangalore. The resulting proposals for change were accepted by the municipal authorities:

- (i) In 2000, the state government set up the Bangalore Agenda Task Force, a public-private partnership with the private sector bringing capital, knowledge, materials, and training capacity. It monitored the solid waste management improvement program and provided ideas for the improvement of the city. It became responsible for organizing the training of municipal officials.
- (ii) The Bangalore public health team began by determining the extent of the problem—a critical initial step in change management. The whole of Bangalore was mapped and surveyed for solid waste management. Officials were then able to calculate the staff needed in terms of sweepers/collectors, the amount of waste likely to be generated, and the number of trucks needed for each area. Garbage collection in some wards was outsourced to private contractors to introduce competition for the municipal work groups.
- (iii) State government legislation was passed to change property tax to a self-assessment basis. This raised an extra \$24 million in the first year—more than enough to fund all the changes in garbage collection.
- (iv) The public health department established a charter with service standards and a telephone complaints center. In poor areas, street volunteers reported to the center if the garbage service did not come. Health inspectors were given two-way radios so the center could have them deal with a complaint on the day they were made.
- (v) Health officials held rallies and meetings with resident groups, local leaders, and volunteer organizations to explain the new system, a key element being to separate organic and recyclable waste. Street plays were developed, targeted at schoolchildren and the illiterate.
- (vi) The City Corporation passed an ordinance forbidding people from dumping their garbage and establishing on-the-spot fines for illegal dumping. It also imposed a fee for garbage collection, attached to the property tax.
- (vii) Collection and incineration of toxic and medical waste was outsourced and paid for by those making the waste.

**Outcomes.** The streets of Bangalore are now largely garbage free. The program’s most notable outcomes included an estimated 50% decline in gastro-enteric diseases in poor areas; improved attendance of slum children at school because of decreases in enteric and skin diseases and fevers; and improved status of wards based on a basket of indicators including complaints, communicable diseases, and the number of dumps.

<sup>a</sup> Asian Development Bank (ADB). 2001. *Technical Assistance to the Philippines for Microfinance for Rural Development*. Manila (TA 3814-PHI, approved on 19 December).

### M. Consulting Services

**88. ADB Could do More to Improve Relationships with Consultants to Optimize Value Added.** ADB outsources its TA to consultants who, therefore, play a crucial role in the

performance of TA. They also contribute to ADB's reputation and the comparative advantage it enjoys through TA. Based on the SES sample, consultants performed satisfactorily. About 90% of the EAs and 87% of ADB officers said the consultants enhanced ADB's reputation. Whether they did so with distinction would require more detailed investigation. The relationship between ADB and the consultants is not straightforward. ADB in effect acts as the broker and paymaster between the DMC EA client and the consultant service provider. This relationship has proved confusing for consultants as in 30% of ADTAs and 77% of PPTAs covered by the SES they regarded ADB as the client and not the EA.

89. There are few incentives for consulting firms to engage or develop permanent staff to supply the work which ADB and its DMC clients demand. COSO has attempted to introduce the use of framework contracts to foster longer-term relationships with consultant firms but, to date, this idea has not yet been approved by the Board. In many cases, this situation means that ADB is outsourcing work to firms which are themselves outsourcing the work to nonpermanent members of staff. This creates a long command chain between the DMC client and the outsourced consultant, and raises issues of effective supervision and quality control.

## 1. Recruitment of Consultants

90. **Consultant Recruitment Places Too Much Weight on Short-Term Financial Savings for ADB Rather than the Long-Term Development Benefit for the DMC Client.** As more DMCs become middle-income countries, their requirements for ADTA are changing. DMCs need exposure to international best practice in terms of policy, administrative efficiency, and effectiveness. Among the leading sources are management consulting firms in the developed world or companies specializing in some technical field like engineering, education, or health services. Generally, other than for some of the technical fields like engineering, ADB cannot directly access this market as fee rates are often too low. Major management consulting firms have reacted to these rates by bidding for work through their local franchises, which is probably beneficial for the development of in-country consulting capabilities but raises a number of questions. These include whether the franchisees have (i) the same capacity as their parent firms in exercising technical quality control, (ii) a capacity to supplement local skills with any necessary specialized international best practice skills, and (iii) a capacity to staff teams from their own employees and produce better integrated teams compared with consultant companies that staff teams from independent consultants recruited from their databases. In the 24 ADTAs studied in the finance sector, only three used the consulting services of one of the big accounting firms.<sup>33</sup> COSO conducts 20–30 seminars each year in both donor countries and DMCs on procurement and consulting service opportunities, policies, and procedures. The primary audiences at these events are consulting firms and COSO also meets many consultant delegations at ADB Headquarters.

91. In the SES sample, 29% of EAs expressed dissatisfaction with the process for selecting ADTA consultants and 24% with PPTAs. While these were a minority among EAs, they were a substantial number and should be a cause for concern for ADB. Many EAs were dissatisfied with being excluded from the process of consultant selection<sup>34</sup>—particularly those in India and Viet Nam (other recent OED evaluations found similar dissatisfaction in the PRC). In response to these issues, COSO carried out a pilot study in 2004 where EAs were delegated responsibility for consultant selection for 20 TAs (including 5 in the PRC), subject to adherence

<sup>33</sup> The quality of consultant work in these three cases was excellent.

<sup>34</sup> At the Conference on Water Financing Program 2006–2010 held from 26 to 28 September 2006, the Viet Nam delegation said there was a need for greater ownership on the part of EAs and closer interaction between consultants and EAs. The Pakistan delegation said there should be stronger accountability linkages between consultants and EAs.

to ADB guidelines and procedures. The pilot appears to have only worked well in the PRC, where selection for all three pilot PPTAs was completed in 2004. Of the two ADTAs, one was completed in 2005 but one is still outstanding. As a result of this study, COSO has included a note in the revised guidelines which states “In order to increase ownership of TA projects and improve sustainability of project benefits, ADB may, in particular circumstances, delegate responsibility to a borrower (“delegated TA”) to recruit and supervise TA consultants.” It is to be hoped that, following the pilot, more responsibility and accountability for the recruitment process will also be delegated to EAs.

92. The EAs also complained about too much use of international consultants and too little use of national consultants, and that the recruitment process did not attract the best national consultants. In 39% of ADTAs in the SES sample, the consultants said that quality- and cost-based selection (QCBS) restricted the quality of experts they recruited. In 36% of PPTAs, ADB fee rates restricted the quality of national consultants recruited.

93. There has been no systematic study of how effective QCBS has been in relation to the actual performance of TAs. However, a QCBS review by COSO in 2005<sup>35</sup> (with a sample of 274 contracts) revealed that 80% of QCBS contracts during the review period were awarded to firms whose technical proposals were ranked first. Of the remaining 20%, the majority were technically ranked second with a close margin to those ranked first. ADB does not attribute the additional costs of rectifying poor PPTA studies to the overall project cost, but according to project officers they can be significant.<sup>36</sup> It also does not assess the cost to ADB of a failed TA—other than that the investment was nonproductive. Consequently, it is not possible to determine the extent to which QCBS produces true cost savings, if at all. Supervision becomes a critically important function when less competent consultants are employed. Good consultants need less supervision.

94. Based on a small number of cost accounts examined by the SES, consulting firms’ profit margins on ADB TA work are often slim, making the work less attractive commercially. Low margins lead to lower quality because firms have no margin to reinvest in areas like research and development, or improved quality control systems. It also leaves little budget for exercising quality control. The SES found, for example, a surprising number of team leaders proved unsatisfactory and had to be replaced. On only one occasion—where a TA in the Philippines was being supervised by the local office of the British Council—was the team leader replaced before being requested by ADB or the EA.

95. ADB contracts individual experts working for a consultant company to provide a given number of days of inputs rather than asking consulting firms to produce the required outputs for a given price. This practice is often inefficient and erodes firms’ profit margins. Consulting firms have to use highly priced specialists inefficiently on mundane tasks like collecting and collating data rather than using national consultants or more junior staff to perform such tasks under their direction, and bringing in the specialists for client management and the high-level work of analysis and formulation of issues and recommendations.

96. ADB does not do enough to encourage the development of national consultant industries and provides few incentives for national consultants to invest in their own development. Exceptions are the seminars which are held in DMCs on developing national consultants, and

<sup>35</sup> Board Information Note: QCBS: Update, 29 June 2005.

<sup>36</sup> In one case in India, QCBS led to selection of a firm that was not ranked first for technical quality. The SES rated the performance of this TA as poor. Extensive additional ADB missions were required to correct poor work done by the consultants, and the associated costs almost certainly exceeded the original cost differential in the bids.

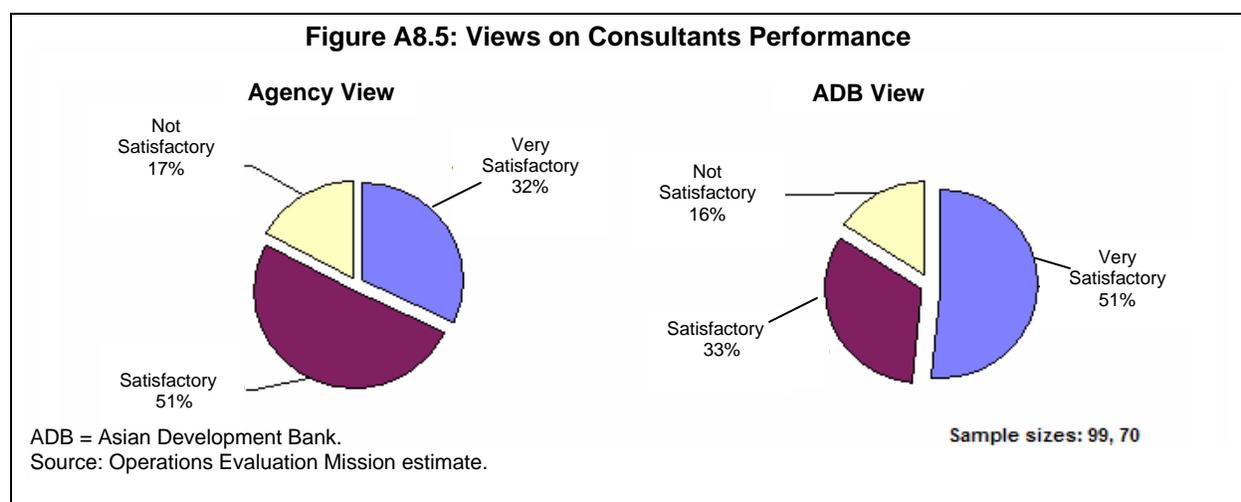
three TAs to the PRC on developing the national consulting industry. Unfortunately, the TA in the PRC is currently stalled, awaiting relevant approvals. This could take a long time as there are communication difficulties between the two key agencies involved. National consultants are frequently employed on the basis of time inputs rather than on the basis of producing outputs (or outcomes). Consequently, they are given an incentive to extend the amount of time rather than complete the work. In the Kyrgyz Republic and the Philippines, there were some complaints from EAs of national consultants being absent from the assignment (e.g., trying to manage two assignments at the same time). This can also be attributed to non-output based employment conditions.

97. There is often little incentive for international consultants to develop the local consultants they engage. Under QCBS, the latter could be potential competitors. Standards of local consultants in many DMCs need to be improved. Organizations establishing professional standards and running courses to improve and update competencies could make a major contribution. ADB does little to foster the development of such institutions.

98. **ADB's Contract Administration Pays Too Much Attention to Minor Details.** Nearly half (43%) of consultants experienced problems with the administration of their contracts. This meant they had to devote time to resolving administrative issues, further eroding their margins. The most frequently mentioned issues were (i) delays in processing contract variations; and (ii) delays in payments—with final payments taking up to 18 months for some TAs in the SES sample, even though the delays were over something fairly minor.

## 2. Performance of Consultants

99. **Most Consultants Performance was Rated as "Satisfactory", but Too Many Were Not.** In general, EAs expressed satisfaction with the performance of TA consultants. As shown in Figure A8.5, 83% rated performance as "satisfactory" or better. ADB officers had a similar view. There was, however, variation in satisfaction levels between the DMCs in the sample. In particular, EAs considered 24% of PPTA consultants "unsatisfactory" in India and 33% in the Kyrgyz Republic. As India is one of ADB's largest borrowers, this level of dissatisfaction is a cause for concern.



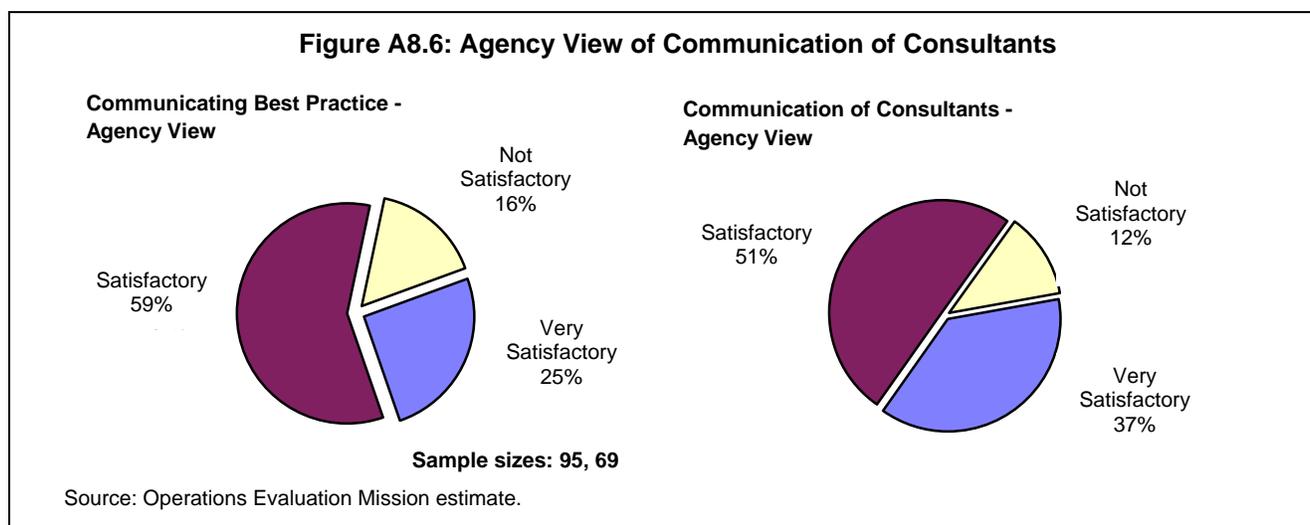
100. One particular issue of concern, which reflects on recruitment, was the disappointing performance of some team leaders. An unsatisfactory team leader results in the TA beginning poorly; credibility with the client being jeopardized; a hiatus in implementation; poor use of

remaining contracted inputs during the period when a replacement is sought; and, frequently, the new team leader having too little time to get the TA back on track. Unsatisfactory team leadership was at its worst in the Philippines, where 30% of team leaders had to be replaced. In each of the other DMCs in the sample, one or two had to be replaced.

101. Unsatisfactory team leadership is limited to the kind of consulting firms selected. Many companies do not assemble teams from their own staff, in which case there would have been a progression of staff from team membership to team leadership, and from small TAs to large, complex TAs. If team members come from within the firm, they have a shared organizational culture, and regard themselves as answerable to the team leader. When consultant companies assemble their teams from databases, they often do not look sufficiently into the track record of the consultants, and rely on the marketability of their resumes. Consultants recruited to teams in these circumstances usually do not share a common organizational culture. Often, they do not regard themselves as members of a team but as individual technical consultants responsible for meeting individual TOR. Although ADB's scoring system for rating consultant proposals gives extra points if team leaders are members of the firm, this has not been enough to counter the trend toward assembling teams from databases.

102. The consequences of poor team leadership were often severe. Two examples from the Philippines are indicative. In a solid waste management TA,<sup>37</sup> team members could not agree how to approach the complex activities required by the TOR. The team leader was unable to get them to work together. Although the team leader was replaced, the TA performed poorly and the EA was disappointed with the work. In a TA to develop poor urban communities,<sup>38</sup> weak team leadership resulted in each member of the consulting team following his TOR without any attempt to integrate their work to produce a coherent TA design. A further TA was required to integrate all these inputs, and design an investment project.

