

Chair's Summary of the Committee Discussion on 22 May 2013
DEVELOPMENT EFFECTIVENESS COMMITTEE

I. Thematic Evaluation Study: ADB's Support for Achieving the Millennium Development Goals (IN. 78-13)

1. DEC discussed IED's evaluation study on ADB's support for achieving the Millennium Development Goals (MDGs). DEC appreciated the report as timely and important, and was pleased that the evaluation found ADB's Strategy 2020 to be broadly relevant to the MDGs, particularly in its pursuit of inclusive economic growth and environmental sustainability. DEC also noted that while Strategy 2020 claims broad support for the MDG agenda, there had only been a limited ADB response to some of the individual MDG targets such as on hunger, infant mortality, maternal mortality and HIV/AIDS. According to IED, ADB has supported MDGs both directly and indirectly. Direct MDG support, which is the focus of IED's report, is assessed to be equivalent to 37% of the value of operations from 2002 to 2012. ADB's support to productive MDG 1-related operations, targeted directly at the poor or poor areas, had been rather consistent over the years, at around 11% of total approvals. Human development support (MDGs 2-6) stood at around 9%, although education interventions, despite being a core operational area under Strategy 2020, had declined in number and value from 2002 to 2010. Direct MDG7 support (including for water supply and sanitation) stood at 20%, the biggest single area of ADB support. The performance of the direct MDG support was assessed as satisfactory, overall (at 73%), with only MDG3 (gender) related operations registering below a 60% success rate. Operations supporting MDGs directly had a slightly higher success rate as compared to those not directly associated with MDGs.

2. **Link between Strategy 2020 and MDGs.** DEC welcomed the study's timeliness in light of the upcoming midterm review of Strategy 2020 and ongoing discussions about the post 2015 agenda. DEC noted the difficulty of attributing progress on certain goals to ADB support, and vice versa, which was also acknowledged in the evaluation study. Some DEC members inquired about the percentage of ADB operations not classified as MDG support, noting that the exclusion of this does not paint a complete picture of ADB's support for the MDGs. The importance of having an overview of the direct MDG support was also recognized. While the agendas of Strategy 2020 and the MDGs overlap, ADB's programming has not supported all MDGs equally, as other factors co-determine ADB's operations, such as: (i) ADB's comparative advantage, (ii) country demand and realities, and (iii) division of work among donors. DEC supported ADB's focus and selectivity and expressed the view that to support MDGs, ADB does not need to operate in all areas of MDGs, although it could and should use flexibly the 20% strategic allocation for non-core operational areas for supporting MDGs if there was country demand. DEC also emphasized the importance of donor coordination and partnerships to improve development impact and also requested ADB to elaborate what and how its partners play their role in this context. DEC noted that ADB's comparative advantage should be seen as a dynamic variable since areas and sectors in which ADB's performance has been good could change over time. DEC recognized ADB's commitment to MDGs in its operations but also noted IED's observation that so far ADB had not stated that its support for individual MDGs would in practice be more selective, in line with its own strategic priorities. Thus, IED's evaluation was based on the premise that ADB was committed to all MDGs equally.

3. **Methodology and ADB's performance.** DEC members had questions on methodology and IED clarified that some operations are counted towards more than one MDG. The report's percentage of ADB support for the MDGs does not carry a value judgment on whether ADB had contributed sufficiently in the attainment of MDGs, but the report stressed the importance of maintaining a broad 80:20 distribution between core and noncore operational areas in achieving better outcomes. ADB's recent increasing support for some aspects of environmental sustainability was noted, particularly on reducing carbon dioxide emissions and improving energy efficiency. DEC highlighted the importance of obtaining views from developing member countries (DMCs), and asked ADB to engage more in direct discussions with governments. On

country demand in support of health related MDGs, IED noted that the evaluation included five country case studies and that the findings were broadly in line with the survey conducted among ADB resident missions.

4. **Fluctuating support to education.** DEC discussed the changes in ADB's support for education over the study period (2002-2010). The study found that support to education is below target despite being a core sector under Strategy 2020. Some DEC members suggested that given the positive trend in primary education enrolment, ADB may consider shifting its focus firstly on reducing drop-out rates and improving completion rates and, secondly, on increasing its support for technical and vocational education and training, to improve its involvement in education in the region. It was also noted that fluctuations in the level of support happen when other donors crowd out ADB support in certain areas and ADB recalibrates its programming to become responsive to other DMC needs.

5. **Project classification system.** Citing the difficulty in attributing the impact of certain projects in the attainment of MDGs, some DEC members highlighted the importance of improved MDG monitoring and inquired whether the review of the project classification system should take into account measurement of MDG outcomes, although some reservations were expressed about aligning the classification system with the MDGs considering the difficulty in attribution, especially in assigning and disaggregating specific amounts to a project with cross cutting themes.

6. **Post 2015 agenda.** DEC inquired about ADB's efforts in shaping the post 2015 agenda, noting Management's engagement in discussions through various channels. Some DEC members also took exception to IED's recommendation on the use of ADF resources to address lagging areas in MDGs, emphasizing that health is not one of ADB's core strengths. IED stressed that ADB is in a position to contribute substantially in shaping the post 2015 agenda given its support to helping DMCs monitor progress on MDGs as well as Asia's success in income poverty reduction. Management informed that apart from discussions regarding the "Zen Approach" with development partners, ADB is conducting regional consultations with DMCs, and is collaborating with UNDP and UNESCAP on a joint report about MDG attainment in the region and the post 2015 agenda.

II. Follow up actions on the DEC discussion on the Multitranche Financing Facility

7. DEC had an informal discussion on Management's follow up actions regarding the MFF. DEC had requested further discussion on the follow up actions during its meeting held in January for IED's real time evaluation study on the MFF. Management mentioned and explained key changes as a result of that discussion, and agreed that continued progress on committed actions with end 2013 as the target completion date would also be updated in MARS. These include:

- Issuance of revised project administration instructions clarifying the boundaries between major or minor changes
- Mandatory quality assurance meetings either chaired by the DG or the vice-president depending on the nature of changes
- Inclusion of a comparative matrix in the linked documents of the RRP
- Training module on MFF is being developed within project management training and that the first session will take place in July 2013.
- Management is developing specific criteria on cancellation, discontinuation and postponement of tranche, if the project is not performing well.