December 2015

Reforming the Country Partnership Strategy

This document is being disclosed to the public in accordance with ADB’s Public Communications Policy 2011.

Asian Development Bank
ABBREVIATIONS

ADB – Asian Development Bank
COBP – country operations business plan
CPS – country partnership strategy
DMC – developing member country
ICPS – interim country partnership strategy
IED – Independent Evaluation Department
SBP – streamlined business process
SPD – Strategy and Policy Department

NOTE

In this report, “$” refers to US dollars.

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<th>Position</th>
<th>Name</th>
<th>Department/Title</th>
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In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.
CONTENTS

I. INTRODUCTION 1

II. ASSESSMENT OF THE CPS 1
   A. 2009 CPS Business Process Review 1
   B. Assessment of CPSs Prepared during 2010–2014 2

III. PROPOSED CPS REFORMS 4
   A. Strengthening CPS Content and Substance 5
   B. Improving Background Assessments and Diagnostics 6
   C. Streamlining the CPS Business Process 8

IV. MONITORING 10

V. CONCLUSION 10

APPENDIXES
1. Country Partnership Strategy Main Text: Proposed Content 11
2. Country Partnership Strategy Results Framework: Template 13
3. Inclusive and Sustainable Growth Assessment: Proposed Guidelines and Outline 15
I. INTRODUCTION

1. The country partnership strategy (CPS) is a directional document that sets the strategic framework for engagement by the Asian Development Bank (ADB) with developing member countries (DMCs). By establishing a results framework for each country, it serves as the primary tool for ADB to monitor development results in a DMC. The CPS defines the parameters of ADB’s strategic and operational assistance in a country in the context of the DMC’s national development strategy, and ADB’s corporate strategic framework.

2. With the midterm review of Strategy 2020 (MTR), ADB committed to strengthen its development effectiveness and deliver better value for money by streamlining business processes to improve efficiency and minimize DMC transaction costs. The DMCs have suggested that simplifying ADB processes would improve flexibility and responsiveness.

3. The CPS business process was last reviewed in 2009. The present review bases proposed reforms on consultations with regional departments, including country directors and CPS country team leaders, as well as specialized knowledge and other relevant departments. The reforms were discussed in an informal Board seminar on 2 September 2015.

II. ASSESSMENT OF THE CPS

A. 2009 CPS Business Process Review

4. In 2009, ADB conducted a comprehensive review of the CPS business process, after adopting Strategy 2020 and committing to the Paris Declaration on Aid Effectiveness. The review identified weaknesses in relevance, effectiveness, and efficiency of the CPS process; and recommended reforms to be implemented quickly and with minimal institutional disruptions.

5. The review highlighted the long preparation time (almost 3 years on average), and the often voluminous nature of CPSs (averaging 100–150 pages). It concluded that the CPS process and content suffered from value erosion, pipeline attrition, poor sequencing, and redundancies.

6. Based on the review, in January 2010 ADB introduced a streamlined business process (SBP) for the CPS (Table 1). The SBP reforms aimed to improve the quality of the CPS, rationalize the time and staff effort needed to prepare the CPS, mainstream knowledge management, and generate resource savings.

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Table 1: Key CPS Reforms Based on the 2009 CPS Business Process Review

<table>
<thead>
<tr>
<th>CPS focus</th>
<th>CPS to be concise (not exceeding 15 pages) and focused, reflecting issues pertinent only to ADB operations.</th>
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<tbody>
<tr>
<td>CPS alignment</td>
<td>CPS to better align with a DMC’s strategic planning cycle and outcomes, with sufficient flexibility. Interim CPS introduced to enable alignment with the DMC planning cycle.</td>
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<tr>
<td>CPS knowledge base</td>
<td>CPS should be based on a knowledge repository that includes sector road maps. Knowledge should be generated, not as part of the CPS formulation process but as part of continuous dialogue and analytical work.</td>
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<tr>
<td>One platform</td>
<td>CPS preparation to use a single documentation platform; the document is to be developed through progressive improvements in a single document.</td>
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<tr>
<td>Management review</td>
<td>The Management Committee is responsible for the final review of the draft CPS.</td>
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<td>Review and ownership</td>
<td>A peer review mechanism to replace interdepartmental review.</td>
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<tr>
<td>Results management</td>
<td>CPS to include a streamlined results framework including country development goals, key sector outcomes, ADB areas of intervention, and indicative resource allocation.</td>
</tr>
<tr>
<td>Efficiency and effectiveness</td>
<td>The practice of continuously adding on more requirements for preparing CPSs to be dropped.</td>
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ADB = Asian Development Bank, CPS = country partnership strategy.

B. Assessment of CPSs Prepared during 2010–2014

7. During April–September 2015, ADB’s Strategy and Policy Department (SPD), together with focal points from various departments, reviewed progress on SBP implementation. The assessment included (i) a desk review of all 27 CPSs endorsed by the Board during 2010–2014, including analysis of available CPS processing data; and (ii) consultation with regional departments (including country directors and CPS country team leaders), and specialized knowledge and other relevant departments. The assessment also considered the findings of the 2014 quality-at-entry assessment. A summary of the main findings follows.

