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Country Partnership Strategy: Responding to the New Aid Architecture

Report of the Country Partnership Strategy Working Group

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CAPE	–	country assistance program evaluation
COBP	–	country operations business plan
COSS	–	country operational strategy study
CPS	–	country partnership strategy
CSP	–	country strategy and program
DMC	–	developing member country
ETSW	–	economic, thematic and sector work
MCM	–	Management committee meeting
MRM	–	Management review meeting
NBP	–	new business processes
RCS	–	regional cooperation strategy
SPD	–	Strategy and Policy Department

NOTE

In this report, "\$" refers to US dollars.

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CONTENTS

	Page
I. INTRODUCTION	1
II. RECENT DEVELOPMENTS IN GLOBAL AID ARCHITECTURE	1
III. THE CURRENT BUSINESS PROCESSES: STRENGTHS AND WEAKNESSES	2
A. Country Partnership Strategy Retrospective	2
B. Specific Problems with Current Business Processes	4
IV. COUNTRY STRATEGIES TO IMPLEMENT STRATEGY 2020	6
V. CONCLUSION	9

APPENDIXES

1. Country Partnership Strategy Outline	10
2. Country Partnership Strategy and Operations Framework	11
3. Knowledge Management and the New Country Partnership Strategy Business Process	12
4. Country Partnership Strategy Business Processes	15
5. Role of Management and the Board	18
6. Peer Review Process	19
7. Country Partnership Strategy Results Framework	21

I. INTRODUCTION

1. Country partnership strategies (CPSs) provide frameworks for the Asian Development Bank (ADB) to engage with each developing member country (DMC). CPSs are the primary platform for designing operational programs to deliver development results at the country level. Directions for their preparation need to respond to some significant recent changes. ADB's new long-term strategic framework (Strategy 2020),¹ its commitment to the Paris Declaration on Aid Effectiveness,² and the refinement of ADB's corporate results framework necessitate a review of the business processes for CPS preparation.

2. The CPS working group reviewed the relevance, effectiveness, and efficiency of the existing CPS process. Relevance relates to ensuring that the CPS processes are in line with international best practices for development assistance and with ADB's mandate. Effectiveness refers to achieving the impact expected by doing things in the right way, i.e., by identifying priority operations areas to maximize impact and track performance. Efficiency refers to undertaking a process and achieving a relevant and effective product at minimum resource cost. The review identifies weaknesses in all three areas, and proposes remedies that can be implemented quickly within the existing institutional structure. The adjustments are expected to deliver substantial gains in quality, mainstream knowledge management, and generate resource savings.

3. The review included consultations with operations and service departments, Management, and development partners. The primary objective was to identify significant improvements that would enhance the CPS process, rather than consider incremental changes.³

II. RECENT DEVELOPMENTS IN AID ARCHITECTURE

4. Over the past decade, two major developments—one global, the other within ADB—have had major implications for CPSs. First, ADB and other development partners committed in 2005 to the Paris Declaration, which requires ADB to align its activities with the national development strategy formulated with a country's leadership. Second, in 2008, ADB's Board of Directors approved Strategy 2020, which articulates ADB's strategic focus up to 2020. The principles underlying the Paris Declaration and Strategy 2020 provide guidance for ADB's strategy in individual DMCs, thereby shifting the focus of CPSs to the more limited objective of customizing ADB's broad mandates for country-specific circumstances.

5. **Alignment with national development strategies.** Both donors and recipient countries adopted the Paris Declaration, which states:

¹ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

² The Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability. 2005. Paris. Available: <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

³ Recommendations presented in this report do not prejudice any requirements mandated by the currently effective operational policies approved by the Board of Directors, including the Public Communications Policy. See ADB. 2005. *Public Communications Policy: Disclosure and Exchange of Information*. Manila.

Donors commit to: Base their overall support—country strategies, policy dialogues and development co-operation programmes—on partners' national development strategies and periodic reviews of progress in implementing these strategies...⁴

6. **Alignment with national poverty strategies.** Most DMCs have formulated their own national poverty reduction strategies or medium-term development plans, often with ADB participation. ADB's enhanced poverty reduction strategy, completed in 2004 ahead of the Paris Declaration, articulates the need to align CPSs with the national poverty reduction strategies.⁵

7. **Five core areas.** Strategy 2020 focuses ADB operations in five core areas and three complementary areas. The five core specializations that best support ADB's agenda, reflect DMCs' needs and ADB's comparative strengths, and complement efforts by other development partners are (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) finance sector development; and (v) education.⁶ In other areas, ADB will continue operations selectively in close partnership with other agencies, leaving a small window to operate in areas outside these core specializations. Thus, the CPS should identify operational areas from the menu of options provided by Strategy 2020 within the overall framework of a government's national development plan, and further narrow the focus within these areas.

III. THE CURRENT BUSINESS PROCESSES: STRENGTHS AND WEAKNESSES

A. Country Partnership Strategy Retrospective

8. **Single-source document.** Evolving from their predecessors—the country operational strategy study (COSS) and country strategy and program (CSP)—CPSs have grown in size and scope. CPSs also reflect past business process adjustments. Compared with the COSS, which had a separate country assistance plan, CSPs became increasingly bulky documents. For many CPSs, the indicative 100-page limit was substantially exceeded (Table 1). The 2002 new business processes (NBP)⁷ and 2006 enhanced business processes⁸ suggest a full range of pre-CPS analyses.⁹ It has become the practice to make the CPS a single-source document for development information on the DMC concerned, combining the strategic statement for ADB–DMC engagement with, among other things, thematic and sector assessments, strategies, and road maps.

⁴ Another important element of the Paris Declaration is use of the country system for project design and implementation. Apart from project-level consultations, the country portfolio review missions (or other forms of harmonization initiatives) should address this matter in partnership with the developing member country (DMC) government.

⁵ ADB. 2004. *Review of the Asian Development Bank's Poverty Reduction Strategy*. Manila.

⁶ Under Strategy 2020, ADB will also pursue its vision and mission by focusing on three complementary strategic agendas: inclusive growth, environmentally sustainable growth, and regional integration. To better mobilize resources—including the region's savings and inbound capital flows—and to maximize returns on its unique regional experience and comparative strengths within the evolving aid architecture, ADB will focus on five drivers of change: (i) private sector development and private sector operations, (ii) good governance and capacity development, (iii) gender equity, (iv) knowledge solutions, and (v) partnerships.

