

Corporate  
Evaluation Study

# Role of Technical Assistance in ADB Operations



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## **Role of Technical Assistance in ADB Operations**

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## NOTE

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

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# Abbreviations

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
ADTA	–	advisory technical assistance
AusAID	–	Australian Agency for International Development
CDTA	–	capacity development technical assistance
COBP	–	country operations business plan
CPS	–	country partnership strategy
DMC	–	developing member country
EBRD	–	European Bank for Reconstruction and Development
EOC	–	Environment Operations Center
FCAS	–	fragile and conflict-affected situations
FPF	–	financing partnership facility
GMS	–	Greater Mekong Subregion
IADB	–	Inter-American Development Bank
IED	–	Independent Evaluation Department
IFAD	–	International Fund for Agricultural Development
IFC	–	International Finance Corporation
IFI	–	international financial institution
JFPR	–	Japan Fund for Poverty Reduction
JSF	–	Japan Special Fund
OCR	–	ordinary capital resources
OREI	–	Office of Regional Economic Integration
OSFMD	–	Operations Services and Financial Management Department
PATA	–	policy and advisory technical assistance
PDA	–	project design advance
PDF	–	project design facility
PER	–	performance evaluation report
PPP	–	public–private partnership
PPTA	–	project preparatory technical assistance
PRC	–	People’s Republic of China
PSDI	–	Private Sector Development Initiative
QCBS	–	quality-and-cost-based selection
RCIF	–	Regional Cooperation and Integration Fund
RCS	–	regional cooperation strategy
RDTA	–	research and development technical assistance
RETA	–	regional technical assistance
RSDD	–	Regional and Sustainable Development Department
SES	–	special evaluation study
SPD	–	Strategy and Policy Department
SSTA	–	small-scale technical assistance
TA	–	technical assistance
TASF	–	Technical Assistance Special Fund
TCR	–	technical assistance completion report

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# Foreword

The rapid growth in much of developing Asia has reduced income poverty and moved many countries to middle-income status. To continue advancing, however, the region must tackle increasingly complex challenges, such as the governance of the public sector, rising inequality, and climate change.

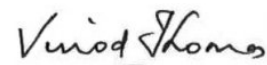
Against this backdrop, the Asian Development Bank (ADB) technical assistance (TA), which traditionally helps to prepare projects, develop capacity of governments, undertake research, and advise on policies, must promote the use of innovative approaches more prominently and aim more systematically at providing high-quality knowledge solutions. ADB can raise the profile of TA as an instrument of change to complement financing and policy dialogue.

In principle, TA is a flexible instrument for responding to the diverse needs of the region. It is often a gap filler that complements other activities but TA is also essential for lifting the overall impact. Country case studies conducted for this evaluation highlight the breadth of TA use, from basic capacity development in the Pacific to more specialized policy advice in middle-income countries, such as financial sector reforms in Indonesia. In many cases, meaningful and successful work has been done through TA. The evaluation also validated recent completion reports and found that about 70% of TA projects were successful.

ADB can improve the relevance and responsiveness of its TA. The evaluation finds that TA has not been used to its full potential and that many of the limitations identified in an evaluation of TA performance done earlier, in 2007, remain. TA can be allocated more strategically and be better integrated into country programming, leading to stronger ownership by countries. ADB processes—e.g., project preparation and the use of consultants—need to move away from a uniform template approach and become more adaptable and responsive to both the country context and the TA objectives.

ADB's 2008 TA policy correctly identified many of these solutions as well. However, adapting ADB systems and processes and addressing issues of incentives and culture were beyond its scope. These issues now need to be picked up. Also, the growth in cofinancing of ADB's TA by partners—now half of all funding of TA—should be better aligned with ADB's longer-term priorities.

Evaluations from other international financial institutions show that there are common challenges to managing TA, which are perhaps inherent to TA being regarded as secondary to finance products. However, the recent midterm review of Strategy 2020 gives ADB an opportunity to update the 2008 TA policy and address its limitations, such as the principal reliance on consultants to implement TA, the limited use of resident missions in managing TA, and the lack of time spent on turning TA into meaningful knowledge products and services. The recommendations of this evaluation can feed into and guide relevant sections of the midterm review action plan of Strategy 2020 to provide the basis for more effective TA.



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# Executive Summary

As Asia and the Pacific's countries are moving up the development ladder, they are facing increasingly varied and specific challenges. The mix of support needed from the Asian Development Bank (ADB) has evolved from basic infrastructure investments and capacity development to more technical or specialized knowledge transfer. Over time, ADB has responded by placing greater emphasis on support for reforms, policy development, research, regional priorities, and knowledge management. Most recently, ADB has aimed to increase its development effectiveness through Finance ++, which combines provision of finance, leverage of resources through partnerships, and knowledge solutions. The April 2014 midterm review of Strategy 2020 recommended a sharpening and rebalancing of ADB operations, and greater responsiveness, which has significant implications for technical assistance (TA). Given this context, both demand for and supply of TA are continuing to change.

Initially, TA in ADB focused on project preparation and implementation support but in time a growing proportion of TA moved beyond the project level, to address fundamental country-specific technical, policy, and institutional issues, which were perceived as constraints on development. A 2007 evaluation of the performance of TA assessed this move, and its findings contributed to the formulation of the 2008 TA policy, *Increasing the Impact of the Asian Development Bank's Technical Assistance Program*, which currently guides ADB's use of TA. The policy's goal was to improve the development effectiveness and strategic focus of ADB's TA operations. To achieve this, it highlighted a number of product, procedural, and financial management changes. It also revised the TA classification and ADB now distinguishes between project preparatory technical assistance (PPTA), capacity development technical assistance (CDTA), policy and advisory technical assistance (PATA), and research and development technical assistance (RDTA). Each of these can be further broken down into regional technical assistance (RETA), small-scale technical assistance (SSTA), or cluster TA.

With continuing concerns on the strategic use of TA and also the heavy reliance on consultants, ADB's Development Effectiveness Committee requested the Independent Evaluation Department for an evaluation of the role of TA in ADB. The main objectives of the current evaluation are to (i) assess the strategic relevance of TA within ADB, (ii) consider how TA and the associated management processes within ADB can better contribute to development effectiveness, and (iii) generate a series of findings and recommendations to guide ADB in its use of TA. Special attention is paid to the results of the TA policy now that some 6 years have passed since it was adopted. The evaluation is based on a mixed-methods approach, which triangulates qualitative and quantitative data from various sources. The main sources of information were key policy and implementation documents for TA, ADB technical assistance completion reports (TCRs), and independent evaluation studies, as well as interviews and surveys. A large sample of TCRs for TA projects approved in 2007–2012 was validated. Field missions were undertaken in consultation with regional departments. These aimed to use a case study methodology to explore successes and failures and to provide lessons for the future. This was necessary as the evaluation is aimed at identifying ways to improve TA rather than assessing performance.

### **Relevance of Technical Assistance and Strategic Alignment**

The TA policy and the ADB operations manual set clear new directives for TA. For example, all TA should be aligned with the corporate priorities of Strategy 2020. Further, country-oriented TA operations have to be anchored in the strategic directions set out in a country partnership strategy (CPS). The policy acknowledged the need for more tailored TA based on a country's level of development, with special attention given to fragile and conflict-affected situations (FCAS). The policy set a cap on the number of active TA projects that are not project-preparatory in nature (no more than 750 non-PPTA a year for the whole of ADB); as a result, TA projects were supposed to become larger and more programmatic. A distinction between complex and less complex TA projects was introduced and different review processes were mandated for each. The use of cluster TA was encouraged. It was anticipated that TA administration could be fully delegated in some countries, where executing agencies could be made responsible for consultant recruitment and TA implementation in collaboration with ADB. Finally, it was suggested that up to 30% of ADB financing for TA be devoted to pilot-testing projects with innovative approaches. While these directives were useful, the extent to which they have been implemented varies.

TA has been strongly aligned with some corporate goals. The target in the TA policy that 80% of TA projects and trust funds should align with Strategy 2020 priorities has been achieved. The share of TA directly supporting ADB's core operational areas (infrastructure, environment and climate change, regional cooperation and integration, financial sector development, and education) increased from 45% to 66% after the TA policy. In addition, TA supports Strategy 2020's drivers of change such as governance and capacity development, gender equity, and private sector development. Including this thematic support, total TA support is above the target for corporate priorities. Given that TA is often used to fill gaps and complement loan activities, contributing to a better-rounded portfolio, the portfolio can be considered generally aligned. However, it could be argued that TA was now supporting a multitude of strategic objectives, which somewhat diffuses its use at the corporate level. This is compounded by the growth in the number of active TA projects beyond the cap set, which has further scattered TA across many sectors and themes.

The alignment of TA with country program goals has improved as well, but there is room for further improvement, especially for RETA and RDTA. The proportion of TA operations discussed in CPSs and regional cooperation strategies (RCSs) has been increasing, but is still below the TA policy target (71% as against a target of 75%). PPTA projects are aligned almost by definition as they are associated with investment projects, which are anchored in the CPS. CDTA and PATA do not always figure in the strategic sector and thematic summaries of annual country operations business plans (COBPs) as they should, as this is central for TA planning. RETA projects, often administered by knowledge departments, are least aligned with country programs and are often absent from a CPS or RCS, even if many have concrete activities in one or more countries. This absence may be due to a number of factors, including lax due diligence at the design stage and lack of coordination between departments.

The emergence of large-scale cofinancing can weaken corporate and even country alignment of TA. The growth of development partner-driven TA cofinancing, which now makes up more than 50% of ADB's annual TA funding (even when cofinanced TA projects remain small in number), contributes to more in-depth support and to filling in gaps in areas where ADB funding is limited. However, as seen by this evaluation, if it is not integrated into the CPS, development partner-driven cofinancing of TA in areas outside ADB country priorities can also reduce alignment. In addition, as

most large cofinancing is determined at the country level, the management of the TA can be resource-intensive and may detract from other work as ADB systems and resident missions are not fully equipped to manage the extra work that comes with large external resources.

The use of TA broadly supports a differentiated country approach: lower income countries used more CDTA and PPTA; middle income countries primarily used CDTA and PATA, and used PPTA much less. The share of TA for FCAS was supposed to rise. However, it remained largely unchanged after the policy, ranging from 9% to 11% of TA funding in 2009–2012. Part of this can be explained by the faster growth in cofinanced TA for activities in better-off countries. In 2013, the three largest recipients of TA were middle-income countries (Indonesia, the People’s Republic of China [PRC], and the Philippines). On the other hand, the traditional use of TA to build capacity in weakly performing countries is still important. A question for ADB is how to balance the demands for TA from middle-income and less developed countries.

The evaluation did not find many examples of TA being used for pilot-testing new ideas. This is partly a result of ADB not classifying TA for innovation and the TA papers not specifically highlighting their innovative character. Still, piloting and innovation were sometimes found to be built into ADB TA designs. For example, a TA pilot on biodiversity was eventually scaled up and is an ongoing regional project in Cambodia, the Lao People’s Democratic Republic, and Viet Nam. Related to piloting is the use of TA to promote innovation and new approaches. In the PRC, energy and agriculture and natural resources were the sectors that most frequently introduced innovations through TA. Overall, piloting can be a good use of TA and the evaluation found a number of successes. However, more guidance to staff is needed to provide clarity and encourage them to pilot-test projects with innovative approaches.

The number of active TA projects has grown and exceeds the policy target; although it has increased awareness of the need to control the number of TA projects. TA clusters, which can address programmatic issues, have been underutilized. Instead, there is a preference for responding to windows of opportunity, using supplementary funds to extend and expand successful TA projects. However, this perpetuates the fragmentation of TA at the macro level. The TA facility, a hybrid of a small-scale and cluster TA, has proven to be flexible and programmatic at the same, but has not been used extensively outside the PRC.

### **Management Processes for Technical Assistance**

The evaluation reviewed ADB’s TA management processes in light of the proposed reforms contained in the 2008 policy. The policy intended to improve both the efficiency and the effectiveness of TA. A key aspect of the TA policy’s approach to meeting these objectives was to increase country ownership.

**Technical assistance allocation and cofinancing.** The Strategy and Policy Department (SPD) allocates TA funds such as TA Special Fund (TASF) and the Japan Special Fund (JSF) from ADB sources to respective vice president groups based on work program and budget framework submissions, historical average allocations, and disbursement rates. The allocation does not consider corporate strategizing around key themes as this is left to the decision of the vice presidents and concerned departments. Since PPTA remains a priority in principle, an important input into SPD’s decisions is the pipeline of lending operations and the average cost of PPTA in each country.

Although the TA policy states that the knowledge agenda and allocations of RDTA should follow the priorities identified in an annual strategic forum, the first experiences with the forum were negative as it was perceived to be dominated by the interests of the knowledge departments. This led SPD to introduce a separate allocation mechanism—“corporate priority TA.” Corporate priority TA is set aside outside of the allocation to the offices of the vice presidents which is determined based on departmental requests and discussions with heads of departments. While this allocation process ensures a minimum level of linkage of RDTA to corporate priorities, it lacks the comprehensiveness and transparency of joint target setting inherent in the strategic forum model. If there had been more experimentation with the forum, this might have led to better results in the medium term. Recognizing the need to improve the allocation process further, SPD is currently reviewing it.

Over a 10-year period from 2004 to 2013, the annual ADB TA approvals amount rose from \$192 million a year to around \$300 million before peaking in 2013 at over \$434 million. This growth has increased the number of active TA projects to be administered, which increases the workload of ADB staff, particularly for more complex TA projects. As mentioned, the growth in TA resources is increasingly being driven by external trust funds and bilateral contributions, as traditional funding sources have stagnated. The bilateral contributions are often made at the country level (for instance, by embassy-based units for development assistance) for specific projects. The TA projects with bilateral financing can be quite large, with some having budgets as large as \$50 million, and they are also more ad hoc in nature as they often derive from in-country dialogue rather than a headquarters-to-headquarters agreement.

**Technical assistance preparation and implementation.** PPTA is a valuable resource and a key step in the sequence of activities to ensure preparation of sound investments suitable for ADB financing. There are a number of issues affecting the quality of PPTA projects. The share of resources allocated to PPTA has declined in recent years and average PPTA sizes have declined in real terms. The introduction of the streamlined business processes has helped reduce TA processing time, but concerns about their effects on PPTA quality have emerged due to increasing delays in loan startup and questions about the readiness of projects upon their approval for implementation. The condensed process also makes it difficult to address project feasibility and ADB due diligence requirements such as safeguard measures, social and institutional assessments, as well as issues of complexity and capacity during a PPTA. These requirements are generally addressed uniformly rather than through a more adaptive approach based on project complexity and country capacity. Project readiness is further compromised as the current practice separates design (PPTA-funded feasibility and ADB due diligence) and engineering (loan-funded), which can lead to disconnects and unnecessary difficulties in project implementation. To date, there has been little use of new TA modalities such as the project design advance (recently revised to address design issues) and other reimbursable options such as TA loans.

To improve the quality assurance for non-PPTA projects (CDTA, PATA, and RDTA), the TA policy proposed categorizing TA projects at the concept stage according to their complexity. The distinction between category A (more complex) and category B (less complex) was a useful idea. While there are examples of improved design following this distinction, the general feedback from staff is that category A projects have lengthier process, resulting in extra reviews without added expertise. The uniform commenting process followed in ADB is sometimes not the most suitable for providing the specialized input required for TA projects that consider complex, technical, or new issues. The review and consultation process needs more depth than breadth. Fact-finding (i.e., a field mission to start the preparation and design process) is not always

carried out, which is highly problematic with respect to complex CDTA projects. Regional CDTA (R-CDTA) projects in particular lack a firm basis of preparation and client consultation. The guidelines from the 2013 operations manual and staff instructions for high-value and complex TA projects are a good start but the threshold (\$5 million) seems too high.

The TA policy proposed moving resources and focus from TA processing to supervision. Given resource constraints for TA supervision, staff members try to be creative in following up on TA projects. Staff interviews indicate the increasing use of video and other technologies to engage on TA. While increasing efforts are being made, current levels of supervision may still be insufficient for large and complex TA projects that require more attention during processing and implementation. Staff interviews indicated that attention to TA is also limited because of the lack of incentives and inefficiencies associated with the small size of most TA compared to loans.

