

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: OED1

TA No. and Name TA 5916-REG: Year 2000 Special Evaluation Studies of Asian Development Bank Operations in Developing Member Countries—Part II			Amount Approved: \$760,000			
			Revised Amount: \$760,000			
Executing Agency: Asian Development Bank		Source of Funding: TASF		TA Amount Undisbursed \$192,952.11	TA Amount Utilized ¹ \$567,047.89	
<div><div>Date</div><div><div>Approval 18 May 2000</div><div>Signing na</div></div><div>Fielding of Consultants June 2000</div></div>			Completion Date			
			Original 31 December 2000		Actual 24 June 2002	
			Closing Date			
			Original 30 June 2001			
			Actual ²			

Description

As a result of a recommendation of the Task Force on Improving Project Quality (January 1994), OED has increasingly focused on thematic evaluations comprising impact evaluation of ADB's lending to specific sectors, and special studies of ADB's processes and operations. For 2000, \$1.6 million was approved to finance four impact evaluation studies (IESs), five special evaluation studies (SESs), and one country assistance program evaluation. Four SESs and one country assistance program evaluation were covered under part I³ of OED's 2000 RETA program. This RETA (part II) was to finance the five remaining studies: two IESs and three SESs.

Objectives and Scope

The TA was expected to assess ADB's operations and processes in selected developing member countries (DMCs) within the context of the following themes: (i) rural credit, (ii) crisis management and intervention, (iii) participation in investment funds, and (iv) privatization of public sector enterprises (PSEs).

The original TA scope comprised five independent studies that were to be implemented separately and supervised by five OED staff. These studies included two IESs, namely the (i) IES of ADB Assistance for Rural Credit in Selected DMCs [IES1], and (ii) IES of Investment Fund Operations (IFOs) of ADB [IES2], and three SESs: (i) ADB's Crisis Management Interventions (CMI) in Indonesia [SES1], (ii) PSEs: Lessons for DMCs [SES2], and (iii) ADB's Responses to Crises-Stricken Asian Countries [SES3]. As these were selected from proposals from the then ADB's programs and projects departments, these studies were indeed relevant not only to ADB operations, but also to its DMCs. SES3⁴, which was to get inputs from the SES on ADB's experience on CMI in Thailand⁵ and Indonesia⁶, was eventually cancelled. The timing of SES3 was perceived to have become less relevant, given the substantial improvement in the economic conditions in Asia since September 1998, and the delay in the completion of SES1 (which was to serve as an input to the planned SES3).

Evaluation of Inputs

Initially, a total of 44.7 person months of consulting services was budgeted for five studies. For the four studies that were completed, a total of 41.43⁷ person months was required. The slight shortfall in expected consulting inputs was primarily a result of the cancellation of one of the SESs. The terms of reference for all of the studies were appropriate. Several missions were mounted for purposes of discussing with the stakeholders and gathering data. On the whole, ADB's supervision was adequate.

IES1: A total of 22.5 person months of consulting services, compared with 21.5 person months originally envisaged, was used in the preparation of this study, which covered seven DMCs (Bangladesh, People's Republic of China, Indonesia, Nepal, Philippines, Sri Lanka, and Thailand). Seven domestic consultants were recruited to undertake tracer studies, which proved to be useful inputs to IES1. Purposive socioeconomic surveys were conducted in each of the selected DMCs. Overall, the performance of the international and domestic consultants (except one who did not meet all the requirements as stated in the terms of reference) was satisfactory.

IES2: A consulting firm was recruited to provide an international and four domestic experts to assist in the preparation of this IES. Actual consulting inputs exceeded the estimated duration of engagement (of eight person months) primarily due to the unsatisfactory performance of the international expert. Missions to six countries (People's Republic of China; Hong Kong, China; India; Indonesia; Philippines; and Singapore) were fielded to hold discussions with fund managers and key representatives of investee projects to gain first-hand knowledge of operations, performance, and impacts of selected IFOs.

na = not applicable.

¹ As of 31 October 2003.

² A memo was sent to Controller's Department on 11 December 2003, requesting for the closure of the TA account.

³ There were two major changes in the scope of this TA: (i) substitution of the Philippines for Indonesia as the subject of the CAPE, and (ii) inclusion of a study on Good Practices for the Evaluation of Policy-Based Lending.

⁴ The main purpose of this study was to evaluate ADB's regional experience in crisis management (specifically in Indonesia, Republic of Korea, the Philippines, and Thailand) and recommend guidelines for similar emergency interventions in the future.

⁵ SS-39: Interim Assessment of ADB's Lending to Thailand During the Economic Crisis. December 1999.

⁶ This SES, which was to be completed in December 2000, was actually circulated to the Board in August 2001.

⁷ This is understated as the actual person months utilized for IES2 exceeded the duration stipulated under the contract. The consultant's work dragged on until an acceptable output was delivered. As this was a lump-sum contract, the actual number of person months in excess of the contract was no longer monitored since this did not have any cost implications on the part of ADB.