8. CPS quality needs substantial strengthening. The CPS, in general, is produced as a generic document that is often not sufficiently tailored to the circumstances of individual DMCs. Many CPSs read alike and lack differentiation—undermining their relevance and usefulness. The lack of flexibility in the CPS structure and format and its sector-focused approach contribute to making CPSs appear uniform across DMCs, and preventing them from highlighting distinctive features of ADB’s partnership with a DMC. A recent paper notes the lack of usefulness of the rigid CPS content and process in the context of ADB’s engagement with upper middle-income countries. Further, the uniformity and standardization of diagnostic work across CPSs limits the usefulness and application of such work in informing the content and increasing the quality and depth of analyses in CPSs for the different DMCs.

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4 Representatives from Central and West Asia Department, East Asia Department, Economic Research and Regional Cooperation Department, Pacific Department, Private Sector Operations Department, South Asia Department, Southeast Asia Department, and Sustainable Development and Climate Change Department served as focal points and supported the assessment and development of the proposed reforms.


9. **Background assessments not driven by DMC demand.** Many diagnostic assessments are undertaken only to meet internal ADB requirements. This prompts the question of the extent to which these assessments are considered useful by DMCs and how their value-addition can be improved. The scope to rationalize and optimize the use of background assessments, and improve their relevance and usefulness for clients is significant.

10. **CPSs rarely informed by readily available country knowledge.** As envisaged in the 2009 reform, the CPS knowledge base was to be generated not as part of the strategy formulation process, but as an integral part of continuous dialogue and analytical work. However, knowledge work has, in most cases, continued to be generated as part of the CPS preparatory process. Staff consultations identified lack of preparation of regular assessments and analytical work as the reason for these assessments to be clustered at the time of CPS preparation.

11. **Significant time and cost to prepare.** CPSs prepared during 2010–2014 required an average of 2 years (Table 2). The bulk of this time was devoted to preparing pre-CPS assessments—an average of 14 months. In most cases, staff continued to prepare new assessments during the CPS preparation cycle—requiring substantial time, effort, and resources (para. 10). Processing of a CPS from the initiating meeting to Board endorsement took 10 months on average. The average cost of preparing a CPS was about $1 million.7

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of Processed CPSs</th>
<th>Pre-CPS Analyses and Assessments</th>
<th>From Initiating Meeting to Board Endorsement</th>
<th>CPS Process, Cumulative</th>
</tr>
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<tbody>
<tr>
<td>Central and West Asia</td>
<td>7</td>
<td>14</td>
<td>11</td>
<td>25</td>
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<tr>
<td>East Asia Department</td>
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<td>South Asia Department</td>
<td>5</td>
<td>26</td>
<td>9</td>
<td>35</td>
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<tr>
<td>Southeast Asia Department</td>
<td>7</td>
<td>9</td>
<td>9</td>
<td>18</td>
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<tr>
<td><strong>Average</strong></td>
<td></td>
<td><strong>14</strong></td>
<td><strong>10</strong></td>
<td><strong>24</strong></td>
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CPS = country partnership strategy.
Source: Asian Development Bank regional departments.

12. **Voluminous.** While the main text of the CPS has been confined to 10 pages, the total length of required linked documents is still too long. During 2010–2014, full CPSs (including the linked documents) averaged about 155 pages (one CPS was 396 pages). In many cases, the CPS main text and mandatory linked documents were accompanied by supplementary linked documents.

13. **Peer review does not meet intended objectives.** The CPSs differed on how the peer review process was approached. Resulting from the 2009 reforms, the peer review process was to be the primary quality assurance process to replace the process of interdepartmental comments. However, the peer review process has not been fully institutionalized and some CPSs have continued to depend on the interdepartmental comment process. In some cases, the practice of designating department management (director general or deputy director general) as the CPS peer reviewer has effectively turned the peer review process into a full

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departmental review. Some staff consulted questioned the quality of peer review comments, both from internal and external peer reviewers. Of the 27 CPSs, 6 had external peer reviewers. Some country teams felt that external reviews added little value.

14. **Introducing additional requirements to the CPS continues.** Since 2010, several departments introduced at least 10 additional amendments and requirements, which were made a mandatory part of the CPS preparatory process. These include guidelines to integrate inclusive economic growth in the CPS, conduct country procurement assessments, and prepare country knowledge plans. While important, these requirements added to the existing workload and staff time spent on preparing the CPS.

15. **eOperations hinders efficiency.** Efficiency gains from the SBP were offset to an extent by introducing eOperations. Country teams that used the eOperations system mostly considered it a burden and did not find that it helped improve and streamline the CPS business process. Because the system had technical glitches and was not considered useful, some country teams chose to bypass the eOperations requirement when processing CPSs. Analysis for this paper shows that information on many CPSs (e.g., processing milestones) was missing either partially or fully from eOperations.

16. **SBP reforms only partially implemented.** The review and consultations indicate that progress on reforming the CPS overall has been limited. There is a clear need to strengthen the quality of the CPS, improve the efficiency of the CPS business process, regularize knowledge work, and institutionalize the peer review system.