The intentions to improve ownership and move implementation closer to the client, to decentralize to resident missions, and to delegate TA administration to executive agencies, have not materialized as intended by the TA policy. The number of TA operations administered by resident missions is declining rather than expanding. Resident missions administer about 19% of TA projects compared with the 29% target. The TA policy anticipated greater decentralization of responsibility for TA implementation to resident missions. Instead, resident mission staff are engaged more as TA mission members rather than as TA mission leaders. Centralized ADB procedures for recruiting consultants and managing TA as well as lack of capacity and supporting systems in some resident missions remain hurdles to decentralization.

Despite clear policy directions, delegation of consultant recruitment and TA implementation to executing agencies (in collaboration with ADB), has not occurred. The evaluation missions found that in most countries visited there is a lack of interest in taking on this responsibility. ADB piloted a program on delegation of consultant recruitment and supervision in 2003. From the pilot, the only attempt to move forward has been in the PRC, where an enhanced delegation model has been used. Under this model, the executing agency identifies and selects the consultant, but ADB signs the contract after participating or reviewing the minutes of contract negotiations, and is also jointly involved in TA implementation. This approach, as compared with full delegation, has not led to the anticipated efficiency gains because the executing agency and ADB continue to duplicate most key steps. Within the PRC, enhanced delegation is viewed as a useful way to train agencies, build capacity, and improve ownership. But it has also highlighted the complexities of complying with ADB requirements.

**Human resources and consultants.** ADB's business model relies on consultants to implement TA; however, the finding of many TA evaluations is that the performance of consultants is variable and that this affects overall TA performance. The tendency to use templates and standard processes for consultant recruitment, selection, and contracting (rather than matching the processes to best fit the TA objective) is a concern for TA as it can hinder efforts to put more emphasis on quality project designs, specialized knowledge, and innovation. Consultants' terms of reference are not always well prepared, due to lack of training of staff preparing them, and insufficient time taken for the preparation of the TA itself. This then results in frequent contract variations. Time-based contracts that are input- rather than output-oriented have been the preferred contracting method for both individuals and consulting firms, but by specifying inputs these contracts can limit creative consultants' ability to find better ways to deliver the intended outputs. Lump-sum contracts, which improve value for

money by focusing on outputs, could be more widely used for recurring activities and simpler TA projects, such as workshops and studies. TA projects for research, policy development, institutional strengthening, and other complex activities could make use of more hybrid contracting arrangements that also emphasize performance.

ADB uses a number of methods for selecting consulting firms but they are predominantly selected using quality-and-cost-based selection (QCBS), which is suitable for delivering many ADB outputs such as straightforward PPTA projects. However, QCBS often becomes the default option at the expense of more appropriate options for the nature of some TA (e.g., complex TA projects requiring specialized expertise). Making full use of the available selection and contracting methods would necessitate greater staff skill in developing well-defined terms of reference, understanding the theory of change underlying the TA better, establishing appropriate milestones, and evaluating expressions of interests. Staff need more training in these areas. The consultant evaluation system provides limited insights on consultant performance as almost all consultants are given a satisfactory overall rating. The system of consultant selection, contracting, and evaluation can be made more effective and responsive.

During the country case study missions, clients expressed a desire for greater interaction with ADB staff on substantive country-level issues, to complement the interaction with consultants. There was also an interest in addressing more complex issues, which would create opportunities for ADB staff to work together as these challenges require a multi-disciplinary approach with different skill sets. This calls for a team approach within ADB and not only with the consultants. The current perception of “one staff per TA project” might no longer be suitable for delivering high-quality TA.

ADB’s business model, with its headquarters-based staff focusing on internal processes and relying on consultants for substantive input, makes greater and ongoing interaction with developing member countries (DMCs) difficult. As increasing the number of staff may not be an option, ADB will need to consider other mechanisms, including how it employs consultants. One solution from the field would be the use of bilateral funding to support longer-term consultants to build capacity and provide expertise over an extended time period. These consultants could be better integrated into ADB’s operating model so that the outcome of their work and experience feeds into ADB knowledge management initiatives. The World Bank follows this practice to a much greater extent. ADB’s Private Sector Development Initiative based in Sydney and supporting the Pacific Island countries, and the Environment Center in Bangkok supporting countries in the Greater Mekong Subregion rely on long-term consultants to address regional challenges. Both are innovative solutions, which are viewed as being more responsive and timely than support provided from headquarters. However, more work can be done to learn from and fine tune these approaches as well as to explore other more flexible options under ongoing ADB human resources reform initiatives. New types of appointment, such as special fixed-term, short-term, or part-time staff appointments funded under TA, may be alternatives to engaging consultants.

**Technical assistance evaluation.** Independent evaluation of TA is done mainly in the context of broader evaluations such as country assistance program evaluations, and thematic or corporate evaluations. Individual TA performance evaluation reports are prepared on a highly selective basis. TCRs are therefore the main source of individual TA evaluations. TCRs are self-evaluations by operations or knowledge departments and perhaps for this reason TA projects are often rated successful. Of the sampled TCRs, 84% were rated *successful* or *highly successful*. The desk review validation of TCRs undertaken for this evaluation resulted in a much lower success rate of 72%. This rating is at par with the rating from the 2007 evaluation but below the 80% corporate target.

Many TA ratings were downgraded during the validation process as they provided limited information beyond outputs and activities. More attention to outcomes is needed. Part of the challenge is the nature and timing of the TCR, which needs to be completed within 6 months to 1 year after the TA completion. This makes it difficult to distinguish truly successful TA projects and to gain insights into TA projects that contribute to broader programmatic objectives. If the comments of government staff were attached to the TCR, this would improve their quality and relevance. Such a feedback mechanism for executing agencies has been developed but not yet introduced due to information technology issues. Alternative TCR formats, placing more emphasis on knowledge management and products, can be considered, with more elaborate formats and perhaps a field mission and surveys for large-value TA.

The 2008 policy planned for a web-based knowledge management database containing lessons and TA reports. This has not yet been developed. As a result, lessons, experiences, and tacit knowledge generated from TA are not systematically captured and are often lost. Furthermore, TA project management relies on a number of disparate information technology systems that are not user friendly and not well interfaced. A well-functioning integrated TA management information system could strengthen the TA cycle because TA information would be made transparent and readily accessible.

## Recommendations

While the 2008 TA policy correctly recognizes many of the barriers that inhibit better use of TA, ADB needs to consider in particular how it wishes to proceed with its implementation, also given that several of the actions in it have not moved or improved the situation. The current evaluation offers further lessons to overcome the challenges. The strategic nature of TA can be further improved at the corporate level and should be made more programmatic at the country level. Improving internal processes remains vital to increase the effectiveness of TA. However, making better use of TA will ultimately depend on changes beyond the TA policy. Changing incentives, mindsets, and supporting processes is essential. Fortunately, many of these issues are directly or indirectly identified in the Strategy 2020 midterm review action plan. Thus, these recommendations are provided primarily to inform key measures proposed in the plan, which is currently being implemented. The final chapter of this document provides a more detailed elaboration of the recommendations and a linked document shows how the recommendations relate to midterm review action items.

1. **Improving strategic use of technical assistance.** The strategic use of TA can be improved by (i) relying on a fixed senior management committee rather than an open strategic forum or bilateral SPD consultations with other departments, to establish annual priorities for corporate TA, (ii) requiring from operations departments a mandatory and more explicit presentation of country TA needs (capacity constraints, knowledge needs, opportunities for innovation) within CPSs and COBPs, to inform the TA program including RETA projects; (iii) mainstreaming a dialogue with development partners about priorities for TA cofinancing during CPS preparation, and (iv) providing more tags, such as for piloting and innovation to classify TA operations so that directions can be set and better monitoring can take place.
2. **Increasing programmatic technical assistance with a broader set of technical assistance instruments.** ADB should move towards more programmatic TA, use



more TA clusters and TA facilities, introduce more innovative TA, and continue pursuing reimbursable options to fund TA, such as project design advances. The earlier discussed tags for TA could help set targets and monitor progress.

3. **Increasing developing member country involvement.** ADB processes need to increase DMC involvement at all stages of the TA project cycle from planning and preparation to implementation and evaluation. Intended counterparts for TA need to be included in TA, including relevant RETA, conceptualization, preparation of terms of reference, consultant selection, and obtain an opportunity to formally comment on TA drafts, TCRs, and consultant performance. ADB needs to enhance the role of resident missions in TA design and administration. ADB should also consider tailoring systems and procedures to be more user-friendly (such as ADB's consultant management system), if delegated TA is to be pursued. If ADB and countries wishes to pursue TA delegation, the PRC experience can provide lessons.
4. **Improving business processes.** The business processes related to TA design, processing, evaluation, and learning need to improve by (i) adding technical experts (ADB staff, if available, and external experts) to peer review the design of complex TA projects that are not PPTA; (ii) relying more on stand-alone fact finding for large or complex TA projects, whether PPTA or other; (iii) specifying the main purpose of PPTA (funding a feasibility study, ADB's due diligence, or detailed design), and relating it better to the individual country's capacity, project needs, and funding options available such as project design advances; (iv) more institutional attention and adequate time for preparing terms of reference for consultants, and (v) revising TCR guidelines and developing the management information system for tracking all aspects of TA.
5. **Improving the use of consultants for technical assistance needs.** We suggest ADB (i) ensures that the proposed consultant review under Strategy 2020's midterm review action plan is comprehensive and investigates budgets for TA and the consultant fee structure and its handling, (ii) experiments with different modalities using cofinancing to finance fixed term staff or provide long term consultants, (iii) improves staff capacity related to consultant recruitment and management, and (iv) improves the consultant performance assessment system and its analysis. The proposed consultant review under Strategy 2020's midterm review action plan needs to be an end-to-end review of consultant processes—exploring further the issues highlighted in the evaluation, taking into account the views and experiences of other departments on constraints, and having its results discussed at a sufficiently senior level. The current model of outsourcing most of TA implementation to consultants with limited involvement of ADB staff may not be the best to deliver large and complex TA projects. The costs are high, knowledge losses after consultants leave are significant, and consultants are often taken less seriously by clients than ADB staff. ADB needs to develop pools of certified or well-regarded consultants for particular assignments (e.g., project due diligence and safeguards). The consultant performance assessment system needs to be improved so that more candid assessments are drawn out, and better analysis can take place. The system should also provide links to written consultant outputs.

# CHAPTER 1

## Introduction

1. Technical assistance (TA) is one of the Asian Development Bank's (ADB) main operational instruments for helping its developing member countries (DMCs). TA supplements and often aims to leverage the support of ADB's loans, equity investments, guarantees, grants, knowledge products, and policy dialogue. ADB TA is funded mostly by grants and provided largely through the use of consultants. It has traditionally focused on project preparation and advisory services. The balance has been moving away from project preparation and TA is increasingly being used to support capacity development and knowledge solutions as DMC needs evolve.

2. ADB's stronger focus on knowledge and advisory services as a driver of change in its DMCs is a response to the rapid economic transformation in Asia and the Pacific and the recognition that knowledge solutions have come to be intrinsically linked to development. Globalization, the complexities of the region's remaining development challenges and the need to make growth more inclusive have pushed knowledge management to the forefront of development support requirements. DMC economies are at different levels of economic and social transformation. While some countries remain severely impoverished, a large number of the region's poor live in ADB's middle-income DMCs. DMC demand for TA is diverse, and ADB has to address particular country concerns. This requires more technical and highly specialized knowledge products and solutions. In addition, the emergence of such global challenges as climate change and environmental degradation has upset earlier development models and paradigms. Addressing these issues requires more comprehensive analysis than has been undertaken in the past, as well as openness to a plurality of views. As a result, knowledge products and services have to adopt a longer view on many critical issues and offer innovative solutions.<sup>1</sup>

3. ADB's Strategy 2020,<sup>2</sup> adopted in 2008, and the strategy's midterm review in 2014<sup>3</sup> have highlighted the needs for ADB to work more in partnerships, focus more on knowledge solutions, and support regional integration. These documents also called on ADB to tailor its assistance to plug existing knowledge gaps (e.g., in middle-income countries) and capacity needs (e.g., of weakly performing countries), as well as to accord prominence to ADB's knowledge agenda and its role as a catalyst in development. TA is seen as an important instrument for doing this. ADB's development approach to meeting these needs is illustrated by its support for Finance ++, which

**DMC demand for TA is diverse, and ADB has to address particular country concerns**

<sup>1</sup> Evaluation Cooperation Group. 2014. *Knowledge Management in International Financial Institutions—Evidence from Evaluation: A Synthesis Paper for the Evaluation Cooperation Group (ECG)*. Washington, DC.

<sup>2</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

<sup>3</sup> ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

aims to match financing with high-quality knowledge and strategic partnerships to maximize and accelerate development effectiveness.<sup>4</sup>

4. ADB's recognition that its DMCs' TA requirements are evolving, combined with the continuing need for TA to prepare quality projects, mean that a better understanding is required of the role of TA and its potential value addition to ADB's operations, capacity development, and knowledge generation. In addition, for the evolving role and use of TA to make a difference, ADB's internal systems and business processes need to contribute to the efficiency and effectiveness of its TA.

## A. Background

TA is the provision of expertise in the form of personnel, training, and research

5. TA is the provision of expertise in the form of personnel, training, and research. According to a glossary of the Organization for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC), it comprises (i) activities that augment the level of knowledge, skills, technical expertise, or productive aptitudes in developing countries; and (ii) services such as consultancies, technical support, or the provision of expertise that contribute to the execution of an investment project.<sup>5</sup>

6. TA is enshrined in the Agreement Establishing the Asian Development Bank.<sup>6</sup> Based on the Charter, ADB's operations manual of 2011 establishes a long list of specific objectives for TA:<sup>7</sup>

ADB TA is to contribute to the achievement of country and regional development objectives by (i) identifying, formulating, and implementing development projects; (ii) formulating and coordinating development strategies, plans, and programs; (iii) improving recipients' institutional capabilities; (iv) undertaking sector-, policy-, and issues-oriented studies; and (v) improving the knowledge about development issues in the Asia and Pacific region. ADB also uses TA to foster regional cooperation and integration among DMCs [Developing Member Countries] by (i) promoting regional policy dialogue and providing policy advice; (ii) supporting capacity building and institutional strengthening to help the integration of DMCs within the region and with the rest of the world and to respond to cross-border issues; (iii) generating and disseminating knowledge on regional cooperation and integration; and (iv) developing partnerships with other stakeholders, including international institutions, policy makers, think tanks, academic institutions, and nongovernment organizations.

7. ADB normally finances all TA on a grant basis. On occasion, some project preparatory technical assistance (PPTA) for detailed engineering services may be financed through a loan. PPTA to a private sector entity<sup>8</sup> is subject to arrangements for recovery of the full cost of the PPTA to the extent that the TA results in further financial

ADB normally finances all TA on a grant basis

<sup>4</sup> ADB. 2013. *Knowledge Management and Directions Action Plan 2013–2015: Supporting "Finance ++" at the Asian Development Bank*. Manila.

<sup>5</sup> Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC). 2002. *Glossary of Key Terms in Evaluation and Results Based Management*. Paris.

<sup>6</sup> ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

<sup>7</sup> ADB. 2013. *Technical Assistance. Operations Manual*. OM D12/BP. Manila.

<sup>8</sup> A private sector entity is an entity that (i) is not a political division or subdivision of a DMC; and (ii) is not part of, or controlled by, a governmental body or agency.

support from ADB. Although seldom requested, TA for graduated countries (i.e., countries that no longer qualify for ADB assistance) can be provided on a reimbursable basis.<sup>9</sup> Linked document 1 provides detail on the evolving role of TA in ADB since 1967.<sup>10</sup>

## B. Evaluation Lessons on Technical Assistance

8. ADB and the Independent Evaluation Department (IED) have evaluated the TA instrument three times over the past 15 years: in 1997,<sup>11</sup> 2003,<sup>12</sup> and 2007.<sup>13</sup> The lessons derived from these reviews and evaluations underscored the importance of strong country ownership of TA, good quality TA design, active engagement of stakeholders during preparation and implementation, a greater role for resident missions during implementation, and the proactive involvement of staff and consultants throughout the TA project cycle. The findings of the 2007 special evaluation study (SES) on TA performance are summarized below (footnote 13).

### 1. Evaluation Lessons: 2007 Special Evaluation Study on Technical Assistance Performance

9. To better respond to DMC needs, the study found that ADB TA policies, business practices, and procedures have not kept up with the times and these issues need to be addressed in order to improve TA performance and raise the success rate of TA projects (paras. 10– 18).

10. **Lack of focus.** The SES found that advisory TA tended to be scattered rather than strategic. TA operations at the country level were found to be spread across many sectors and executing agencies. Country partnership strategies (CPSs) did not provide a sufficient framework for developing TA strategies and programs. Sector roadmaps were generally not sufficiently developed to guide coordinated sector interventions including coordination between TA and lending.