103. As Figure A8.6 indicates, EAs found consultants at least "satisfactory" in communicating best practice in 84% of cases. However, 16% of EAs rated consultants poorly at presenting best practice, rising to 22% in India and 25% in the Philippines. This is an area in need of improvement.



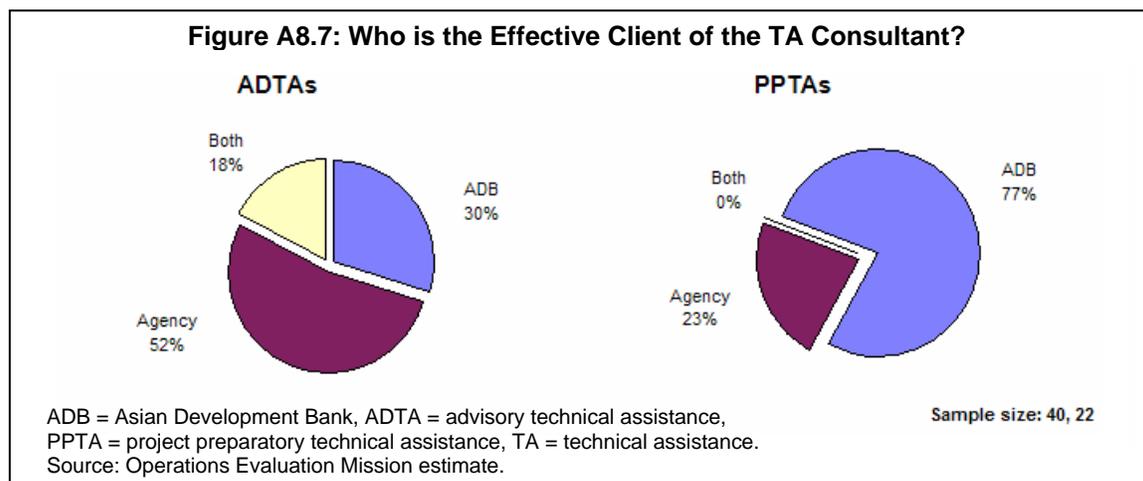
<sup>37</sup> ADB. 2002. *Technical Assistance to the Republic of the Philippines for: Metro Manila Solid Waste Management*. Manila (TA 3848-PHI, for \$1.25 million, approved on 18 March).

<sup>38</sup> ADB. 1999. *Technical Assistance to the Republic of the Philippines for Preparing the Development of Poor Urban Communities Project*. Manila (TA 3291-PHI, for \$991,524, approved on 10 November).

104. ADB does not make full use of the potential contribution of national consultants to client relations and to the continuity and influence of the TA. The lower fee rates of national consultants provide an opportunity to extend the duration of a TA. This is important in change management and policy reform programs. In India, changes are extensively debated and only advance after slow and careful consideration. Having a national consultant continuing to work on a TA enables the work to remain active and advice to be provided, as well as presenting the opportunity for the national consultant to act as a conduit to the international consultants engaged for the TA. If inputs of international consultants are provided on an intermittent basis, the EA and national consultants can have access to their experience over a longer elapsed period. National consultants understand local issues better than international ones, and are better equipped to present draft policies in an appropriate way for government or ministers to make a decision, and to conduct consultations with stakeholders.<sup>39</sup>

### 3. Consultants and the Client

105. **The Consultant Often does not Regard the EA as the Principal Client for the TA.** ADB contracts consultants to work in an EA, sets the TOR, provides supervision and monitors progress, and determines when payment is warranted. This causes ambiguity for consultants over who is the effective client, as shown in Figure A8.7. In 30% of ADTAs and 77% of PPTAs, the consultants considered ADB was the client. Such a high focus on pleasing ADB first rather than the EA is likely to erode the EA's confidence that the TA is to help it address some development or organizational priority of its own or to formulate a project that it fully endorses.



106. There are two important issues concerning the clear identification of an effective client:
- (i) Commitment is likely to be reinforced if an agency is the client and plays the major role in the identification, specification, and management of TA. This does not necessarily occur: (a) 13% of EAs did not believe there was adequate consultation to develop the TOR for ADTAs, (b) 18% of EAs did not consider that the ADB fact-finding teams had adequately evaluated the resources required for an ADTA, and

<sup>39</sup> National consultants should not be used if they lack the expertise needed. One example was an anti-money laundering TA in the Philippines where there is no resident expertise. The requirement for national consultants in this ADTA meant that a firm of lawyers was contracted, but provided no useful inputs. International consultants should have been specified.

- (c) 29% of EAs expressed dissatisfaction with the process for appointing consultants for ADTAs.
- (ii) Where change is an objective of an ADTA, either in the context of policy reform or in the way in which an agency is managed, keeping the client in agreement with findings, analysis, and proposals is a very important aspect of successful consultancy. Timing is a particularly important constituent of client persuasion, and that requires a close working relationship between the consultant and decision makers. Timing can be frustrated if the consultant first has to clear issues with ADB before taking them to the decision makers. Access to decision makers can also be compromised by ADB locating reporting relationships at the wrong level of an EA. This sometimes occurs because of ADB's overreliance on the persuasiveness of final reports and its belief that decision makers are more likely to be influenced by the written word than verbal persuasion. Management consultancy is most successful when it draws the client along in agreement with the progress from early findings to recommendations.

107. In ADTAs directed at complex government reform, the question of the effective client becomes more confused but equally critical. ADTAs, in their design, often do not identify all the important stakeholders in a reform issue. This is sometimes a critical omission, especially in DMCs with consensus approaches to decision making. An example of the potential threats to full effectiveness can be taken from ADB's work in capital market reforms in India. ADTAs generally supported organizations, which was to be the focus of a particular reform program. Most of these organizations were also subject to regulatory oversight that was important for the reform program. This was provided by the Reserve Bank of India and the Securities Exchange Board of India. In ADTAs, the former was rarely engaged as a client by consultants while the latter was prominent in one ADTA directed at reforming the mutual funds industry.<sup>40</sup> The effectiveness of a number of TAs would have been improved had more attention had been paid to these regulatory authorities, particularly involving them in the process of formulating proposals for reform.

108. Client management by the consultant is a major requirement of change management and policy reform consulting assignments in developed countries, and should be equally important in DMCs. Making sure the client supports proposed changes as the solutions emerge, and supports the way in which they are to be implemented, is an important aspect of change management. It is especially important when the TA is managed from Manila, since the ADB officer only makes two or three short visits, with no guarantee that these will be at times opportune for progressing the proposed changes. Client management is time-consuming and requires a close relationship between consultant team leader and agency head, but TAs usually budget little time for it.

## **N. Executing Agency**

109. **Executing Agencies do not Always Engage Fully in the Implementation of TA.** A key success factor for sustainable change is that consultants are available for long enough to train and coach agency staff to manage the changes introduced. In some cases, the most effective approach is for the consultants to report to the task force steering the change proposals. This was the case in the reform of tax administration in India described in Box A8.4. For PPTAs, the consultants should help to train EA teams to be able to design projects for themselves. However, for this to be possible, EAs must make counterparts available and appropriate funding must be provided in the TA budget. In the SES sample, the provision of a

<sup>40</sup> ADB. 2002. *Technical Assistance to India for Reform of the Mutual Funds Industry*. Manila (TA 4010-IND, for \$800,000, approved on 4 December).

full-time counterpart team was not the norm. Usually, counterparts were allocated on a part-time basis to assist a project team only as required. Counterpart personnel allocated were insufficient to form a team. Their major task remained their normal duties in the agency. They tended to assist the consultant team with the identification and retrieval of information necessary to the work of the TA. EAs considered that full-time counterparts were provided to 54% of TAs, while consultants considered that this occurred in 31% of TAs.

#### **Box A8.4: Good Practice in Change Management in Tax Administration in India**

**The Task.** The objective of the technical assistance (TA) was to strengthen tax administration. The definition of tasks was flexible, changing in line with the Ministry of Finance's (MOF's) perception of changing priorities. These mainly focused on (i) strengthening risk assessment-based scrutiny/audit capacity in the Central Board of Direct Taxes (CBDT) and the Central Board of Excise and Customs (CBEC); (ii) expanding the tax base by strengthening service tax administration in CBEC; (iii) undertaking business process reengineering of critical functions and institutional strengthening; (iv) improving the quality of taxpayer services offered by CBDT and CBEC; (v) building capacity in CBDT in the emerging areas of international taxation and transfer pricing in order to facilitate foreign investment and enhance revenue mobilization; and (vi) helping to improve the capacity of the National Academy of Direct Taxes and the National Academy of Customs, Excise and Narcotics.

**Background.** A task force had reported to MOF on direct and indirect taxes, identifying improvements to be made to tax administration. From 1997 to 2004, the Canadian International Development Agency provided expertise to assist the Department of Revenue (DOR) in modernizing tax administration. Several initiatives were undertaken, such as reorganization of business processes of CBDT and CBEC, preparation of a new audit manual for indirect tax, and design of charters setting out the values and service standards of the two boards. MOF preferred to seek the assistance of multilateral agencies for the next stage, as they were expected to have access to international best practice rather than best practice in a bilateral country of the donor only.

**The Approach.** Eight working groups were established, each reporting to a steering committee chaired by the Secretary, DOR. The groups requiring consultancy assistance drafted terms of reference that were endorsed by the Secretary. The group then identified the consultant with whom they wanted to work. Contracts were made with each consultant based on home office work and three short-term assignments in India.

The sequencing of the work took into account the needs of the two boards. The first part of the TA focused on preparation of manuals to standardize the work processes of the two boards, and reorganization of some directorates. The second phase focused on strengthening training and taxpayer services. Between November and early April, senior staff of the two boards are usually busy with preparing the union budget. To ensure that TA work was not adversely affected, care was taken to ensure there were officers in the TA working groups who were not directly involved in the budget process.

Training was to be institutionalized in two training institutions. This will need support, possibly through another advisory TA (ADTA).

The change process has been driven by each of the two boards, with assistance from internationally reputed consultants. Recommendations for change were made by each working group on a continuous basis, which is consistent with process reengineering best practice, and implemented immediately when they were accepted. For example, a number of noncore functions such as the allocation of a taxpayer's identification number were outsourced; the discretion-based scrutiny of taxation returns was replaced by a computer-generated system that randomly examines 2% of tax returns; the number of customs clearance procedures was reduced by 67%; and a risk management assessment system was introduced in both boards.

**Client Management.** The TA was managed from the Asian Development Bank (ADB) India Resident Mission by a national officer. He developed regular contacts with all the main drivers of the program including the Finance Minister's office, senior management in MOF, and with each working group, as well as briefing and debriefing consultants appointed to assist. ADB's own commitment to the process is reinforced by the officer, whenever possible, attending working group meetings.

<sup>a</sup> ADB. 2003. *Technical Assistance to India for Capacity Building for Tax Administration*. Manila (TA 4267-IND, for \$1 million, approved on 16 December).

Sources: Special evaluation study country case studies.

110. Weaknesses in the way consultants are used also hinder institutionalizing improvements in EAs. First, consultants rarely work with teams established by an agency to be responsible for driving the changes required by the EA. Second, TAs often do not allow enough time to transfer

skills to EA staff. The tighter the TA time requirements, the greater the incentive for consultants to complete an assignment themselves rather than embark on the time-consuming approach of coaching counterparts to do the work.<sup>41</sup> Third, TA designs tend to focus on report production and give less emphasis to the more difficult task of supporting EA personnel to do the work of change management or policy reform themselves. The typical TA is concluded by the acceptance by ADB of a draft final report in English prepared by the consultants, which usually presents an in-depth review of the issues which were addressed, and proposes a number of recommendations. The alternative of a less well-written report by an EA team in the language of the DMC or draft policy proposals being presented to the government rarely seems to be considered acceptable by ADB.

## **O. ADB Supervision**

### **1. Staff Inputs**

111. ADB does not keep statistics on staff inputs for TA supervision. OED'S 2006 Report on Loan and TA Portfolio Performance commented that only 18% of ongoing TAs had review missions in 2005 and only 30% had inception missions. Although this data excludes TA supervision undertaken while ADB officers were on other missions to the country concerned or support provided by staff in resident missions, the basic message that ADB is providing too few staff resources for TA supervision is endorsed by the findings of the present evaluation regarding supervision of TAs in the SES sample.

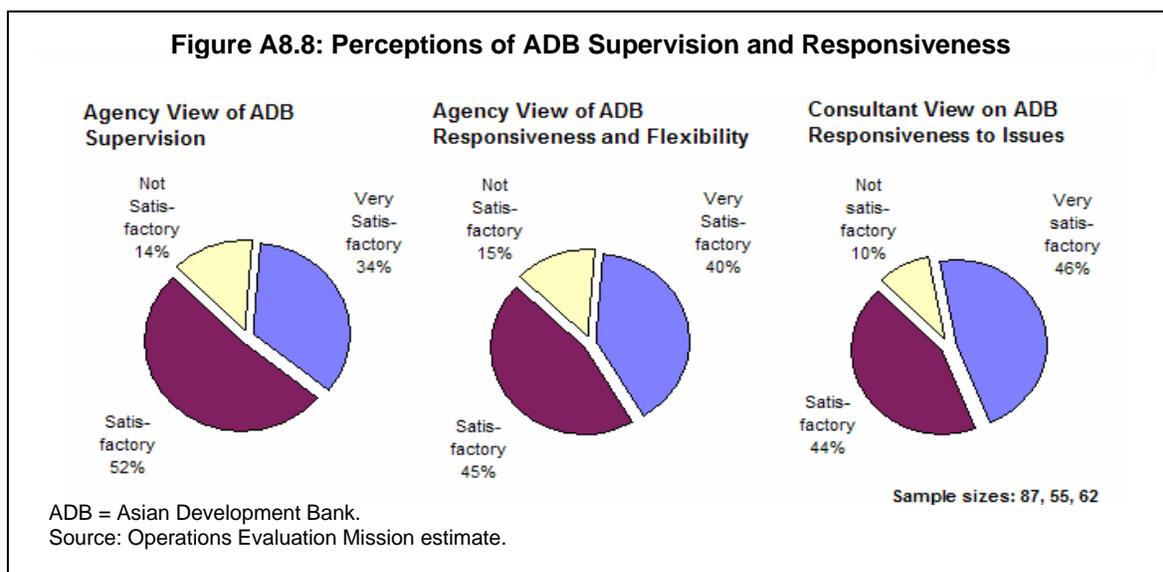
112. The Philippines presents an interesting exception. Here, most TAs were implemented in Manila, where ADB Headquarters is located. ADB officers had frequent and direct contact with the consultants contracted as well as with the EA to ensure smooth progress of the TA. Relationships were generally excellent. The close relationship also resulted in the ADB staff concerned being able to respond more quickly when problems occurred. Other OED studies (e.g., country assistance program evaluations for Indonesia, Lao People's Democratic Republic, and Uzbekistan) found that DMCs believed that the supervision of TAs processed by, or delegated to, the resident mission was better, on average, than TAs administered from Manila.

### **2. Experience and Expertise Mix**

113. **Project Officers are Valued by EAs for their Competence.** EAs for TAs in the SES sample were generally satisfied with the competence of ADB officers they dealt with. All EAs and consultants rated ADB officer competence at least "satisfactory". EAs also rated the quality of ADB supervision as "satisfactory" or better in 86% of TAs, as shown in Figure A8.8. Consultants rated supervision similarly. ADB's responsiveness was also rated "satisfactory" or better in 85% of cases by EAs and in 90% of cases by consultants. These positive findings seem somewhat at odds with the limited number of TA supervision missions, even allowing for supervision by email.<sup>42</sup> Nevertheless, the 15% of negative ratings may still be cause for concern, since if departmental management was managing its DMC client effectively, there should be a mechanism for EAs to deal directly with the director if they are unhappy with an officer, so that responsiveness should be close to 100%.

<sup>41</sup> In the case of collaboration between counterparts and consultants, interviews with EA personnel were at variance with the information collected in the questionnaires. Interviews indicated that counterparts generally played a subsidiary role. Data collected from questionnaires showed that consultants helped the agency perform the required work in 65% of the cases.

<sup>42</sup> For reasons of self-interest, there may have been an upward bias in how EAs and consultants rated ADB staff.