### III. PROPOSED CPS REFORMS

17. The CPS continues to serve as a primary relationship document between a DMC and ADB as it sets out shared priorities and strengthens the mutual ownership of ADB’s public and private sector assistance program. The CPS provides (i) the strategic and operational framework for ADB’s involvement in a DMC, (ii) opportunities for policy dialogue between a DMC and ADB, and (iii) a mechanism for accountability.

18. CPSs will continue to be prepared and updated in line with the development planning cycles of most DMCs (usually 4–5 years). Exceptions to this could be made when there is a clear and strong justification for not needing to update the CPS (after the expiry of the current CPS) based on (i) the development plans and priorities of the DMC having remained unchanged; and (ii) ADB’s strategic objectives and thematic and sector priorities for that DMC also having remained unchanged. At the same time, the CPS cycle can be accelerated if, for example, the government has changed and the new government prepares a new development strategy or plan that deviates substantially from the previous strategy and plan. These exceptional cases will be determined and decided on jointly by the DMC government and ADB (regional department based on recommendation by the country team). Regional departments can decide on an appropriate approach for small DMCs like those in the Pacific. Currently, for example, the Pacific Approach serves as the CPS for several small Pacific island countries (ADB. 2009. *ADB’s Pacific Approach, 2010–2014*. Manila.).
19. The proposed reforms aim to transform the CPS into a quality and value-adding document, and to significantly reduce its preparation time and cost (Figure). To achieve these objectives, proposed reforms cover three areas:
   (i) strengthening CPS content and substance,
   (ii) improving background assessments and diagnostic work, and
   (iii) streamlining the CPS business process.

### Benefits and Features of the Proposed CPS Reforms

**Better quality, more value-adding CPS**

- Improved CPS content and substance
  - Focused on key thematic issues
  - Responds to specific DMC contexts
  - Flexible and differentiated
  - Revised results framework
  - About 45 pages (including three linked documents)

**Relevant diagnostic work**

- Rationalized, focused, and integrated assessments
- Regular production and updating of knowledge work

**Shorter business process**

- 10 months to prepare (excluding the CPS final review)
- Costs less than $400,000

CPS = country partnership strategy, DMC = developing member country. Source: Asian Development Bank.

#### A. Strengthening CPS Content and Substance

20. **Streamline and improve content.** To adapt the CPS content to a DMC’s specific circumstances, the country team will have greater flexibility on how it chooses to develop the CPS storyline. An indicative template may still be useful (Appendix 1), but must be used flexibly and modified as necessary to best describe ADB’s engagement in a DMC. While following such a flexible approach, a CPS will be expected to respond to the following four questions to present a coherent description of ADB’s engagement.

   (i) What are the DMC’s key development challenges that ADB will try to address through its involvement?

   (ii) What are ADB’s strategic objectives and priorities for engaging with the DMC through both public and private sector support, considering the DMC’s challenges, and lessons from past engagement?

   (iii) How is ADB’s engagement aligned with the government’s development plan, ADB’s corporate strategy, and strategies of other development partners?

   (iv) How can ADB ensure the best use of its limited resources to support the DMC?

21. In responding to these questions, the CPS will present an integrated and thematic description of ADB’s engagement with the DMC rather than a standard description of ADB’s
involvement in individual sectors. For example, an overarching strategic and thematic objective of a CPS for a small island country could be “building resilience to overcome vulnerability to external shocks.” Likewise, a CPS objective for an upper middle-income country could be “strengthening productivity and competitiveness through private sector development and innovation.” More than one objective could be built into the CPS for a given DMC. Sector discussions could still be included, but would focus on how sector interventions will contribute to making progress on the CPS’s thematic objectives. The participation of sector and thematic groups in the standing country team (para. 25) will enable these groups to provide substantive inputs and contributions in the CPS formulation process. Strategic priorities for private sector development and private sector operations should be specifically provided.

22. The CPS will include a one-page “CPS snapshot” to summarize the CPS response to the four questions in para. 20. It will also include as appendixes (i) a short country knowledge plan highlighting priorities for knowledge partnership with the DMC; and (ii) a results framework (Appendix 2), which tracks strategic results at the country level with which the CPS objectives are aligned, and highlights key related outcomes to which ADB’s support contributes under the CPS.

23. The CPS main text (excluding the country knowledge plan and results framework) will not exceed 15 pages. For small DMCs with limited ADB engagement, the CPS document could be less than 10 pages. For larger DMCs with more extensive ADB engagement, the CPS main text could be longer as needed, up to the maximum length of 15 pages.

B. Improving Background Assessments and Diagnostics

24. Conduct knowledge and assessment work on an ongoing basis over the CPS implementation cycle. ADB is a knowledge bank. Therefore, knowledge and assessment work is crucial and its quality must be improved. Further, knowledge work must be undertaken on an ongoing basis and not only to meet the requirements of a new CPS. Regional departments should devise appropriate institutional mechanisms to ensure knowledge work is ongoing, and systematically involve specialized knowledge and other departments and sector and thematic groups from across ADB in the production of such work.