11. **Weak ownership.** DMC ownership of advisory TA was insufficient. In Fiji, the Kyrgyz Republic, and the Philippines, for example, the governments had little input into TA strategic programming and implementation. Government officials said that ADB TA addressed priority needs, although the study pointed out the range of needs was broad and increased government participation would have better focused the use of TA.

12. **PPTA support not scaled to specific needs and abilities.** The importance of PPTA to the performance of ADB lending operations varies depending on a country's capacity. ADB procedures were found to be fairly rigid. They had not adapted to the growing capacity in DMCs. In addition, PPTA had not been used enough as a tool for building DMC ownership and capabilities. At one end of the continuum in terms of capacity, countries like the People's Republic of China (PRC) had executing agencies that were able to prepare a project without PPTA. In these DMCs, country systems could be followed for addressing safeguards, with some validation and strengthening.

Advisory TA tended to be scattered rather than strategic

DMC ownership of advisory TA was insufficient

<sup>9</sup> ADB. 2008. *Review of the 1998 Graduation Policy of the Asian Development Bank*. Manila.

<sup>10</sup> Three Phases in the Role of Technical Assistance during 1967–2013 (accessible from the list of linked documents in Appendix).

<sup>11</sup> Independent Evaluation Department. 1997. *Review of the Bank's Technical Assistance Operations*. Manila.

<sup>12</sup> IED. 2003. *Review of the Management and Effectiveness of Technical Assistance Operations of the Asian Development Bank*. Manila.

<sup>13</sup> IED. 2007. *Special Evaluation Study: Performance of Technical Assistance*. Manila: ADB. The evaluation study covered the time period 2000–2004.

ADB's one-size-fits-all approach in designing and implementing TA was no longer regarded as appropriate

At the other end were the Pacific DMCs, where ADB's PPTA was still required. For this reason, ADB's one-size-fits-all approach in designing and implementing TA was no longer regarded as appropriate.

13. **Advisory TA design and quality shortcomings.** The 2007 SES found the advisory TA formulation processes to be inadequate. TAs often suffered from weak design and poor quality control. No formal guidance was given to team leaders on how to prepare TA proposals. The diagnostics of institutional issues at the design stage were weak, with more attention given to developing terms of reference rather than to determining the inputs and activities required to achieve the intended results.

14. **Low rates of success.** The 2007 SES review of TA projects approved mainly during 2000–2004 found that 70% of a sample of PPTA projects and 72% of a sample of advisory TA projects achieved or exceeded their output targets. These rates were higher than the 63% success rate for all TA operations previously independently evaluated. Difference was related to successful TAs in two of the case study countries, India and Viet Nam, underscoring that country factors affect TA performance.

15. **Poor implementation follow-up.** Follow-up during implementation and on the results and recommendations of TA was found to be weak. The SES reported limitations in the use of human resources that affected TA implementation. For example, it considered the use of national consultants to be suboptimal, and ADB staff inputs in TA supervision and implementation to be insufficient. The effects of this were exacerbated by frequent staff changes and weak handover processes. The SES found that the corporate management information system did not generate enough information to enable staff to monitor and manage the TA portfolio properly.

16. **Uneven performance by consultants.** The 2007 SES assessed the quality of the consultants' work during the evaluation period as highly mixed. It found that recommendations were often based on consultants' home country experience rather than on international experience. Consultants often saw ADB as their client rather than the executing agency. ADB's consultant rating system was found to be ineffective.

17. **Weak ADB results orientation.** The SES reported that ADB staff and managers at the division and departmental levels took too little responsibility and were insufficiently accountable for TA implementation. There was little incentive to change from an approval culture to one that focused on achieving development results. The study recommended that staff performance appraisals focus on work quality both at project entry and during administration and supervision.

18. **ADB lessons and experience used poorly.** The SES found that ADB was not organized as a learning organization, and that ADB's management information systems and processes could be improved. ADB was not systematically building a core of knowledge about issues pertinent to improving the use, effectiveness, efficiency, and results of its TA. No system existed to ensure that lessons learned and recommendations for design improvements derived from TA projects were later applied consistently in practice or shared across ADB to enhance future TA performance. No synthesis was being undertaken of consultant reports or lessons from individual TA projects to develop best practices, ensure that past mistakes were not repeated, and continuously improve ADB's TA processes. The SES emphasized the need for a program of culture change and incentives to ensure that all in ADB recognized the importance of contributing to and using a knowledge management system.

Little incentive to change from an approval culture to one that focused on achieving development results

19. These findings were generally in line with evaluations of TA in other international financial institutions (IFIs) undertaken from 2005 to 2014. These indicate something intrinsically challenging about effectively using TA in IFIs that primarily focus on lending. TA work differs from the processing or supervision of loan-based operations. The lesson to be drawn from IFI TA evaluations was best summarized in a 2005 International Monetary Fund evaluation of TA:<sup>14</sup>

Improving the effectiveness of TA requires a different kind of upfront work than has been the norm in the past, with more attention to medium-term strategies, capacity assessments, and consultation with clients. When dealing with policy or capacity development oriented work, more supervision is needed over longer periods during TA project implementation and even after TA completion. At the corporate level, processes for TA management need to catch up with those for lending operations, by paying more attention to supervision and ex-post evaluation.

## 2. ADB Technical Assistance Policy, 2008

20. ADB's 2008 TA policy<sup>15</sup> was the result of both the 2007 SES (footnote 13) and the work of an interdepartmental TA reform task force established in March 2005 to propose reforms to improve TA operations.<sup>16</sup> ADB's current TA policies and procedures are contained in the 2008 policy paper and the operations manual.<sup>17</sup> The goal of these two documents was to improve the development effectiveness of ADB TA operations, building on the SES and task force lessons. The desired outcome was for ADB to provide high-quality TA that has tangible development impact through synergy between ADB lending and nonlending products at country and regional levels; and stronger DMC involvement and ownership, as well as greater use of national systems. The policies intend for ADB's TA operations in its DMCs to be anchored in the strategic directions set out in (i) CPSs, (ii) a regional cooperation strategy (RCS), or (iii) research priorities outlined in the work program and budget framework, following the deliberations of a strategic forum.

21. The 2008 TA policy sought to redirect the emphasis from resource allocation and processing procedures towards strategic use of TA, effective quality enhancement, and implementation. Other reform areas included improvements to efficiency, monitoring and evaluation, dissemination, and funding modalities. To address these reform areas, the policy highlighted a number of product and procedural changes aimed at improving the development effectiveness and strategic focus of TA. In addition, financial management improvements were introduced.

22. The product reforms included adjusting the terminology<sup>18</sup> used to classify TA products to match the purpose of the TA (project preparation,<sup>19</sup> capacity

These findings were generally in line with evaluations of TA in other IFIs

The 2008 TA policy sought to redirect the emphasis towards strategic use of TA, effective quality enhancement, and implementation

<sup>14</sup> International Monetary Fund. 2005. *IMF Technical Assistance: Evaluation Report*. Independent Evaluation Office. Washington, DC.

<sup>15</sup> ADB. 2008. *Increasing the Impact of the Asian Development Bank's Technical Assistance Program*. Manila.

<sup>16</sup> The task force was led by the Strategy and Policy Department (SPD) and included members from the East Asia Department (EARD), the Pacific Department, the Regional and Sustainable Development Department (RSDD), the Office of Cofinancing, and the Office of the Compliance Review Panel (OCRP).

<sup>17</sup> The design and implementation of TA initiatives in ADB are guided by the operations manual on technical assistance issued on 14 July 2011 and revised in 2013 (footnote 7).

<sup>18</sup> Before 2009, ADB TA projects were classified as PPTA, ADTA, and regional technical assistance (RETA). Previous ADTA projects were reclassified either as a capacity development technical assistance (CDTA), a policy and advisory technical assistance (PATA), or an RDTA. Each of these could also be a RETA, an SSTA,

development,<sup>20</sup> policy advice,<sup>21</sup> and research and development).<sup>22</sup> Management would enhance the strategic direction for research and development technical assistance (RDTA), by setting priorities through a strategic forum. TA clusters<sup>23</sup> would be used more to promote longer-term engagement and approaches. Technical assistance completion reports (TCRs) would be revised to focus on outputs and outcomes.

23. The procedural reforms included streamlining the processes for PPTA to shorten processing time. The quality management system would be tailored to the diversity of TA projects so that projects intended to address more complex development issues receive closer scrutiny. Greater institutional and organizational analysis would be introduced during identification and design of TA proposals. The engagement of DMCs and executing agencies in TA identification, design, consultant selection, and implementation would be enhanced. Gradually authority and contracting accountability would be delegated to executing agencies.

24. To improve financial management ADB would align TA trust funds with ADB's strategic priorities, and adopt implementation guidelines. It would also raise the ceilings<sup>24</sup> for the delegation of approval authority for all TA and simplify approval procedures for small-scale technical assistance (SSTA).<sup>25</sup>

25. Collectively, the product, procedural, and financial reforms under the 2008 TA policy (footnote 15) were expected to result in:

- (i) a stronger country focus in core sectors of ADB operations,
- (ii) flexible use of a smaller share of TA resources so ADB can respond rapidly to compelling DMC requests for analysis and policy advice,
- (iii) clear prioritization of RDTA knowledge products and services,
- (iv) reduce by one-half in the lead time for the fielding of PPTA consultants,
- (v) a growing role for DMCs in the administration and supervision of TA,
- (vi) a stronger role for ADB staff in TA supervision,

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or a cluster TA. Although the nomenclature has changed, the term RETA is still used in ADB as a catch all for regional TA. The term RETA is used as such throughout the report.

<sup>19</sup> PPTA may be processed for a standalone project or program, or a sector development program; a subprogram under the program cluster approach; single sector lending for a series of subprojects; or a multitranche financing facility comprising a series of tranches

<sup>20</sup> CDTA assists in (i) establishing or strengthening organizations and institutions in DMCs; (ii) implementing, operating, and managing ADB-financed projects; and/or (iii) enhancing knowledge management. CDTA plays an important role in ADB's efforts to improve the technical, managerial, and financial capabilities of recipients.

<sup>21</sup> PATA assists in (i) preparing national and sector development plans and programs, particularly in small DMCs; and (ii) carrying out sector-, policy-, and issues-oriented studies. PATA is usually extended in a sector- or economy-wide context. It may be on a stand-alone basis or accompanying a project. In some cases, it may be project-specific.

<sup>22</sup> RDTA involves TA activities conceived to address global or regional development issues which require further analysis or understanding. The corporate medium-term research agenda is determined through an annual strategic forum and confirmed ADB's work program and budget framework.

<sup>23</sup> A TA cluster comprises a series of TA subprojects over an extended period to address constraints in a DMC through a comprehensive and holistic approach. A TA cluster assumes a long-term perspective and partnership between ADB and the DMC concerned and flexibility in the design of the subprojects. PATA, CDTA, and RDTA can be in the form of a TA cluster (C-PATA, C-CDTA and C-RDTA).

<sup>24</sup> The TA policy proposed an increase in the ceiling for delegation of TA approval authority to raise (i) that of the President to \$1.5 million, (ii) that of the Director General of the Operations Evaluation Department (now IED) to \$750,000, and (iii) that of heads of departments or offices for approving procedures for SSTA to \$225,000.

<sup>25</sup> TA is considered small-scale if ADB financing does not exceed \$225,000 and the TA does not require substantial logistical support from the recipient. PPTA, PATA, CDTA, and RDTA can be in the form of SSTA (S-PPTA; S-PATA; S-CDTA or S-RDTA).



- (vii) better dissemination of knowledge outcomes, and
- (viii) a streamlined TA resource mobilization mechanism that emphasizes a few large multi-donor thematic funds rather than the current more numerous country- and subject-specific trust funds.

26. SPD undertook a review of the TA policy in 2013.<sup>26</sup> The review highlighted progress in the following areas: (i) stronger integration of TA planning into country programming through the CPS and COBP processes for country-specific TA projects; (ii) shortened TA processing time for both PPTA and for non-PPTA projects (particularly those categorized as less complex (category B under the risk-based approach); (iii) a higher approval ceiling, with more TA approval authority delegated to heads of departments; (iv) better alignment of externally funded TA projects through financing partnership facilities (FPFs);<sup>27</sup> and (v) higher budget allocations for TA implementation and a corresponding decline in budgets for TA processing. The SPD review concluded that most of the reforms had been implemented and that TA performance, based on TCR success rates, had shown signs of improvement since the adoption of the reforms in 2008. Nevertheless, there is scope for further improvements to TA operations and a more systematic, in-depth review may be needed to assess the overall development impact of ADB's TA operations.

The SPD review concluded that most of the reforms had been implemented

27. Based on this evaluation's assessment of the TA reform implementation, some reform measures have been only partly achieved, limiting the impact of the intended reform. Against the TA policy targets, number of active non-PPTA projects was slightly higher than the target, largely because of the larger budget for new approvals. Links between regional TA and country and regional programming remained weak (compared with country-specific TA). While RDTA projects approved in 2009–2012 were aligned with one of the five priority research areas identified by the strategic forum, research themes<sup>28</sup> were too broad to provide effective guidance. Only about 50% of TA projects approved during 2009–2012 adopted a no-objection approach for obtaining government approval to start the TA project (against the 90% target). Delegation of TA administration to executing agencies was only pursued in the PRC as other DMCs showed limited interest. TA projects administered by resident missions declined, although there was more substantive involvement of resident mission staff as team members. The planned web-based knowledge management database containing lessons and TA reports had not been established as of 2013. Linked document 2 summarizes the SPD and IED assessment of results against the TA policy targets.<sup>29</sup>

Based on this evaluation's assessment, some reform measures have been only partly achieved, limiting the impact of the intended reform

### C. Objectives and Scope

28. The main objectives of this evaluation were to (i) assess the strategic relevance of TA within ADB, (ii) consider how TA and the associated management processes within ADB can better contribute to development effectiveness, and (iii) generate a series of findings and recommendations to guide ADB in its use of TA. The scope covered ADB's TA programs, TA resource allocations, and relevant business processes. The evaluation did not formally rate the past performance of ADB-financed TA projects,

<sup>26</sup> ADB. 2013. *Review of 2008 Technical Assistance Reform Implementation*. Manila.

<sup>27</sup> FPFs are operational "platforms" for strategic, long-term, and multipartner cooperation. They link various forms of assistance, including funding, in a coordinated manner for well-defined purposes.

<sup>28</sup> These are (i) promoting inclusive growth, (ii) addressing climate change for sustainable development, (iii) facilitating knowledge for regional integration, (iv) providing support to address increasing commodity prices, and (v) understanding demographic changes and implications for urban development.

<sup>29</sup> Assessment of the Implementation of 2008 Technical Assistance Policy Reforms (accessible from the list of linked documents in Appendix).



as was done in the 2007 SES, when TA performance was rated *less than successful*. The evaluation looked at past performance, practices, and management processes to provide lessons for the future, and to contribute to ADB's broader response to reviews by the Strategy and Policy Department (SPD) of the 2008 TA policy implementation in 2013<sup>30</sup> and of Strategy 2020 in 2014 (footnote 3).

29. The evaluation covers 6 years, 2007–2012,<sup>31</sup> but greater emphasis was placed on the period following the adoption of the 2008 TA policy. The evaluation's focus on strategic relevance and management processes was determined after preliminary consultations with ADB staff and senior management during the preparation of the evaluation's approach paper. The general consensus from these discussions was that the findings from the 2007 evaluation of TA performance and from subsequent management reports remained valid, since many of the challenges they had identified were still to be resolved. In these discussions, it was suggested that the current report should reinforce previous findings when they were found to still be valid and identify the reasons for insufficient progress. For this reason, this study did not repeat the earlier evaluation of the performance of ADB TA and focused on the implementation and implications of key elements of the 2008 policy. Many of the reforms sought under the 2008 TA policy targeted management processes<sup>32</sup> and so the study paid particular attention to evaluating progress on these.

30. The evaluation focused on the following questions:

- (i) To what extent are the TA policy and the pattern of TA use consistent with the priorities defined in corporate strategies, including the priority to put greater emphasis on knowledge work and dissemination?
- (ii) To what extent is the pattern of TA use consistent with the priorities defined in ADB country strategies and the needs of DMCs?
- (iii) Are the TA management processes—particularly those concerned with quality at entry, implementation, monitoring and evaluation, and consultant recruitment, or with funding processes (TA allocations, funding sources, and partnerships)—appropriate to support the emerging patterns of and demand for TA?