⁷ ADB. 2002. *Business Processes for the Reorganized ADB*. Manila.

⁸ ADB. 2006. *Further Enhancing Country Strategy and Program and Business Processes*. Manila.

⁹ See ADB. 2007. *Country Partnership Strategy Guidelines*. Manila. Pre-country partnership strategy (CPS) analyses and assessments listed in the CPS Guidelines include: macroeconomic analysis, poverty analysis, gender and social development analysis, capacity and results management analyses, environment assessment, private sector assessment, regional cooperation and integration assessment (optional), sector diagnostics and analysis, country portfolio review, risk assessment and risk management plan, country assistance program evaluation (if prepared), CPS completion report, and cofinancing assessment.

Table 1: Evolution of Country Strategy Documentation for Selected Developing Member Countries

DMCs	COSS		CSP (Pre-NBP)		CSP (Post-NBP)		CPS	
	Year	Pages	Year	Pages	Year	Pages	Year	Pages
PRC	1999	101			2004–2006	369	2008–2010	136
Indonesia	1994	56			2003–2005	288		
Kyrgyz	1996	85			2004–2006	105	2007–2010	142
Lao PDR	1996	88	2003–2005	111	2007–2011	208		
Maldives	1995	34	2002–2004	53			2007–2011	95
Viet Nam	1995	94	2002–2004	104	2007–2010	294		

COSS = country operational strategy study, CSP = country strategy and program, CPS = country partnership strategy, DMC = developing member country, NBP = new business processes, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: Asian Development Bank staff.

9. **Mission creep.** CPSs have suffered from "mission creep." Over the past 7 years, some departments within ADB have translated new policies, new insights, and trends into formal requirements and informal prescriptions for the CPS process. This has often been done without sufficient regard for their relevance to the CPS, and the consequences in terms of resources needed and volume of paperwork to be produced. Examples include an unofficial prescription to conduct a binding constraint analysis as part of the economic assessment, Management separately signing off country financing parameters (including cost-sharing limits),¹⁰ and the introduction of the risk assessment and management plan.¹¹ The question is not whether these are useful stand-alone documents, but whether they add any value to the strategy. Strong evidence suggests that these types of additional requirements for the CPS have not resulted in a more useful, higher quality CPS, but have burdened staff with what has effectively become a box-ticking exercise.

10. **Case study.** Consequently, CPS formulation turned out to be time- and resource-intensive. A case study of one of the most recently completed CPSs (Table 2) found that 98 (64%) of the total of 152 person-weeks were used for pre-CPS analyses and assessments and their updates. The case study showed that 2 years were needed to complete the required steps for CPS preparation (excluding the pre-CPS phase), well beyond the 39–45 weeks envisaged in the CPS guidelines and the 31–36 weeks in the 2002 NBP. The total of 152 persons-weeks mobilized also exceeded the NBP estimate of 110.

¹⁰ See ADB. 2005. *Cost Sharing and Eligibility of Expenditures for Asian Development Bank Financing: A New Approach*. Manila.

¹¹ See ADB. 2006. *Second Governance and Anticorruption Action Plan*. Manila.

Table 2: Case Study from Recently Completed Country Partnership Strategy

Steps	Person-weeks	Date
Pre-CPS Analyses and Assessments	50	Oct Year 0
Risk Assessments (GACAP II) ^a	10	
Poverty Assessment	8	
Environment	10	
Governance ^a	8	
Sector Profiles	2	
Cost-sharing Assessment	4	
Gender	8	
CPS Preparation	84	
1. Country Team Retreat	2	Jan Year 1
2. CPS Stocktaking	5	
3. Updating Pre-CPS Analysis and Assessments	42	
4. Preparation of CPS Initiating Paper	8	
5. CPS Initial Consultation	3	
6. CPS Initiating Meeting	1	
7. Informal Board Seminar	1	Jun Year 1
8. Updating of Sector and Thematic Road Maps	6	
9. CPS Formulation Mission ^b	16	
CPS Finalization	18	
10. Management Review Meeting		Jun Year 2
11. Government Confirmation	12	Sep Year 2
12. Management Clearance and Board Endorsement	1	Oct Year 2
13. CPS Publication	5	Dec Year 2
Total	152	

CPS = country partnership strategy, GACAP = Governance and Anticorruption Action Plan.

^a Under GACAP II, the governance assessment was replaced with the risk assessment and management plan.

^b CPS preparation had to be withheld for a few months due to external factors.

Source: Asian Development Bank staff.

11. **High attrition.** Most operational pipelines suffer high attrition during CPS implementation. The program contained in the country operations business plan (COBP) is only loosely followed during implementation. Only 60% of approved projects in 2007 and 2008 were programmed in the COBPs; however, all approved loans were broadly consistent with the strategic thrusts of the CPSs. Conversely, of the 71 firm and 15 standby projects contained in available COBPs for 2007 (based on approved COBPs in 2006), only 38 (54%) were approved as planned in 2007. This percentage increased to 58% (45 of 78 projects) in 2008.

B. Specific Problems with Current Business Processes

12. **Continuing engagement.** The current CPS process does not take into account the continuing nature of ADB's engagement in the country. The implicit assumption is that a strategy is being prepared from a zero base. In practice, ADB has an established medium-term partnership with each DMC government. At the same time, essential parts of the assistance pipeline for the following few years (including project preparatory technical assistance, defining future lending operations) have already been established through annual country programming. Country and sector teams engage in continual policy and operational dialogue with DMC officials and other development stakeholders. Although not always formally documented, the data and information that form the knowledge on which each ADB–DMC partnership rests are continually updated. This is used for periodic reviews and adjustments.

13. **Knowledge products.** The rationale for coupling thematic and sector analyses and assessments with the CPS process is weak. These knowledge products need to be developed and updated regularly, with other partners and the government, to inform the country's development process. Developing them independently and synchronizing them with the CPS cycle is neither cost-efficient nor helpful in effectively supporting government policy making.¹² More broadly, rather than merely supporting CPS preparation, the assessments would be more relevant and effective if they were explicitly recognized as part of an ongoing knowledge management process needed to inform project preparation and policy dialogue.