25. One possibility of supporting knowledge work is through setting up a standing country team. Such a country team would be in place throughout the 5-year CPS cycle, and identify and regularly prepare and update assessments and diagnostic work, thus ensuring that a sound and updated knowledge base exists when a new CPS is to be prepared. The standing country team would lead overall CPS preparation, and regularly monitor its implementation. The team, to be established prior to the initiation of the pre-CPS assessment work, could (i) be chaired by the concerned country director (who can delegate this role to the country team leader as appropriate) to raise the team’s profile and ensure access to DMC officials and resources; and (ii) comprise members from the regional department’s divisions, and representatives of specialized knowledge and other departments and sector and thematic groups. This would ensure that these departments and groups become regular and significant contributors to the knowledge program for the concerned DMC.

26. Regional departments and resident missions, through the standing country teams or otherwise, will decide on the priorities and schedules of thematic and sector assessment work considering specific DMC circumstances and needs. These priorities will be reflected in a short country knowledge plan, which will be a CPS appendix; and operationalized through a pipeline of knowledge products reflected in the COBP. The prioritized assessments and knowledge work
will then be carried out, and appropriately staggered and sequenced over the life cycle of the ongoing CPS. In prioritizing the assessments and diagnostic work to be pursued over the 5-year CPS cycle, the important considerations would be (i) DMC demand for knowledge services and support; (ii) regional department’s assessment of analytical work considered critical to inform the new CPS; (iii) the required assessments under Board-approved policies, such as the gender assessment; and (iv) already available analyses and reports by other development agencies and research institutions, which can be used to inform the directions of the new CPS.

27. **Rationalize linked documents by merging, delinking, and streamlining.** The country teams will be required to attach only three linked documents to the CPS:

(i) **Inclusive and sustainable growth assessment.** The assessment will merge the current economic, poverty, gender, private sector, and environment analyses. It will identify key challenges and constraints to inclusive and sustainable growth, and help determine the rationale for selecting strategic objectives and thematic priorities for the CPS. Appendix 3 provides a broad and indicative outline for this assessment, which should be used flexibly and adapted to capture a DMC’s key development challenges and priorities. Country teams are to improve the outline and introduce innovations as necessary. The knowledge work conducted over the life cycle of the previous CPS and relevant analyses from other institutions can be used in preparing the assessment.

(ii) **Development coordination matrix.** The matrix will establish how ADB coordinates its strategic and operational support for the DMC with other development partners operating in the country. The current CPS process also requires this matrix. Country teams can adapt or change the present template of the matrix as needed for specific country contexts.

(iii) **Country operations business plan.** The COBP of the starting year of the CPS will be attached as per current practice.

28. The sector assessments, risk assessments and risk mitigation plans, the country procurement assessment, and the cost-sharing arrangements will all be delinked from the CPS. These assessments are important and will still need to be prepared, but they will be prepared independently following schedules decided by the country team. Sector divisions in regional departments, in collaboration with sector and thematic groups, are expected to continue to regularly update sector analyses, which are also prerequisites for project preparation. Other linked documents for the current CPS will no longer be included.

29. **Maintain the final CPS review and validation, and the country assistance program evaluation.** The CPS final review and its validation by the Independent Evaluation Department (IED) and the country assistance program evaluation (CAPE) are critical to identify evaluative lessons and contribute to shaping the directions of the new CPS. These will be maintained. IED will be requested to provide the draft validation report or CAPE before the informal Board

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9. Gender issues will continue to be systematically addressed in the linked document on inclusive and sustainable growth assessment (para. 27 [i]) and in the CPS main text.
10. All relevant operations policies approved by the Board remain applicable. Where various thematic policies require assessments beyond what is covered by the CPS and its linked documents, subsequent knowledge work should address them during CPS implementation.
11. Other linked documents are country and portfolio indicators, country performance assessment ratings, CPS formulation, and the short CPS final review matrix.
seminar so that the draft recommendations can be considered when preparing the final draft of
the CPS. For this to happen, country teams will be required to provide the final review to IED for
validation at least 17 weeks prior to the informal Board seminar (Appendix 4). The CPS final
validation and CAPE reports are made available on the IED website and will not need to be
included as a linked document with the CPS.

30. The proposed reforms do not take away the importance of background knowledge work
in providing the analytical underpinnings for the CPS. Instead, they will help make such
knowledge work more useful and relevant for the CPS and will help in raising the quality of this
work.

C. Streamlining the CPS Business Process

31. Enhance the peer review process. The peer review process will completely replace
the interdepartmental review (as envisaged in the 2009 SBP), and have additional quality
assurance mechanisms. SPD will establish and maintain a pool of peer reviewers based on
recommendations from various ADB departments. The criteria for selection of peer reviewers
will include previous experience with CPS preparation, knowledge of specific DMCs, and sector
and thematic expertise relevant to the areas prioritized in a given CPS. CPS country teams will
select two peer reviewers from the list provided by SPD, and may add an external peer
reviewer. Peer reviewers will be requested to provide concise, value-adding, and practical
inputs and suggestions for improving the quality of the CPS. Representatives of concerned ADB
departments and sector and thematic groups on the country teams will directly participate and
contribute to the CPS process by providing substantive written and analytical contributions for
the background knowledge and assessment work and for the main CPS document.