31. Each chapter of this report is focused on gauging the key outcomes of the TA policy related to strategy and management processes. In assessing these, the evaluation did not duplicate the SPD review, but built on its findings to introduce new lines of inquiry and to determine the extent to which the TA policy, as implemented, ensures that ADB's TA activities are relevant and well managed. SPD and IED have exchanged information throughout these assessments. As SPD plans to use the findings to improve the use and implementation of TA, the evaluation is aimed at learning and identifying issues for improvement.

## D. Evaluation Methodology

32. The evaluation was based on a mixed-methods approach that triangulates qualitative and quantitative data collected from various sources. Key policy and implementation documents for TA, ADB TCRs, and independent evaluation studies were

<sup>30</sup> ADB. 2013. *Review of 2008 Technical Assistance Reform Implementation*. Manila.

<sup>31</sup> The approach paper approved the 6-year 2007–2012 evaluation period. However, when available and relevant, the evaluation used 2013 and 2014 data and went further back in time to discuss trends.

<sup>32</sup> In this report, "management processes" and "business processes" are used interchangeably.

This study focused on the implementation and implications of key elements of the 2008 policy

The evaluation is aimed at learning and identifying issues for improvement

the main sources of information,<sup>33</sup> as were evaluations conducted by other IFIs. The evaluation also analyzed ADB's TA portfolio data. A validation of a sample of TCRs for TA projects approved in 2007–2012 was undertaken. Key informant interviews were undertaken with staff from ADB headquarters and resident missions, government agencies, the World Bank, and the Inter-American Development Bank (IADB). Structured survey questionnaires were sent by email to randomly selected key informants—e.g., ADB staff involved in TA, government counterparts, and consultants—although the response rate was not high, especially from ADB staff (14%).

33. The IED evaluation team undertook field visits to the PRC, Indonesia, the Kyrgyz Republic, the Philippines, Sri Lanka, and Tonga. Cambodia and the Lao People's Democratic Republic were visited as part of an assessment of regional TA in the Greater Mekong Subregion (GMS).<sup>34</sup> Country studies were purposefully selected in consultation with regional departments and were aimed at using case study methodology to explore success and failures and provide lessons. This study thus differs from previous IED evaluations, which have generally focused on an overall assessment of performance.<sup>35</sup> Linked document 3 discusses the methodology in detail and provides a profile of the countries chosen for field visits.<sup>36</sup>

34. The report has eight chapters. Following this introduction, Chapter 2 summarizes information about the ADB TA portfolio and funding sources to provide the background on the current status and trends. Chapters 3–7 emphasize the main changes and directions introduced in the 2008 TA policy following the TA project cycle. Most chapters make some comparisons with similar institutions such as the World Bank and IADB and end with a chapter summary highlighting key points. Chapter 3 largely contributes to answering the evaluation questions about the alignment of TA with ADB corporate and country priorities. Chapters 4–7 focus on the business processes for TA. A key aspect of these chapters is to consider the efficiency of current practices and processes for TA management. TA preparation and design is taken up in Chapter 4. TA implementation, including the role of resident missions and the ADB experience in delegating administration of TA to DMCs, is addressed in Chapter 5. Given that the ADB business model relies on consultant services, some key issues related to consultants that emerged during the evaluation are discussed in Chapter 6. The quality and usefulness of TA self-evaluation as conducted by ADB is reviewed in Chapter 7. Finally, Chapter 8 offers recommendations for further consideration by ADB in revising its approach and guidance for TA.

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<sup>33</sup> Independent evaluation studies include TA performance evaluation reports, country and sector evaluations, as well as relevant thematic studies such as the IED. 2012. *Special Evaluation Study: Knowledge Products and Services, Financing Partnership Facilities and Decentralization*. Manila: ADB.

<sup>34</sup> The GMS program was selected for the regional case study because it was ADB's first subregional program. Established in 1992, it has involved Cambodia, Yunnan Province and Guangxi Zhuang Autonomous Region in the PRC, the Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam.

<sup>35</sup> The case studies are in the Supplementary Appendixes.

<sup>36</sup> Methodology and Profile of Case Study Countries (accessible from the list of linked documents in Appendix).

## CHAPTER 2

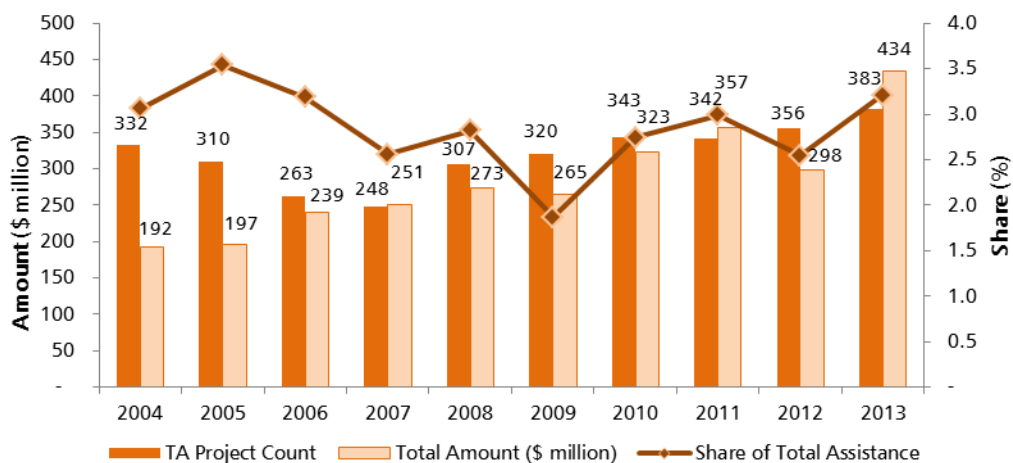
# Technical Assistance Portfolio and Financing

35. This chapter introduces key features of ADB's TA project portfolio and its funding sources, and highlights some of the changes that have occurred, particularly since Strategy 2020 and the TA policy were approved in 2008.

Amount of ADB  
TA approvals  
rose from \$192  
million a year to  
over \$434  
million

36. Over the 10-year 2004–2013 period, the amount of ADB TA approvals rose from \$192 million a year to around \$300 million a year, before rising again in 2013 to over \$434 million (Figure 1). While the average size of TA projects has increased because of a number of large TA operations, the median size has remained relatively constant at \$600,000–\$650,000. This has meant a decrease in real terms, since consulting costs have gone up. However, the share of TA in total ADB operations—defined as TA, lending, and grant financing—has remained relatively constant before and after the policy and was 2.6% from 2009–2013 (post TA policy).

Figure 1: Technical Assistance Approvals and Share of Total Assistance, 2004–2013



TA = technical assistance.

Source: Asian Development Bank loan, grant, technical assistance, and equity approvals database.

## A. Technical Assistance Funding Sources

37. The Technical Assistance Special Fund (TASF) was the earliest funding pool for TA projects. It was created in 1967 from voluntary contributions of member countries, transfers from Asian Development Fund (ADF) replenishments, and net income from ordinary capital resources (OCR). The portion of TASF that is sourced from ADF replenishments, sometimes called TASF-4, can be used only by A (low-income) and B (blend) countries. The part of TASF that is funded by OCR net income and other contributions (called TASF-Other) is used for C (middle income) countries. The Japan Special Fund (JSF) was established by the Government of Japan to provide financial support for ADB's TA program in the form of an untied grant, with ADB as the administrator of the fund. In 2010, the Japan Fund for Poverty Reduction (JFPR) assumed the role of TA provision from the JSF, thus combining Japan's project grant and TA support under one umbrella. Projects eligible for financing or cofinancing under the JFPR include (i) TA projects in the public or private sector for the formulation and preparation of development projects and programs, advisory services, and regional activities; (ii) private sector development projects or programs through equity investments to private entities; and (iii) TA components of public sector development projects or programs financed under loans from ADB. ADB staff view JFPR as less easy to use than the previous ADB-administered JSF.

38. Traditionally, TA at ADB has been largely financed through the TASF, special funds, and funds from Japan (JSF and JFPR). Together, these sources provided a relatively stable and predictable level of TA funding. Between 2004 and 2008, TASF accounted for 42% of TA resources (funded from contributions by ADF donors); JSF, 19%; other special funds, 1%; and other sources, 38%. After 2009, the contribution from TASF remained flat (42%),<sup>37</sup> funds from Japan declined (12% of total TA resources), and financing from special funds increased moderately. Despite this, overall TA resources increased in 2011 and again in 2013 due to the significantly rising influence of external funding sources, namely trust funds (thematic or country-specific and established by single or multiple donors) and development partner contributions made at the country level for specific individual projects (Figure 2). Much of the external financing is also large. From 2007–2013, 162 large cofinanced TAs of at least \$1.5 million were approved amounting to \$716.0 million, 91% (\$651.7 million) of which were funded by other sources external to ADB.

39. Increasingly, development partner cofinancing is directed at specific countries. Such financing is often more ad hoc in nature as it often derives from in-country dialogue or the special interests of development partners, rather than through a headquarters-to-headquarters agreement as with most trust funds. While the contributions can be large—up to \$50 million—they are not steady, resulting in fluctuations in the TA envelopes, as was the case in 2010, 2011, and 2013.<sup>38</sup> These fluctuations contribute to an uncertainty about future TA volumes.<sup>39</sup>

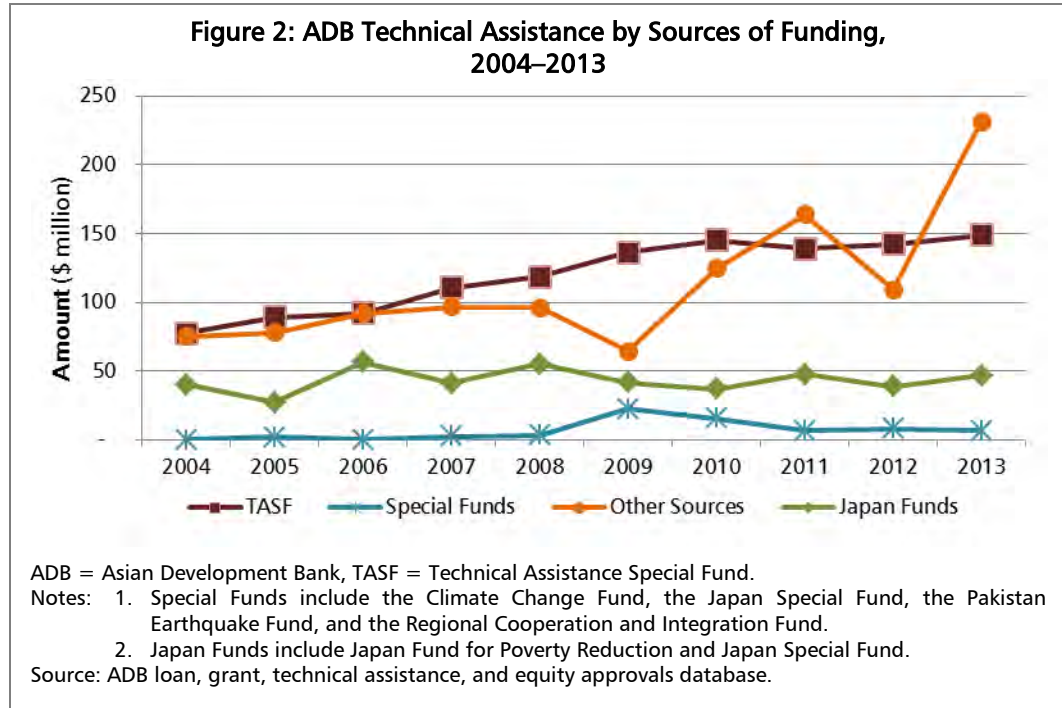
Financing of TA at ADB has been largely financed through the TASF, special funds, and funds from Japan; these sources provided a relatively stable level of TA funding

Overall TA resources increased in 2011 due to the significantly rising influence of external funding sources

<sup>37</sup> Between 2009 and 2013, the funding sources of TASF were ADF contributions (58%) and OCR net income transfers.

<sup>38</sup> ADB. 2010. *Proposed Technical Assistance to Indonesia for Education Sector Analytical and Capacity Development Partnership*. Manila (TA 7554-INO).

<sup>39</sup> ADB. 2014. *Work Program and Budget Framework 2014–2016*. Manila.



## B. Allocation of Technical Assistance Resources

40. The 2008 TA policy intended to make the process of allocation of central TASF and JSF TA resources more transparent and also to make better use of available external resources by aligning trust funds to corporate priorities through FPFs.

41. ADB Management received \$235 million in requests for TA resources from departments in 2014, compared with the \$183 million. Given this excess demand of about \$50 million, it is important that the process for prioritizing TA projects and allocating resources is clear and rational. It is also necessary to improve the management of other sources of funding—trust funds and development partner TA at the country level. These sources are growing in importance. Since 2011, official cofinancing for TA has exceeded financing from TASF, and this trend is likely to continue to play a significant role in supporting ADB administered TA. Strategic partnerships are important to enable consistent cofinancing for shared programmatic goals. Finally, the increased demand for knowledge transfer and the transition to middle-income status that many of ADB's DMCs are undergoing could present the need and opportunity for a greater role for reimbursable TA in the future.

### 1. Allocation of ADB Technical Assistance Special Fund and Japan Special Fund

**ADB allocates TASF and JSF funds in accordance with the guidance in the TA policy**

42. ADB allocates TASF and JSF funds in accordance with the guidance in the TA policy and the operations manual. PPTA is to be given priority over other types of TA. The knowledge agenda and allocations of RDTA should follow the priorities identified in an annual ADB-wide strategic forum. The remainder is then allocated based on discussions with SPD and taking into consideration historical average allocations.

43. SPD allocates regular TA resources from such sources as the TASF and the JSF to the respective vice president groups based on work program and budget framework

submissions, historical average allocations, and disbursement rates. This allocation does not follow a fixed formula, although it is influenced by several factors including historical (3-year) allocation averages. Since the TA policy gives priority to PPTA, another important input into the decision making is the pipeline of lending operations and the average cost of PPTA in each country along with other TA planned in the CPS.

44. To distribute and manage RDTA, the strategic forum proposed by the 2008 policy met several times in 2008 and identified five priority areas: (i) promoting inclusive growth, (ii) addressing climate change for sustainable development, (iii) facilitating knowledge for regional integration, (iv) providing support to address rising commodity prices, and (v) understanding demographic changes and the implication for urban development. The forum was, however, soon generally considered ineffective. Although it was intended to build on priorities identified by both operations and knowledge departments, it was perceived as favoring knowledge departments. This was because it was chaired by the vice president of knowledge management and sustainable development, the supervisor of these departments. In addition, priority areas were either too broad or too specific to provide effective guidance and actual decisions on research themes remained with the departments. As a result, the forum was not convened as intended. In 2011, SPD began allocating RDTA along with other TA.

45. In 2011, SPD began allocating TA resources based on corporate priorities which included some RDTA. This allocation was mainly based on consultations with regional departments and knowledge departments. While it is useful in that it champions important ADB-wide priorities such as the Asian Development Outlook and the strengthening of country safeguards, this process of bilateral consultations lacks transparency.<sup>40</sup> In future, the new knowledge operations review meeting, chaired by the President, or a high-level committee, could provide the venue for setting research priorities and guiding the knowledge agenda. Another issue is that after corporate TA priorities have been established by SPD, they still need to allocate the remaining TA to vice president groups based on with historical (3-year) averages, and with the requests emerging from CPSs, RCSs, and business plans for capacity development technical assistance (CDTA) and policy and advisory technical assistance (PATA). This makes it more difficult to align this TA with changing corporate priorities or to shift TA resources quickly between departments from year to year.

## 2. Allocation of Other Funds for Technical Assistance by ADB

46. ADB's preferred model for receiving external resources for TA is through ADB-administered trust funds from which TA projects can be regularly and predictably financed or cofinanced using ADB procedures and systems. Trust funds are supported by single or multiple development partners to cofinance interventions for a sector, theme, or group of countries. How these funds are used depends on the priorities and administrative requirements specific to the particular trust fund. The TA policy targeted a reduction in the total number of trust funds to 25 by 2011. As of the end of 2013, 41 ADB-administered trust funds continued to exist, with a total commitment of \$2.2 billion.<sup>41</sup>

**The strategic forum was soon considered ineffective**

**ADB's preferred model for receiving external sources for TA is through ADB-administered trust funds**

<sup>40</sup> In recognition of the challenges faced in allocating TA resources and the limitations of the strategic forum, SPD is undertaking a review of the allocation process. Prioritization mechanism to allocate TA resources is part of the midterm review action plan (5.9).

