

Chair's Summary of the Development Effectiveness Committee

15 October 2014

Corporate Evaluation Study: Role of Technical Assistance in ADB Operations (IN.318-14)

1. The Development Effectiveness Committee (DEC) discussed the corporate evaluation study on the role of technical assistance (TA) in ADB operations. The study focused on the strategic relevance of TA to corporate priorities and reviewed TA management processes in the context of the reforms set out by the 2008 TA policy. The study found that TA has been strongly aligned with corporate goals and TAs directly supporting ADB's core operational areas and drivers of change have increased. While TA alignment with country program goals has improved, the study noted that almost 30% of TA is not included in country partnership strategies (CPS), country operations business plans (COBP) and regional cooperation strategies. Regional TA (RETA) was most often not discussed in CPSs. The study noted the declining share of resources allocated to project preparatory TA (PPTA) in recent years, and the impact of the limited budgets and the streamlined business processes on PPTA quality and project readiness. The report raised concerns about the performance of consultants and ADB's consultant management, including the preparation of unclear consultants' terms of reference, which may affect overall TA performance. IED recommended measures to: (i) improve strategic use of TA, (ii) increase programmatic TA through a broader set of TA instruments, (iii) increase developing member country involvement, (iv) improve business processes, and (v) improve the use of consultants for TA needs.

Format, scope of the study and ratings

2. DEC members appreciated the readability and format of the report which included brief case studies and summary of key points at the end of each chapter. One DEC member noted that the summary of findings of validated TA completion reports (linked document) could be a stand-alone knowledge product which may be disseminated internally and externally. The matrix of the evaluation's recommendations and mid-term review of Strategy 2020 (MTR) Action Plan was also seen as useful. A DEC member expressed disappointment that the study did not include specific evaluation ratings on the relevance, effectiveness, efficiency and sustainability of ADB's TA operations. IED indicated that it was a conscious decision, explained in the evaluation's approach paper, to focus the evaluation on management processes that have implications for TA performance. The lessons of this study would then complement the earlier IED study that had focused on outputs and outcomes. DEC noted that about 70% of TAs from 2007 to 2012 were rated as successful, but still below the corporate target of 80%. In response to a DEC member's inquiry about how IED arrived at a *relevant* rating when the share of TA on core sectors is only 66% (below 80%), IED explained that the support to core sectors has increased from 44% and it also considered that ADB's support for drivers of change, such as governance which is 16% of TA, are contributing to corporate priorities.

TA allocation

3. DEC welcomed the suggestion to establish a senior management committee to identify emerging needs and provide a strategic balance, guiding thematic, sector and country allocations for TA, particularly given the changing needs of developing member countries, a majority of which will attain middle-income country status by 2020. One DEC member was of the view that the Strategy and Policy Department's (SPD) role in TA allocation was justified, given that it oversees broader ADB strategy. IED explained that the previous strategic forum did not function as expected, and as a result placed the onus back on SPD to both set priorities and decide on allocations. A senior management committee would benefit SPD by providing it with clear strategic priorities and directions for determining the departmental allocations.

4. Staff assured DEC that it is looking at establishing a committee that will look at strategic allocations. Departmental and national TAs will be allocated based on a formula which takes into consideration the pipeline investment program, relative volume of TAs, and current performance of the TA program. In terms of country allocations, staff asserted that the present approach has worked very well in capturing country needs through diagnostic studies, sector assessments and roadmaps, and coordination with governments and other donors. With regard to TA allocation for pilot testing projects with innovative approaches, staff clarified that the 30% identified in the operations manual is a ceiling, rather than a target. A DEC member agreed with the

recommendation that CPS and COBPs should reflect how TAs can contribute to CPS objectives. He also urged greater participation from knowledge departments and resident missions in this regard as it would increase ADB wide ownership of headquarters administered TA and in particular RETAs.