32. Streamline the CPS processing steps. The following amendments are proposed.
However, regional departments will have the flexibility to adapt or reorder the processing steps
in line with the specific situation of a DMC.

(i) Undertake consultations with the DMC as the first step of the CPS process
after completion of pre-CPS diagnostic work. Consultation with a DMC at the
start of CPS preparation is important to ensure that the CPS builds on country
perspectives from the beginning to create conditions for strong DMC ownership.
The DMC consultations will be based on (a) lessons from the ongoing CPS and
consolidated in the CPS final review; (b) the completed inclusive and sustainable
growth assessment and development coordination matrix; and (c) an
understanding of development challenges and issues to be addressed in the next
CPS.\(^\text{12}\)

(ii) Rename the CPS initiating meeting as the strategic priorities meeting.
Considerable background work and country consultations are completed by the
time the currently titled “initiating meeting” for the CPS is organized. The word
“initiating” in this sense is misleading. Therefore, renaming it the strategic
priorities meeting would be appropriate, as its purpose is to discuss the priorities
to be set under the new CPS. The discussions at the strategic priorities meeting
will be based on the completed diagnostic work, outcomes of country

\(^{12}\) As currently practiced in some DMCs, the consultation may be undertaken through day-to-day interactions by the
resident mission with the government, or back-to-back with the country programming mission. The consultation
with the DMC government and other stakeholders may continue, as needed, throughout the CPS process.
consultations, and lessons from the CPS final review. The vice-president will chair the strategic priorities meeting, but may delegate this role to the director general. A zero draft of the CPS will no longer be required for this meeting. The country team will put up the same documents used for the country consultations (item i), and will add to these a note on the findings of the country consultations and issues that need to be addressed in the CPS.

(iii) Seek President's early guidance. Following the strategic priorities meeting, the country team will prepare the first draft CPS and use it as the basis for consulting with the President. This will ensure sufficient time and flexibility are available to fully consider and incorporate the President's guidance at the early stage of CPS preparation. At the same time, country teams should separately consult with the vice-presidents for Private Sector and Cofinancing Operations and for Knowledge Management and Sustainable Development to obtain their inputs. With Management's inputs secured in this way and reflected in the CPS, there will be no need to convene a Management Committee Meeting at the end of the CPS preparation cycle.13

33. With the President's guidance and inputs of Board members from the informal Board seminar, the CPS can be then finalized and, through the concerned operational vice-president, submitted for the President's approval of circulation to the Board of Directors. Appendix 4 provides the revised CPS business process.

34. Engage with government informally to facilitate government's early concurrence with the CPS. Early drafts of the CPS may be shared with government counterparts on an informal basis, building on government engagement and involvement during the CPS preparatory stage and during country consultations. Such ongoing engagement can facilitate the government's early clearance of the CPS final draft. The final draft should be shared with the government for endorsement within 4 weeks from transmittal. Considering the streamlined and shorter CPS document, and the ongoing engagement with the DMC, this should be a reasonable time to request for the government's final review and endorsement of the CPS.

35. Enhance the country operations business plan. To bridge a temporary gap between two full CPSs, either due to DMC-related factors (such as a delay in preparation of a new national development plan or formation of a new government) or administrative delays in ADB, an interim CPS (ICPS) is currently prepared. The ICPS entails considerable effort and staff time; and its usefulness as a "holding" document is questionable. The ICPS will be replaced with an enhanced COBP process to bridge the gap between two full CPSs. In such situations, the first section of the COBP, Consistency of Business Plan with the CPS, will be expanded by adding additional discussion to reflect any changes or updates on country strategy, thematic or sector reprioritization, and any adjustments to the overall approach to provide the necessary strategic cover until such time that a new CPS can be prepared. In this way, the COBP will provide strategic and business continuity until the preparation of a new full CPS. An ICPS can still be prepared to guide ADB operations when ADB is engaging with a new DMC or reengaging with an existing DMC after a protracted interruption.

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13 The regional department and the country team determine the appropriate and most efficient way of seeking Management's guidance (e.g., meeting, video-conference, teleconference, or email reviews). This is to avoid delay in processing a CPS due to difficulty in scheduling formal meetings with Management.
36. The enhanced COBP will also be used to update the strategic, thematic, and sector cover for the operational pipeline included in it for the last 3 years of a 5-year CPS (when the 3-year rolling pipeline extends beyond the current CPS period).

37. Going forward, the COBP process may be reviewed from the point of view of including the present 3-year lending and nonlending pipelines, when the pipelines for the 3rd year are prepared, in many cases on a notional basis. The linked issue of maintaining consistency between the country-level planning in the COBP and the corporate planning in the Work Program and Budget Framework will be a consideration.

38. **Remove the CPS from eOperations.** Given the lack of value for using eOperations to prepare the CPS, this action is already being implemented ahead of the other reforms. The CPS will be circulated and disclosed through a new and streamlined Board circulation and disclosure system currently being established.