<sup>41</sup> ADB. 2013. *Official Cofinancing Operations As Analytic Report*. Manila; ADB. 2014. *Annual Report 2013*. Manila.



**Bilateral development partners have shown a growing preference for providing their funding to project-specific TA interventions**

47. The TA policy proposed using FPFs to improve the alignment of trust fund resources with Strategy 2020. These facilities also promote more strategic, long-term, multipartner cooperation and improve administrative efficiency. A 2010 evaluation concluded that the FPFs were “successful and effective in delivering their intended outputs, with ADB projects adding value instead of substituting for other ADB resources.”<sup>42</sup> Although funding for the four ongoing FPFs to support regional cooperation and integration, water, urban, and clean energy activities expanded rapidly, peaking in 2010, in recent years, development partners have shown less interest in contributing to FPFs and funding has tapered off. Nevertheless, efforts such as expanding the scope of the clean energy FPF should help to attract additional financing.

48. Bilateral development partners, with offices in ADB DMCs have shown a growing preference for providing their funding to project-specific ADB TA interventions. They view such interventions as both responding directly to country demand and providing added benefit of having ADB—a regional multilateral development bank, with more clout than some individual bilateral development partners—implement the TA. Because external funding such as this, which emanates from the DMC rather than the headquarters level, is financing an expanding part of ADB TA, it is necessary to integrate the objectives of the external funders more with ADB’s corporate needs and DMC goals. Without this integration, ADB risks taking its limited staff resources away from core activities. Many of the large bilaterally-financed TA projects are aligned with ADB priorities (e.g., TA for Viet Nam transport)<sup>43</sup>, but others are less aligned with either Strategy 2020 or with the future lending priorities of the CPS (Box 1).

**Box 1: Australian Agency for International Development and European Union Support for Education in Indonesia**

In Indonesia, development partners, Australia and the European Union, provided about \$100 million to the Asian Development Bank (ADB) for an education capacity development technical assistance (TA) project.<sup>a</sup> Education, while a Strategy 2020 core sector, is a sector in which ADB is not currently involved in Indonesia, and which is not viewed as a part of ADB’s potential pipeline of lending activities. This raises strategic questions for ADB about the rationale for and purpose of taking on this type of TA as it diminishes the resources available for managing the rest of the country portfolio. Considerable TA and internal resources are needed to manage such a large development partner-funded TA projects and the Indonesia resident mission or managing division have limited staff resources to deal with administrative and supervisory demands, especially as development partners expect a certain level of service and engagement and prefer ADB managers to be country-based. Such large and complex TA projects clearly require special human resource arrangements if they are to be taken on.

<sup>a</sup> ADB. 2013. *Minimum Service Standards Capacity Development Program*. Manila (TA-8358 INO).

<sup>b</sup> ADB. 2010. *Education Sector Analytical and Capacity Development Partnership*. Manila (TA 7554-INO).

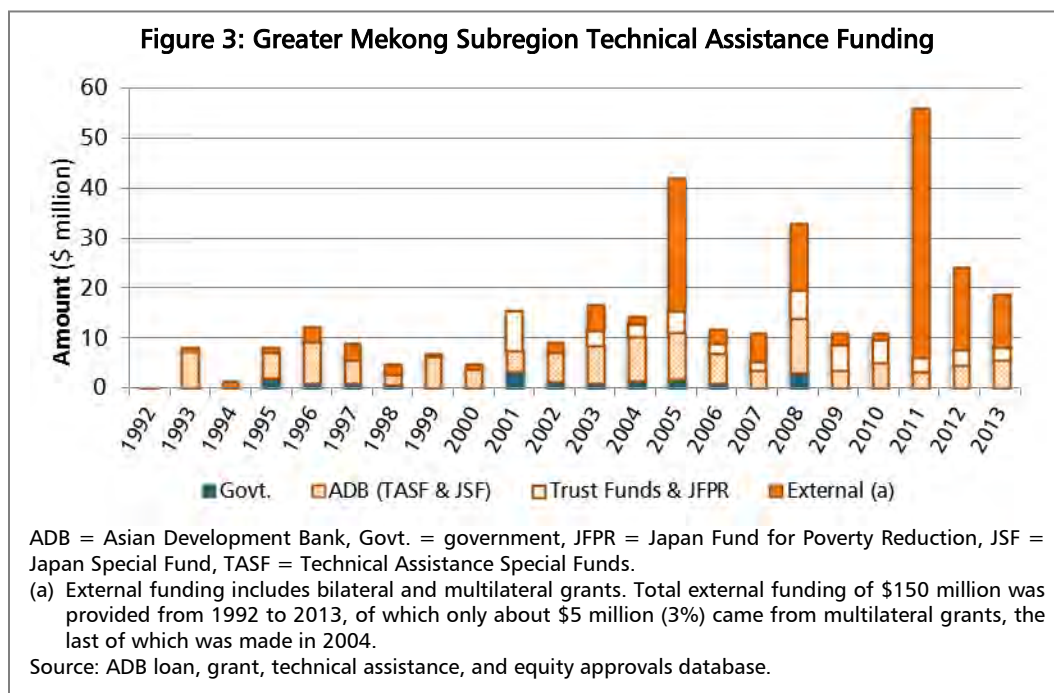
Source: Asian Development Bank Independent Evaluation Department.

49. Figure 3 illustrates how growth in the GMS TA financing has been driven by bilateral grants since 2005. ADB’s direct contribution from the TASF and JSF moved within a relatively narrow band of \$5 million–\$10 million annually during 2002–2013, but big bilateral grants have caused large year-to-year fluctuations in total funding.

<sup>42</sup> IED. 2010. *Special Evaluation Study: Financing Partnership Facilities*. Manila: ADB.

<sup>43</sup> TA 7822-VIE Central Mekong Delta Region Connectivity approved on July 2011 for \$26 million with funding from Government of Australia.

These have come from the Core Environment and Biodiversity Conservation Program, the Core Agricultural Support Program, and a 2011 Australian Agency for International Development (AusAID) grant for Mekong connectivity.



Large externally financed TA projects oblige ADB to dedicate considerable staff expertise and administrative overhead

50. While ADB’s involvement in these large externally financed TA projects may be justified by their regional significance, they oblige ADB to dedicate considerable staff expertise and administrative overhead to noncore areas. Unless special resources are found and arrangements can be made at short notice, they will lead to problems. ADB must find ways to manage such externally funded TA properly or it will face institutional and reputational risks.

51. The growing external financing of ADB TA at the country level is an opportunity for ADB to increase development effectiveness, but also a management concern. ADB charges a service fee for administering development partner-funded TA projects.<sup>44</sup> However, these resources do not stay with resident missions or divisions that undertake the actual TA management but go into ADB’s general budget resources instead.<sup>45</sup> In terms of possible remedies to improve the management of these large externally-financed TA projects, staff from the Southeast Asia Department, referring to the case of the TA for Environment Operations Center-Biodiversity Conservation Corridors Initiative, suggested to IED that any additional resources received from the ADB service fee could be used to supplement TA administration capacity at headquarters and in the field, since the current staff strength was insufficient to deal with the demands of such TA projects, including the handling of recruitment, procurement, and reporting to the cofinanciers. This type of cofinancing also causes additional work for other offices, such as the Office of Cofinancing, Office of the General Counsel, Treasury Department, and Controller’s Department.

The growing external financing of ADB TA is an opportunity for ADB to increase development effectiveness

<sup>44</sup> The fee is 5% for grants up to \$5 million and 2% for grants of more than \$5 million, with a minimum of \$250,000.

<sup>45</sup> The Budget, Personnel, and Management Systems Department recently created a technical working group to propose a mechanism to allocate administration fees for external trust funds and cofinancing. The Budget and Management Services Division intends to use the new mechanism to prepare the 2015 budget.



Establishing partnerships may be one way for ADB to integrate development partner cofinancing

### 3. Cofinancing and Partnerships

52. Establishing partnerships with a longer-term perspective may be one way for ADB to integrate development partner cofinancing that is directed at country programs. This would make the funding more predictable and better-managed.

53. The Pacific Department provides a good example of this approach. Given the many challenges and the need for sizeable capacity development in Pacific island countries, TA cofinancing and partnerships are an integral part of the department's regional strategy. The ADB liaison office in Sydney is ADB's focal point for programming, processing, and administration of assistance in Nauru, Solomon Islands, and Vanuatu. It is also ADB's project division for financial sector and private sector development across all 14 Pacific DMCs. A major role of the office is liaison with AusAID and the World Bank. The programmatic approach to capacity development in the Pacific taken by these partners provides a framework for medium- to long-term strategic engagement with ADB, including cofinancing.

54. Much of the TA to support this effort is cofinanced through regional technical assistance (RETA) projects, and the ADB Sydney liaison office has been key in strengthening the partnership between ADB and the Government of Australia. This has allowed ADB to stay engaged with development partners and DMCs over a longer period of time than otherwise would have been the case and to build capacity in the Pacific in a sustained programmatic way. For instance, ADB approved the first phase of the Private Sector Development Initiative (PSDI) TA in 2006. PSDI is discussed further in para. 162.<sup>46</sup> In 2009, PSDI 2 was approved and a new tranche for PSDI 3 was approved in 2013, bringing the total TA financing to more than \$50 million, with financing coming from bilateral partners and ADB.<sup>47</sup> Other regional facilities such as the Pacific Region Infrastructure Facility and the Pacific Technical Assistance Centre are also financed through multipartner arrangements.<sup>48</sup>

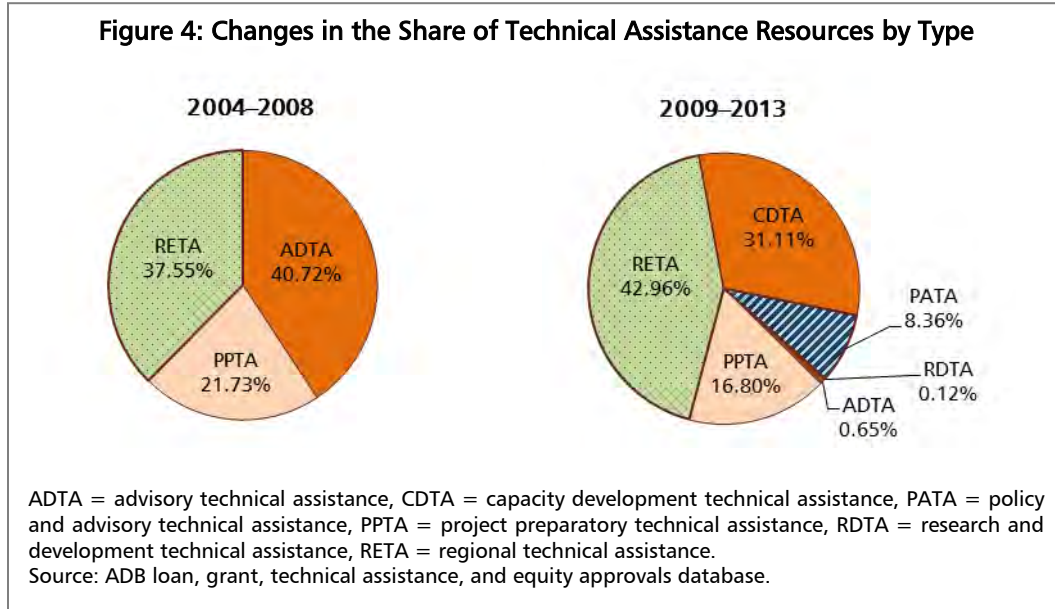
### C. Use of Technical Assistance

55. The 2008 TA policy introduced four TA categories to classify TA projects by outcomes: PPTA, PATA, CDTA, and RDTA. Figure 4 shows that the CDTA share of ADB's overall TA has increased and now accounts for the largest share of country-specific TA operations (30%). This is partly the result of a greater focus on capacity development, but there also appears to be an overlap with building capacity (e.g., of a line ministry) in anticipation of PPTA or PATA. However, the shift may be more apparent than real: CDTA and PATA projects make up about the same share and incorporate many of the characteristics of TA that was previously classified as advisory.

<sup>46</sup> PSDI 1 was for \$8.7 million, with cofinancing provided by AusAID of \$7.6 million. The TA budget was increased with additional cofinancing from AusAID of \$0.3 million in 2008, \$0.2 million in 2009, and \$0.6 million in 2010, bringing the total funding to \$9.8 million.

<sup>47</sup> ADB. 2009. *Technical Assistance for Pacific Private Sector Development Initiative II*. Manila (TA 7430-REG, approved on 10 December 2009 for \$12 million). ADB and AusAID approved an additional \$3.0 million and \$9.0 million, respectively; ADB. 2013. *Technical Assistance for Pacific Private Sector Development Initiative III*. Manila (TA 8378-REG, approved on 6 June 2013 for \$30.5 million).

<sup>48</sup> ADB. 2013. *Technical Assistance for Establishment of the Pacific Regional Infrastructure Facility Coordination Office*. Manila (TA 8345-REG, approved on 27 March 2013 for \$11.8 million); ADB. 2011. *Technical Assistance for Pacific Financial Technical Assistance Center 2011–2014*. Manila (TA 7832-REG, approved on 12 June 2011 for \$1 million).

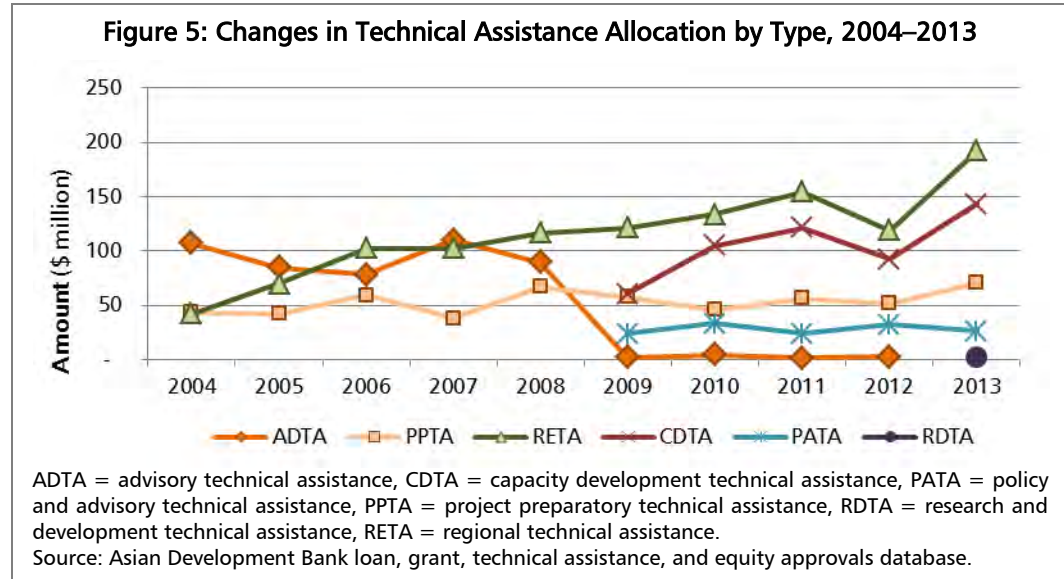


56. PPTA financing averaged about \$50 million annually during 2004–2008, compared with \$56 million during 2009–2013. However, PPTA has declined slightly in terms of its share of TA operations, to 17% in 2009–2013 from 22% in 2005–2008 (Figure 5). Over the 10-year 2004–2013 period, the average size of PPTA projects has remained constant in nominal terms—and thus has diminished in real terms. This is important because PPTA projects have been required to do more over this period with the same nominal resources (e.g., institutional analysis, due diligence, preparation of safeguard assessments and plans) even while loan financing has doubled or tripled and consultants have become more expensive. The number of PPTA approvals has been fairly stable at about 75–80 per year since the mid-1990s, while the number of project loans and grants almost doubled from 80 in 2004 to 153 in 2010. The lack of correlation between the number of PPTA operations and project approvals can to some extent be explained by the increasing use of other modalities over this period, such as TA loans and the multitranche financing facility. The latter does not require PPTA resources after the first tranche.<sup>49</sup> Still, the stagnating average size of PPTA projects is a concern, given their importance in ADB’s business model.