14. **Sequencing challenges.** Timely sequencing of CPS preparation by regional departments and the country assistance program evaluation (CAPE) by the Independent Evaluation Department (IED) has occasionally been challenging. To address this problem, the IED recently introduced a process to validate the regional department's self-assessment through the CPS completion report, where applicable, in lieu of preparing a full independent assessment through the CAPE. In such a case, the existence of high-quality completion reports is essential. However, this process has been difficult to implement in practice. The CPS completion report requires an assessment of development results achieved under the previous CPS, while most of the projects are still not completed (or implementation has not started) at the time of initiating the preparation of a new CPS.

15. **Repetitive and redundant.** Multiple documentation and procedural requirements result in unnecessary repetitive work.¹³ Many steps in the current documentation for CPS formulation are redundant. These include the CPS status report for the stocktaking meeting, CPS initiating paper for the initiating meeting, draft CPS for the Management review meeting (MRM), and the final CPS for Board discussion. The initiating meeting and the informal Board seminar are useful forums to receive early feedback on the proposed direction of the CPS, but the preparation of different documents completely separate from the CPS is not justified.

16. **Quality assurance.** The quality assurance process is not functioning effectively. The current business processes require two meetings to be chaired by Management—the initiating meeting chaired by the vice-president and the MRM chaired by the President. This arrangement should have allowed country teams to seek direct guidance on ADB's strategic focus from the broader Management team. However, the requirement to organize an MRM chaired by the President was not followed in many cases. The level of representation from some operational departments at the MRM has declined, and comments are often related to procedural rather than strategic matters. For interdepartmental review, the document is provided to department and office heads; individual commentators are not identified by the country team. Interdepartmental comments, often beyond the scope of each department's responsibility, has lengthened the process and made it less efficient.

17. **Results management.** The approach to results management has become complex and needs significant simplification and rationalization. ADB products should contribute to their

¹² For instance, ADB's diagnostic work on gender may have a value of its own. However, gender assessments are often disconnected from the associated CPSs. See ADB. 2008. *Gender and Development Action Plan (2008–2010)*. Manila.

¹³ The working group considered the possible need to undertake a differentiated and simplified procedural requirement for smaller countries where the absolute size of ADB's operations is small. However, the relative importance of ADB's operations in smaller countries tends to be higher than in larger countries, where ADB's investments account for a small fraction of the overall economy. Thus, CPSs for larger countries equally have a strong rationale for simplification. Therefore, the working group proposes streamlining of business processes for all countries.

envisaged development results. After results-based CPSs were mainstreamed in the 2006 enhanced business process, the CPS guidelines that were subsequently produced introduced a complicated approach to results management and monitoring frameworks at the country, sector, and project levels.¹⁴ The implementation of the CPS results framework is expected to be monitored not only through project performance and completion reports at the project level as natural extensions of results chains, but also through a separate country-level exercise of the country portfolio review mission. The multiple layers of results frameworks poses serious implementation challenges, and how the system is supposed to work is hardly understandable. Because of its complexity, the current system has not been successfully implemented in many cases.

18. **Disputed areas.** Recent experience shows that a reference to disputed areas is a delicate issue. Reference to operations in disputed areas in country strategies may affect relations between ADB and its members, or between ADB members. To avoid prejudicing the position of ADB or the concerned members, any territorial dispute that may affect a proposed operation should be identified and assessed at the earliest possible stage. If identified at the strategy preparation stage, this should be reflected in the CPS. Staff instructions have been issued to address this matter.¹⁵ A country map should not be presented in the CPS.

IV. COUNTRY STRATEGIES TO IMPLEMENT STRATEGY 2020

19. The CPS is ADB's main instrument for translating Strategy 2020 into operations at the country level. The successful implementation of Strategy 2020 depends on the formulation and implementation of COBPs consistent with Strategy 2020. Therefore, CPSs need to identify relevant development challenges and priorities, and reflect only issues that are pertinent to ADB operations. The business process requirements for CPS formulation can, and should, be substantially streamlined as proposed in this report.

20. **Objective and scope.** The objective and scope of the CPS need to change. Given ADB's commitment to the Paris Declaration and Strategy 2020, the objective of the CPS is to describe the intersections between a country's development strategy and ADB's corporate strategic priorities. The CPS should be a concise document that customizes the global commitments of the Paris Declaration and ADB's corporate priorities under Strategy 2020 for each DMC's circumstances. The scope of the CPS ought to be confined to providing the rationale for the selected focus (within Strategy 2020) and describing how the strategy will be implemented, including (i) defining the characteristics of the operational program, determined jointly by ADB and the government; and (ii) presenting a framework for results management. It should contain a short and focused assessment of how the strategy will support the five drivers of change in the country. The format of the CPS document has been rationalized to allow for a focused and succinct presentation of the strategy without losing any key information (Appendix 1).

21. **Better alignment.** The CPS cycle will be aligned with the client's strategic planning cycle, as prescribed in the current business processes. Better alignment will allow greater

¹⁴ Results frameworks and their monitoring instruments prescribed in CPS guidelines (all formatted in the form of matrixes) include (i) CPS results framework, (ii) country results profile, (iii) CPS completion report, (iv) sector results framework, (v) sector results profile, (vi) project results profile, (vii) summary information on proposed indicative lending and nonlending interventions, and (viii) design and monitoring frameworks at the project level. These do not include a number of other items covered by the downstream project performance management system.

¹⁵ ADB. 2009. *Staff Instructions for ADB Operations in Disputed Areas*. Manila.

synergy between the DMC's national strategy and ADB's country strategy, and reduce transaction costs for the government and other development stakeholders. Sufficient flexibility will be built in to accommodate adjustments needed after periodic progress reviews, or triggered by major economic or political developments. When there is considerable uncertainty, an interim CPS with a shorter time horizon and abbreviated business process may be considered.