IV. **MONITORING**

39. SPD will form a CPS reform monitoring group to monitor the implementation of proposed reforms. The group will also serve as the focal point for all CPS-related concerns. It will be chaired by the SPD deputy director general, and comprise a small number of staff from regional and specialized knowledge departments. The group will decide on requests for any changes, additions, and improvements to the CPS document and process. It will also assign peer reviewers for quality assurance of the CPS.

V. **CONCLUSION**

40. The proposed CPS reforms will help strengthen the quality of the CPS and make it a more useful document with improved content and a stronger analytical foundation. The simplified business process will reduce the time and cost associated with the CPS process. Upon amendment of the *Operations Manual*, Section A2 on the CPS, the reforms will apply to all CPSs with strategic priority meetings after 1 January 2016.

41. In 2019, SPD will review the implementation progress of the reforms and their impact on the quality and efficiency of the CPS document and process. Based on the review, the need for any further improvements in the CPS will be determined.
COUNTRY PARTNERSHIP STRATEGY MAIN TEXT: PROPOSED CONTENT

I. COUNTRY PARTNERSHIP STRATEGY SNAPSHOT

1. {Succinctly present the CPS story line, summarizing responses to four key questions:
   (i) What are the key development challenges of the DMC that ADB will try to address through its involvement?
   (ii) What are ADB’s strategic objectives and priorities for engaging with the DMC through both public and private sector support, considering the DMC’s challenges, and lessons from past engagement?
   (iii) How is ADB’s engagement aligned with the government’s development plan, its own corporate strategy, and strategies of other development partners?
   (iv) How can ADB ensure the best use of its limited resources to support the DMC?}

II. COUNTRY DEVELOPMENT CONTEXT

2. {Explain the overall macroeconomic situation, the main sources of national income, the key drivers of economic growth, and major constraints to inclusive economic growth, environmentally sustainable growth, and regional cooperation and integration. Key gender issues should be highlighted. Use the analysis in the inclusive and sustainable growth assessment, and the key economic information contained in the Country Information Notes to develop this section. Also discuss relevant aspects of the country’s political economy, social development, and institutional framework.}

III. COUNTRY STRATEGY FRAMEWORK

3. {Explain ADB’s strategic approach, value addition, and priorities for public and private sector engagement. Describe how ADB will help address key development challenges, and support inclusive and sustainable growth and regional cooperation and integration. Base the discussion on lessons on the effectiveness of ADB’s past country engagement, alignment with the national development strategy, and ADB’s corporate strategy; as well as division of labor among development partners. Indicate priorities for knowledge partnership with the DMC.}

   A. Lessons From Previous Strategy
   B. National Development Strategy
   C. Role of Development Partners
   D. ADB’s Strategic and Thematic Objectives and Public and Private Sector Operational Priorities
   E. Priorities for Knowledge Support

IV. STRATEGY IMPLEMENTATION

4. {Provide a brief description of (i) the expected financial envelope and cost-sharing arrangements; (ii) how ADB will make the best use of its resources to support the DMC; (iii) key implementation priorities and targets; (iv) the approach to the use of country systems; (v) monitoring of results through the CPS results framework; and (vi) key systemic, fiduciary, and implementation risks.}

   A. Indicative Resource Parameters
   B. Implementation Priorities
   C. Monitoring of Results
   D. Risks
APPENDIXES

1. Country Knowledge Plan (Summary)
2. Country Partnership Strategy Results Framework
3. Linked Documents
   a. Inclusive and Sustainable Growth Assessment
   b. Development Coordination Matrix
   c. Country Operations Business Plan
### Appendix 2

#### COUNTRY PARTNERSHIP STRATEGY RESULTS FRAMEWORK: TEMPLATE

**A. {DMC}: Country Partnership Strategy Results Framework, {20XX–20XX}**

<table>
<thead>
<tr>
<th>Country Development Impact Indicators with which the CPS is Aligned</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Examples:</td>
</tr>
<tr>
<td>1. Proportion of population living below $2 a day at 2005 PPP$: x% by {year} from x% in {year}</td>
</tr>
<tr>
<td>2. Growth rate of GDP per capita: % from {year} to {year}</td>
</tr>
<tr>
<td>3. Under-5 mortality rate per 1,000 live births: x% by {year} from x% in {year}</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CPS Objectives and Related Impacts</th>
<th>CPS Priority Areas</th>
<th>Key Outcomes that ADB Contributes to</th>
<th>Outcome Indicators</th>
<th>CPS Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>(State CPS objectives. These indicate strategic priorities at the country development impact level, to which ADB aims to contribute. These objectives are linked to the country development impact indicators included above. The CPS objectives should use the wording adopted by the government to the degree possible. This should be derived from the government's sector strategy or plan. If such a strategy or plan does not exist or is not complete, the results statement should be agreed upon with the government through dialogue.)</td>
<td>(List the CPS priority areas that will support the government in achieving the country development impacts identified in the first column. These can be organized as a cluster of sectors or broad cross-cutting areas with sector components identified. They need not to be worded identically to ADB's strategic agenda or drivers of change. They can be worded in the same way as in the government's national development plan. The list should be focused and streamlined.)</td>
<td>(Present key sector or cross-sector outcome statements which are aligned with the CPS priority areas for public and private sector support. They should be consistent with the government's road maps in priority areas (sectors, cross-sectors, or cross-cutting themes).)</td>
<td>(List key sector or cross-sector outcome indicators to which ADB will contribute. They should be consistent with the government's road maps in priority areas (sectors, cross-sectors, or cross-cutting themes). The target years can extend beyond the current CPS period as it will generally take longer than 5 years to deliver development outcomes.)</td>
<td>(Indicate the latest figures on resources under each heading.)</td>
</tr>
<tr>
<td>{Improved human capital}</td>
<td>{Human development}</td>
<td>{More educated workforce}</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