The average size of PPTA projects has remained constant in nominal terms—and has thus diminished in real terms

57. After the advisory technical assistance (ADTA) classification was abandoned in 2008, ADTA has been provided only to supplement financing for ADTA projects approved before 2009. Since the PATA category was introduced in 2009, its share in overall TA has remained constant at about 19%. The RETA category has received the largest share of TA resources since 2009, up 6%. RETA accounted for 43% of the total TA resource pool of \$1.6 billion in 2009–2013. About 95% (\$686 million) of RETA funding has been allocated to regional CDTA (\$309 million), regional PATA (\$188 million), and RDTA (\$113 million). Regional PPTA, making up the remaining 5% of RETA projects, has been used to prepare projects that are national in nature but have significant regional dimensions. These include the development of cross-border facilities that, to be effective, require joint efforts of the countries on both sides of the border or of cross-border regimes that would have to be addressed jointly by two or more of the participating countries.

<sup>49</sup> Under the multitranche financing facility, feasibility work for all loans after the first tranche loan is financed by the respective governments, rather than by ADB PPTA.



58. Total RETA funding increased sharply from \$40 million in 2004 to more than \$100 million in 2006, growing steadily but more slowly through 2011. A significant drop in funding occurred in 2012 because external cofinancing fell by one-third and the TASF dropped by 20% from 2011 levels. From 2000 and 2004, the average value of approved RETA was stable at about \$0.56 million. This rose to \$0.82 million in 2005 and to \$1.12 million in 2006 but has been quite steady since then. Overall, the increase reflected (i) the expansion of ADB’s regional knowledge department<sup>50</sup> activities following the creation of RSDD in 2002 and the upgrading of OREI in 2005; and (ii) the expansion of ADB’s subregional cooperation programs under the regional departments, which remain the largest implementers of RETA.

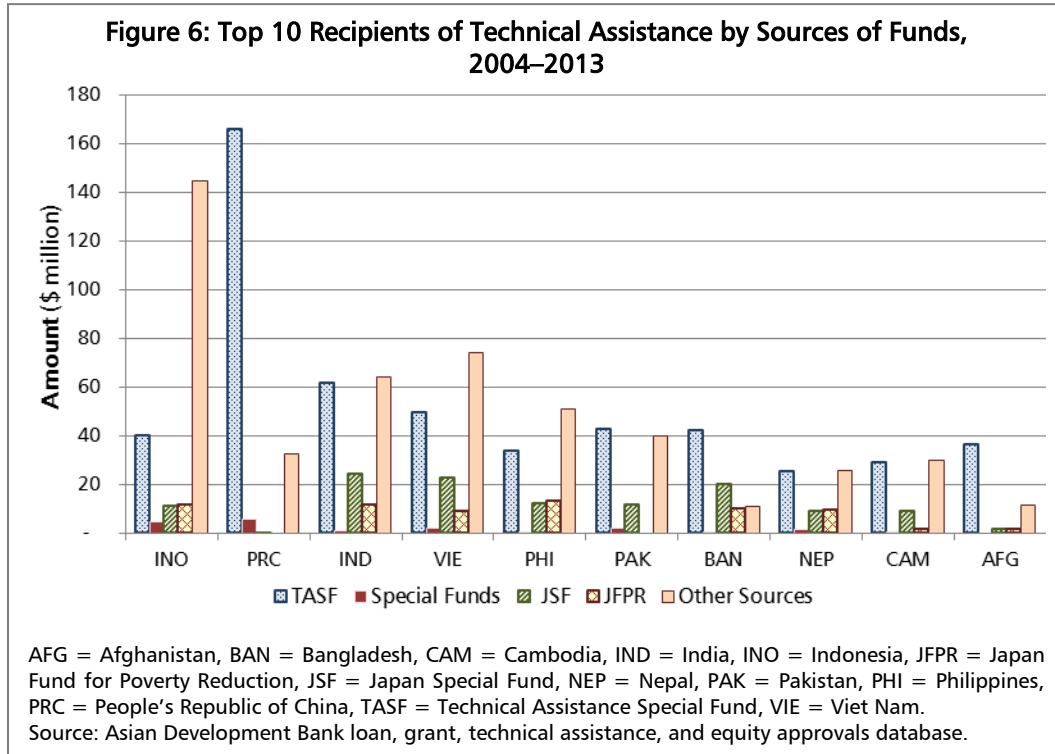
**Overall amounts of RETA have increased**

59. Although the overall annual absolute amounts of RETA have increased, the share of ADB’s major TA financing sources going to RETA has declined. The proportion of TASF resources going to RETA projects trended higher from 2004 and peaked at 45% in 2009. It has declined since and was 38% in 2013. While the share of RETA financing from the Other Sources category increased sharply from 20% in 2004 to 62% in 2009, it later declined steadily to 50% by 2013.

**The top five recipients of TA resources were Indonesia, the PRC, the Philippines, India, and Viet Nam**

60. During 2009–2013, the top five recipients of TA resources among ADB’s DMCs were Indonesia, the PRC, the Philippines, India, and Viet Nam (Figure 6). The large allocations and fluctuations in TA volumes in some countries were driven by the contributions from development partners, such as Australia to sector specific activities such as education in Indonesia, public–private partnership (PPP) in the Philippines, and road transportation in Viet Nam. Annual TA to the PRC relies on ADB resources alone and has been more consistent from year to year. India, Bangladesh, and Nepal have a more balanced mix of funding sources.

<sup>50</sup> The knowledge departments in ADB are RSDD, the Economics and Research Department, and OREI.



### D. Other International Financial Institutions

61. IADB has also tried to set priorities for allocating what it terms technical cooperation. IADB gives priority to technical cooperation that is related to lending. This, to some extent, substitutes for the use of administrative budget for project preparation. IADB has additional processes and procedures for prioritizing and selecting technical cooperation activities and eligibility criteria for the 56 funds it administers and for the technical cooperation funded from IADB’s ordinary capital income. A second layer of earmarking of resources is sometimes done for target countries, groups, or activities. A 2010 IADB evaluation found that these practices have created a rigid system in a number of areas and have inhibited the use of technical cooperation resources. As a result, substantial carry-over of technical cooperation funds occurred from 2011 to 2012 and from 2012 to 2013. Staff interviews reveal that tension often exists between short-term demands from member countries and the longer-term research interests of IADB sector and research staff. IADB faces the same issues as ADB with TA allocation, highlighting again the main observation that TA is difficult to manage in MDBs in situations where country demand is officially a major determinant for the prioritization and allocation of TA.

### E. Key Points of the Chapter

62. Over the last 10 years at ADB, the amount of TA resources and the number of TA projects approved has increased. In particular, the share of RETA has increased, driven by the growing importance of the knowledge departments and a recognition of the need for regional integration efforts. The share of TA supporting policy and advisory services and capacity development has been relatively constant. The share of TA for project preparation in total TA operations has stagnated, even as the number of

IADB has processes and procedures for prioritizing and selecting technical cooperation activities

A 2010 evaluation found that these practices have created a rigid system and inhibited the use of technical cooperation resources

loans has increased and as PPTA projects are required to address more issues (e.g., safeguards).

63. In recent years, the growth of and fluctuation in TA resources has been driven by external funding, particularly by development partners providing resources to ADB for specific country-level work. The TA policy did not foresee this growth in development partner-funded TA that bypasses headquarters-based trust funds to fund specific projects of development partner interest at the country level. While such TA projects support the corporate goal of leveraging additional cofinancing, the downside is that this funding has not always been well integrated into ADB programming. It has also contributed to the persistence of scattered TA. Nevertheless, in several notable cases, development partners and ADB have established longer-term partnerships to provide more programmatic TA support.

64. The TA policy's attempt to limit the number of external trust funds and improve their alignment with ADB priorities has been only partially successful. The use of the trust funds is roughly aligned but their number has increased rather than decreased.

65. The 2008 TA policy has brought little change in the TA allocation process. The attempt to make it more transparent through the strategic forum failed. Recognizing this, ADB is revising the process. While this is an important step, ADB should keep in mind the experience of IADB, which highlights the potential problem of "over-programming" TA in an attempt to make better allocation decisions.

# Strategic Alignment of Technical Assistance

66. ADB's 2008 TA policy recognized the historically fragmented nature of TA and provided guidance to improve strategic planning and programming. The new TA policy sought to improve the alignment of TA activities with core strategic areas and with priorities at the country level. It also set new priorities, such as supporting weakly performing countries. This chapter focuses on whether the strategic alignment of ADB TA has improved since 2008.

### A. Guiding Strategies

67. ADB's Strategy 2020 is of particular relevance in this context. It was adopted in April 2008 as the paramount strategic document guiding ADB operations, organization, and business processes during 2008–2020. Strategy 2020 makes little direct comment on TA although it says that all available instruments, including TA, should be used to better respond to the emerging challenges in Asia and the Pacific. Significantly, the most explicit TA discussion in Strategy 2020 is in relation to knowledge management. Knowledge development is identified as a core factor in achieving operational effectiveness, and knowledge solutions are seen as one of the five main drivers of change. Strategy 2020 targeted a better performance in sharing and channeling knowledge as a means to advance country and regional partnerships and to achieve greater development effectiveness.

68. Strategy 2020's main purpose was to indicate new directions for ADB's main operations, which are focused on five core operational areas: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. ADB's targets in Strategy 2020 are to (i) have 80% of its operations in these core operational areas by 2012; (ii) scale up private sector development and private sector operations in all operational areas, reaching 50% of annual operations by 2020; (iii) scale up cofinancing of operations to a level where it will match ADB's own financing by 2020; and (iv) increase its regional operations to at least 30% of total activities by 2020. By implication, this agenda provides a lot of strategic guidance for the use of TA resources as well.

69. Strategy 2020 also provides guidance for the priorities to be set out in the CPS or RCS. TA operations should be anchored in the strategic directions of these documents and be aligned with the choice of core operational areas and other areas. The CPS, RCS, and the country operations business plan (COBP), or the regional cooperation operations business plan would normally have identified the priorities for grant-financed TA. However, it is not mandatory for all TA to be first identified in such documents. Provided concept clearance has been obtained that is based on a request

**ADB's 2008 TA policy recognized the historically fragmented nature of TA and provided guidance to improve strategic planning and programming**



by a government or at the initiative of ADB, a TA proposal may also be processed at any time during the year, even if it is not included in a business plan.<sup>51</sup>

### The 2008 TA policy set clear directives for the use of TA

70. The 2008 TA policy and the TA section in ADB's 2011 operations manual set clear directives for the use of TA.<sup>52</sup> They proposed that 80% of TA projects and trust funds should align with Strategy 2020 priorities. Regional and knowledge TA projects were to be given emphasis and were to aim to be more strategic. The policy acknowledged the need for more attention to be given to fragile and conflict-affected situations (FCAS). The 2011 operations manual (footnote 7) established the guideline that up to 30% of ADB financing for TA may be used for pilot-testing projects with innovative approaches before replicating the approaches on a larger scale.

71. The TA policy gave further guidance as to the alignment of particular RDTA with corporate priorities. An ADB-wide strategic forum would determine TA priorities. This would be organized annually and in order to shape ADB's research, development, and knowledge agenda. After RDTA projects are identified, their country implications should be made known to country teams and integrated into country assistance planning, as with all other non-country TA.

## B. Alignment

### TA support is in line with the priorities of Strategy 2020

72. Is the allocation of its TA aligned with ADB's current corporate strategic priorities? This evaluation found that, in general, TA support is in line with the priorities of Strategy 2020. Much of TA directly supports core Strategy 2020 sectors or themes, although this is significantly less the case than it is in the lending program.

73. The intent to align TA with the corporate agenda is especially clear in the rising share of TA for ADB's core operational areas under Strategy 2020 of infrastructure, education, and finance sector development, as well as for multisector operations that often include infrastructure components. Including multisector TA, the share of these areas in overall TA increased from 45% in 2004–2008 to 66% in 2009–2013. Figures 7 and 8 provide details of the sector distribution of TA projects.<sup>53</sup> The share of most individual core sectors remained somewhat similar. The main change was the increase in multisector TA. This suggests some recognition by ADB of the complexities and integrated nature of current challenges in its DMCs.

### The increase in multisector TA suggests some recognition by ADB of the complexities and current challenges in its DMCs

74. In addition, specific Strategy 2020 themes, core areas and drivers of change, such as regional cooperation and integration, environment, good governance, and private sector development are also substantially supported. The 43% share of RETA in total TA allocations during 2009–2013 has perhaps even overshot Strategy 2020's objective to increase its public and private sector lending operations progressively at regional and subregional levels to at least 30% of total activities by 2020. The upward trend in RETA-funded public and private sector operations began in the mid-1990s, when the share was about 15% of total TA funding. The 30% target for regional

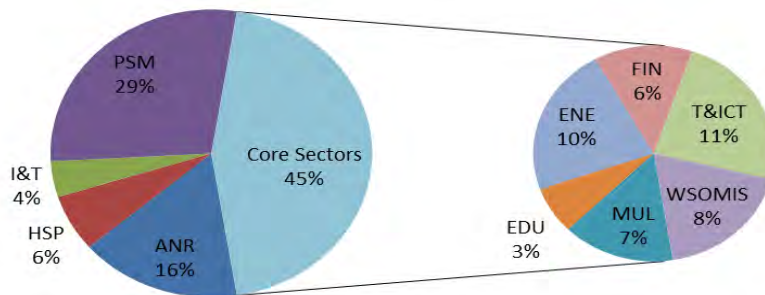
<sup>51</sup> When a TA project is not included in a COBP or a regional cooperation operations business plan, the responsible vice-president or the managing director general may approve the concept.

<sup>52</sup> The operations manual states that vice-presidents decide on the allocation of TA resources to the user departments and offices under their responsibility. Vice-presidents will ensure that (i) PPTA receives priority over other TA types; (ii) TA for addressing development constraints in weakly performing countries or fragile states receives priority over other TA requests; and (iii) TA for priority sectors under Strategy 2020 receives preference over other TA proposals.

<sup>53</sup> This excludes Strategy 2020's core operational areas of regional cooperation and integration and environment, as these are themes.

cooperation and integration is supported by the Regional Cooperation and Integration Fund (RCIF), which was established by ADB in 2007 as a trust fund to implement ADB’s regional cooperation and integration strategy by facilitating the pooling of existing financial and knowledge resources and provision of additional resources. OREI administers the RCIF. Overall, the \$50 million RCIF has been well-aligned with ADB’s strategic and operational directions, as set out in the regional cooperation and integration strategy and Strategy 2020. However, it needs to be noted that not all RETA projects directly support regional cooperation and integration; some TA activities are grouped under a RETA for different reasons.

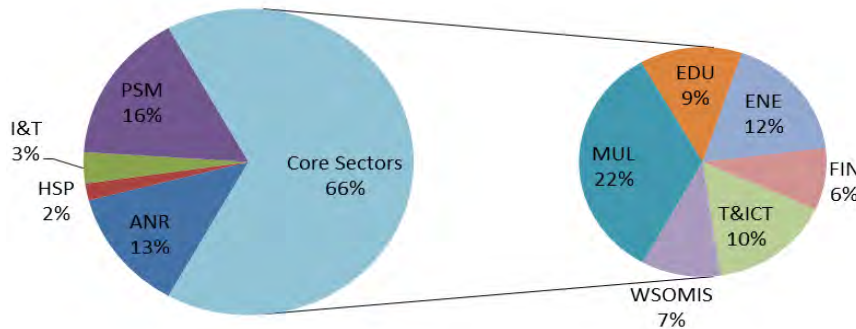
**Figure 7: Share of ADB’s Core Operational Areas in Approved Technical Assistance, 2004–2008**



ADB = Asian Development Bank, ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance, HSP = health and social protection, I&T = industry and trade, MUL = multisector, PSM = public sector management, T&ICT = transport and information and communication technology, WSOMIS = water supply and other municipal infrastructure services.

Source: ADB loan, grant, technical assistance, and equity approvals database.

**Figure 8: Share of ADB’s Core Operational Areas in Approved Technical Assistance, 2009–2013**



ADB = Asian Development Bank, ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance, HSP = health and social protection, I&T = industry and trade, MUL = multisector, PSM = public sector management, T&ICT = transport and information and communication technology, WSOMIS = water supply and other municipal infrastructure services.

Source: ADB loan, grant, technical assistance, and equity approvals database.