22. **Knowledge repository.** The CPS will be based on and informed by country, sector, and thematic information stored in the new electronic knowledge repository (see Appendixes 2-3).¹⁶ The CPS will be a high-quality strategy document reflecting in-depth knowledge of the country, and of the sectors and themes that ADB will focus on. This knowledge will not be generated as part of the strategy formulation process, but as an integral part of the continual dialogue and analytical work engaged in by country and sector teams. It will be available electronically through ADB's knowledge repository. Any knowledge gaps identified during strategy formulation also need to be identified in the document, and they will form the basis of future knowledge management in the annual COBP. Addressing knowledge gaps will be a continual activity. The knowledge repository will be referenced in the CPS as electronic links. It will be available as public information through the ADB website. Rather than the current static assessments physically bundled with the CPS, the repository will be a "living library" for the data and information, which will be updated regularly and provide more information than is currently included in a CPS.

23. **One platform.** A single documentation platform will be used for CPS preparation, replacing the current multiple documentation requirements. The country strategy will be developed through progressive improvements in a single document, reflecting guidance provided by the Management, feedback from an informal Board seminar, and in-depth consultations with the government and development partners (mainly through the strategy formulation mission). The project processing and portfolio management (P3M) system is expected to serve as an effective tool for the proposed single-platform documentation throughout the business processes (Appendix 4).

24. **Management Committee Meeting (MCM).** To better reflect the importance of the CPS as the key document defining the relationship between ADB and a DMC, the final review of the CPS will be the responsibility of the Management Committee.¹⁷ The MCM will replace the MRM. The Management Committee members will review the final CPS draft, provide independent views on major strategic issues, and give formal endorsement to proceed with approval by the President for Board circulation (see Appendix 5 for the roles of Management and the Board). Through the MCM, Management's role in quality control will be both elevated and broadened. The MCM is expected to review less than 10 CPSs and regional strategies each year.

25. **Peer review.** A peer review mechanism (Appendix 6) will replace the current interdepartmental review. Peer reviewers in their respective areas of expertise will be identified when the country team is established. Peer reviewers will be chosen based on their knowledge, expertise, and interest and willingness to work on the strategy. Peer reviewers would be selected from among ADB staff and external experts. Internal peer reviewers should always include staff from the Economics and Research Department, IED, and Regional and Sustainable Development Department. The Office of Cofinancing Operations should be consulted on financial partnerships. The normal dialogue process involving stakeholders—government,

¹⁶ This will include sector road maps with results frameworks.

¹⁷ When seeking a waiver of the requirement to hold the Management committee meeting on a full CPS, an approval by the President should be sought with a solid justification.

development partners, civil society, private sector, and academia—will remain an integral part of the CPS process. Peer reviewers will work with the country team to ensure that the information presented is correct, reflecting in-depth knowledge and international best practices.

26. **COBP.** CPS implementation will be undertaken through the COBP. The COBP focuses on the 3-year rolling pipelines and the resources needed to implement the pipelines. It will also report on the progress with the CPS results framework and other information that is directly relevant for ADB's operations. As with the CPS, all inputs informing the COBP will be available in the e-knowledge repository, and referenced as a single web address. The program will have a table attached that presents the pipelines concisely and allows for easy reference. The first COBP in the strategy cycle will be prepared in conjunction with the CPS, but will be circulated and published as a separate document. Therefore, the format of the first COBP will be simpler than the annual updates.

27. **Country strategy final review.** The current strategy "completion" report cannot reasonably report on projects whose implementation has barely started. It will be replaced by a country strategy final review, which will assess the validity of ADB's strategic focus and report on progress of the strategy using the results framework. The current midterm review will be abolished.

28. **CPS results framework.** The streamlined results framework presents how ADB intends to contribute to the country's development objectives in line with Strategy 2020 priorities (Appendix 7). It should capture the (i) country's broad development goals, (ii) country's development objectives in sectors where ADB will focus its operations, (iii) key sector outcomes that ADB intends to contribute to, and the indicators with baselines and targets for monitoring such outcomes, (iv) ADB's areas of intervention, and (v) ADB's indicative resource allocation for sectors and thematic areas. The sector specialists will provide sector-related inputs based on sector roadmaps and sector results frameworks developed separately (para. 22), and monitor project-level outputs through the country portfolio review mission conducted by the head of the project administration unit (based in the resident missions where applicable).¹⁸ The results framework will be reviewed and updated annually as part of the country programming exercise (para. 26).

29. **Efficient and effective.** The proposed streamlining is designed to minimize the cost and time required to prepare a country strategy that will be useful as a platform for ADB operations. The past practice of departments "bolting on" additional requirements to the strategy formulation process will be abolished. Any new CPS-related requirements not envisaged in the current business processes streamlining exercise will be screened carefully by the Strategy and Policy Department before inclusion in ADB's prospective policies, strategies, and business processes.

30. **Regional cooperation.** Regional cooperation strategies (RCSs) remain important documents to implement Strategy 2020. The business process for the RCS will be adjusted in the same way as for the CPS. The underlying knowledge work on regional cooperation, and the sector and thematic work, will be unbundled from the RCS process. As with the CPS, a single documentation platform will be used, and the same process flow and milestones will be employed. The peer review mechanism will also be used for the RCS. The RCS document will

¹⁸ Monitoring of the sector results framework indicators, including sector outputs and risks, will be conducted through an annual country performance review as an integral part of the country portfolio review mission. More detailed descriptions of the processes and tools for results monitoring and evaluation in the context of a full CPS cycle will be provided in a separate directional document to be developed after the approval of this paper.

follow the same general format guidelines as the CPS, with the understanding that each regional or subregional program is different, and the role of ADB in each of those programs will be different. Therefore, regional departments will have broad latitude in interpreting the suggested format.

V. CONCLUSION

31. The proposed streamlined business processes will be implemented starting January 2010, upon the revision to the *Operations Manual*, section A2 on the CPS and its effectiveness. A proper transition period should be secured for CPSs whose preparation has already begun under the current business processes. In partnership with the Strategy and Policy Department, regional departments should carefully monitor the implementation of the reformed business processes, including human resources utilization, for possible adjustments in the years to come through the process outlined in para. 29 of this report.