{Improved human capital} | {Human development} | {More educated workforce} | (Proportion of employed labor in the workforce with technical | |

| Ongoing portfolio (Example: | | |
| Ongoing sovereign loan projects (as of 31 December 2014): | Number: 86 Amount: $11.5 billion | |

| Planned operations and contribution: | |
| Sovereign (Example: | | |
| Lending ($xx million of OCR and $xx million of ADF for 2015–2017) | |

| Technical assistance | |
| {Nonlending ($xx million per year)} | |
### CPS Objectives and Related Impacts

<table>
<thead>
<tr>
<th>CPS Priority Areas</th>
<th>Key Outcomes that ADB Contributes to</th>
<th>Outcome Indicators</th>
<th>CPS Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthier population</td>
<td>and vocational degrees or higher degrees increased to xx% in 20xx (20xx baseline: xx%)</td>
<td>Population using improved water supply and sanitation facilities increased to xx% in 20xx from xx% in 20xx</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Immunization coverage as percentage of the total population increased to xx% in 20xx from xx% in 20xx</td>
<td></td>
</tr>
<tr>
<td>(A more diversified and productive economy) Private sector development</td>
<td>Increased transparency and accountability in public sector enterprises and a more level playing field for private enterprises</td>
<td>Rate of return on capital for state-owned enterprises increased to x% by 20xx (20xx baseline: x%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stronger resource mobilization and private-sector-led growth</td>
<td>Private sector mobilization of infrastructure investments of $xxx over 20xx–20xx (20xx baseline: $xxx)</td>
</tr>
</tbody>
</table>

(List the abbreviations referred in the table above.) Examples: ADB = Asian Development Bank, ADF = Asian Development Fund, CPS = country partnership strategy, GDP = gross domestic product, MW = megawatt, OCR = ordinary capital resources, PPP = purchasing power parity.

Note: The CPS sector coverage may be adjusted during the implementation to respond to country needs. However, the adjusted sectors should generally fall within the CPS priority areas.

a The indicators for country development impact can be taken from the government’s national plan. They are high-level indicators related to, for example, poverty and inequality, growth and employment, infrastructure endowment, environment, access to jobs and opportunities, and good governance and institutions. Some of the indicators can be selected from the suggested list of inclusive growth indicators pitched at the country level in Appendix 2 of the 2015 Revised Guidelines on Inclusive Economic Growth in the CPS.

b The CPS objectives will be used in country assistance program evaluations and CPS final review validations for the following evaluation criteria: (i) relevance (through the validity and appropriateness of the CPS objectives) and (ii) development impact (through ADB’s contribution to the achievement of development results).

c The CPS strategic agenda and priority areas can be based on the language used in the government’s national development plan. However, these selected strategic agendas or priority areas should communicate clearly the cross-sector areas that are consistent with ADB’s strategic agenda or drivers of change, e.g., economic restructuring to shift economic growth away from export reliance to domestic consumption.

Source(s): (List table source(s).)
INCLUSIVE AND SUSTAINABLE GROWTH ASSESSMENT: PROPOSED GUIDELINES AND OUTLINE

A. Preparation Guidelines

1. The inclusive and sustainable growth assessment linked document replaces five linked documents previously required for a country partnership strategy (CPS): (i) summary economic analysis, (ii) summary poverty analysis, (iii) summary gender analysis, (iv) summary environment assessment, and (v) summary private sector assessment. The inclusive and sustainable growth assessment is intended to present inclusive economic growth and environmental sustainability issues relevant to ADB country engagement in a streamlined, integrated, and consistent manner. The assessment is a required linked document for all CPSs.

2. During preparation of the assessment, CPS country teams will consult with government and other stakeholders, including development partners, to ensure ownership of the findings and avoid duplication with other studies and assessments. The assessment can draw upon existing and available knowledge work within and outside of ADB. Country information notes prepared and updated by regional departments for each DMC are a useful starting point. The assessment must be finalized before the strategic priorities meeting.

3. The assessment will take into account country context and recognize that solutions to development challenges are context-specific. It will be written flexibly and may not follow a standardized template and length. The country teams may adapt the exact contents of the assessment to what is useful for country dialogue and the CPS. The assessment can distill existing knowledge work in countries and be less detailed in countries where ADB engagement is limited. The following outline can serve as a guide and be used flexibly by country teams.