114. Discussions with EAs suggested that officers who lacked experience had greater difficulty solving problems during implementation. For example, the EA for a TA on natural gas development in the Philippines said that the officer had insufficient experience to be able to resolve disagreements over technical issues between the EA and the consultants. ADB does not provide staff with training in TA supervision. There is also no established methodology for TA supervision, other than a provision in the NBP for a certain number of supervision missions to be conducted for each TA. ADB staff consequently developed a multitude of approaches to supervision, not all of which are effective.

### 3. Client Management by ADB

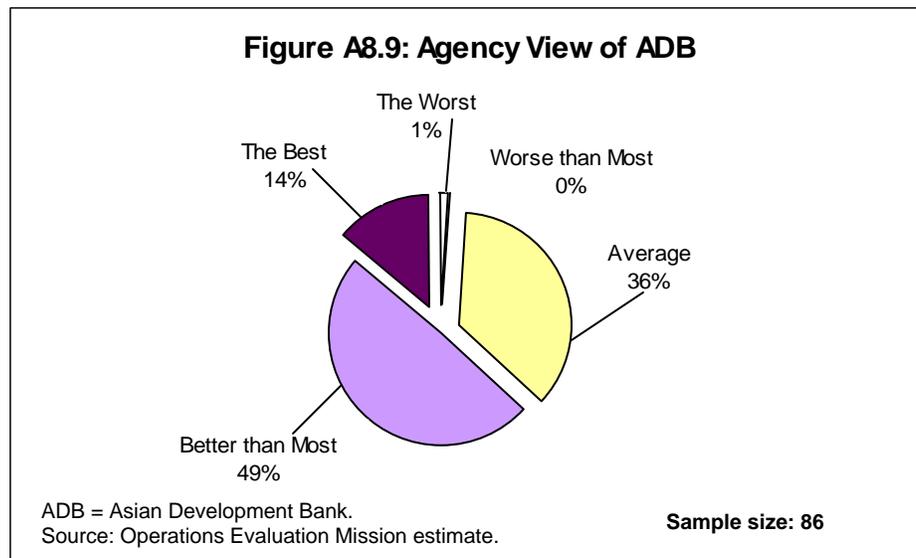
115. **ADB Neglects Client Management for TA.** Effective client management has numerous advantages. It (i) signals to the client or customer his or her importance to ADB; (ii) enables ADB to position itself effectively for future work; (iii) guarantees quality of service with the client, knowing who to contact when there are important issues to discuss; (iv) provides opportunities for ADB to influence directions the client might take in the way in which it conducts its operations; and (v) improves the likelihood of TA achieving its desired outcomes. Based on the SES sample, the overall impression was that ADB does not always treat client management seriously enough. In some cases, ADB's contact with the EA for a TA was so infrequent that the EA did not find it useful to ask ADB for help when problems arose. ADB was sometimes represented by officers whose expertise was not suited to the TA in question, or who lacked credibility at the level they were required to interact (e.g., a junior officer trying to offer advice to a permanent secretary in India). This is harmful to ADB's reputation and standing as a development partner.

116. A common problem for client management was the frequent turnover of project officers. The project officer was changed during the course of implementation for 52% of ADTAs. Frequent changes give the appearance that a TA and, consequently, a client, are not high priorities for ADB. This was often exacerbated because, in many cases, there was no process of

informing the EA in advance and no formal handover from the outgoing to the incoming officer. There were cases when it took ADB more than 3 months to assign the new staff.<sup>43</sup>

117. Two very successful sequences of TA in the finance sector show why continuity of ADB staff concerned is so important. In India, an ADTA on secured transactions reform developed from a RETA that had examined the subject in broad terms in five countries, including India.<sup>44</sup> The RETA and the ADTA were developed by the same ADB officer. It was then established in another ADTA that secured transactions were a major reason for bottlenecks in the courts system linking the first TA to one in court administration and, potentially to a proposed loan. In the Kyrgyz Republic, the financial sector reform program is being managed through a combination of ADTAs, RETAs, and program loans. This strategically important program benefited from the officer remaining with the division responsible for an extended period.

118. Customer satisfaction levels and how an organization compares with its competitors are important ways of assessing how well an organization is performing. A useful indicator is how well ADB is rated in comparison with other funding agencies. Figure A8.9 shows that ADB is regarded as “better than most” or “the best” in 63% of cases. However, it was only rated “the best” in 14% of cases. In India, for example, only the National Highways Authority of India regarded ADB as “the best.” While clients are not dissatisfied, ADB should be aiming for higher client satisfaction than this.



119. About 14% of funds allocated to ADTAs in the SES sample remained unspent. The failure to spend all the funds approved for a TA was a contentious issue among EAs in the SES sample. EAs said ADB did not inform them about the status of expenditure and commitments against TA budget. This hindered their ability to use all the TA resources. Some TAs had unspent balances that could have been used to significantly increase TA impact—for example, by providing support for initiating implementation of the changes proposed in the TA report. While EAs viewed many TAs as a step in a broader reform program, ADB’s failure to spend the full TA allocations suggested it did not. However, the cancellation of TA may be for valid reasons: (i) the job is finished, (ii) the TA is not producing results, (iii) the TA budget is allocated for specific TAs and is

<sup>43</sup> ADB. 2004. *Technical Assistance to India for North Eastern State Roads*. Manila (TA 4378-IND, for \$800,000, approved on 23 August).

<sup>44</sup> ADB. 1998. *Technical Assistance for Secured Transactions Law Reform*. Manila (TA 5773-REG, for \$300,000, approved on 6 January).

not available for ad hoc transfer, and (iv) the funds could be better used through cancellation and recycling into the overall TA budget. In all cases, there is a need for a rigorous assessment of the pros and cons of canceling vs. extending the TA, e.g., whether surplus funds could be used for increasing the impact of TA by supporting implementation. One possible option for addressing the TA bunching problem would be a TAIPF allocation system that permitted some carryover of funds to the following year or a 3-year TAIPF identified in a CSP.

## **P. Outputs and Outcomes of Technical Assistance**

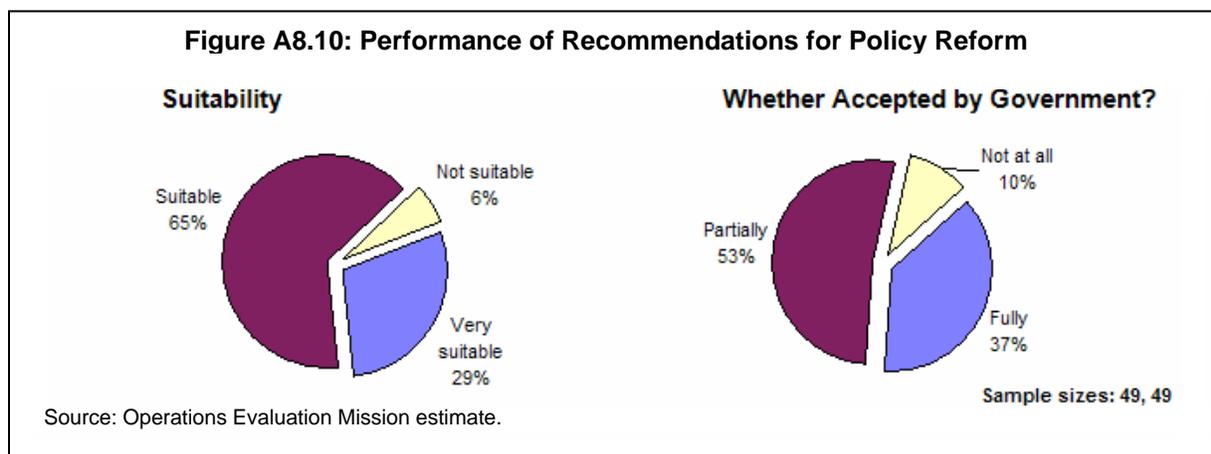
### **1. Introduction**

120. This chapter examines the outputs and outcomes of the TAs in the SES sample compared with the outputs and outcomes expected in the respective TA papers. Assessing TA outcomes was made more difficult by the poor quality of many of the DMFs. Sometimes, the outputs and outcomes stated in the DMF were misleading as (i) outcomes were used for impacts, outputs for outcomes, and sometimes inputs for outputs; and (ii) indicators/targets were often vague or difficult to measure. Generally, the DMFs did not provide a sound basis against which to evaluate the success, or lack thereof, of TA achievements. In some cases, therefore, the SES had to restate the outputs or outcomes based on the intentions described in the narrative of the TA paper. There were cases where not all the stated outputs or outcomes were achieved, but where this was due to the DMF being overly elaborate, and not because of inadequate TA performance. In such cases, the SES used the outputs or outcomes that were of central importance to TA success as the basis for evaluation.

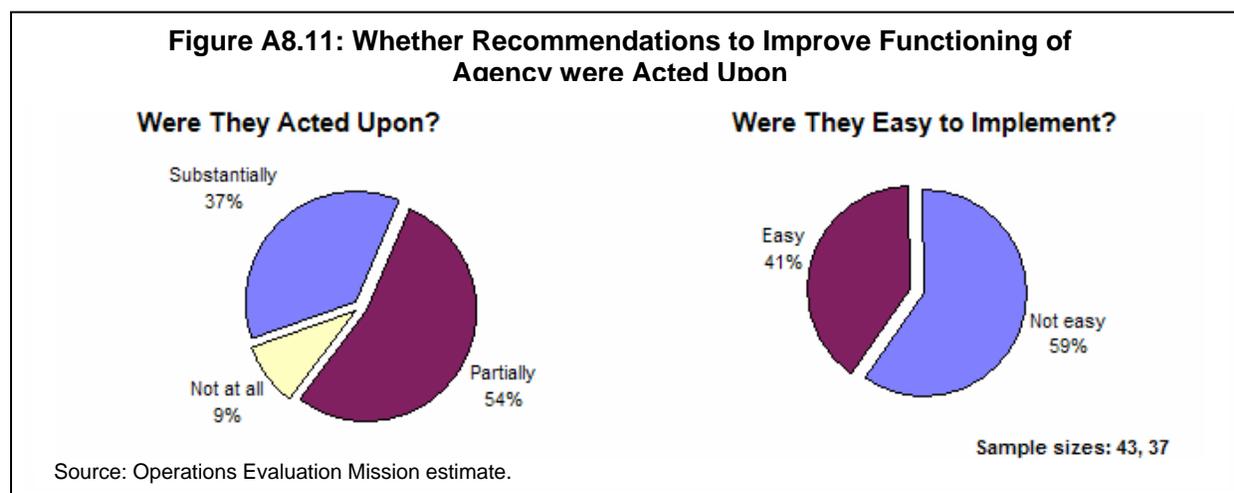
121. One situation the SES could not correct for was when weaknesses in selection and design led to a less than appropriate TA intervention that targeted a set of outputs and outcomes that were unlikely to produce a lasting solution to the problem. This reflects the problem that ADB defines success as the completion of the consultant's report. There is little follow-up from ADB and no funds for consultant assistance to help implement the recommendations. In such cases, TAs sometimes achieved their stated outputs but their real contribution was low. Consequently, the assessment of outputs and outcomes in some cases may overstate true TA performance.

### **2. Achievement of Outputs**

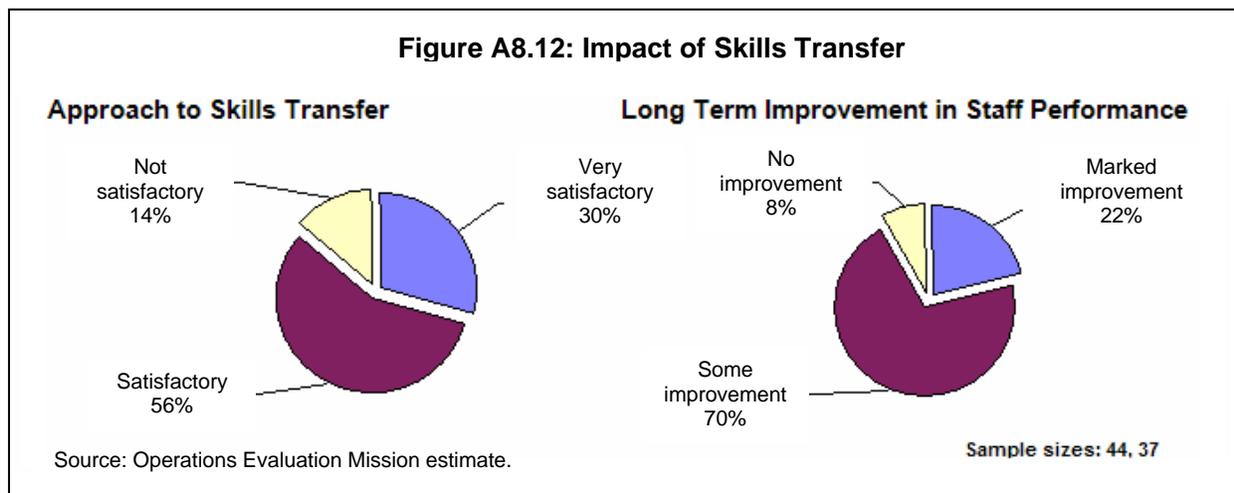
122. **TAs were “Generally Successful” at Producing Outputs.** Within the SES sample, 59% of PPTAs satisfactorily provided the expected outputs, and a further 11% exceeded them. It is reasonable to infer that 70% of PPTAs achieved their outputs sufficiently for a loan project to be processed without requiring unnecessary extra work by ADB. ADTAs were also “generally successful” at producing outputs, with 49% providing the expected outputs, and a further 23% exceeding them. Figure A8.10 shows that more than 90% of ADTAs produced suitable proposals for policy reform and that 37% produced proposals that were acted upon fully—which is surprisingly high given the difficulties of introducing policy reforms. This is testimony to the general quality of advice provided by consultants.



123. As Figure A8.11 shows, where recommendations were made to improve the functioning of an EA, in 37% of the TAs they were acted upon substantially and in a further 54% they were partially acted upon. However, 59% of EAs found the recommendations were not easy to implement, suggesting that more time was needed to convert recommendations into a form that can be more readily implemented. It also indicates that more consideration might have been given to assisting governments and EAs to achieve the consensus required through workshops and other mechanisms, especially where several agencies were involved.



124. Skills transfer produced more modest results (Figure A8.12). While most EAs were satisfied with the approach, in only 22% of cases did this lead to marked improvement in performance of staff trained. Training financed under ADTAs is typically delivered by the consultants responsible for the technical tasks. It is optimistic to assume that they can deliver training effectively. Few technical specialists are trained as trainers. Their broad range of experience in similar situations makes them ideal to play a supporting role to the professional trainer, but training should be provided by professionals—ideally from the DMC concerned so that language of instruction ceases to be a constraint. This is an observation made in previous OED evaluations, but it remains incompletely addressed in TA design.



125. TAs in the SES sample generally did not institutionalize training. The exception was a TA for tax administration reform in India where the tax administration had its own training institutions. Where training is institutionalized in a local academic institution or in the training units of agencies that possess such units, it can be continued after the consultants leave and directed at new entrants into the agency, thus addressing the constraint of staff turnover. There are a number of longer-term disadvantages of training delivered by consultants. It is generally one-off; weak in terms of pedagogy and teaching method; and is not accessible once the consultants leave except, in a limited way, where they have produced training manuals.