75. Private sector development and private sector operations comprise one of five drivers of change under Strategy 2020, which set a target of increasing private sector development and private sector operations to 50% of ADB’s annual operations by 2020. The role of TA operations in this expansion has been to develop the enabling



environment for private sector operations as it is indispensable for effective policy dialogue and institutional support. During 2004–2013, 21% of ADB’s TA has been used for this purpose.<sup>54</sup>

76. Much of the private sector TA has involved efforts to (i) facilitate private participation and investments in the development, construction, or operation and maintenance of specific infrastructure projects in the power, gas, water, and transport sectors; (ii) design underlying sector regulatory reforms; (iii) create PPP frameworks; (iv) develop small and medium-sized enterprises and agribusiness, as well as measures to improve the enabling business environment and provide assistance for targeted support schemes; and (v) improve access to finance. The TA for supporting private sector development was spread more broadly across various sectors than financial assistance, as ADB has been exploring the use of PPP modalities outside transport and energy and has started to promote agribusiness development. However, although private sector development is a priority under Strategy 2020, there has been little change before and after the TA policy in the share of TA supporting it.

77. A significant portion of ADB TA has been in areas outside the core operational areas, both before and after Strategy 2020. This evaluation regards the attention for noncore areas as appropriate, given other strategic guidance given by ADB. The TA allocation to agriculture and natural resources has remained surprisingly large at 13% of all TA provided since 2008, as it was relegated in Strategy 2020 to “other” areas of operations, outside the core areas. However, ADB became more interested in support for agriculture following the food price crisis in 2008, and issued a strategic document on food security.<sup>55</sup> In addition, agriculture operations have many links to ADB’s central agendas of inclusive and environmentally sustainable growth. The argument applies even more to ADB’s public sector management operations, which is the single largest program of TA (16%), and which is not even mentioned in Strategy 2020, although it is obviously of crucial importance to all sector programs and to ADB’s governance agenda. Lastly, ADB’s support for health and social protection, while small, has continued and has been recognized as contributing to regional knowledge (e.g. ADB’s social protection index)<sup>56</sup> as well as to inclusive growth, although health and social protection was, like agriculture, relegated to “other” areas of operations.<sup>57</sup>

78. Overall, this evaluation sees the allocation of TA by ADB since 2008 as largely in line with Strategy 2020 priorities, directly supporting the strategic agendas, the core operational areas, and the drivers of change. The support for such drivers of change as good governance and the increase in multisector TA, as well as continued support for noncore areas such as agriculture, show that TA is being used to complement ADB loan operations (e.g., in infrastructure), even when loan operations in noncore areas have declined.

### C. Alignment of Technical Assistance with Country Partnership Strategies

79. TA is increasingly aligned with CPSs. The majority of TA projects support ADB’s CPSs and RCSs. Based on indicative TA resource envelopes provided in the CPSs and

<sup>54</sup> IED. 2013. *ADB Support for Strengthening the Enabling Environment for Private Sector Operations*. Manila.

<sup>55</sup> ADB. 2013. *Food Security in Asia and the Pacific*. Manila

<sup>56</sup> ADB. 2013. *The Social Protection Index: Assessing Results for Asia and the Pacific*. Manila

<sup>57</sup> IED. 2013. *Special Evaluation Study: Knowledge Products and Services and Financing Partnership Facilities*. Manila: ADB.

This evaluation regards the attention for noncore areas as appropriate

TA is being used to complement ADB loan operations

Majority of TA projects support ADB’s CPSs and RCSs

RCSs,<sup>58</sup> the share of TA operations covered by these strategies increased from 52% in 2007 to 71% in 2012 against the 2008 TA policy target of 75%. PPTA projects are the most closely aligned, since they are associated with investment projects that are anchored and specified in the country or regional strategies. The need for other types of TA are not always known at the CPS or RCS stage. The Private Sector Operations Department does not include its TA projects in COBPs and CPSs.

80. However, at TA programming level, less attention is given to ensuring the link between individual TA objectives and the broader institutional and capacity constraints identified in the CPS. The first milestone for a country-specific TA is its inclusion in the COBP. The COBP translates the strategy into programming. The evaluation reviewed 103 COBPs approved during June 2008 and May 2013; while almost all of them included a list of planned lending and non-lending operations by year, only 21 included tables for TA by sector and theme, which link them back to country needs, as intended by the TA policy.

81. CDTA and PATA topics are generally broadly aligned with country strategies and government priorities. However, the actual TA intervention is designed at a later stage than the CPS. Firm TA proposals and the related designs are not generally discussed with the government or the relevant counterpart agency at the programming stage. As a result, country ownership of such proposals has remained weak. In contrast, the approach recently adopted in the PRC, which mainstreams TA programming into the CPS exercise in a similar way to the programming of loans, merits consideration for adoption by other DMCs and ADB. The Southeast Asia Department has also recently introduced knowledge plans in a number of countries and attached these to the COBP.<sup>59</sup>

82. ADB's 2014 midterm review of Strategy 2020 highlighted the need for differentiated country approaches (footnote 3). DMCs face diverse and particular development challenges, and the approaches and assistance from ADB should be tailored to address these country needs. This review found that ADB's TA has appropriately supported a differentiated country approach that is responsive to country needs. ADB uses a larger share of TA to develop capacity in less-developed, group A ADF-borrowing countries,<sup>60</sup> while better-off group C countries that borrow only from ADB's OCR use more PATA.<sup>61</sup> During 2009–2012, group C OCR-borrowing DMCs received 22% of TA resources, group B blend countries borrowing from both the ADF and the OCR received 21%, and group A ADF borrowers accounted for 14%.<sup>62</sup> RETA projects made up the balance.

**TA has appropriately supported a differentiated country approach**

<sup>58</sup> As an example, the 2011–2015 CPS for Papua New Guinea indicates that TA commitments will average about \$4 million per year for four or five operations. ADB. 2010. *Country Partnership Strategy: Papua New Guinea, 2011–2015*. Manila.

<sup>59</sup> All departments are now required to prepare knowledge management plans for each country and identify knowledge partnerships with policy and research institutes, south-south cooperation, and knowledge products and solutions. (ADB. 2014. *Planning Directions: Work Program and Budget Framework, 2015–2017*. Manila). CPSs will be required to include knowledge management plans under the Strategy 2020 midterm review action plan, and the CPS guidelines and template will be updated accordingly.

<sup>60</sup> Group A (ADF-only) countries are Afghanistan, Bhutan, Cambodia, Kiribati, the Kyrgyz Republic, the Lao People's Democratic Republic, Maldives, the Marshall Islands, Myanmar, Nauru, Nepal, Samoa, Solomon Islands, Tajikistan, Tonga, Tuvalu, and Vanuatu.

<sup>61</sup> Group C (OCR-only) countries are Azerbaijan, the PRC, Cook Islands, Fiji, Indonesia, Kazakhstan, Malaysia, the Philippines, Thailand, and Turkmenistan.

<sup>62</sup> Group B (blend of ADF and OCR) countries are Armenia, Bangladesh, Georgia, India, the Federated States of Micronesia, Mongolia, Pakistan, Palau, Papua New Guinea, Sri Lanka, Timor-Leste, Uzbekistan, and Viet Nam.

**TA operations to FCAS did not expand as envisioned**

83. Recognizing the importance of TA to FCAS, ADB committed itself to increasing the TA allocation to FCAS from 2008 and the TA policy gives special consideration to FCAS. TA support for FCAS has remained relatively constant as a share of total TA. It was 9% in 2008 (\$23.75 million) and ranged from 9% in 2009 (\$25 million) to 11% in 2012 (\$31 million). The number of FCAS countries fluctuated in the 10–12 range during this period but there have been changes in countries classified as FCAS. Larger countries in South Asia and Central and West Asia formerly classified FCAS have been replaced by a number of smaller Pacific countries, which partially explains why TA operations to FCAS did not expand as envisioned in the TA policy. The main cause, however, has been the significant rise of external cofinancing that has increased mostly in already better-off, non-FCAS countries, while being reduced in FCAS countries (e.g., Timor-Leste).

#### **D. Alignment of Regional Technical Assistance with Country Needs**

**RETA projects are not often reflected in CPSs**

84. RETA projects administered by knowledge departments are often not reflected in CPSs or RCSs, even though most of these projects have significant activities in several countries that could benefit these countries. This raises concerns about their actual alignment with country and regional operations. Many knowledge department RETA projects could play a useful role addressing cross-cutting concerns and transboundary issues. These could also explore frontier issues in ways useful for future lending activities. If country teams do not know about these RETA projects, and the projects are not integrated into CPSs, the knowledge products they generate serve only knowledge department interests and have limited utility for individual DMCs and the ADB country program.<sup>63</sup>

85. To inform other departments, the Economics and Research Department circulates a 3-year medium-term priority paper for interdepartmental review, which is useful. However, greater coordination and dialogue is needed to ensure that RETA projects are also aligned with national priorities, are anchored in the CPSs, and are understood by regional departments and resident missions. ADB could consider taking the following steps to improve the alignment:

- (i) It could institutionalize a RETA pipeline—i.e., design a process whereby ADB’s entire nonlending pipeline is discussed between departments and with governments.
- (ii) It could establish a consultation process for RETA concept papers. All departments, including RSDD, the Economics and Research Department, and OREI, should send their proposed RETA concept papers to the relevant regional department and resident mission and identify focal line ministries in concerned DMCs to be involved throughout TA design.
- (iii) Through internal system e-Operations and TA Information System, ADB could track the geographical coverage of RETA projects.
- (iv) It could ensure earlier and wider circulation of forthcoming knowledge department research.
- (v) It could promote in-country workshops during CPS preparation to enable a dialogue with the government and other TA stakeholders about RETA

<sup>63</sup> All departments are now required to prepare knowledge management plans for each country, and to identify knowledge partnerships with policy and research institutes, south-south cooperation, and knowledge products and solutions.

priorities, which will increase opportunities for cofinancing and resident mission understanding of short- to longer-term TA objectives.

86. Some RETA, mostly RDTA, projects serve as supplements to the administrative budget of knowledge departments to support their core activities or contribute to higher level regional public good. Such core ADB knowledge activities as the regular publication of the Asian Development Outlook, the Asian Economic Integration Monitor, and the Asian Bond Monitor are funded from RDTA resources. This corporate evaluation study, which is being funded under an RDTA, is another example. The TA for core publications and IED's work is not necessarily expected to feed into CPSs and RCSs (country and regional evaluations obviously would) but it produces regional public goods valued by ADB DMCs and contribute to future strategies. However, the overall contribution of these RETA projects for ADB activities to DMCs varies, resulting in weakened alignment and reduced direct TA support for CPS activities in DMCs.

**RETA projects serve as supplements to the administrative budget; this corporate evaluation study is an example**

87. The fact that RETA is used to support the full range of thematic and strategic priorities of Strategy 2020, including the noncore areas and the broad themes outlined in the strategic forum, makes the RETA portfolio so diverse that the issue of RETA alignment with corporate strategy can be better assessed on a case-by-case basis. The following two examples illustrate strong and weak alignment with corporate strategy:

- (i) **Strong alignment.** The \$8 million RETA for strengthening and use of country safeguard systems approved in July 2010 is demand-driven and aligned well with ADB's strategy to strengthen or introduce country systems for safeguards.<sup>64</sup> It is among the largest RETA projects yet approved by ADB. It supports the development of country systems for safeguards and results from the third objective of ADB's Safeguards Policy Statement (2009), which is the development of country systems. The TA supports all three of the safeguard policy components—environment, involuntary resettlement, and indigenous people. In the course of its implementation, a focus on involuntary resettlement has emerged.

The RETA is by its nature an umbrella TA with a wide-ranging scope of activities. Proposals for the use of funds and TA subprojects come from the DMCs through the safeguards focal points in the regional departments. This makes use of funds demand-driven. A RETA committee, consisting of eight members of the regional departments, screens the proposals. The Regional Social and Environmental Safeguards Division acts as the RETA secretariat and provides technical reviews of subproposals and guidance to the rest of ADB on strengthening country safeguard systems. The committee decides on how funds are allocated to the DMCs. For example, Papua New Guinea recently applied for TA of \$750,000 to support safeguards in transport programs. The TA budget is likely to be increased by \$1 million during 2014.

- (ii) **Weak alignment.** The RETA for promoting regional infrastructure development is ADB-driven, only loosely aligned with Strategy 2020, and

<sup>64</sup> ADB. 2010. *Proposed Technical Assistance for Strengthening and Use of Country Safeguard Systems*. Manila (TA 7566-REG, \$5,000,000, approved on 26 July 2010, with a major change in scope and increase in TA amount by \$3,000,000 approved in 28 September 2011).

lacks focus and consistency with other ADB programs.<sup>65</sup> Launched in 2010 by OREI, it is an ongoing regional RDTA. Its cost of \$2.2 million was to be cofinanced by the RCIF under the Regional Cooperation and Integration Financing Partnership Facility established by ADB. The TA concept was consistent with ADB's Strategy 2020, which identifies regional integration as one of three complementary strategic agendas. Infrastructure and regional cooperation and integration are also two of the five core areas that support the agendas. The TA was also aligned with ADB's regional cooperation and integration strategy, which makes infrastructure development one of its pillars.

The TA followed up on an earlier OREI study on the Asian Highway Network (AHN), notwithstanding the study's caution that the link between the AHN as a coordinated plan for the development of Asian highways and the planning processes of the Asian countries was tenuous.<sup>66</sup> Nonetheless, the RETA focused on identifying and preparing priority projects along the AHN, in addition to assessing logistics facilities and dry ports. Adding to the RETA project's ambition and complexity, it was also to establish a regional project development facility. The original scope was confined to the DMCs in the AHN network, but this was widened during implementation to span the entire Asian region. Priority projects were to be generated by a computer modelling exercise on a scale that had not been attempted before. It became evident 6 months after the project's inception that none of the intended outputs could be achieved.

While operations staff and consultants had cautioned against the adopted approach, the RETA did not take into account related activities under the Central Asia Regional Economic Cooperation, GMS, and South Asia Subregional Economic Cooperation programs, but also conducted the project in isolation from the planning activities of ADB's DMCs. In July 2011, OREI aborted the approach originally adopted for the RETA and has since used the remaining funds for other regional cooperation and integration activities related to its mandate. Based on discussions with OREI the TA has provided lessons for working on infrastructure and trade between different regions in terms of limiting the scope and improving coordination between ADB departments.

## E. Technical Assistance Piloting Innovative Approaches

**Up to 30% of ADB TA may be allocated to pilot-testing projects**

88. ADB's operations manual on TA indicates that up to 30% of ADB TA may be allocated to pilot-testing projects with innovative approaches, with the aim of replicating successful approaches on a larger scale. This allocation is rarely referred to or even known by staff, and the target is not being achieved. However, a lack of adequate guidance and information as to projects that may be considered innovative and monitoring of the implementation of this operations manual guideline may explain this lack of awareness and the subsequent low uptake of the allocation. This is unfortunate, as the country case study missions found that piloting and attention to

<sup>65</sup> ADB. 2010. *Proposed Technical Assistance for Promoting Regional Infrastructure Development*. Manila (TA 7557-REG, \$2,175,000, approved on 29 June 2010, cofinanced by the Regional Cooperation and Integration Fund under the Regional Cooperation and Integration Financing Partnership Facility).

<sup>66</sup> S. Madhur, G. Wignaraja, and P. Darjes. 2009. *Roads for Asian Integration: Measuring ADB's Contribution to the Asian Highway Network*. *ADB Working Paper Series on Regional Economic Integration No. 37*. Manila: ADB.

innovation is occurring to some extent but these examples are not reported or disseminated across ADB. They are driven largely by a combination of country interest and committed ADB staff. A good example of a pilot project identified during evaluation involved biodiversity (Box 2).<sup>67</sup> Another was the GMS Core Agricultural Support Program, focusing on commercial crops that have potential to be traded in the subregion. ADB staff members view the program as a project incubator and envision that its small-scale pilot initiatives will ultimately be scaled up.<sup>68</sup>

### Box 2: Biodiversity Corridors—A Successful Pilot

Rapid energy, transport, and industrial development along the Greater Mekong Subregion (GMS) economic corridors have placed strain on the nearby environment, resulting in ecosystem fragmentation and a loss of biodiversity. The core environment program (CEP) approved in 2005 sought to address environmental degradation in critical biodiversity areas by combining forest protection and rehabilitation measures with alternative livelihood development.<sup>a</sup> This integrated approach aimed to improve habitat connectivity and ecosystem functionality while reducing rural poverty.

The first activity under the technical assistance (TA) was a small pilot in Viet Nam funded in 2004 by the ADB-managed Poverty and Environment Fund, which aimed to identify innovative approaches, pilot-test them, and pursue opportunities for replication and up-scaling. This was closely linked with a TA project to prepare a strategic framework for the biodiversity conservation corridors initiative (BCI) pilots.<sup>b</sup> This led to seven pilot sites across five countries. The pilots were funded under a 2005 regional TA, which also covered the CEP. The CEP and BCI were funded by the Swedish International Development Cooperation Agency, the Nordic Development Fund, and Finland.