COUNTRY PARTNERSHIP STRATEGY OUTLINE

Outline

Principles

1. The purpose of the country partnership strategy (CPS) is to identify how the Asian Development Bank (ADB) will implement Strategy 2020¹ in a country. This should be conveyed to the reader in straightforward language, avoiding jargon and abbreviations as much as possible.
2. The CPS should be suitable for a wide range of readers within and outside ADB. The strategy should be easily translatable into relevant languages.
3. The guidelines in the updated and revised ADB *Handbook of Style and Usage* should be followed.
4. The main text will average 10 pages, but in any case will not exceed 15 pages.
5. There will be no executive summary.
6. The CPS will have two appendixes: (i) the CPS results framework, and (ii) a list of the knowledge products that informed the CPS. All other appendixes will be found on a single web address clearly referenced in the document. They will not be physically attached.

I. DEVELOPMENT TRENDS AND ISSUES

- A. Political and Social Setting
- B. Economic Assessment and Outlook
- C. Highlights of ADB's Previous Country Strategy

II. THE COUNTRY STRATEGY

- A. Government's National Strategy
- B. ADB's Country Strategy

III. STRATEGY IMPLEMENTATION

- A. Financing Parameters
- B. Program Overview
- C. Coordination

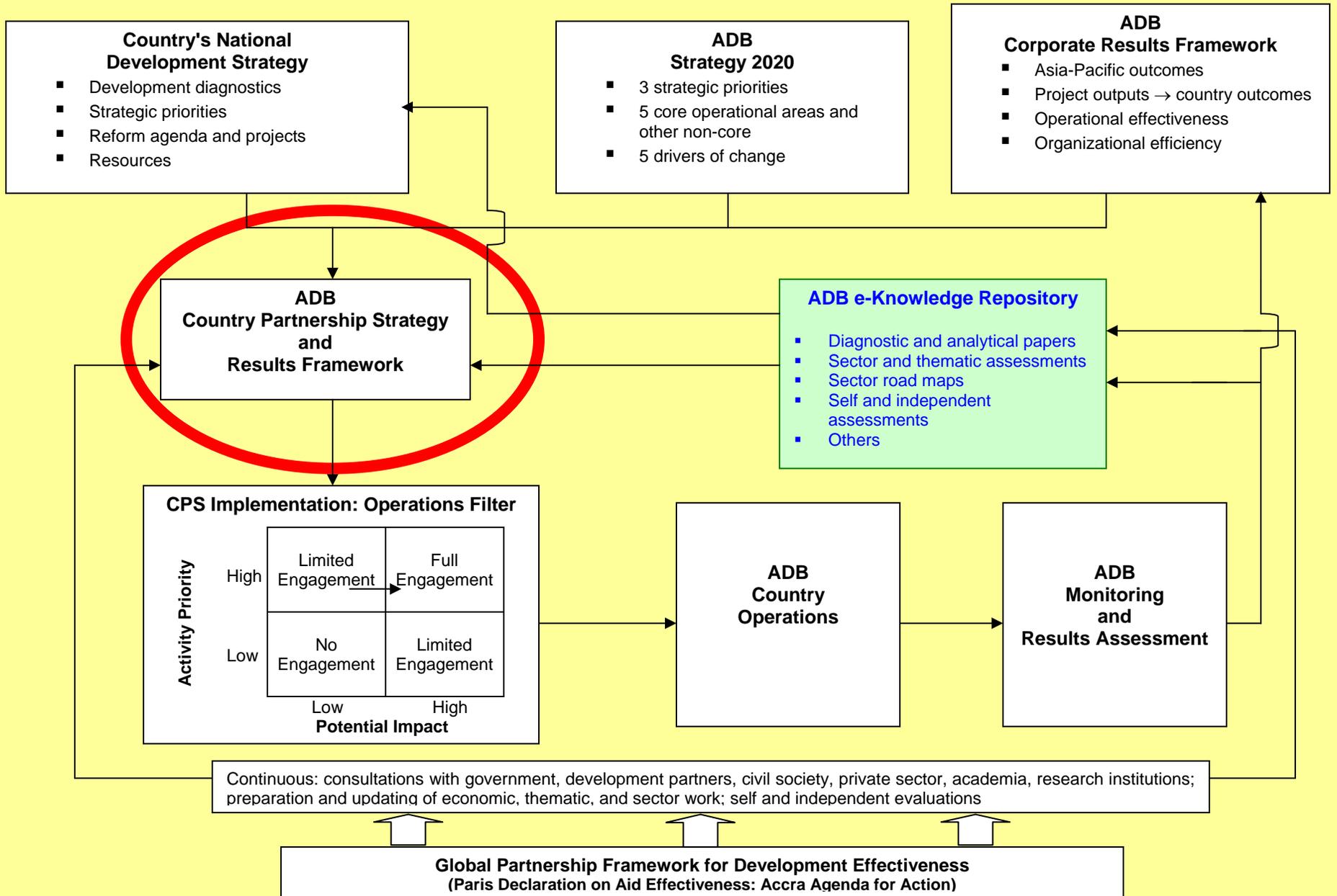
IV. RESULTS MANAGEMENT

- A. Monitoring
- B. Risks

All supporting documents can be found on <http://eknowledge.adb.org>.

¹ ADB. 2009. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

COUNTRY PARTNERSHIP STRATEGY AND OPERATIONS FRAMEWORK



KNOWLEDGE MANAGEMENT AND THE NEW COUNTRY PARTNERSHIP STRATEGY BUSINESS PROCESS

A. Introduction

1. **Accumulated knowledge.** The accumulated knowledge of the Asian Development Bank (ADB) informs all its operations. This knowledge consists of country information, sector and thematic analyses, strategies and road maps, Board documents, evaluations, technical assistance reports, and special studies. It is currently dispersed across the institution and variably accessible as a body of knowledge. As a result, under current practices, a core body of information and knowledge needs to be captured or generated as part of the country partnership strategy (CPS) process—knowledge that should be routinely available to inform all ADB operations.

2. **Unbundling.** Information and knowledge generation is a knowledge management function of ADB, and will be unbundled from the CPS process. The result will be a more accessible body of knowledge that will inform all ADB operations, including the CPS, lending and technical assistance, policy dialogue, and evaluations. Unbundling will ensure that various assessments are undertaken at a time convenient and appropriate for the Government and other development partners rather than for ADB's CPS preparation. This will lead to better informed products, based on sound analysis rooted in accumulated knowledge. It will also lead to strengthening of the vast learning from ADB-supported lending operations as well as nonlending support.