## Q. Achievement of Outcomes

### 1. Approach to Evaluating Outcomes

126. The SES evaluated TA outcomes in terms of their relevance, effectiveness, efficiency, and sustainability, and in overall terms, in each case using a four point rating scale of 0–3.<sup>45</sup>

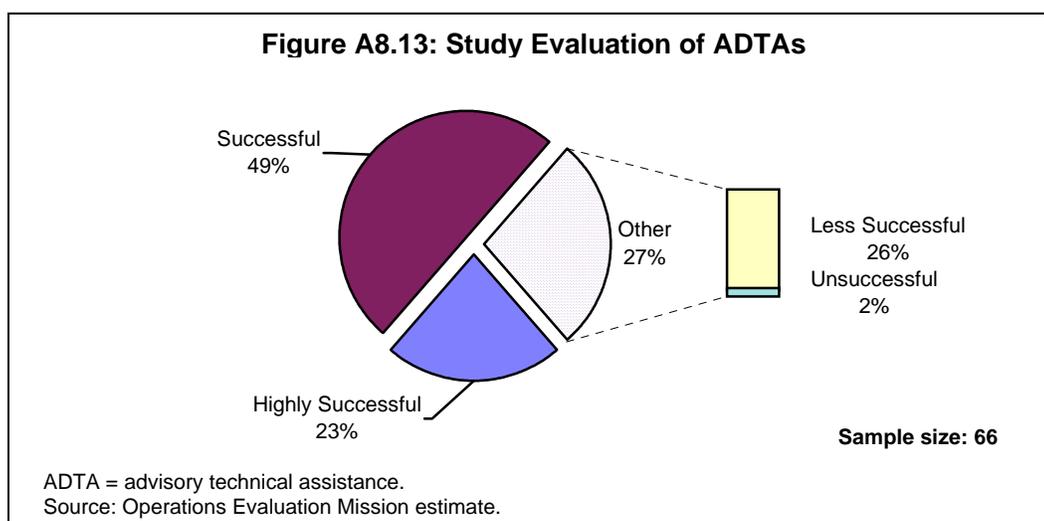
### 2. Overall Performance

#### a. ADTAs

127. **The Overall Performance of ADTAs Exceeded Expectations.** As Figure A8.13 shows, 72% of ADTAs in the SES sample were rated “successful” or “highly successful”.<sup>46</sup> India and Viet Nam were standouts, with 92% “successful” or better. Fiji Islands, Kyrgyz Republic, and Philippines were close to the historic average rating, with 61–64% “successful” or better.

<sup>45</sup> For individual TAs, each criterion and overall TA performance were rated on a scale of 0–3 where, for example, highly successful = 3, successful = 2, less successful = 1, and unsuccessful = 0. Mean scores for each criterion and for overall TA performance were calculated as simple averages.

<sup>46</sup> For an explanation of the rating descriptions used in ADB evaluation reports, see ADB. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*. Manila.



128. These findings need to be seen in the context of wider evaluations of TA. Comparative figures are given in Table A8.10 below. It can be seen that there is a strong similarity between the ratings from the SES sample compared to all past TPAR/TPER ratings.

**Table A8.10: TA Performance Ratings**

Item	Sample Size	Proportion Rated (%)		
		HS/GS/S	PS	US
TPAR/TPER <sup>a</sup>	185	63	30	7
Total SES sample	110	72	24	4
Philippines (SES)	23	61	26	13
Kyrgyz Republic (SES)	19	53	47	0
Fiji (SES)	14	71	29	0
Viet Nam (SES)	24	92	8	0
Viet Nam (TPAR/TPER)	16	56	44	0
India (SES)	30	77	17	6
India (TPAR/TPER)	13	62	39	0

GS = generally successful, HS = highly successful, PS = partly successful, SES = special evaluation study, TA = technical assistance, TPAR = technical assistance performance audit report, TPER = technical assistance performance evaluation report, US = unsuccessful.

<sup>a</sup> Sources: Postevaluation information system and fieldwork undertaken for this SES.

129. A further issue is the differences between the evaluation ratings of TA given by TCRs (largely carried out by the project officer responsible for the TA) and those from TPARs/TPERs (carried out by OED). Table A8.11 clearly demonstrates that TCR ratings are better than those from TPARs/TPERs. This difference becomes clearer when TCR and TPAR/TPER ratings are available for the same TA, as shown in Table A8.12.

**Table A8.11: TA Evaluation Results**

Item	Total No. of rated TAs	Proportion (%)		
		HS/GS/S	PS	US
<b>Self-Evaluation</b>				
TCRs	1,532	81	17	2
<b>Independent Evaluation</b>				
TPARs/TPERs	185	63	30	7
Attached ADTAs <sup>a</sup>	142	49	33	18
<b>Total</b>	<b>328</b>	<b>57</b>	<b>31</b>	<b>12</b>

ADTA = advisory technical assistance, GS = generally successful, HS = highly successful, No. = number, PS = partly successful, S = successful, TA = technical assistance, TCR = technical assistance completion report, TPAR = technical assistance performance audit report, TPER = technical assistance performance evaluation report, US = unsuccessful.

<sup>a</sup> Evaluations as part of project/program performance audit reports to which they are attached.

Sources: TCRs and TPARs/TPERs circulated as of 31 December 2006.

**Table A8.12: Comparison of TCR and TPAR Ratings for TAs with Both**

TPAR Rating	TCR Rating			Total
	HS/GS/S	PS	US	
HS/GS/S	75	2		77
PS	23	13		36
US	4	1	3	8
<b>Total</b>	102	16	3	121

Light gray = upgraded Medium gray = retained Dark gray = downgraded.

GS = generally successful, HS = highly successful, PS = partly successful, S = successful, TA = technical assistance, TCR = technical assistance completion report, TPAR = technical assistance performance audit report, US = unsuccessful.

Sources: TCRs and TPARs/TPERs circulated as of 31 December 2006.

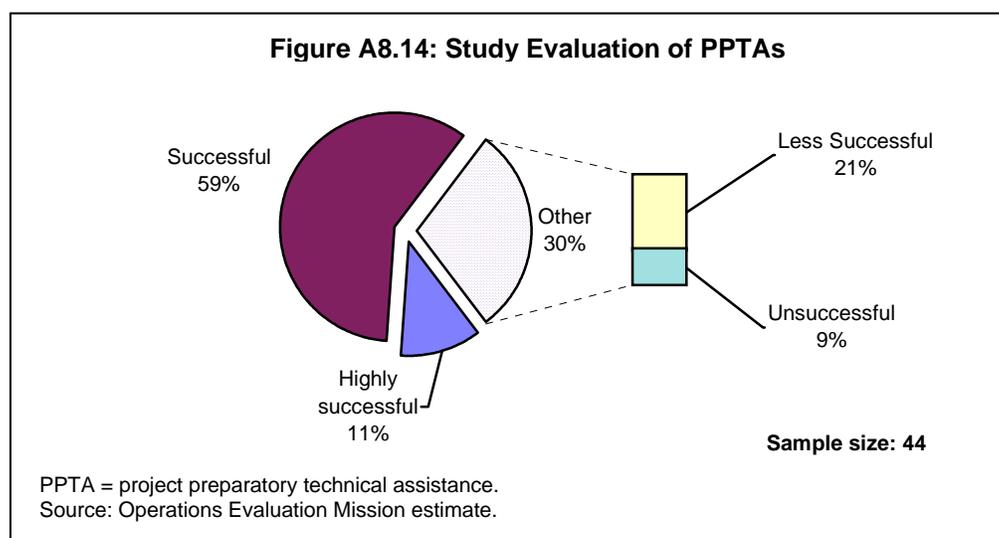
130. The figures indicate that, in dynamic economies with good selection of sector, TA can deliver an excellent product tailored to the requirements of the DMC and EA. In India's case in the finance sector, what ADTAs did very well was to provide a good combination of international best practice supported by local expertise that delivered the product in a form the Government of India could use effectively. ADB's successful support for the health sector in Viet Nam had similar characteristics. In the Fiji Islands, Kyrgyz Republic, and Philippines, international and national consultants were sometimes used less effectively, and there was a tendency to propose solutions not tailored to the local situation.

131. This good overall rating is not a reason for complacency. The TAs examined in this evaluation do not reflect a random sample of TAs ADB-wide or in the five case study countries. The figures are greatly influenced by the excellent results from India and Viet Nam. Ongoing work by OED on sector assistance program evaluations (SAPEs) for India suggest that the finance sector, which accounted for 83% of the SES sample of ADTAs in India, achieved a level of success not approached by other sectors. The results from India and Viet Nam also significantly inflated the mean scores for capacity building and change management, two activities that remain a weak link in ADB's ADTA products.

132. It should be understood that the SES evaluated each ADTA in isolation and not as a step in a broader involvement or program. It also discounted unreasonably complex objectives so that the evaluation was based on the resources available and how well they were applied to EA priorities. Had a programmatic criterion and achieving the full range of stated objectives been used, the success rate would not have been as high.

## b. PPTAs

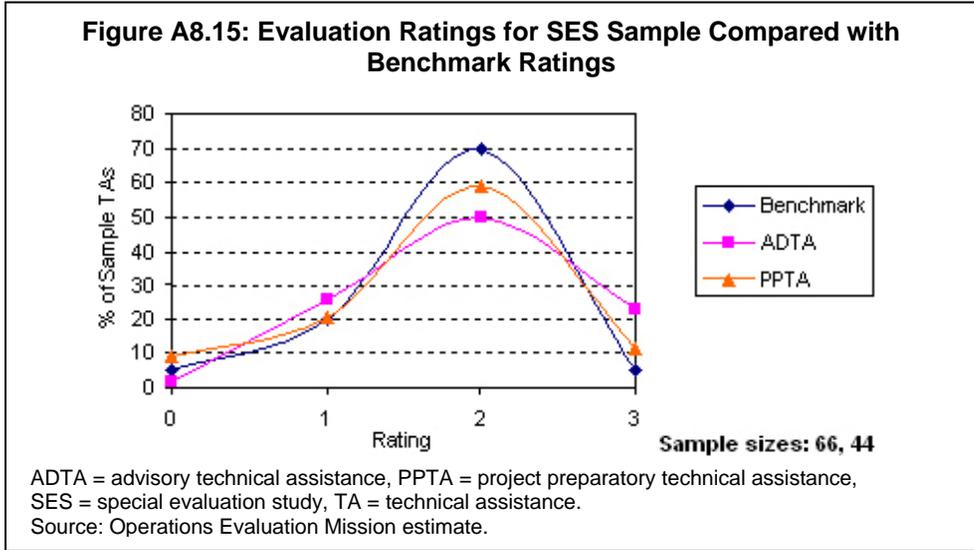
133. **Thirty Percent of PPTAs were “Less Successful” or “Unsuccessful”.** Given their linkage to loan processing, quality at entry, and general project quality, the overall performance of PPTAs was disappointing. As Figure A8.14 shows, the SES found that 70% of PPTAs were “successful” or “highly successful”, but 30% were “less successful” or “unsuccessful”. The findings suggest that the performance of PPTAs in the urban sector was particularly weak. The PPTA design in this sector seems to give too little attention to commitment of municipalities and to bridging the gap in administrative capacity between secondary and tertiary levels of government.



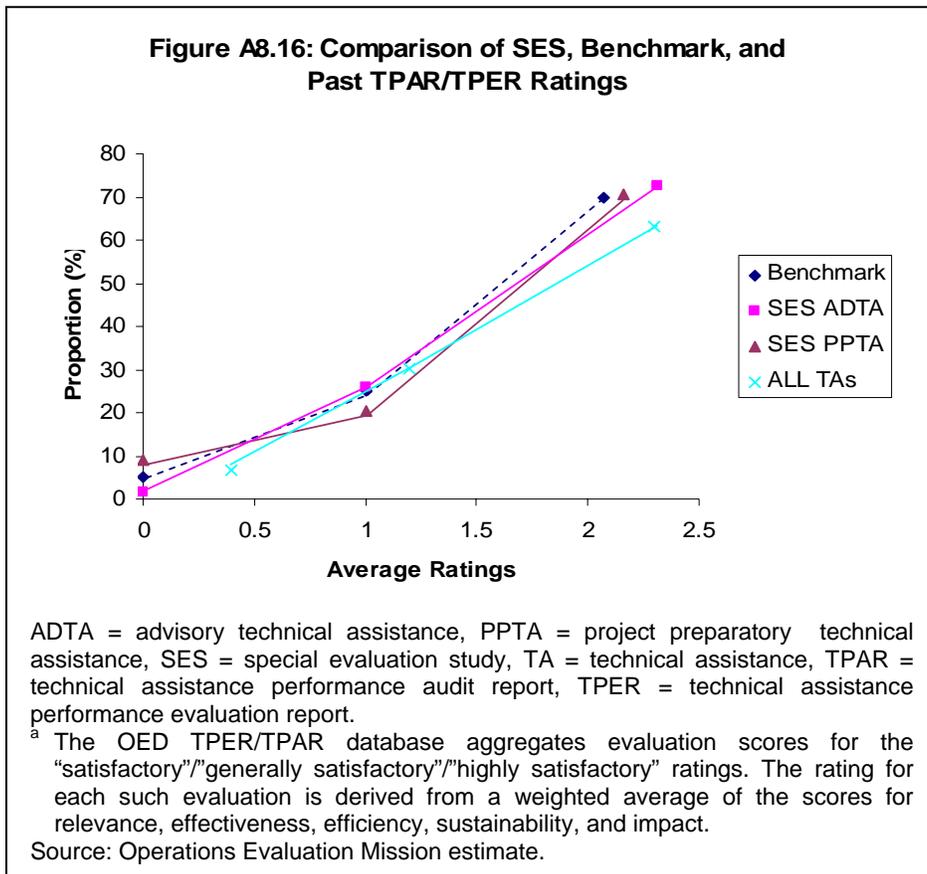
## 3. Comparison of ADTA and PPTA Ratings with Benchmark

134. ADB has set no target for what it considers “satisfactory” performance of TA at departmental and divisional levels in relation to OED’s four evaluation criteria and in overall terms. A benchmark of this kind would seem to be essential for results-based management. The SES adopted a benchmark based on levels of TA success that ADB might reasonably target—in particular that, on balance, 5% of TA should be “highly successful”, with 70% “successful”, 20% “partly successful”, and 5% “unsuccessful”. This is based on the idea that (i) since TAs are relatively small-scale interventions, a 75% success rate should be achievable; (ii) given that ADTAs (and RETAs) address some areas of greater difficulty, such as capacity building, it is reasonable to expect a degree of partial success; and (iii) occasional failure may be tolerated both to recognize that constraints may sometimes be insuperable and to encourage innovation. These targets produce a target mean of 1.75 on OED’s 4-point scale, which is just below the “successful” rating. Scores for relevance should be higher as all TAs should be relevant. Many should be highly relevant, suggesting a target mean score for relevance of 2.5.

135. Figure A8.15 compares the overall performance of ADTAs and PPTAs against the benchmark. The SES sample had a higher proportion of TAs rated “highly successful” and “less successful” TAs, and a lower proportion rated “successful”. This pattern was more marked for ADTAs, partly because of the high success rate in the finance sector in India and the health sector in Viet Nam.



136. This analysis raises the question of whether different benchmarks should be used for PPTA and ADTA. There should probably be a lower tolerance of poorly performing PPTAs, given that their outputs are known and—unlike most ADTAs—they do not depend on changing human behavior. A comparison of ratings for the SES sample and the benchmark against all TAs rated in TPARs/TPERS is shown in Figure A8.16.



#### 4. Performance by DMC

137. **Performance of ADTAs Exceeded Target Scores for Relevance, Effectiveness, and Efficiency while PPTAs were Marginally Below.** Tables A8.13 (ADTAs) and A8.14 (PPTAs) show the scores for relevance, effectiveness, efficiency, and sustainability for the DMCs in the SES sample. For ADTAs, the mean scores for relevance, effectiveness, and efficiency exceed the benchmarks while sustainability is below its benchmark. PPTAs perform less well, with all ratings falling below the benchmarks. Sustainability falls markedly below the benchmark, which suggests downstream problems for project processing, design, and implementation teams to resolve if they are to be fully effective (though in this sample, a number of PPTAs that rated poorly have not yet resulted in a loan).

**Table A8.13: Performance of ADTAs in Relevance, Effectiveness, Efficiency, and Sustainability**

Criterion	Benchmark	Total	Mean Score				
			Fiji Islands	India	Kyrgyz Republic	Philippines	Viet Nam
Relevance	<b>2.50</b>	<b>2.53</b>	2.45	2.67	2.62	2.11	3.00
Effectiveness	<b>1.75</b>	<b>1.86</b>	1.64	2.42	1.54	1.89	1.83
Efficiency	<b>1.75</b>	<b>1.80</b>	1.64	2.17	1.46	1.78	2.00
Sustainability	<b>1.75</b>	<b>1.62</b>	1.36	1.82	1.36	1.50	2.20
Overall	<b>1.75</b>	<b>1.94</b>	1.82	2.42	1.69	1.72	2.17

ADTA = advisory technical assistance.

Sources: Special evaluation study country case studies.

138. Downstream problems also result in costs to ADB, which are not attributed by ADB systems to the costs of a project. Six of the PPTAs in the SES sample failed to produce a project. One of these PPTAs was approved but the consultants were never mobilized. The other five cost just over \$4 million in total, equivalent to 15% of the total approved value of PPTAs in the SES sample.<sup>47</sup> Thus, 85% of PPTAs led to projects, a rate which reflects the generally good selection of potential projects. The \$4 million cost of PPTAs that did not lead to a project represents a small cost compared to the cost of 15% of projects subsequently failing.