B. Indicative Outline

I. RECENT GROWTH, POVERTY, INEQUALITY, AND ENVIRONMENTAL DYNAMICS

4. {Succinctly describe key developments and growth trends in the economy over the last 5 years, including emphasizing the impact of economic growth on unemployment, poverty, and income inequality and vulnerability, taking into account gender and regional disparities. Assess the country’s progress on inclusive economic growth using indicators provided in the revised guidelines on inclusive economic growth in the CPS\(^1\) or other indicators relevant in the specific country context. Summarize the country’s standing and progress on the Sustainable Development Goals. Include consideration of environment and climate change and disaster risk issues relevant to the country’s development and resilience. Provide a short overview of medium-term growth and development prospects. Where possible, provide comparative analyses in these and other areas based on the situation of other relevant countries}.

5. {Specific areas for consideration:
   (i) macroeconomic performance (developments in real, external, fiscal, and monetary sectors; structure of the economy; supply and demand factors);
   (ii) developments in labor market and unemployment trends, sex-disaggregated;
   (iii) poverty and inequality trends;
   (iv) impact of growth on poverty;}

(v) multidimensional aspects of poverty (access to basic infrastructure and social services), sex-disaggregated;
(vi) income and consumption patterns of the bottom 40% of the population, sex-disaggregated;
(vii) progress toward achieving the Sustainable Development Goals;
(viii) environment and climate change baseline and disaster risks;
(ix) business environment for private sector development; and
(x) economic growth and development prospects.

II. KEY IMPEDIMENTS TO INCLUSIVE AND SUSTAINABLE GROWTH

6. Provide a detailed and evidence-based assessment of key obstacles to inclusive economic growth, comprising (i) factors preventing productive employment generation; (ii) challenges in improving efficiency, productivity and competitiveness of the economy to support long-term growth; (iii) human development constraints, including those relating to education and skills generation, and universal health coverage; (iv) gender inequality and other socioeconomic barriers; (v) spatial and geographical limitations; (vi) institutional and policy weaknesses, including those relating to public sector management, private sector development, service delivery, and accountability; and (vii) challenges related to the effectiveness and expansion of social protection and poverty reduction programs. For fragile and conflict-affected countries, an assessment of the political economy and capacity constraints resulting from fragility or conflict situations may be needed.

7. Specific areas for consideration:
   (i) political economy issues;
   (ii) growth and macroeconomic stabilization issues;
   (iii) human capital development and social protection issues;
   (iv) demographic challenges;
   (v) gender inequality;
   (vi) governance and institutional capacity issues;
   (vii) impediments to an enabling private sector environment to promote productivity and competitiveness of the economy;
   (viii) environmental degradation, and climate change and disaster risk issues; and
   (ix) impediments to regional cooperation and integration.

III. IMPLICATIONS FOR ADB COUNTRY ENGAGEMENT

8. Based on the preceding, draw implications for ADB’s country engagement through the new CPS. Take into account government strategies and national targets, ADB’s capacity and comparative advantage, role of other development partners, and lessons from past engagement.

9. Page limit. To maintain the desired length of the full CPS document, this assessment is recommended to have a maximum of 15 pages.
## NEW COUNTRY PARTNERSHIP STRATEGY BUSINESS PROCESS

<table>
<thead>
<tr>
<th>Steps</th>
<th>Outputs</th>
<th>Duration (weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pre-CPS assessments and diagnostic work</td>
<td>Inclusive and sustainable growth assessment&lt;br&gt;Development coordination matrix&lt;br&gt;CPS final review (submitted to IED for validation at least 17 weeks before the informal Board seminar)</td>
<td>16</td>
</tr>
<tr>
<td>2. Country consultation</td>
<td>Government’s guidance on CPS directions</td>
<td>3</td>
</tr>
<tr>
<td>3. Strategic priorities meeting</td>
<td>Guidance by the vice-president or director general on CPS directions</td>
<td>1</td>
</tr>
<tr>
<td>4. Preparation and finalization of first draft CPS, and peer review</td>
<td>First draft CPS reflecting background work, government inputs, vice-president’s and department’s guidance, lessons learned from the CPS final review; peer-reviewed draft</td>
<td>8</td>
</tr>
<tr>
<td>5. Consultation with the President</td>
<td>President provides guidance on CPS directions</td>
<td>1</td>
</tr>
<tr>
<td>6. Preparation of second draft CPS</td>
<td>Second draft reflecting President’s guidance</td>
<td>2</td>
</tr>
<tr>
<td>7. Informal Board seminar</td>
<td>Board’s comments on draft CPS</td>
<td>1</td>
</tr>
<tr>
<td>8. Preparation of final draft CPS</td>
<td>Final draft reflecting Board’s comments, and findings of the CPS final review validation or CAPE</td>
<td>1</td>
</tr>
<tr>
<td>9. Government’s concurrence</td>
<td>Government’s concurrence with the CPS</td>
<td>4</td>
</tr>
<tr>
<td>10. President’s clearance</td>
<td>President endorses the CPS</td>
<td>2</td>
</tr>
<tr>
<td>11. Board consideration</td>
<td>Board endorses the CPS&lt;br&gt;CPS published and disseminated</td>
<td>3</td>
</tr>
</tbody>
</table>

**42 weeks or about 10 months**

ADB = Asian Development Bank, CAPE = country assistance program evaluation, CPS = country partnership strategy, IED = Independent Evaluation Department.