SES1: An international consultant for 4 person months and two domestic consultants for 3.83 person months were engaged, with total consulting inputs slightly shorter than the original estimate of 8 person months. All of them performed satisfactorily and submitted reports of good quality. Initially, four domestic consultants were envisaged. However, as a result of the favorable performance of the two domestic consultants who were initially hired, their respective periods of engagement were extended to cover the additional consulting requirements of the study.

SES2: A total of 5.1 person months of international consulting services was required for SES2, a little longer than 4.7 person months initially estimated. The performance of the original international consultant was less than satisfactory, with the quality of the final report below expectations. This necessitated the recruitment of another expert to ensure that the framework and conclusions drawn were sound. To obtain more specific details of the DMCs' experience and progress toward privatization, a survey questionnaire was sent to 37 active ADB borrowers.

Evaluation of Outputs

Four reports were produced under this TA as one study was cancelled.

IES1: This study evaluated the impact of ADB assistance to the rural credit subsector based on an assessment of 39 ADB-funded rural credit projects and 21 essentially capacity-building advisory technical assistance associated with rural credit in seven DMCs. This study, which was completed on schedule, presented lessons and recommendations, which are hoped to enhance the impact of future ADB assistance to the rural credit subsector. Lessons include the need to (i) adopt a more focused approach on poorer clients, (ii) emphasize the development of a sound and sustainable rural financial system; and (iii) ensure that participating financial institutions work within their mandate and capacity. The study recommended that, among others, (i) the operations departments should include policies designed to target the poor more directly; and (ii) ADB rural credit assistance should focus more on the microcredit type of operations that will allow better targeting of the poor.

IES2: The preparation of IES2 encountered significant delays mainly due to the lower than expected quality of output of the lead consultant. In spite of this, the study achieved its objectives of independently evaluating the development impacts of IFOs, drawing appropriate lessons, and highlighting issues for consideration in future operations (based on a desk review of 29 IFOs and detailed evaluation of 13 IFOs). The Development Committee (the Committee) of the Board of Directors commended this study and endorsed its recommendations. The operations department likewise accepted the findings and noted that the actions needed in four areas, i.e., (i) selecting and remunerating the fund manager; (ii) strengthening ADB's administration of IFOs; (iii) monitoring and evaluating fund investee projects; and (iv) reviewing the exit policy for IFOs, will be followed.⁸

SES1: As expected, this SES obtained and analyzed real-time feedback from ADB's CMLs in Indonesia in terms of their appropriateness, adequacy, and effectiveness in relation to the crisis, as well as the speed of ADB's response to the Government's request for assistance to manage this crisis. Lessons from this experience and recommendations for consideration in responding to future crises of a similar nature were identified. The Committee likewise discussed this study, agreed with the overall assessment, and endorsed the recommendation to refine the framework for the provision of crisis assistance. However, the Committee cautioned that the lessons of the study were derived based on the experience in Indonesia and, thus might not be fully applicable to future CMLs in other DMCs.⁹

Given the magnitude and complexity of CMLs, intensive consultations with all parties involved were carried out. This resulted in an eight-month delay in the completion of the study.

SES2: Based on global lessons and the survey results of DMC experience, principles for privatization and strategy development emerged. These principles (considered an essential checklist for evaluating the comprehensiveness of privatization program/project designs, and ensuring the effectiveness of privatization) as well as recommendations for future privatization endeavor were presented in the study. Delays in the preparation of this SES were encountered, mainly due to the optimistic time frame for the conduct of the survey, delay in the submission of the consultant's report and the less than satisfactory performance of the consultant.

Overall Assessment and Rating

With the completion of four of the five intended studies, the TA objective of assessing ADB's operations and processes in selected DMCs within the context of the four identified themes was generally achieved. The cancellation of SES3 was warranted, as more recent economic conditions were significantly different from those prevailing in 2000 when the study was conceived, rendering the said study less relevant. Overall the TA is rated successful.

Major Lessons Learned

Considering that three of four studies were completed later than expected, a more realistic implementation period is needed. When a study involves the conduct of a survey, ample time should be provided to account for setbacks such as longer-than-expected time for respondents to complete a questionnaire, and difficulty in identifying survey respondents. Also depending on the complexity of the topic of a study, sufficient time must be allocated to allow for intensive consultations with concerned departments/offices. Experience also showed that rigorous consultant selection vis-à-vis close supervision although necessary, do not always guarantee a consultant's satisfactory performance.

Recommendation and Follow-Up Action

Actions taken with respect to the follow-up actions presented in IES2 and the recommendations in SES1, which the Committee endorsed, should be closely monitored.

Prepared by Graham M. Walter Designation Director, OED1

⁸ Minutes of the Meeting of the Development Effectiveness Committee held on 28 August 2002.

⁹ Minutes of the Meeting of the Development Effectiveness Committee held on 26 September 2001.