B. Core Knowledge Products to Support Country Partnership Strategies

3. Country analyses and economic, thematic and sector work (ETSW) will be a core and routine knowledge management activity for informing country dialogue and planning for lending and nonlending knowledge products and services. To maximize their effectiveness, annual sector and thematic reviews will (i) consider past operations results, i.e., what worked and did not work, and why; lessons learned, including analysis of "best practice" for future development solutions and operations; (ii) consider past country, sector, and thematic work, and the need to update and systemize it to inform analysis of constraints, development solutions, and operations; (iii) identify upcoming major strategic issues to anticipate and plan for future relevant and effective development solutions; and (iv) ensure alignment with developing member country (DMC) sector support needs and priorities and with ADB's Strategy 2020.¹ ETSW and sector road maps with results frameworks will be updated on a continuing basis to develop essential information and analysis, rather than to provide a periodic input to CPS preparation. To ensure that CPS needs, as well as wider country and ADB operational knowledge needs and demands, are met and operationally relevant, the assessments will be kept up-to-date, will be of high quality, and will be accessible.

C. e-Knowledge System

4. **Knowledge management and access.** Management of internal and external country, thematic, and sector assessments can be achieved only through a well-designed and user-friendly web-based knowledge repository or bank. The design of the knowledge repository sites

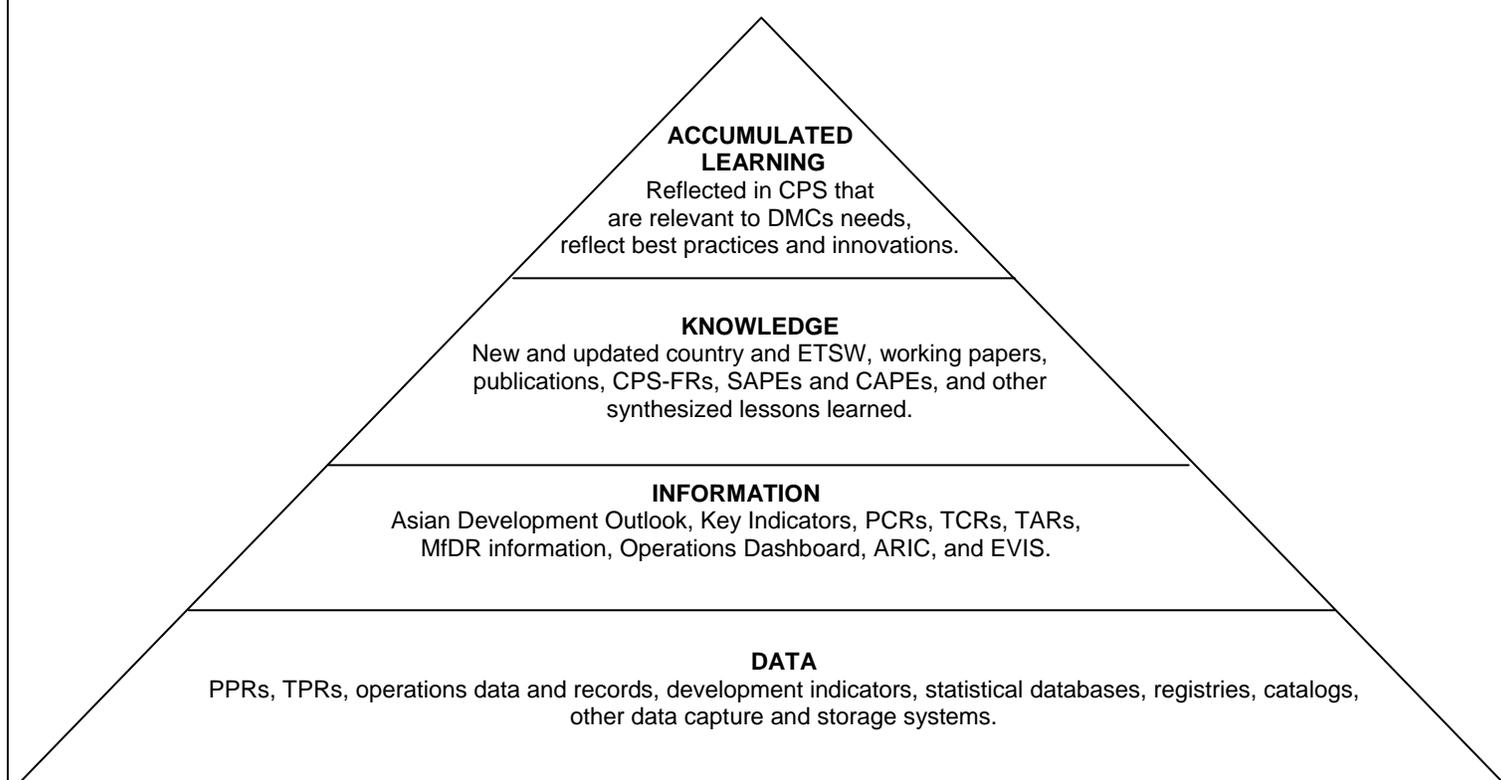
¹ ADB. 2009. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

is advanced in most regional departments, and is in line with the ADB knowledge management strategy.² Knowledge banks, through e-knowledge sites, will continue to be developed to include the following features: (i) storage of critical ETSW and related strategies and road maps, and monitoring and evaluation of knowledge resources that underpin relevant and effective operations; (ii) organization of knowledge products to provide timely, practical inputs to inform country dialogue, operational designs, implementation, and lesson learning for future best practices; (iii) site and knowledge mapping to ensure ease of use and information accessibility (where to go for data, information, existing knowledge sharing); and (iv) site design to facilitate timely and easy updating of annual sector and thematic reviews as living documents. The websites will serve as an operations knowledge bank, to be developed for internal as well as external access (to cleared public documents only) and use. This will allow CPS users electronic access to assessments.