Declining share of PPTA

5. A DEC member was of the view that PPTA should be the first priority for ADB TA funds, and asked staff to comment why PPTAs have declined in real terms, whether they see this as a concern, and if there are plans to increase it. Staff explained that there are other modes of project preparation, including the use of the multitranchise financing facility and project design facility. In some instances, countries that have capacity undertake the project preparation themselves. The DEC Chair urged staff to be clear with the purpose of PPTA, noting that in certain instances 95% of the PPTA amount has been used to hire consultants to do sector analytical work that should have been performed by staff. Staff clarified that PPTA is used for feasibility work. However, detailed design is not included in PPTA because it accounts for about 5% of the total project cost; a cost well beyond the means of ADB TA funds. IED proposed a more nuanced approach where the key steps of project feasibility, ADB due diligence, and detailed design are both ensured and well integrated. As one DEC member noted, this would require using different funding options such as reimbursable TA. However, he went on to suggest that a partnership PPTA fund could be introduced to better resource these activities. A DEC member expressed that more programmatic TA is welcome so long as this does not come at the expense of PPTA.

Consultant performance assessment and review

6. DEC noted IED's concerns related to high reliance on consultants, and consultant management (e.g. recruitment and selection). The DEC also acknowledged the perceived knowledge losses when TA implementation is outsourced to consultants and the need to balance the use of short or long term consultants with more flexible staffing contracts with a view towards better retention of knowledge built up. A DEC member urged management to encourage a culture of due diligence among project officers during consultant selection. Another DEC member inquired if it would be more efficient to have a pool of long-term consultants or to contract in bulk for generic PPTA tasks. Staff responded that consultants are hired for short-term needs and while a 'framework' contract is a good idea, there is no uptake because other options are easier to use (e.g., small scale TAs or hiring individual consultants). On the proposed consultant review, staff explained that an end-to-end review is not envisaged, but that a new policy is under preparation which covers both procurement and consulting services. It is expected to be circulated to the Board for approval in 2015.

7. The DEC members emphasized the need for transparent consultant performance assessments and the need to draw out candid feedback from staff. Staff agreed that the lengthy appeals process for unsatisfactory consultant ratings may deter candid feedback on consultant performance, although there are opportunities for staff to provide qualitative feedback within the system. Staff were encouraged by the DEC to obtain more exhaustive feedback from others that had previously worked with potential consultants. The DEC Chair suggested that while it may not be possible to institute a "blacklist" for poorly performing consultants, another option is to create a list of consultants with particularly good performance records.

Delegation of TA

8. A DEC member noted the increase in donor-financed TAs that come through the country level rather than through headquarters, which he viewed as a positive trend that should be supported by intensifying efforts toward decentralization. IED agreed that these resources are an opportunity but ADB systems and processes for planning and implementing large donor financed TAs can be improved. Staff mentioned the ambitious target on cofinancing under the MTR and attributed the increase to ADB's good reputation as a reliable partner for cofinanced TA projects. Staff also shared that more TAs will be delegated to bigger portfolio countries with capacity, while noting that full delegation would be very challenging. Currently, about 25% of TAs are delegated to resident missions, most of which are related to project processing. A DEC member inquired why there is little uptake on executing agency / implementing agency delegation of TAs. IED mentioned that there was a pilot study conducted which found that many countries perceived ADB's process as too rigorous.

Others

9. DEC welcomed IED's efforts to: (i) work with management to improve TCRs, (ii) undertake more TA evaluations and (iii) revise CAPE guidelines to better capture the contribution of TA to development outcomes. It also commented that IED should further discuss evaluating TA with the other MDB evaluation departments. DEC

members encouraged staff to improve dissemination of knowledge products and expressed optimism on the forthcoming integrated database of ADB knowledge products from TA projects. On the increased use of reimbursable TAs, staff mentioned that this is mostly used in private sector operations, but they are considering the possibility of opening this modality to middle-income countries.