**Table A8.14: Performance of PPTAs in Relevance, Effectiveness, Efficiency, and Sustainability**

Criterion	Benchmark	Total	Mean Score				
			Fiji Islands	India	Kyrgyz Republic	Philippines	Viet Nam
Relevance	<b>2.50</b>	<b>2.41</b>	2.00	2.33	2.17	2.40	2.75
Effectiveness	<b>1.75</b>	<b>1.70</b>	2.00	1.61	1.83	1.00	2.00
Efficiency	<b>1.75</b>	<b>1.70</b>	2.00	1.72	1.67	1.20	1.83
Sustainability	<b>1.75</b>	<b>1.35</b>	2.33	1.29	1.17	0.60	1.83
Overall	<b>1.75</b>	<b>1.73</b>	2.33	1.56	1.67	1.20	2.08

PPTA = project preparatory technical assistance.

Sources: Special evaluation study country case studies.

139. Of the DMCs in the sample, India and Viet Nam exceeded the benchmarks for all criteria for ADTAs. The Kyrgyz Republic and the Philippines, on the other hand, generally failed to meet the benchmarks; the Kyrgyz Republic and the Fiji Islands performed particularly poorly on the criterion of sustainability. With PPTAs, the Fiji Islands and Viet Nam scored well across all criteria while the Philippines did not, with a very low score for sustainability. While the sample is too small

<sup>47</sup> Actual money spent on PPTAs is more difficult to calculate, but the figure represents at least 14.6% of the total actual expenditure on PPTAs in the sample.

to draw definitive conclusions, it is interesting to note that the success rates of ADB-funded projects approved in the 1990s in the Philippines is lower than in the other case study countries.

## 5. Performance by Sector

140. **Finance, Health, and Agriculture were the Three Best Performing Sectors with a Significant Sample Size.** Results of ADTAs and PPTAs by sector are presented in Tables A8.15 and A8.16. ADTAs in the financial sector did outstandingly well in both the Kyrgyz Republic and India. This reflects well on the divisions responsible. It performed less well for PPTAs, with one each in the Philippines and the Kyrgyz Republic not producing a loan.<sup>48</sup> ADTAs for sectors and themes that are prominent in ADB's corporate priorities performed less well than the benchmark. Urban, transport, water and education, and governance did not match the benchmark standard though the SES sample was often too small to be significant. With PPTAs, urban, transport, education, and governance as well as finance did not meet the benchmark.

**Table A8.15: ADTA Performance by Sector**

Sector	Total	Relevance	Effectiveness	Efficiency	Sustainability	Sample Size
<b>Benchmark</b>	<b>1.75</b>	<b>2.50</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>	
Finance	2.25	2.54	2.21	2.08	1.91	24
Governance	1.69	2.69	1.62	1.62	1.25	13
Urban	1.57	2.29	1.57	1.43	1.00	7
Education	1.60	1.80	1.80	1.60	1.00	5
Transport	1.00	2.00	1.00	1.00	1.00	2
Agriculture	2.00	2.83	1.50	1.83	1.83	6
Energy	2.00	3.00	2.00	2.00	2.00	1
Health	2.50	3.00	2.33	2.17	2.50	6
Water	1.00	2.00	1.00	1.00	1.00	2
<b>Mean</b>	<b>1.94</b>	<b>2.53</b>	<b>1.86</b>	<b>1.80</b>	<b>1.62</b>	<b>66</b>

ADTA = advisory technical assistance.

Sources: Special evaluation study country case studies.

**Table A8.16: PPTA Performance by Sector**

Sector	Total	Relevance	Effectiveness	Efficiency	Sustainability	Sample Size
<b>Benchmark</b>	<b>1.75</b>	<b>2.50</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>	
Finance	1.25	1.50	1.50	1.50	1.25	4
Governance	1.00	3.00	1.00	1.00	1.00	1
Urban	1.40	2.80	1.20	1.20	0.50	5
Education	1.67	2.00	1.67	1.67	1.33	3
Transport	1.63	2.38	1.69	1.81	1.31	16
Agriculture	2.00	2.43	1.86	1.57	1.75	7
Energy	2.00	2.50	2.00	2.00	2.00	4
Health	2.33	3.00	2.33	2.33	—	3
Water	3.00	3.00	2.00	2.00	3.00	1
<b>Mean</b>	<b>1.73</b>	<b>2.41</b>	<b>1.70</b>	<b>1.70</b>	<b>1.35</b>	<b>44</b>

PPTA = project preparatory technical assistance.

Sources: Special evaluation study country case studies.

<sup>48</sup> The Kyrgyz Republic design was used by the World Bank. This was more a failure of ADB strategic positioning than a failure of the PPTA.

141. The generally poor results for the urban, transport and education, and for governance sectors raise the question of effective risk management. Generally, in ADB, all TAs are treated as if they are likely to experience the same level of risk of success or failure. They are also assigned to an ADB officer, often with little attention to the experience of that officer. Risk management requires that an assessment is made of the risk of failure of a particular proposal against a number of criteria which might include, for example, the importance of the TA to future ADB business and its reputation in a DMC, the track record of the sector, the EA's track record, the degree of difficulty of the proposed intervention, the experience of the officer, the complexity of the TA, and other factors which lead to a risk level being established. The level of risk might determine whether or not the contract is let on a QCBS basis or a quality-based consultant selection (QBS) basis, and to determine the degree of supervision and divisional management attention paid to the preparation of the TA design and, subsequently, to its implementation. In India, for example, risk levels were high where TA was delivered to state authorities. It was low in the finance sector, where the competence of MOF was very high, as was its commitment to success.

## 6. Performance by Activity

142. **Most Activities Performed Close to the Benchmark or Exceeded it Against All Criteria except Sustainability.** Results by major TA activity are shown in Table A8.17. Project preparation was the only activity that consistently rated below the benchmark. Of the activities that had reasonable sample sizes, project preparation was the weakest performer, followed by capacity building, which was particularly weak in the Kyrgyz Republic. Sustainability was consistently weaker than effectiveness, indicating problems with institutionalizing change in EAs.

**Table A8.17: Performance by Major Activity**

Sector	Total	Relevance	Effectiveness	Efficiency	Sustainability	Sample Size
<b>Benchmark</b>	<b>1.75</b>	<b>2.50</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>	
Policy Development	2.33	3.00	2.33	2.33	1.67	3
Change Management	1.80	2.47	1.93	1.80	1.53	15
Capacity Building	1.87	2.65	1.65	1.61	1.62	23
Conduct Specific Technical Studies	2.00	2.09	2.09	1.91	1.67	11
Project Preparation	1.73	2.41	1.70	1.70	1.35	44
Strengthen Monitoring and Evaluation Systems	2.00	2.67	1.67	2.00	1.33	3
Policy Development and Capacity Building	1.90	2.30	1.80	1.70	1.56	10
Others	2.00	3.00	1.00	2.00	2.00	1
Mean	<b>1.84</b>	<b>2.45</b>	<b>1.78</b>	<b>1.75</b>	<b>1.50</b>	<b>110</b>

Sources: Special evaluation study country case studies.

## 7. Performance by Size of TA

143. **There is No Correlation between Size of TA and Performance.** Tables A8.18 and A8.19 compare the overall ratings of TAs with the TA amount. The results indicate little correlation between TA amount and success.

**Table A8.18: Average TA Amount by Overall Rating**

Rating	ADTA			PPTA		
	%	Average Value (\$)	Sample Size	%	Average Value (\$)	Sample Size
Exceeds expectations	22.7	522,733	15	11.4	742,000	5
Meets expectations	50.0	490,061	33	59.1	575,000	26
Low	25.8	467,588	17	20.4	614,000	9
Negligible	1.5	600,000	1	9.1	615,000	4
<b>Total</b>	100.0	493,364	66	100.0	605,591	44

ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, TA = technical assistance. Sources: Special evaluation study country case studies.

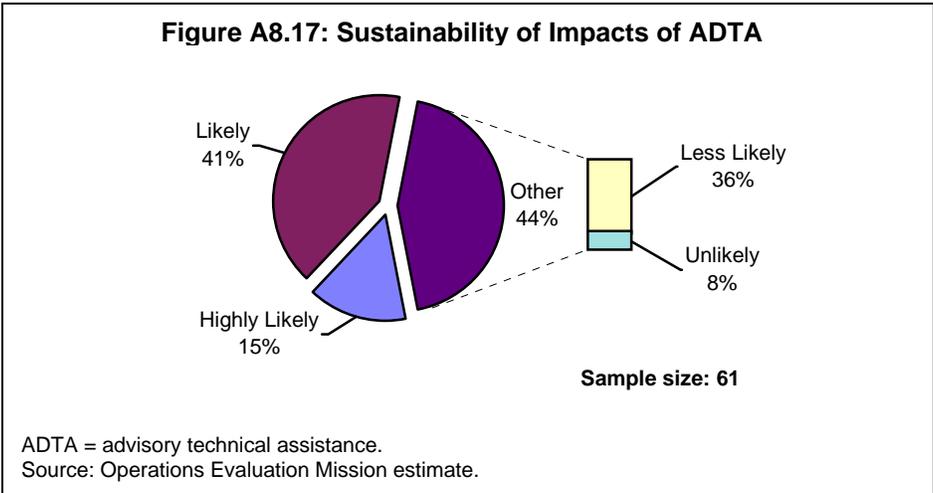
**Table A8.19: Overall Rating by TA Amount**

TA Amount (\$)	ADTA		PPTA	
	Mean Rating	Sample Size	Mean Rating	Sample Size
0–199,999	1.9	18	2.0	8
200,000–399,999	1.8	5	1.5	2
400,000–599,999	2.0	18	1.5	8
600,000–799,999	1.9	14	2.0	10
800,000–999,999	2.3	4	1.6	7
1,000,000+	2.0	7	1.6	9
Mean	1.9	66	1.7	44

ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, TA = technical assistance. Sources: Special evaluation study country case studies.

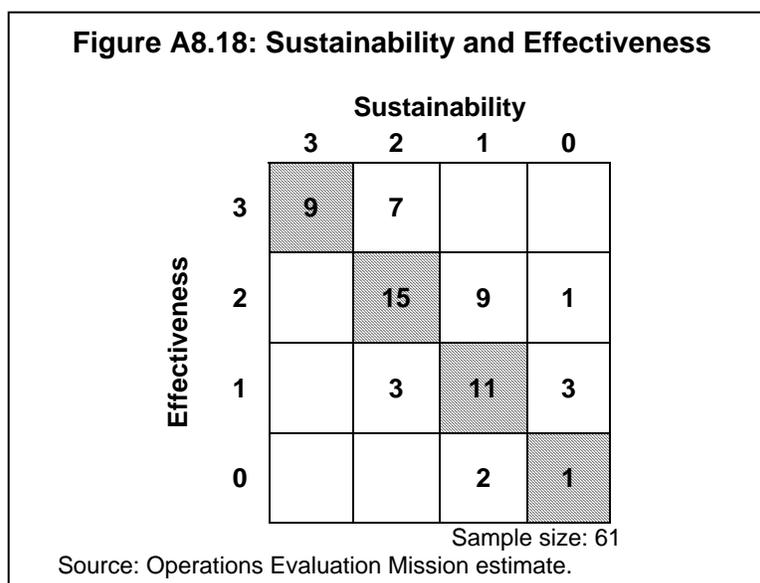
**8. Sustainability**

144. **Sustainability is the Weakest Performing Criterion.** Sustainability is a major issue for ADTAs. As Figure A8.17 indicates, about 56% of ADTAs were rated at least likely to be sustainable, but 44% were rated less likely to be sustainable. Concern over sustainability was clear from the interviews with ADB staff and consultants who rated only about 40% of ADTAs as having a high probability of sustainability. If there are major concerns about sustainability, the long-term impact of ADTAs is open to question.



145. Ratings for effectiveness and sustainability should be balanced. An effective TA should produce sustainable results. Sustainability was rated lower than effectiveness in 33% of TAs. In

8% of TAs, sustainability was rated more highly than effectiveness. In these cases, although outputs were disappointing they endured. Figure A8.18 compares sustainability with effectiveness. The entries to the right of the shaded diagonal squares show the number of TAs where sustainability was rated lower than effectiveness. The discrepancy indicates that TA designs and management of TA should pay more attention to the factors that contribute to sustainability.



146. A number of well-known issues adversely affect sustainability. The approach to addressing such issues should have been discussed in the TA paper and reflected in the assumptions and risks column of the DMF, but this was rarely done. Such issues include (i) regular changes in the senior personnel of EAs, (ii) the TA incorrectly assuming that EA budgets would be increased to ensure changes would be sustained, (iii) counterpart staff not being full-time, (iv) the TA budget was not fully spent even though the objectives of the intervention were not met, (v) lack of interest on the part of both ADB and the EA in follow-up after the submission of a consultant's final report and conclusion of an ADTA, (vi) unintegrated approach to the management of sector and country/regional programs, (vii) frequent changes in ADB project officer and lack of interest from officers who inherit the TA, (viii) absence of accepted methodologies for change management, and (ix) TA designs often allowed too little time to complete the main tasks and stabilize changes sustainably.

147. For PPTAs, there is a body of experience in ADB of designing effective PPTAs. Papers tend to be more rigorously scrutinized by directors. However, the average TA amount has decreased in real terms by 18% since 1996, during a period when project preparatory work was expanded to cover safeguard requirements and more detailed socioeconomic analysis. One result is that consultants often experience serious time constraints in addressing adequately all the tasks required. This means they have less time to engage EA staff in the design work. The EA, which will implement, operate, and maintain the project, becomes peripheral in the design work and therefore may have less understanding and ownership of the design. While ADB encourages a participatory model to ensure that projects have the support of beneficiaries, it does not appear to encourage such a model for EAs. This can affect sustainability by acting against the development of the EA's capacity to implement a project.

## WORKLOADS OF PROJECT OFFICERS FORMULATING TECHNICAL ASSISTANCE

1. Project officers who formulated technical assistance (TA) projects in the special evaluation study (SES) sample were asked to provide estimates of their inputs for the TA. They were also asked for information on the numbers of loans and TAs they were responsible for in that year—including both for processing and implementation—and these were used to prepare rough estimates of their total workload that year by applying the respective budget coefficients.

2. Table A9.1 presents the average estimated workloads by sector for staff working on advisory technical assistance (ADTA) grants, and staff who formulated the project preparatory technical assistance (PPTA) grants. It shows that (i) staff spent on average 2.6 person-weeks on formulating an ADTA and 3 person-weeks on a PPTA, and in no sector were formulation inputs as much as the current Budget, Personnel, and Management Systems Department staffing coefficients of 5 person-weeks for ADTAs and 10 person-weeks for PPTAs; (ii) in most sectors, staff assigned to ADTAs had smaller average workloads than staff assigned to PPTAs mainly because they were less involved in loan processing work; (iii) average workloads were highest for staff in the urban, education, and transport sectors; and (iv) average workloads of project officers in the busiest sectors were 2–3 times those in least busy sectors.

**Table A9.1: Average Annual Staff Workloads and TA Inputs by Sector**

Sector	ADTA Project Officers		PPTA Project Officers	
	Average Workload (weeks)	TA Inputs (weeks)	Average Workload (weeks)	TA Inputs (weeks)
Finance	57.5	2.7	152.0	3.0
Governance	32.3	2.3	—	—
Urban	84.7	3.0	57.5	2.9
Education	75.6	4.2	60	—
Transport	73.0	3.0	87.9	3.6
Agriculture	35.7	0.7	61.7	2.2
Health	—	—	98.0	1.0
Energy	—	—	—	—
Water	—	—	—	—
<b>Average</b>	<b>59.8</b>	<b>2.6</b>	<b>76.5</b>	<b>3.0</b>

— = no data available, ADTA = advisory technical assistance, PPTA = preparatory technical assistance, TA = technical assistance.

Sources: Special evaluation study and Budget, Personnel, and Management Systems Department staffing coefficients.