5. **Managing, coordinating, and linking.** The knowledge management hierarchy of data, information, knowledge, and learning is shown in Figure A3. To capture and access this knowledge and learning process, each regional department will manage the contents for its site, while access will be ADB-wide, including resident missions. The regional department sites will store the underpinning sector assessments, strategies, and road maps, which will be linked in the CPS. In addition, e-knowledge sites will include regional department self-evaluations, including completion reports for CPSs, projects, and technical assistance. Regular updates to be carried out by regional department sector divisions will ensure accumulated learning of proven usefulness to DMCs and operations. Links to internal sources will include the Regional and Sustainable Development Department, Office of Regional Economic Integration, and Economics and Research Department knowledge sites, allowing access to key CPS-related knowledge products such as the *Asian Development Outlook*, *Key Indicators*, OREI publications and databases, evaluations by the Independent Evaluation Office, the project performance and portfolio management (P3M) system, online and library resources, and eSTAR and other online storage and retrieval systems. The system will build on existing sites that have proven to be functional and accessible. Selected links to external KPS resources will also be made. The Office of Information Systems and Technology will advise on, coordinate, and support software selection and development.

² ADB. 2009. *Enhancing Knowledge Management Under Strategy 2020: Plan of Action for 2009–2011*. Manila.

Figure A3: Knowledge Management to Support the CPS Operations Pipeline



ARIC = Asia Regional Integration Center, CAPE = country assistance program evaluation, CPS = country partnership strategy, DMC = developing member country, EVIS = evaluation information system, ETSW = economic, thematic, and sector work, FR = final report, MfDR = managing for development results, PCR = project completion report, PPR = project performance report, SAPE = sector assistance program evaluation, TAR = technical assistance report, TCR = technical assistance completion report, TPR = technical assistance performance report.

Source: Asian Development Bank staff.

COUNTRY PARTNERSHIP STRATEGY BUSINESS PROCESSES

Steps	Key Actions and Outputs	Responsibility	Estimated Duration	Remarks
1. Start of Strategy Process		Country team leader	3 weeks	
a. Country Team	Memo to be approved by director general containing names of country team members.			A plan for the mandatory assessments, updating or new one, needs to be presented, including responsibilities.
b. Peer Reviewers	Peer reviewers identified and appointment formalized through memo approved by director general. Peer reviewers entered on roster.			Peer reviewers are appointed based on their knowledge of the sector or theme concerned.
c. Knowledge Management	Available studies, background documents and assessments to be made accessible through a single web link to the country team and the peer reviewers.			These documents can include non-ADB documents and will include the previous strategy.
2. Preparation of Zero Draft (Initiating Paper)	Zero draft CPS. Separate issues paper.	Country team leader	4–6 weeks	Zero draft will be developed into the final draft during the process. No other documents will be produced.
3. Initiating Meeting	Meeting chaired by vice-president. Memo to invite participants. Access to draft on common platform.	Regional director general Participants: director general, country director (or director of operations coordination)	1 week	

Steps	Key Actions and Outputs	Responsibility	Estimated Duration	Remarks
	<p>Decision on issues highlighted in issues paper.</p> <p>Summary of discussions approved by director general and circulated to team members and peer reviewers for information.</p>	division), country team leader		
4. Country Consultations	<p>Consultations with all relevant stakeholders to validate the proposed strategic focus and solicit feedback.</p> <p>Agreement with the government.</p> <p>Draft pipeline developed.</p>	Country team leader	2–4 weeks	The COBP will be developed in parallel with the strategy.
5. Preparation of First Draft	Zero draft revised to incorporate initiating meeting and country consultations.	Country team leader	1 week	Draft remains on common platform, and e-mail notification may go out that draft has been revised.
6. Informal Board Seminar	Presentation of the proposed strategy and main issues encountered.	Regional director general	1 week	No document is circulated; just PowerPoint presentation prepared.
7. Preparation of the Second Draft (optional)	If informal Board discussions warrant it, a revised draft will be prepared.	Country Team Leader	1 week	Optional, only if Board discussions require it.
8. Management Committee Meeting (MCM)	Draft and issues paper circulated through the vice-president (of the	Chair: Management Regional director	1 week	As required, pre-MCM briefing to the vice president may be held in advance.

Steps	Key Actions and Outputs	Responsibility	Estimated Duration	Remarks
	operations group concerned). Endorsement of strategic focus and guidance on issues.	general, country director (or director of operations coordination division), country team leader		
9. Preparation of Third Draft	MCM guidance incorporated in draft.	Country team leader	1 week	
10. Country Confirmation	Government endorsement and clearance for publication.	Country team leader	3 weeks	
11. Management Approval	Management reviews the draft on the common platform and approves Board circulation.	Director general	2 weeks	As required, Management briefing may be held.
12. Board Circulation and Discussion	Editing Circulation Endorsement	Country team leader	5 weeks	Chair's summary to be prepared.
13. Publication	Published	Country team leader		Publication in reader-friendly format, over two columns, with graphs and photos.

Total: 26–30 weeks

ADB = Asian Development Bank, COBP = country operations business plan, CPS = country partnership strategy, MCM = Management committee meeting.
Source: Asian Development Bank staff.

ROLE OF MANAGEMENT AND THE BOARD

The country partnership strategy is the platform for the Asian Development Bank's entire partnership with a developing member country. Therefore, Management and the Board of Directors need to be involved in a productive and constructive manner, in the most efficient way possible.

Milestone	Purpose	Participants	Outcome
Initiating Meeting	Formal endorsement of start of strategy formulation process. Allows Management to provide views and ideas.	Chair: vice-president Regional director general, country director (or director of operations coordination division), country team leader	Clarification of issues in the issues paper. Formal start of process (green light).
Informal Board Seminar	Obtain Board feedback on the strategic directions. Allows Board views to be considered.	Regional director general, country director (or director of operations coordination division), country team leader	Stronger strategy. Awareness of possible political issues.
Management Committee Meeting	Formal endorsement to proceed with the strategy for Management approval to circulate to the Board. Allows for Management views on major strategic issues.	Management committee Regional director general, country director (or director of operations coordination division), country team leader	Incorporation of Management views. Formal endorsement to proceed.
Board Circulation and Discussion	Formal discussion and endorsement.	Regional director general, country director (or director of operations coordination division), country team leader	Endorsed country partnership strategy.

Source: Asian Development Bank staff.

