

DEVELOPMENT EFFECTIVENESS COMMITTEE
Chair's Summary of the meeting held on 12 November 2012

I. Special Evaluation Study: ADB's Response to Natural Disasters and Disaster Risks (IN.261-12)

1. DEC discussed the study and noted that (i) the results of disaster recovery and prevention operations were rated successful, (ii) only 45% of the projects are likely to be sustainable, and (iii) ADB's mixed record in the relevance and responsiveness of disaster prevention work. DEC supported the importance of mainstreaming disaster risk reduction among developing member countries (DMC), especially those prone to flooding and earthquakes. DEC discussed the importance of focusing on (i) approaching disaster recovery more comprehensively, (ii) restoration of livelihoods, (iii) improving disaster resilience, (iv) the impact of disasters on women, (v) delegation of decision-making to resident missions, and (vi) working with various partners.

2. **Inclusion of disaster risk management in country partnership strategies.** DEC considered Management's suggestion that (i) Country Partnership Strategies (CPS) would likely be more successful if they had a multi-pronged approach especially for high-risk DMCs, and (ii) a bottom-up approach at the project level that would be more implementable for ADB operational staff and enable DMC officials to recognize the effectiveness of managing risk. DEC noted IED's view that the project approach may be too fragmented, considering that most disaster agencies may not have a strong voice within their governments, and that country programming is sector-based. DEC recognized the need to address disaster risk at the country level but realized that, in light of available resources, it may not be possible to include full vulnerability assessments in every CPS. Some DEC members indicated that the report could have been more instructive if it featured a case study on a smaller DMC where the impact of disasters is compounded by weak institutional capacities.

3. **Flexibility to engage in disaster prevention initiatives.** DEC discussed the fact that disaster prevention tended to gather limited traction among governments and ADB operations, since prevention is not as visible as recovery. DEC noted that while ADB has comparative advantage on the latter, the Bank should be flexible to do what is needed for development effectiveness, such as promoting and doing more on disaster prevention (including infrastructure provision such as flood protection) and restoration of livelihoods rather than focusing mainly on infrastructure rehabilitation. Some DEC members agreed on ADB's comparative advantage in infrastructure, while others emphasized that there is room for greater ADB involvement beyond infrastructure. DEC agreed that ADB could be more proactive in terms of demand creation by engaging governments about disaster prevention and disaster resilience both soft and hard, which costs less compared with recovery.

4. **Monitoring the action plan through annual Board reporting.** DEC discussed the issues of weak implementation and monitoring, and the need for institutional strengthening and capacity development. Some DEC members suggested annual reporting to the Board and welcomed the upcoming review of the 2008 Disaster and Emergency Assistance Policy Action Plan in 2013. DEC noted that the SES could have served as a useful input to the recent Board consideration of the Disaster Response Facility if it had been shared earlier with the Board. Therefore DEC urged better coordination on timelines between agenda items of Board meeting and IED evaluation deliverables.

5. **Adequacy of staff with technical expertise and involvement in partnerships.** DEC expressed concern that there is not enough staff with expertise and no community of practice in ADB in this area. DEC appreciated that knowledge exchange on natural disasters is important, and members expressed the need for ADB to improve donor coordination and partnerships to maximize development effectiveness and sustainability and enhance capacity development within the Bank.

6. **Disaster financing options.** DEC discussed the various models and tools available, and encouraged staff to work further on disaster risk financing to provide support for ongoing projects. DEC considered the evaluation of IED that ADB had been successful in using emergency assistance loan products through spring cleaning non-performing loans while providing needed resources, but noted that other donors have done more in terms of prevention. Given the rising threat of natural disasters, DEC

supported the view that more should be done to enhance ADB's capacity in disaster resilient design and standards and maintenance.

II. Country Assistance Program Evaluation: Afghanistan (IN.267-12)

7. DEC noted the CAPE's recognition that ADB's support is strategically focused in ensuring a seamless transition and economic growth through reconstruction and rehabilitation, but also noted that monitoring results has been difficult because of the lack of a results framework. DEC also noted the CAPE's recognition of ADB's contribution in improving roads, airports, rail system and power supply, despite cost overruns, project delays and longer implementation periods, although most projects were completed recently and adequate data to assess the impacts is not always available. DEC took note of Management's disagreement with several ratings including the overall less than successful rating and recognized the difficult situation in Afghanistan, which must be factored in when preparing strategy and projects. DEC also considered that the focus should not be only on the ratings but also on lessons learnt.

8. **Concerns on classification of Afghanistan and sustainability of projects.** DEC noted the urgent need to reassess the Afghanistan's post-conflict status in ADB operations in the next CPS, which should cover a shorter CPS period while fully taking into account the implication of security to the operations. Given Afghanistan's security context and high dependence on aid, DEC supported the need to include sustainability considerations in project design and was reassured to hear from staff that sustainability is high on the government and donors' agenda.

9. **Use of the multi-tranche financing facility for supplementary financing.** DEC sought clarification about the use of the multi-tranche financing facility (MFF) in financing cost overruns, noting that such changes merited the Board's consideration, and noted staff's response that no ADB procedures or compliances were compromised in the use of MFF and that the use of tranches enabled progress in the field. DEC will further review when IED's evaluation of the MFF is presented to DEC.

10. **Improving donor interest on the Afghanistan Infrastructure Trust Fund.** DEC discussed the differences in purpose and duration between the Afghanistan Infrastructure Trust Fund (AITF) and the Afghanistan Reconstruction Trust Fund (ARTF), and noted the diverging views of Management and IED on governance related aspects. DEC welcomed the IED's indication at the outset that it would revise the section to clarify that the section is not an evaluation of the AITF which was established only in 2010 but rather suggesting lessons from other trust funds operating in the country which may lead to improve the participation of donors in AITF.

11. **Resident mission staffing.** DEC recognized the work done by the Afghanistan Resident Mission and inquired whether staffing should be increased to further improve development effectiveness. DEC suggested that Management consider various incentives to attract staff and reinforce in-country presence for more efficient and effective donor coordination.

12. **Evaluation approach for conflict afflicted countries.** DEC members discussed evaluation guidelines and their flexibility, in terms of achievement of outputs and outcomes, for fragile and conflict afflicted contexts. Members also agreed that the CAPE could be instructive in engaging countries with similar contexts such as Myanmar and Nepal.

13. **Prospects of private sector development.** DEC noted the success of ADB's private sector operations in Afghanistan and future prospects on mining and gas exploration. DEC stressed the importance of private sector development, further noting that job creation is one of the most critical factors for inclusive growth. DEC members underscored the urgency of mainstreaming gender in project design noting that ADB has not done enough in addressing gender issues in Afghanistan.