3. Table A9.2 draws upon the same information, but this time it is presented on the basis of staff who worked on TA in the respective developing member countries (DMCs) covered by the country case studies. This indicates that (i) there were substantial differences between DMCs; (ii) average workloads for staff working in the Fiji Islands were light and did not produce a full year's value (i.e., less than 46 weeks); and (iii) average workloads for staff working in India were markedly heavier than in other DMCs and about double those for the Fiji Islands.

**Table A9.2: Average Annual Staff Workloads and TA Inputs by DMC**

Country	ADTA Project Officers		PPTA Project Officers	
	Average Workload (weeks)	TA Inputs (weeks)	Average Workload (weeks)	TA Inputs (weeks)
Fiji Islands	44.0	1.0	37.0	2.0
India	82.5	3.2	89.2	3.6
Kyrgyz Republic	39.2	3.0	63.0	5.0
Philippines	61.1	2.8	61.0	1.4
Viet Nam	—	—	78.8	2.0
<b>Average</b>	<b>59.8</b>	<b>2.6</b>	<b>76.5</b>	<b>3.0</b>

— = no data available ADTA = advisory technical assistance, DMC = developing member country, PPTA = project preparatory technical assistance, TA = technical assistance.

Sources: Special evaluation study and Budget, Personnel, and Management Systems Department staffing coefficients.

4. Either the budget coefficients greatly exaggerate the required inputs for processing and implementation of loans and TA or, in general, workloads were unreasonably high.<sup>1</sup> Assuming 46 working weeks per annum, in all countries except the Fiji Islands, the project officers had average annual workloads approaching 1.5 years or more. India was particularly overloaded with 2.0 years work per project officer. The 12 project officers in the SES sample had annual workloads in excess of 100 weeks. In contrast, 14 had workloads less than 40 weeks. One project officer had an estimated workload of 163 weeks, which is equivalent to 3.5 years work in 1 year.

5. Workloads varied widely among project officers. While it is reasonable not to assign more junior staff a full load of loan and TA processing, it is not reasonable for some staff to have over 3 years work in 1 year while others in the division have less than 1 year. This suggests that there are management deficiencies in dealing effectively with underperforming staff to the detriment of the workloads of satisfactory staff.

<sup>1</sup> It is possible that the preparation figures omit some preparation and/or fact-finding missions where they occur. Even if they add up to a further 2 weeks on average—which seems unlikely—this conclusion would not be changed.

## FACTORS LIMITING SUSTAINABILITY OF TECHNICAL ASSISTANCE

1. Based on the performances of technical assistance (TA) projects within the sample that was evaluated by this study, a series of factors were identified that limit the sustainability of TA. These are summarized below.

2. **Regular Changes in the Senior Personnel of Executing Agencies.** In the Kyrgyz Republic (1991–2002), there were seven changes in prime minister, with significant changes to ministers; this resulted in changes to senior ministry personnel. In the Philippines, there were six different directors general in the Technical Education and Skills Development Authority in 7 recent years. The director general who initiated the management strengthening project<sup>1</sup> was replaced midterm by a successor who had no interest in the objectives of the project. As a result, the project was frustrated in terms of moving ahead until he, in turn, was replaced and his successor embraced the objectives of the project.

3. **TA Wrongly Assuming that Agency Budgets will be Increased to Ensure Changes are Sustainable.** This is particularly frequent where TA is provided to improve the capacity of agencies to manage the operation and maintenance expenses of new or rehabilitated infrastructure. In other areas, budgets were not forthcoming. For example, in the Philippines, an advisory technical assistance (ADTA) attempted to get results-based management introduced in the National Economic Development Authority (NEDA). This required agencies to submit material in the format required to NEDA.<sup>2</sup> However, NEDA never acquired a budget to roll out the system to all agencies and, as a result, there is little effective monitoring of results. Nor was there a budget provided so that NEDA could train personnel in operating agencies in the requirements of the system. In the Kyrgyz Republic, a TA for the Improvement of Road Sector Efficiency<sup>3</sup> had the objective of establishing a National Road Safety Council with a full-time secretariat. While the secretariat was established, the Republican budget did not provide the necessary resources for it to operate effectively.

4. **Counterpart Staff Not Being Full Time.** Counterpart staff rarely worked other than part time on a TA, with the result that the consulting team was left to do most of the work. Consequently, the consulting team had to rely on training to ensure that proposed changes were absorbed by the agency concerned. Too often, the training did not engage the units involved in the changes working together as a team (including the manager of the unit) to install the changes into ongoing work practices, but was delivered to individuals. For example, in India, according to agencies, counterpart staff played a partial or negligible role in 75% of project preparatory technical assistance. Not surprisingly, under these circumstances, the consultants developed the design themselves in every project rather than working with counterparts to produce the design. Such an approach is neither designed to enhance agency ownership nor to transfer project design skills and understanding of the project to executing agency management and staff.

5. **TAs Often do not Spend the Money Allocated to Them Even though the Objectives of the Intervention are not Met.** An average of 14% of funds allocated to ADTAs in this sample, amounting to \$4.1 million, remained unspent and were returned to their funding source. Operational directors, at least, have the authority to extend projects until the funds are fully expended. With sustainability performing poorly, and agencies and consultants saying that most ADTAs had insufficient time allowances (para. 6), it is surprising that the incentives seem to favor saving money above achieving objectives.

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<sup>1</sup> TA 3482-PHI: *Strengthening Management Capacity and Improving Quality of Technical Education and Skills Development*, for \$775,000, approved on 24 August 2000.

<sup>2</sup> TA 3308-PHI: *Strengthening Results Monitoring and Evaluation*, for \$400,000, approved on 24 November 1999.

<sup>3</sup> TA 3531-KGZ: *Improvement of Road Sector Efficiency*, for \$440,000, approved on 31 October 2000.

6. This includes the unwillingness of the Asian Development Bank (ADB) to apply TA funds to secure the objectives of an intervention. For example, TAs 3382 and 3767<sup>4</sup> set out to strengthen the capacity of the Ministry of Finance (MOF) to develop a performance improvement plan in the Kyrgyz Republic. Systems were developed, but resources were needed to be applied to developing the capacity of the MOF to operate the system. Just over 25% and 30%, respectively, of the grants remained unspent, which MOF wanted to apply to capacity building. ADB was unwilling to process the request, advising MOF that the savings would be recycled for use by other developing member countries. ADB gave no reasons for this decision, which was regarded as arbitrary and nontransparent by MOF and did little to improve ADB's relations with its principal client in the Kyrgyz Republic.

7. In India, RETA 5959<sup>5</sup> produced significant improvements to the City of Bangalore's annual property tax take, part of which was appropriated to a very successful program improving solid waste management. Toward the end of the project, the two principal officers in the municipal council responsible for these changes were due to retire. The city requested that ADB apply \$20,000 of unspent funds to establish a secretariat to enable these two officers to continue and consolidate the work as well as to ensure a smooth handover of the change project within the municipality. The, by then, third project officer on the project was more interested in applying regional technical assistance (RETA) savings to an environmental conference which had no relationship to the objectives of the RETA.

8. In an ADTA directed at reforming the mutual funds industry<sup>6</sup> in India, in which there was over \$200,000 unspent, the Capital Markets Division of MOF requested a brief study of the mutual funds industry to supplement an excellent consultant's report. ADB did not respond, and the division went to another donor which provided the required assistance. As in the case of the Kyrgyz Republic example, the Capital Markets Division was the principal recipient of ADB assistance in the finance sector and its most important client in that sector.

9. **Lack of Interest in Follow-Up After the Submission of a Consultant's Final Report and the Conclusion of the TA.** ADB's interest in the impacts of TA seem to dissipate significantly after the final tripartite meeting to discuss the consultant's draft final report. There is only very occasional follow-up to maintain an interest and to see how satisfied the executing agency is with the outputs of a TA, and whether or not it requires any further assistance to secure those impacts sustainably. MOF in India, for example, remarked on the absence by ADB of any advocacy in support of the findings and recommendations of its work, which the MOF considered would have been helpful. Sometimes, there is no follow-up to rectify situations resulting from unsatisfactory TAs. For example, in India, the ADTA addressing de-mutualization and consolidation of Indian stock exchanges, which was part of the capital markets program, produced recommendations which the MOF described as "scandalous."<sup>7</sup> MOF wrote to ADB enumerating its concerns in September 2005, but in the subsequent 11 months received no reply. Other TAs are simply closed off with little to no interest on the part of ADB as to the extent to which they had achieved their objectives. Such lack of interest does call into question the value of the TA framework as a management tool.<sup>8</sup>

<sup>4</sup> TA 3382-KGZ: *Strengthening Capacity in the Ministry of Finance for Financial Management and Planning of the Public Investment Program*, for \$463,500, approved on 28 December 1999; and TA 3767-KGZ: *Strengthening Capacity in the Ministry of Finance for Financial Management and Planning of the Public Investment Program Phase II*, for \$600,000, approved on 13 November 2001.

<sup>5</sup> TA 5959-REG: *Enhancing Municipal Service Delivery Capability Stage 2*, for \$425,000, approved on 8 December 2000.

<sup>6</sup> TA 4010-IND: *Reform of the Mutual Funds Industry*, for \$800,000, approved on 4 December 2002.

<sup>7</sup> TA 4202-IND: *Demutualization and Consolidation of Indian Stock Exchanges*, for \$150,000, approved on 21 October 2003.

<sup>8</sup> The lack of appropriate follow-up has other consequences. As mentioned in Chapter 3, trust funds made up about 40% of TA activity in 2005. According to ADB's Office for Cofinancing Operations, ADB compares unfavorably with multilateral development banks such as the European Bank for Reconstruction and Development, which devotes part of its annual report to how it has benefited from its trust funds and cofinancing arrangements. In contrast, ADB provides donors with little acknowledgement and recognition.

10. **Unintegrated Approach to the Management of Sector or Geographic Programs.** For example, in India, ADB has implemented a number of ADTAs related to the development of capital markets in India, following a program loan<sup>9</sup> at the end of 1995. Both the United States Agency for International Development and the World Bank are active in the same area. The World Bank is regarded by MOF division responsible for capital markets as more readily available and having more frequent interaction with the division. In contrast, ADB has had at least four different project officers responsible for ADTAs directed at capital market reform. Each project officer deals individually with MOF. There is no integration and overall client management by their own divisional director. This is in marked contrast to a financial sector reform program in the Kyrgyz Republic where one project officer is involved and he maintains continuity and consistency with MOF there.

11. Elsewhere in India, ADB is working in a number of less developed states like Madhya Pradesh, Chhattisgarh, and the North Eastern states. In most, it has projects in state and rural roads and in the urban sector. There is little integration and synergy between these interventions and sectors or, even, within a sector. In Chhattisgarh, for example, there are two projects in the roads sector: one in state roads and one in rural roads. Neither implementing agency has a satisfactory capacity to manage a roads program, each having only been established recently following the establishment of Chhattisgarh as a separate state. The Chhattisgarh Infrastructure Development Corporation, responsible for state roads, has a \$1.6 million capacity building TA attached to the loan which has a major focus on road maintenance systems. There is no intention of focusing the maintenance TA on developing similar systems in both agencies. The reason given for this lack of synergy is that ADB Headquarters is administering the rural roads loan and the India Resident Mission is administering the state roads [with the implication that there is poor management of the two related areas.

12. Frequent changes in project officer, with subsequent project officers often showing insufficient interest in an inherited ADTA. For example, project officers changed in 57% of ADTAs.

13. **Absence of Accepted Methodologies for Change Management.** Change management—in the sense of bedding down new systems, practices, processes, attitudes, and other organizational changes—is markedly more complicated than the provision of technical expertise supported by training. It requires many more attributes than simple technical skills. It is also time-consuming, because it requires the transmission of new concepts and behaviors to produce an operational environment in which the introduced changes can take root at a rate consistent with the absorptive capacity of an agency. Frequently, TAs get programs started but are not taken to a point where they can be completed by the executing agency, as for example, occurred with a capacity building TA in the Technical Education and Skills Development Authority in the Philippines (footnote 18). ADB rarely engages consultants specializing in change management where institutional change is the principal objective of an intervention.

14. **Too Little Time Allowed to Complete and Consolidate the Intervention.** A serious constraint to sustainability that is entirely within the control of ADB is the frequency with which TA designs fail to estimate how long it takes to complete a given set of tasks satisfactorily, let alone ensure that the changes are sustainable.

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<sup>9</sup> Loan 1408-IND: *Capital Market Development Program*, for \$250 million, approved on 28 November 1995.

**ADB COOPERATION FUND OPERATIONS**  
(as of 31 December 2006)

No.	Name	Focus: (1) Countries and (2) Sectors	Date (1) Established (2) Repl'd	Total Amount (\$ million)	Available Amount (\$ million)
<b>A. Single Donor Cooperation Funds</b>					
1.	Australia – Memorandum of Understanding on Channel Financing	(1) First Priority -Nauru, Solomon Islands Second Priority – Fiji Islands, Papua New Guinea, Vanuatu (2) There will be annual consultations between the Australian Government and the ADB to agree on the broad direction of the Program for the year including geographical and sectoral priorities.	(1) 4 Oct 93	15.0	Fully committed
2.	Australia-ADB South Asia Development Partnership Facility	(1) SARD countries (2) Enhanced governance, urban development, inclusive growth, human resource development, regional cooperation and integration	(1) 7 Jun 06	8.5	Fully committed
3.	Belgium – Channel Financing Agreement	(1) Cambodia, Lao PDR, Viet Nam (2) Education; Public Health; Water Supply	(1) 28 Nov 96	2.2	Fully committed
4.	Canada – Administrative Arrangement Establishing the Canadian Cooperation Fund on Climate Change	(1/2) PRC, India – greenhouse gas emissions reductions (1/2) Indonesia – carbon sequestration (1/2) Pacific island DMCs – adaptation to climate change	(1) 13 Mar 01 (2) 30 Mar 06	3.4	0.5 resulting from investment/ interest income
5.	Denmark – Channel Financing Agreement Establishing the Danish Cooperation Fund for Technical Assistance	(1) Bangladesh, Bhutan, Nepal, Viet Nam (2) Water and sanitation; health; renewable energy; agriculture and fisheries; transport infrastructure; urban development; education; private sector development (with particular attention to be given to crosscutting issues such as poverty alleviation, women in development, environment, good governance, human rights, and technical training)	(1) 21 Jul 00	1.8	Fully committed
6.	Denmark – Channel Financing Agreement Establishing the Second Danish Cooperation Fund for Technical Assistance	(1) ADB DMCs with annual per capita GNP of less than \$2,500 equivalent as well as institutions of these DMCs. Regional activities involving subgroups of member countries of ADB with an average per capita GNP below \$2,500 equivalent are also eligible for allocations under the Grant. Special focus on Bangladesh, Bhutan, Nepal, Viet Nam (2) Technical operations on national poverty reduction programs and the achievement of the Millennium Development Goals; gender equality	(1) 26 Jun 03	3.0	Fully committed
7.	Denmark – Channel Financing Agreement Establishing Danish Cooperation Fund for Renewable Energy and Energy Efficiency in Rural Areas	(1) ADB DMCs with an annual per capita GNP of less than \$2,500 equivalent as well as institutions of these members (2) Renewable Energy and Energy Efficiency	(1) 18 Dec 01	3.6	0.1 from gain in currency fluctuation
8.	Denmark – Channel Financing Agreement Establishing the Second Danish Cooperation Fund for Renewable Energy and Energy Efficiency in Rural Areas	(1) ADB DMCs with an annual per capita GNP of less than US\$2,500 equivalent as well as institutions of these members (2) Renewable Energy and Energy Efficiency	(1) 27 Oct 06	3.5	3.5