PEER REVIEW PROCESS

A. Introduction

1. The current system of interdepartmental comments on reports produced by the Asian Development Bank (ADB) is generally viewed as cumbersome, a waste of time and resources, and sometimes counterproductive. However, the interdepartmental process does make some useful contributions, including ensuring that supporting departments buy into the strategy and can support its implementation (Central Operations Services Office, Controller's Department, and Office of Cofinancing Operations). The process also ensures that ADB's rules are followed (Regional and Sustainable Development Department, Strategy and Policy Department, and Office of the General Counsel).
2. However, the interdepartmental process has some serious flaws, including the following:
 - (i) Comments are often provided at a late stage.
 - (ii) Comments are not always relevant or to the point.
 - (iii) Some commentators are appointed not for their expertise, but merely for their availability.
 - (iv) Because of the consensus culture in ADB, there is an implicit assumption that all comments have to be taken into account.
3. A peer review process will replace the interdepartmental comments. As general core characteristics, peer reviews (i) require a community of experts in a given field who are qualified and able to perform an impartial review, (ii) have strong elements of learning, and (iii) are used to enhance knowledge management.
4. The Office of the Secretary will continue to review the draft final document.

B. ADB Peer Review Process

5. ADB peer review will be a formalized process designed to (i) ensure the quality of ADB official products; (ii) enhance knowledge management in ADB; and (iii) encourage continual and high-quality learning by staff. Peer review will be undertaken in an atmosphere of mutual respect and trust.

1. Selection Process

6. Peer reviewers will be selected at the beginning of the strategy formulation process. The team leader, in consultation with the direct supervisor, will determine which areas and sectors will need peer review. For the strategy, this list will include at least one reviewer with direct strategy formulation experience, preferably in the country concerned. Proposed reviewers will be contacted informally, and they will consult their supervisors before committing their time. Peer reviewers can also be proposed from outside ADB, as a resource person. The list of peer reviewers will be approved through a memo from the director concerned to the regional director general. The memo will be copied to the knowledge management center of ADB, which will enter the names on the peer review roster. The work plans of the reviewers will be adjusted to include the new task, which will be recognized as an output under the performance and development plan process.

2. Selection criteria

7. Peer reviewers will be selected based on (i) country and technical knowledge, (ii) professional reputation, (iii) willingness and interest in peer review, and (iv) availability.

3. Terms of reference

8. Peer reviewers will (i) review documents and write-ups provided as to their relevance and technical quality, and write a review if so required; (ii) participate in selected team meetings; and (iii) review the draft final document to ensure a consistent and accurate representation of their areas of expertise.

4. Work load

9. While forecasting the workload for any peer reviewer is difficult, it is assumed for planning purposes that each peer reviewer will (i) review specific technical work related to the strategy (sector and thematic work) during the whole process, (ii) review the draft strategy (before Management review) to ensure consistency, and (iii) participate in meetings as required. A total of 10 working days will be assigned for this task.

5. Recognition

10. To ensure the reviewers are recognized for their time and effort, their work will be recognized through the performance and development plan process and through the inclusion of their names on the final product. The knowledge management center will maintain a public roster on the intranet of those who have been appointed as peer reviewers. The roster will show the area of expertise of each reviewer and the product that the reviewer is or has been involved in. The roster will become a source for those looking for reviewers, and a place where reviewers are recognized.

C. Disputes

11. A member of the country team could disagree with the assessments of peer reviewers, or decide to ignore them, thereby endangering the quality of the final product. This is ultimately an issue of collective responsibility of the country team and the (country) director. Therefore, peer review reports will be circulated to all team members and the director. The director general should settle any disputes between the country team and a peer reviewer.

COUNTRY PARTNERSHIP STRATEGY RESULTS FRAMEWORK
An Illustrative Example

Country Development Goals			
1. Average economic growth of 5.5% per annum.			
2. Production capabilities of human resources sustainably enhanced.			
Sectors Selected by ADB			
Government Sector Objectives	Sector Outcomes that ADB Contributes to and Indicators	ADB Areas of Intervention	ADB Indicative 5 Year Resource Allocation and Thematic Priorities¹
1. Rural Roads (2020 Core Area 1: Infrastructure)			
Enhanced connectivity for reduced regional imbalance and inequality.	1a. Increased movement of goods and people from and within rural areas. <ul style="list-style-type: none"> • # of passenger kilometers • # of ton kilometers • # of road accident deaths per capita per year 	(i) Road construction (ii) Road rehabilitation	\$500 million – 40% of total CPS envelope, of which: ENV – xx% RCI – xx% GE – xx% PSD – xx%
2. Rural Microfinance (2020 Core Area 4: Financial Sector Development)			
Improve access to sustainable rural and microfinance services.	2a. Increased number of rural households using microfinance. <ul style="list-style-type: none"> • % of rural households using microfinance 	(i) Banking legal reform. (ii) Microfinance institution capacity building.	\$30 million – 2.4% of total CPS envelope, of which: ENV – xx% RCI – xx% GE – xx% PSD – xx%
3. Education (2020 Core Areas 1: Infrastructure; 5: Education)			
Primary Education Improve quality of and access to education, especially primary education. Improve access of girls, Dalits, and disadvantaged children to education.	3a. Increased level educational attainment by more students, particularly for girls and disadvantaged groups. <ul style="list-style-type: none"> • SLC pass rates • # of girls and boys with SLC 	(i) Teacher Education (ii) Classroom construction (iii) Program support for Primary Education sub sector	\$200 million – 16% of total CPS envelope, of which: ENV – xx% RCI – xx% GE – xx% PSD – xx%
Technical and Vocational Education and Training Meet national demand for basic and middle level technical human resources.	3b. Increased pool of human resources with technical and vocational skills. <ul style="list-style-type: none"> • # of TEVT graduates per annum 	(i) TEVT Instructor Capacity Building (ii) TEVT curriculum development	
4. Urban Sanitation (2020 Core Areas 1: Infrastructure; 2: Environment)			
Improve public health and increase productivity by supplying sanitation services in a sustainable manner.	4a. Reduced pollution of land and water resources in 4 major cities.	(i) Urban sewerage construction	\$250 million – 20% of total CPS envelope, of which: ENV – xx% RCI – xx% GE – xx% PSD – xx%

ENV = environment, GE = gender equity, PSD = private sector development and private sector operations, RCI = regional cooperation and integration.

Source: Asian Development Bank staff.

¹ Covers thematic priorities which are monitored in the ADB corporate results framework.