No.	Name	Focus: (1) Countries and (2) Sectors	Date (1) Established (2) Repl'd	Total Amount (\$ million)	Available Amount (\$ million)
9.	Finland – Channel Financing Agreement	(1) ADB DMCs that belong to Groups A and B1 (2) Environmental protection and development of renewable energy forms.	(1) 16 Jan 90 - \$600,000 (2) 12 Mar 99 - \$4,000,000 (3) additional contribution of \$4,500,000 on 29 Jun 04 using Agreement of 12 Mar 99. \$2.25 million was allocated to Environment and \$2.25 million to Energy Sector	9.1	1.4 (available for energy projects)
10.	France – Channel Financing Agreement	(1) Cambodia; India; Indonesia; Malaysia; Pakistan; Philippines; PRC; Thailand; Viet Nam (2) Education; energy; finance; health; transport and telecommunications; water treatment; support for privatization programs; organization of financial markets	(1) 25 Apr 89 amended on 14 Dec 1994 and 8 Aug 2000	26.9	3.0
11.	France – Channel Financing Agreement Establishing the Cooperation Fund for Project Preparation in the GMS	(1) ADB DMCs in the Greater Mekong Region (2) Project preparatory technical assistance operations to be designed, processed, and administered at the sole discretion of ADB with regional cooperation focus in the GMS.	(1) 28 Dec 04	2.0	1.5
12.	Italy – Agreement Establishing the Italian Cooperation Fund for Consulting Services	(1) Bangladesh; India; Indonesia; Kazakhstan; Kyrgyz; Pakistan; Philippines; PRC; Tajikistan; Thailand; Uzbekistan; Viet Nam (2) Public and private infrastructure; development of small/medium enterprises; transfer of environmental technologies; health and education; urban development and water supply	(1) 17 Sep 99	2.7	0.8
13.	Italy – Channel Financing Agreement Establishing the Italian Cooperation Fund for Technical Assistance	(1) ADB DMCs (2) Development of small/medium enterprises; microfinance; private sector; energy; agriculture; environment	(1) 7 Oct 04	2.5	2.5
14.	Republic of Korea e-Asia and Knowledge Partnership Fund	(1) ADB DMCs (2) ICT, knowledge sharing	(1) 1 Jun 06	20.0	19.0
15.	Netherlands-Arrangement Establishing the Dutch Cooperation Fund for Promotion of Renewable Energy and Energy Efficiency	(1) ADB DMCs (2) Renewable Energy and Energy Efficiency	(1) 21 Dec 00	6.0	1.3
16.	New Zealand – Arrangement Establishing the New Zealand Cooperation Fund for	(1) COO - Education; outer islands development ; HRD fisheries (2) VAN - HRD/education; private sector development. in rural areas; strengthening governance (3) SOL/PNG - General/poverty reduction	(1) 29 Oct 99	0.4	Fully committed

No.	Name	Focus: (1) Countries and (2) Sectors	Date (1) Established (2) Repl'd	Total Amount (\$ million)	Available Amount (\$ million)
	Technical Assistance	(4) TON - Education and training, Outer islands development; community development assistance; good governance; public sector reform; private sector development (5) PHI - Community resource management (6) ASEAN Region - Trade-related capacity building; SME development			
17.	PRC – Channel Financing Agreement Establishing the People’s Republic of China Poverty Reduction and Regional Cooperation Fund	(1) ADB DMCs but priority will be given to countries that are part of Greater Mekong Sub Region (GMS) and the Central Asia Regional Economic Cooperation (CAREC) (2) Research and analytical work; piloting innovative approaches; capacity building and institutional development in DMCs; dissemination, networking and cross-learning (e.g., workshops, conferences, publications, and website development)	(1) 10 Mar 05	20.0 *To be utilized at \$4.0M annually	14.1
18.	Spain – Agreement Establishing the Spanish Cooperation Fund for Technical Assistance	(1) Afghanistan; Indonesia; Mongolia; Pakistan; Philippines; PRC; Uzbekistan; Viet Nam (2) Water supply and sanitation; education; energy; public health; transport; private sector development; environment; public administration reform; agriculture and rural development	(1) 23 Jun 00 (2) 9 Dec 03	5.0	0.5
19.	Switzerland – Agreement Establishing the Swiss Cooperation Fund for Consulting Services	(1) Azerbaijan; PRC; India; Indonesia; Kyrgyz; Tajikistan; Turkmenistan; Uzbekistan; Viet Nam (2) Private infrastructure; private sector investment; transfer of environmentally sound technologies; financial sector adjustment operations	(1) 16 Jul 98 (2) 27 Mar 02	2.6	0.4
20.	United Kingdom – Memorandum of Understanding on Establishment of a Cooperation Fund for Technical Assistance	(1) India (2) Poverty-related assessment/surveys; social sector lending studies; studies on enabling environment for poverty reduction; poverty-focused monitoring, evaluation, and impact assessment work; poverty-focused conferences/workshops	(1) 7 Jun 01 (2) Amended on 21 Mar 05	85.0	38.0
<b>B. Multi-Donor Cooperation Funds</b>					
21.	Governance Cooperation Fund	(1) ADB DMCs (2) The GCF supports government-led governance reform activities that can be shown to clearly and concretely improve transparency; accountability; predictability; and /or the participation. List of candidate activities by sub-areas: (a) Public Financial Management (both at the national and local levels); (b) Public Administration (both at the national and local levels); (c) Local Governance (sub-areas in addition to those under (a) and b); (d) Judicial and Legal Reforms; (e) Corporate Governance; (f) Participation of civil society in policy making ; (g) Anti-Corruption; (h) Others - all other activities that can be shown to fall within the scope of the Medium Term Agenda and Action Plan on Governance	(1) 27 Nov 01 (1) 28 Nov 02 (1) 11 Dec 03	5.0	1.8
22.	Cooperation Fund in Support of Formulation and Implementation of Poverty Reduction Strategies	(1) ADB DMCs (2) Projects in support of the formulation and implementation of national poverty reduction strategies in DMCs, including strengthening participatory and consultative processes, capacity building activities, advisory services, research support.	(1) 19 Nov 01	6.0	Fully committed
23.	Cooperation Fund for the Water Sector	(1) ADB DMCs (2) Projects that support the promotion of effective water management policies and practices at regional, subregional, and country levels to catalyze the implementation of ADB’s Water Policy in the Asia and Pacific region.	(1) 10 Dec 01 (1) 29 Jul 03	20.0	Fully committed

No.	Name	Focus: (1) Countries and (2) Sectors	Date (1) Established (2) Repl'd	Total Amount (\$ million)	Available Amount (\$ million)
24.	Poverty Reduction Cooperation Fund	(1) ADB DMCs classified as A, B1, or B2 excluding India (2) Technical assistance for capacity and institution building to support poverty reduction strategy formulation, including studies on the enabling environment for poverty reduction, participatory poverty assessments and other poverty-focused surveys.	(1) 4 Jul 02	55.0	Fully committed
25.	Gender and Development Cooperation Fund	(1) ADB DMCs (2) Program of activities within the scope of ADB Policy on Gender and Development (1998) and Gender Action Plan (2001). Within this context the Fund will finance projects for the provision of policy advise, project preparation, training and capacity building, institutional support activities	(1) 15 May 03 (1) 15 Nov 06	9.2	5.6
26.	Poverty and Environment Fund	(1) ADB DMCs (2) TA projects and activities in the fields of protection, conservation and sustainable use of natural resources and ecosystem services; reduction of air and water pollution with direct impact on health and productivity of the poor; reduction of vulnerability to natural hazards and disaster prevention	(2) 7 Dec 06 (1) 21 Jul 03 (2) 15 Dec 06	6.0	2.8
27.	Cooperation Fund in Support of Managing for Development Results	(1) ADB DMCs (2) Promotion of results management techniques	(1) 23 Apr 04	2.9	Fully committed
28.	Cooperation Fund for Regional Trade and Financial Security Initiative	(1) ADB DMCs with emphasis placed on assisting DMCs that are also APEC members and are most at risk with regard to money laundering, terrorist financing, or port and airport security (2) Feasibility studies, capacity building and development of policies, legislation, systems, and procedures towards strengthening DMCs' capacity to address anti-money laundering, combating financing of terrorism, promoting customs modernization measures to facilitate (a) detection and monitoring of cross-border movements of cash and monetary instruments, as well as goods and conveyances that may pose a security risk; (b) security-enhancing seaport and airport upgrades; (c) supply chain security; and (d) adherence to International Maritime Organization, World Customs Organization, and other international safety and security transportation standards. Activities that will complement the Asia-Pacific Economic Cooperation (APEC)'s Secure Trade in the APEC Region (STAR) Initiative.	(1) 30 Jun 04	3.0	0.5
29.	Cooperation Fund for Fighting HIV/AIDS in Asia and the Pacific	(1) ADB DMCs with priority to poorer DMCs; countries especially affected by or vulnerable to the HIV/AIDS epidemic, poor vulnerable and high risk groups which are identified as being predominantly injecting drug users, commercial sex workers and men-who-have-sex with men. (2) Activities to be financed should fall within 3 categories: Category 1: pilot demonstration of innovative approaches to fighting HIV/AIDS Category 2: knowledge base, policy and capacity building Category 3: program coordination, technical support, monitoring and evaluation	(1) 17 Feb 05	12.8	4.0
30.	Financial Sector Development Partnership Fund	(1) ADB DMCs; priority will be given to LAO/VIE/MON/GMS (2) Finance	(1) 3 Aug 06	1.8	0.8
31.	Water Financing Partnerships Facility	(1) ADB DMCs (2) Key areas in the water financing program: rural water, urban water, and basin water	(1) 14 Dec 06		
32.	Asia Pacific Carbon Fund	(1) ADB DMCs that have ratified the Kyoto Protocol (2) Energy, Renewable Energy and Energy Efficiency	(1) 20 Nov 06	30.0	Fully uncommitted
33.	Asian Tsunami Fund	India, Indonesia, Maldives, Sri Lanka, Thailand Emergency TA and investment projects to support reconstruction and rehabilitation	(1) 17 Feb 05	4.9	Fully committed

No.	Name	Focus: (1) Countries and (2) Sectors	Date (1) Established (2) Repl'd	Total Amount (\$ million)	Available Amount (\$ million)
34.	Pakistan Earthquake Fund	(1) Pakistan (2) Emergency grant financing for investment projects and technical assistance to support immediate reconstruction, urgent rehabilitation, and associated development activities	(1) 1 Dec 05 (2) 16 Oct 06 (1) 24 May 06 (1) 16 Nov 06	5.29 EUR5.5 15.0 20.0	Fully committed

Note: OCO has responsibility in all cases for documentation, compliance oversight and reporting.

<sup>a</sup> Responsible for internal promotion and donor liaison on technical/substantive aspects.

Source: ADB Office of Cofinancing Operations.

## TECHNICAL ASSISTANCE PLANNING FIGURES, 2006–2008

Group	2006				2007				2008			
	TASF/JSF		Trust Funds		TASF/JSF		Trust Funds		TASF/JSF		Trust Funds	
	Number	Total Value (\$ m)	Number	Total Value (\$ m)	Number	Total Value (\$ m)	Number	Total Value (\$ m)	Number	Total Value (\$ m)	Number	Total Value (\$ m)
OPR	6	2.5	0	0	6	2.5	0	0.0	5	2.5	0	0.0
Operations 1	97	60.0	20	13.0	94	60.0	18	13.0	89	60.0	17	13.0
Operations 2	96	60.0	15	10.0	93	60.0	14	10.0	89	60.0	13	10.0
KM & SD	12	5.7	14	8.0	11	5.7	11	8.0	10	5.7	10	8.0
Finance and Administration	2	0.9	2	1.0	2	0.9	2	1.0	2	0.9	2	1.0
OED	1	1.4	0	0	1	1.4	0	0.0	1	1.4	0	0.0
Contingencies	0	4.5	0	0	0	4.5	0	0.0	0	4.5	0	0.0
<b>Total ADB</b>	<b>214</b>	<b>135.0</b>	<b>51</b>	<b>32.0</b>	<b>207</b>	<b>135.0</b>	<b>45</b>	<b>32.0</b>	<b>196</b>	<b>135.0</b>	<b>42</b>	<b>32.0</b>

ADB = Asian Development Bank, JSF = Japan Special Fund, KM and SD = Knowledge Management and Sustainable Development, m = million, OED = Operations Evaluation Department, OPR = Office of the President, TASF = Technical Assistance Special Fund.  
Source: Asian Development Bank.

### RATIOS OF TECHNICAL ASSISTANCE TO LOANS IN OPERATIONS DIVISIONS, 2003

Department	Division	No. of Loans Processed in 2003	No. of ADTAs and RETAs processed in 2003	No. of Ongoing Loans by July 2003	No. of Ongoing ADTAs and RETAs in 2003	Ratio of TAs Processed to Loans Processed	Ratio of Ongoing TAs to Ongoing Loans
<b>ECRD</b>	Agri. Environment and Natural Resources	3	12	14	4	4.00	0.29
	Governance, Finance, and Trade	3	14	11	17	4.67	1.55
	Social Sector	7	12	27	6	1.71	0.22
	Energy	1	4	40	5	4.00	0.13
	Transport and Communications	6	3		2	0.50	
	<b>CWRD</b>		<b>20</b>	<b>45</b>	<b>92</b>	<b>34</b>	<b>2.25</b>
<b>MKRD</b>	Agri. Environment and Natural Resources	3	9	14	4	3.00	0.29
	Governance, Finance, and Trade	0	10	10	6	—	0.60
	Infrastructure	2	4	13	1	2.00	0.08
	Social Sector	3	5	29	6	1.67	0.21
	<b>MKRD</b>		<b>8</b>	<b>28</b>	<b>66</b>	<b>17</b>	<b>3.50</b>
<b>SARD</b>	Agri. Environment and Natural Resources	3	8	27	0	2.67	0.00
	Energy	3	12	20	4	4.00	0.20
	Governance, Finance, and Trade	4	16	28	9	4.00	0.32
	Social Sector	9	9	20	4	1.00	0.20
	Transport	7	7	17	4	1.00	0.24
	<b>SARD</b>		<b>26</b>	<b>52</b>	<b>112</b>	<b>21</b>	<b>2.00</b>
<b>SERD</b>	Agri. Environment and Natural Resources	1	1	27	0	1.00	0.00
	Governance, Finance, and Trade	1	6	6	7	6.00	1.17
	Infrastructure	0	5	17	3	—	0.18
	Social Sector	4	3	25	3	0.75	0.12
	<b>SERD</b>		<b>6</b>	<b>15</b>	<b>75</b>	<b>13</b>	<b>2.50</b>
<b>PARD</b>	Operations	<b>2</b>	<b>22</b>	<b>24</b>	<b>18</b>	<b>11.00</b>	<b>0.75</b>

ADTA = advisory technical assistance, Agri. = agriculture, CWRD = Central and West Asia Department, MKRD = Mekong Department, no. = number, PARD = Pacific Department, RETA = regional technical assistance, SARD = South Asia Department, SERD = Southeast Asia Department, TA = technical assistance.

Source: Asian Development Bank.

### STAFF COVER FOR PROCESSING AND ADMINISTRATION OF LOANS AND TECHNICAL ASSISTANCE, 2003<sup>a</sup>

Dept	Division	No. of PS	Total Staff Weeks Available <sup>b</sup>	No. of Loan Projects Processed	Total Staff Weeks for Loans Processed <sup>c</sup>	No. of Ongoing Loans by Jul 2003	Total Staff Weeks for Loan Admin. <sup>d</sup>	No. of ADTAs and RETAs Processed	Total Staff Weeks for ADTAs and RETAs <sup>d</sup>	No. of Ongoing ADTAs and RETAs	Total Staff Weeks for Ongoing ADTAs and RETAs <sup>d,e</sup>	Total Staff Weeks for Loan and TA Processing and Admin.	Staff Cover
ECRD	Agriculture, Environment, and Nat Resources	14	644	3	210	14	182	12	84	4	16	492	1.3
	Governance, Finance, and Trade	13	598	3	210	11	143	14	98	17	68	519	1.2
	Social	16	736	5	350	27	351	12	84	6	24	809	0.9
	Energy	7	322	0	0			4	28	5	20	568	0.6
	Transport and Communications	15	690	5	375	40	520	3	21	2	8	404	1.7
	<b>TOTAL</b>	<b>65</b>	<b>2,990</b>	<b>16</b>	<b>1,145</b>	<b>92</b>	<b>1,196</b>	<b>45</b>	<b>315</b>	<b>34</b>	<b>136</b>	<b>2,792</b>	<b>1.1</b>
MKRD	Agriculture, Environment, and Nat Resources	11	506	4	280	14	182	9	63	4	16	541	0.9
	Governance, Finance, and Trade	10	460	0	0	10	130	10	70	6	24	224	2.1
	Infrastructure	14	644	2	170	13	169	4	28	1	4	371	1.7
	Social	13	598	3	210	29	377	5	35	6	24	646	0.9
	<b>TOTAL</b>	<b>48</b>	<b>2,208</b>	<b>9</b>	<b>660</b>	<b>66</b>	<b>858</b>	<b>28</b>	<b>196</b>	<b>17</b>	<b>68</b>	<b>1,782</b>	<b>1.2</b>
SARD	Agriculture, Environment, and Nat Resources	13	598	5	350	27	351	8	56	0	0	757	0.8
	Energy	12	552	5	425	20	260	12	84	4	16	785	0.7
	Governance, Finance, and Trade	15	690	8	560	28	364	16	112	9	36	1072	0.6
	Social	17	782	8	560	20	260	9	63	4	16	899	0.9
	Transport	15	690	6	510	17	221	7	49	4	16	796	0.9
	<b>TOTAL</b>	<b>72</b>	<b>3,312</b>	<b>32</b>	<b>2,405</b>	<b>112</b>	<b>1,456</b>	<b>52</b>	<b>364</b>	<b>21</b>	<b>84</b>	<b>4,309</b>	<b>0.8</b>
SERD	Agriculture, Environment, and Nat Resources	7	322	1	70	27	351	1	7	0	0	428	0.8
	Governance, Finance, and Trade	8	368	1	70	6	78	6	42	7	28	218	1.7
	Infrastructure	12	552	0	0	17	221	5	35	3	12	268	2.1
	Social	12	552	4	280	25	325	3	21	3	12	638	0.9
	<b>TOTAL</b>	<b>39</b>	<b>1,794</b>	<b>6</b>	<b>420</b>	<b>75</b>	<b>975</b>	<b>15</b>	<b>105</b>	<b>13</b>	<b>52</b>	<b>1,552</b>	<b>1.2</b>
PARD	<b>TOTAL</b>	<b>21</b>	<b>966</b>	<b>2</b>	<b>170</b>	<b>24</b>	<b>312</b>	<b>22</b>	<b>154</b>	<b>18</b>	<b>108</b>	<b>744</b>	<b>1.3</b>

ADTA = advisory technical assistance, CSP = country strategy and program, MKRD = Mekong Department, Nat. = natural, PARD = Pacific Department, PS = professional staff, RETA = regional technical assistance, SARD = South Asia Department, SERD = Southeast Asia Department, TA = technical assistance.

<sup>a</sup> Data is for end-2003. It excludes (i) CSP preparation which is assumed to constitute 5% of total staff workload, and (ii) front office and directors inputs.

<sup>b</sup> Assuming 46 working weeks per staff year.

<sup>c</sup> Assuming that the average loan takes 2 years to process and requires 75 week for infrastructure and 60 weeks for non-infrastructure projects. A further 10 weeks has been added to allow for processing project preparatory technical assistance.

<sup>d</sup> Assuming staff time coefficients of 13 weeks for loan administration, 7 weeks for ADTA and RETA processing, and 4 weeks for ADTA and RETA administration.

Sources: Budget and Management Services Division. 2003. List of Positions by Organizational Unit; and Project Processing Information System printout, 16 November 2006.

**USAGE OF TECHNICAL ASSISTANCE PERFORMANCE REPORT (TPR)**  
(for the period 10–25 August 2006)<sup>a</sup>

<b>Users, by Position, Category 1</b>		
<b>Category</b>	<b>No.</b>	<b>Percent</b>
Professional Staff	25	14
Support Staff and Others	160	86
<b>Total</b>	<b>185</b>	<b>100</b>
<b>Users, by Position, Category 2</b>		
<b>Category</b>	<b>No.</b>	<b>Percent</b>
Professional Staff	25	14
National Officers	48	26
Administrative Staff	104	56
Consultants	5	3
Contractors	3	2
<b>Total</b>	<b>185</b>	<b>100</b>
<b>Users, by Department</b>		
<b>Category</b>	<b>No.</b>	<b>Percent</b>
Budget, Personnel, and Management Systems Department	3	2
Central Operations Services Office	12	7
Controllers	5	3
Central and West Asia Department	31	17
Department of External Relations	2	1
East Asia Department	17	10
Economics and Research Department	2	1
Office of Auditor General	4	2
Office of Cofinancing Operations	2	1
Operations Evaluation Department	5	3
Office of the General Counsel	1	1
Office of Information Systems and Technology	1	1
Office of the Secretary	1	1
Pacific Department	15	8
Private Sector Department	2	1
Regional and Sustainable Development Department	17	10
South Asia Department	27	15
Southeast Asia Department	29	16
Strategy and Policy Department	2	1
<b>Total</b>	<b>178</b>	<b>100</b>

<b>Writes, by Position, Category 1</b>		
<b>Category</b>	<b>No.</b>	<b>Percent</b>
Professional Staff	2	3
Support Staff and Others	58	97
<b>Total</b>	<b>60</b>	<b>100</b>
<b>Writes, by Position, Category 2</b>		
<b>Category</b>	<b>No.</b>	<b>Percent</b>
Professional Staff	2	3
National Officers	18	30
Administrative Staff	39	65
Consultants		
Contractors	1	2
<b>Total</b>	<b>60</b>	<b>100</b>
<b>Writes, by Department</b>		
<b>Category</b>	<b>No.</b>	<b>Percent</b>
Budget, Personnel, and Management Systems Department	0	
Central Operations Services Office	2	3
Controllers	1	2
Central and West Asia Department	10	17
Department of External Relations	0	
East Asia Regional Department	8	14
Economics and Research Department	1	2
Office of Auditor General	0	
Office of Cofinancing Operations	0	
Operations Evaluation Department	2	3
Office of the General Counsel	1	2
Office of Information Systems and Technology	0	
Office of the Secretary	1	2
Pacific Department	4	7
Private Sector Department	1	2
Regional and Sustainable Development Department	9	15
South Asia Department	10	17
Southeast Asia Department	9	15
Strategy and Policy Department	0	
<b>Total</b>	<b>59</b>	<b>100</b>

<sup>a</sup> During this time, information was recorded on the positions of the person accessing the database, their departments, and whether they were writing to or reading from the database.  
Source: Special evaluation study monitoring of TPR database use.

## ASSESSMENT OF SYSTEM OF INDEPENDENT EVALUATION FOR TECHNICAL ASSISTANCE

1. Each year, the Operations Evaluation Department (OED) has evaluated a sample of individual technical assistance (TA) projects by preparing technical assistance performance evaluation reports (TPERs) for clusters of TAs and by evaluating attached TAs when preparing project performance evaluation reports (PPERs).<sup>1</sup> TPERs and PPERs primarily cover advisory technical assistance (ADTA), although a small number of regional technical assistance (RETA) have been evaluated in TPERs, and a small number of project preparatory technical assistance (PPTA) have been evaluated in PPERs. Over the 7-year period from 2000 to 2006, OED evaluated 299 TAs, of which 272 were ADTAs, 13 were RETAs, and 14 were PPTAs. A total of 25 TPERs were conducted to evaluate 111 standalone ADTAs and 13 RETAs; while 88 PPERs evaluated 138 attached ADTAs and 12 PPTAs. Of the 299 evaluated TAs, ratings were provided for 243 TAs.<sup>2</sup> Of these, 10% were rated highly successful, 49% successful, 30% partly successful, and 11% unsuccessful. Among TAs, about 15% of attached TAs (from PPERs) were rated unsuccessful, compared with 6% for TAs evaluated on TPERs.<sup>3</sup> Details of OED ratings of TAs are in Table A16.

2. Review of the sample of TA evaluations from TPERs and PPERs indicates that there are serious problems over the representativeness and timeliness of OED's present method of evaluating TA. There is little scope for generalization on the basis of the evaluated TAs. The existing evaluation coverage is based on a selected rather than a random sample, and the sample size is small in relation to the population of completed TAs. About 35 TAs are evaluated each year, equivalent to about 12% of average annual approvals.<sup>4</sup> Evaluation coverage is also thinly spread over time and between the developing member countries (DMCs). As Table A16 shows, the TAs evaluated from 2000 to 2006 included TAs approved in each of the 18 years from 1987 to 2004, with approval dates spread fairly evenly over this period.<sup>5</sup> Only 10 of the rated TAs had been approved in the period 2000–2004. This means that many of the evaluated TAs are—for the most part—of little relevance to recent Asian Development Bank (ADB) operations and outside of the institutional memory of both ADB and DMCs. Moreover, they are scattered across 29 different DMCs, so in most cases only a small number of evaluated TAs are available for each DMC.

3. ADB approves a large number of TAs each year that are spread across many DMCs. It is not cost-effective to independently evaluate a random sample of TAs. Thus OED, like other international financial institutions, evaluates clusters of TAs in selected countries that are focused on particular themes. Because the TAs that are evaluated are not necessarily representative of the entire TA portfolio, it is not clear whether the ratings of the evaluated TAs are representative of the ratings for the entire TA portfolio.

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<sup>1</sup> In 2005, OED updated its evaluation guidelines and renamed the technical assistance performance audit report as the technical assistance performance evaluation report (TPER), and the project performance audit report as the PPER.

<sup>2</sup> Of the remaining 56 TAs, 50 were not rated and 6 had not been completed because they were cancelled.

<sup>3</sup> The proportion of attached TA rated unsuccessful for the period 2001–2004 is less than the amounts estimated by OED's Annual Review of Evaluation Activities in 2003 (16.5%) and its Annual Report on Loan and Technical Assistance Portfolio Performance for 2004 (15.6%). It appears that these may have excluded some PPERs from rating if they were not accompanied by supporting explanation. Such an exclusion procedure could lead to an upward bias on "unsuccessful" ratings since supporting explanation is generally provided as justification when a TA is rated "unsuccessful" but may not always be provided when TAs are rated "successful."

<sup>4</sup> The evaluation sample comprises 243 rated TAs or about 35 TAs per year out of an average of 295 TAs approved each year from 2000 to 2006.

<sup>5</sup> This concern still applies even if one considers only the 104 standalone rated ADTAs and 6 rated RETAs. These cover TAs approved over the 14-year period from 1989 to 2002.

**Table A16: Ratings of Technical Assistance Postevaluated in 2000–2006**

Year TA Approved	Total Evaluation Sample			Ratings of Individual TAs Rated at Postevaluation				Share of Highly Successful/ Successful TAs in Rated TAs (%)
	Total	Rated	Not Rated	Highly Successful	Successful	Partly Successful	Unsuccessful	
1987	4	2	2	—	—	2	—	0
1988	1	1	—	—	—	1	—	0
1989	20	9	11	3	1	3	2	44
1990	19	13	6	—	7	4	2	54
1991	15	9	6	1	3	3	2	44
1992	26	14	12	—	7	4	3	50
1993	31	26	5	2	17	5	2	73
1994	26	23	3	5	10	5	3	65
1995	38	37	1	3	22	10	2	68
1996	21	20	1	2	8	8	2	50
1997	43	38	5	4	14	15	5	47
1998	29	27	2	1	17	7	2	67
1999	15	14	1	2	6	5	1	57
2000	4	4	—	1	2	1	—	75
2001	3	2	—	1	1	—	—	100
2002	2	2	—	—	1	1	—	50
<b>2003</b>	<b>1</b>	<b>1</b>	—	—	<b>1</b>	—	—	<b>100</b>
<b>2004</b>	<b>1</b>	<b>1</b>	—	—	<b>1</b>	—	—	<b>100</b>
<b>Total</b>	<b>299</b>	<b>243</b>	<b>56</b>	<b>25</b>	<b>118</b>	<b>74</b>	<b>26</b>	<b>59</b>

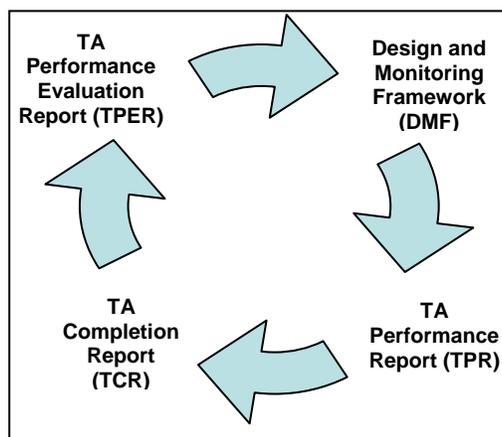
TA = technical assistance.

Sources: Technical assistance performance evaluation reports and project performance evaluation reports.

## PROJECT PERFORMANCE MONITORING SYSTEM FOR TECHNICAL ASSISTANCE

1. The project performance monitoring system (PPMS) as it relates to technical assistance (TA) comprises four components as shown in Figure A17.

**Figure A17: Four Monitoring Components of PPMS for Technical Assistance<sup>1</sup>**



2. A month after approval of a TA project, a technical assistance performance report (TPR) is to be prepared based on the design and monitoring framework (DMF) in the TA paper. This report is maintained as a Lotus Notes database. It assesses both the implementation progress of a TA and progress toward the achievement of the TA's development objectives. It does not set up systems systematically to monitor the entries in the performance indicators/targets column of DMFs. A TA is separately rated on a scale from 0–3 (unsatisfactory, partly satisfactory, satisfactory, highly satisfactory) for both implementation progress (i.e., actual implementation of the TA based on inputs identified in the DMF) and the likelihood of the development objectives in the DMF being achieved. Supplementary pages covering major changes in scope or implementation arrangement, as well as information on TA supervision missions, are attached to the TPR to facilitate the preparation of a technical assistance completion report (TCR). Ideally, the TPR is prepared by the mission leader and updated every quarter. It should also be updated after review missions and after receipt of TA progress reports from the executing agency (EA) and consultants. The Central Operations Services Office (COSO) provides inputs to the TPR by providing financial information on a monthly basis. TPRs are to be prepared for all active TAs and are maintained until the TA account is financially closed.<sup>2</sup> The TPR forms the only Asian Development Bank source of monitoring information for TA performance.

3. The TCR is the primary tool used by regional departments to evaluate their own TAs. The main objective of the TCR is to benefit from the experience gained from the TA and use the lessons learned to refine TA planning, formulation, and implementation in the future. It does not use the performance indicators and targets specified in the DMF to evaluate the performance of a TA. The TCR purports to provide a comprehensive review of the TA based on the rationale for the TA; achievements of the objectives, outputs, scope, and inputs identified in the DMF; performance of consultants; and quality of TA outputs produced; as well as identifying major lessons. Finally, it provides recommendations for follow-up actions and to improve future TAs. The TCR also provides an overall evaluation of the TA. A TCR is not required for small-scale TAs or TAs resulting in a loan. The TCR is not an independent review of a TA and does not seek to provide information about how

<sup>1</sup> A fifth component of PPMS—borrower monitoring and evaluation through the project administration memorandum—is applicable only to loans.

<sup>2</sup> ADB. 2003. *Project Administration Instructions*. PAI 6.09. Manila (December).

the EA evaluated the intervention or how the consultants regarded the intervention. TCRs are the responsibility of the project officer to complete although, in practice, they are often delegated to national officers or administrative staff.

4. TCRs are prepared between 6 months and 1 year after TA completion.<sup>3</sup> A draft of the TCR is circulated for comments to concerned departments including COSO, Controller's Department, Operations Evaluation Department (OED), and Regional and Sustainable Development Department. The TCR is finalized after all comments are incorporated and approved by the concerned director general. For TAs administered by resident missions, the country director is the approving authority. The target audience for the TCR includes the Board of Directors; Management (Vice President for respective operations group, Vice President Finance and Administration); heads of departments and offices; country director of resident mission concerned; and borrowers and EAs and implementing agencies.<sup>4</sup> Despite the project administration instructions, TCRs, in practice, are sent to EAs at the discretion of project officers.

5. Both the TPR and the TCR are evaluation tools generated by the operations department administering the TA. Other instruments which can contribute to evaluation are review reports prepared during TA implementation, typically at midterm and country portfolio performance reviews.

6. The second tier in project/TA evaluation is the independent evaluation conducted by OED. The basic instrument for independent evaluation of TAs is the technical assistance performance evaluation report (TPER). The TPER builds on the TCR to identify key issues, lessons learned, and follow-up actions required. Weaknesses in OED's system for evaluating TAs are discussed in Chapter III of the main text.

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<sup>3</sup> TA is complete when a major part of the TA work program is finalized, usually upon the submission of the consultant's final report.

<sup>4</sup> ADB. 2003. *Project Administration Instructions*. PAI 6.08. Manila (day, December), revised in November.

## **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)<sup>1</sup> 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

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<sup>1</sup> 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.

## 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.