The pilots provided lessons on planning and managing biodiversity corridors, improving forest restoration activities, and giving small-scale infrastructure support to improve the lives of rural populations. Building on the experiences of these pilots, in 2010, a loan and grant-financed project, Biodiversity Conservation Corridors Project, was approved for \$69 million in Cambodia, the Lao People's Democratic Republic, and Viet Nam. The Cambodia component was to be supplemented in 2014 with a \$7.4 million grant from the World Bank-administered Pilot Program for Climate Resilience and a separate Global Environment Facility grant. While the pilot was successful, the Asian Development Bank should monitor the implementation of the projects. Scaling up pilots presents a different set of challenges, and the implementation of these projects potentially offers opportunities to learn how to scale up pilot activities.

<sup>a</sup> ADB. 2005. *Proposed Technical Assistance for the Core Environment Program and Biodiversity Conservation Corridors Initiative in the Greater Mekong Subregion*. Manila (TA 6289-REG).

<sup>b</sup> ADB. 2005. *Technical Assistance for the Greater Mekong Subregion Biodiversity Conservation Corridors Initiative*. Manila (TA 6213-REG).

Source: Asian Development Bank, Independent Evaluation Department. 2014

89. In an area related to the piloting of new ideas, the evaluation considered the contribution of ADB TA to innovation. IED reviewed the documents of a sample of 160 of 226 TA undertakings from the 2007–2012 that were described as having innovative elements. The evaluation confirmed the innovative nature of these TA projects, which

<sup>67</sup> The biodiversity conservation corridors initiative pilots were supported in 2005 under the RETA for Core Environment Program and Biodiversity Corridors Initiative in the GMS. This RETA had \$23.2 million in cofinancing from the Netherlands and Sweden. Pilot activities were undertaken at nine field sites covering all six GMS countries. ADB. 2005. *Proposed Technical Assistance for the Core Environment Program and Biodiversity Conservation Corridors Initiative in the Greater Mekong Subregion*. Manila (TA 6289-REG).

<sup>68</sup> The GMS 2013 regional investment framework proposes \$1.25 billion of ensuing agriculture and natural resources investment up to 2020. However, this estimate is highly notional and has yet to be formally endorsed by any GMS government.



accounted for just under 10% of all those approved during the period.<sup>69</sup> The TA projects that most often identified specific challenges to be addressed by innovative approaches and often sought to introduce a new technology or practice were in the energy and agriculture and natural resources sectors. In terms of TA type, much of the innovative TA was RDTA, which is regional.

Case studies show that innovation is being emphasized in TA even if projects are not always categorized as such

90. The country case studies show that innovation is being emphasized in TA even if projects are not always categorized as such. The PRC is a particular example. ADB reports such as the 2011 PRC CPS final review have highlighted the role of TA in the generation of knowledge and the fact that innovation is critical, given the growing demand for new frontier knowledge.<sup>70</sup> As a result, ADB has undertaken a large number of TA projects that have used innovative approaches and methods to identify and explore areas for enhancement of development effectiveness. Some of these TA projects have grown into knowledge hubs on subjects such as water security, urban development, and ecocompensation. Yet, there is recognition by ADB of the need to go further by better linking TA with other knowledge initiatives and the country program.

91. A lesson from the pilot TA and innovative initiatives is that they require different processes and approaches for design and implementation. Management of knowledge, replication, and scaling up mechanisms require a specific focus during implementation and wider promotion of lessons should be considered from the design stage. A customized M&E system is needed. Further during implementation supervision needs to be more regular and focus on learning and adapting rather than meeting output targets. To provide guidance, ADB may need to define more clearly what it means by innovative TA and pilot TA, so staff are more aware of what to highlight and what to pursue.

## F. Changes in the Technical Assistance Classification System and Management

92. The change in ADB's TA classification system in 2009 introduced by the TA policy was intended to improve the alignment of TA with ADB operations by better linking TA projects to the intended outcomes from the design stage. It also intended to provide flexibility to engage in short- or long-term support. In addition, the 2008 policy introduced a ceiling on the number of active non-PPTA projects. This was meant to sharpen the prioritization of TA.

93. The new classification was intended to match TA types with the expected outcomes. However, the evaluation often found it difficult to distinguish between TA types, particularly between CDTA and PATA, because their activities and goals can be closely linked. In a number of the case study countries, CDTA touched on policy issues and many PATA projects built capacity. PATA was to be targeted—e.g., developing a policy brief—but it often also included capacity development and can take a longer-term perspective. Similar differences occur within CDTA. The TA policy intended for CDTA to be used to address longer-term capacity issues, but it has also been used to deal with short-term capacity constraints related to the implementation of loan-funded

<sup>69</sup> The evaluation adapted the International Fund for Agricultural Development (IFAD) innovation strategy's and businessdictionary.com definitions of innovation. This study defined it as a process that translates an idea or invention into a good or service that creates value or clients or customers value and pay for. Innovation may also be built as part of systematic or incremental steps in the sector in which it is carried out. To qualify as an innovation, a product, idea, or approach needs to be new to its context.

<sup>70</sup> ADB. 2011. *Country Partnership Strategy Final Review 2008–2010*. Manila



projects and programs. Some ADB departments indicated that the scope for RDTA is too broad and often fund non-research activities.

94. The TA policy aimed to promote the use of TA clusters to increase the analytical basis of country programs and sustain engagement in DMCs. First introduced in 1997, the use of TA clusters was constrained by a requirement to account for the full amount of different subprojects under each TA cluster at the time of approval, even if subprojects were to be approved in subsequent years during implementation. To overcome this obstacle and encourage use of TA clusters, the TA policy allowed for an accounting of the amount of subprojects, instead of the full TA cluster amount, against the country or regional TA allocation in a given year. Despite this, the use of TA clusters has not increased to the extent envisioned in the policy. This is unfortunate, because they have a lot of potential as strategic instruments that allow a great degree of flexibility. Only 13 TA cluster projects were approved during 2009–2013. However, the trajectory has been mainly positive, with approvals growing from \$6.7 million in 2009 to \$26.5 million in 2012 before dropping to \$15 million in 2013. TA clusters have been used mostly to support CDTA and PATA, although they have recently been used to support PPTA.<sup>71</sup>

95. Several factors limit the use of cluster TA. Because ADB departments are encouraged to reduce the number of these projects and each subproject under a TA cluster is counted as one project, departments concerned about their TA count try to avoid the use of TA clusters. The ceiling set under the policy at 750 active TA projects in the portfolio has been exceeded every year since 2011.

96. The use of TA clusters is predicated on a long-term plan or program that can be served by separate, yet coherent interventions over an extended period. In this way, it is comparable to the multitranche financing facility in lending operations. This approach often requires greater preparation than other TA does—and preparation time is in short supply at ADB. An alternative route has been to start TA projects and scale them up as needed with supplementary TA. This kind of supplementary financing has been more successful and has grown rapidly, rising from 4% of total TA approvals in 2004 to 24% in 2012. Supplementary financing requires less analytic work at the design stage than cluster TA does and allows ADB to be more responsive to changing needs or the possibility of scaling up successful TA. Most of the supplementary TA funding used in this method has come from development partner cofinancing. However, while this approach is pragmatic, the risk exists that supplementary TA projects may not have been subject to the same review process as at the design stage.

The use of TA clusters has not increased

Supplementary financing has grown rapidly and allows ADB to be more responsive

<sup>71</sup> For example, the DFID-cofinanced cluster for ADB. 2009. *Cluster Technical Assistance India: Advanced Project Preparedness for Poverty Reduction*. Manila. includes the following PPTA projects: Madhya Pradesh State Roads III (Subproject 1, TA 7390-IND, \$600,000, approved on 11 September 2009); Preparing an Investment Plan for Himachal Pradesh Urban Development (Subproject 7, TA 7565-IND, \$600,000, approved on 14 July 2010); Madhya Pradesh Urban Environmental Improvement II (Subproject 8, TA 7605-IND, \$700,000, approved on 15 September 2010); Meghalaya Public Resource Management Development Program (Subproject 9, TA 7745-IND, \$200,000, approved on 17 November 2010); West Bengal North South Road Corridor (Subproject 18, TA 8007-IND, \$1,100,000, approved on 9 December 2011); State Roads (Subproject 20, TA 8019-IND, \$2,000,000, approved on 21 December 2011); Rajasthan Renewable Energy Transmission Program (Subproject 19, TA 8020-IND, \$225,000, approved on 21 December 2011); Designing and Capacity Building for Strengthening State Finances and Service Delivery in West Bengal (Subproject 21, TA 8041-IND, \$220,000, approved on 17 December 2011); Rajasthan Urban Development Program (Subproject 22, TA 8043-IND, \$750,000, approved on 22 December 2011); and Detailed Design for the SASEC Subregional Road Connectivity (Subproject 25, TA 8116-REG, \$1,000,000, approved on 12 July 2012, with supplementary financing of \$370,000 approved on 29 May 2013).

The TA facility can be viewed as a hybrid of the SSTA and the cluster TA

97. The policy's introduction of SSTA has allowed quick approvals and quick responses to urgent DMC demands. There is no apparent trend in approvals. SSTA approvals during 2009–2012 totaled \$30.4 million—about \$7.5 million a year.<sup>72</sup>

98. A new type of TA that is a variant of the SSTA and TA cluster could be of interest to several DMCs and country programs. The TA facility has developed from the PRC TA program. It can be viewed as a hybrid of the SSTA and the cluster TA. The facility is an umbrella program that subsumes a number of SSTA activities under a single theme and related objectives (Box 3). During 2007–2013, ADB approved four facility-type TA projects amounting to \$4.3 million. Sixty-six subprojects were approved that prepared rapid response studies on policy reforms, along with bilingual policy synopses. Subprojects on capacity development with action plans were also completed. This approach has recently been expanded outside of the PRC. In 2013, ADB approved a similar TA facility for its Kazakhstan program—the Knowledge and Experience Exchange Program—Phase 1.<sup>73</sup> Given the successful emergence of the TA facility, the TA policy and section D12 of the operations manual should recognize it as another type of TA and provide guidance on when it should be used.

### Box 3: Facility-Type Technical Assistance

The Asian Development Bank (ADB) developed facility-type technical assistance (TA) in October 2003 in partnership with the Government of the People's Republic of China. It is a flexible, quick-response mechanism that aligns numerous subprojects with the government's priorities and the ADB country program under a single project. Subprojects are prioritized by the Ministry of Finance and selected jointly with the ADB resident mission on the basis of pre-identified criteria. Although ADB's operations manual does not discuss the facility-type TA as a separate modality, it appears as a hybrid of small-scale TA (where the cost of each project does not exceed \$225,000) and of a TA cluster (where subprojects are planned from a long-term perspective).

Source: Independent Evaluation Department. 2013. *Technical Assistance Performance Evaluation Report: Facility Type Technical Assistance in the People's Republic of China*. Manila.

99. ADB's attempt to improve TA classification was a positive step overall, but further improvement is possible and needed. This is because the classification changes and additions have not clearly linked TA projects to the intended outcomes, as was foreseen by the TA policy. The number of TA clusters and SSTA projects has not increased. The classifications of CDTA and PATA often overlap. RETA continues to be referred to in documents as "RETA" even though RETA has been dropped as standalone category and the prefix R-, for regional, is supposed to be used only to identify CDTA, PATA, or RDTA that covers more than one country.

## G. Other International Financial Institutions

100. The World Bank has also been working on a new TA classification system. One difference with ADB is that the World Bank has provided no PPTA and was able to convince borrowers to agree to see feasibility and detailed design costs as expenses to

<sup>72</sup> This excludes regional SSTA.

<sup>73</sup> ADB. 2013. *Technical Assistance to Kazakhstan for the Joint Government of Kazakhstan and the Asian Development Bank Knowledge and Experience Exchange Program, Phase 1*. Manila (TA 8414-KAZ, \$500,000, approved on 6 August 2013).

be reimbursed upon a loan's approval. The World Bank is in the process of developing guidelines for the three newly defined types of TA: discrete TA (defined as a one-time, single-purpose activity); just-in-time TA (TA costing less than \$50,000 and lasting less than 4 months); and programmatic TA (a series of activities addressing a single objective or set of objectives and spanning more than 1 fiscal year). The new guidelines are currently being tested, and little has been learned so far about their application in practice.<sup>74</sup> Unlike ADB, the World Bank is clearly less worried about differences in the purposes of TA and sees major advantages in classifying TA support according to its short- or long-term nature. This could be an interesting further classification of TA for ADB, as more TA projects become large and should be programmatic and long term in nature.

**The World Bank is developing guidelines for newly defined types of TA: discrete, just-in-time, and programmatic**

101. Policies and procedures for technical cooperation at IADB underwent several changes. New guidelines define three technical cooperation categories: operational support for the preparation, execution, or evaluation of a loan-financed project (similar to ADB's PPTA); client support, which is not linked to a lending operation but is requested by a member country (similar to ADB's CDTA or PATA); and research and dissemination for knowledge products and dissemination activities initiated by IADB (similar to ADB's RDTA). IADB guidelines have set some new procedures, but the rules are still being developed in some areas, particularly for monitoring and evaluation. The most recent guidelines were published in July 2011.<sup>75</sup> IADB's TA categories are therefore quite similar to those of ADB.

## H. Key Points of the Chapter

102. The TA policy is commended for providing specific guidance designed to focus the use of TA and there have been some improvements as a result. However, in implementation, TA continues to support multiple objectives expressed in numerous corporate strategies and themes as well as responding to unique country needs. At the corporate level, the pattern of TA use is consistent with the priorities defined in Strategy 2020, including continued support for regional and knowledge work through RETA projects. Although a much smaller proportion of TA projects support the core operational areas than the lending program, other TA can be seen as supporting other ADB priorities and drivers of change.

103. At the country level, the pattern of TA use is increasingly aligned with the priorities defined in ADB country strategies as 71% of TA projects are now integrated in CPSs and/or COBPs. However, this is still less than the TA policy target of 75%. Alignment is weakened by RETA projects sponsored by the knowledge departments, which have been less well integrated with ADB operations in countries or even regional programs. Country TA resulting from unexpected external funding windows requires special efforts in its design to ensure alignment with CPS priorities.

104. The TA policy's objective that a significant number of TA projects should be used for piloting new approaches is not monitored and has not fully materialized. However, some TA is being used to support innovation and various methods are being used to mainstream innovative concepts into country programs. This process needs to be tracked more closely and supported by clear guidelines and incentives.

<sup>74</sup> World Bank TA guidelines are contained in World Bank. 2013. *Guidelines: Discrete TA/ESW*. Washington, DC; World Bank. 2013. *Guidelines: Just-in-Time TA/ESW*. Washington, DC; and World Bank. 2013. *Guidelines: Programmatic Approach for TA and ESW*. Washington, DC.

<sup>75</sup> IADB. 2011. *Operational Guidelines for Technical Cooperation Products*. Washington, DC.

105. The new classification system has contributed to clearer choices but can be improved further. The distinction between PATA and CDTA is not always clear as at times both forms of TA have overlapping objectives. The RDTA designation is not always clear as this form of TA has a broad scope and is used for research as well as other broadly defined knowledge activities. Cluster TA was intended to provide a longer term or programmatic perspective but its use has not increased significantly. Rather, supplementary TA has been used as staff members regard it as a more flexible way of scaling up selected activities. Some other classifications used by partner IFIs, such as programmatic or one-time TA, may be useful for ADB. The facility-type TA introduced in the PRC, a hybrid with features of both cluster TA and SSTA, is a useful innovation with potential for replication and integration into ADB's TA types.

# Technical Assistance Preparation

106. The 2008 TA policy proposed greater emphasis on quality assurance for TA projects, as well as the streamlining of processes to improve efficiency. Institutional and organizational analysis was to be strengthened in order to improve the quality of design. Has this quest for faster processing and greater emphasis on quality produced results since 2008? This is the question addressed in this chapter, which reviews due diligence and other processes designed to ensure high-quality project design and project readiness for implementation.

**Policy proposed greater emphasis on quality assurance for TA**

107. The TA policy set out an ambitious objective to improve both TA efficiency and effectiveness—efficiency by reducing TA processing time, and effectiveness by improving the quality assurance process. TA processing has indeed speeded up. The SPD review reported the time from concept clearance to approval fell from 190 days in 2007 to a median of 116 days in 2009, although this remains below the target of 77 days. For non-PPTA projects, the median processing time was cut from 229 days in 2007 to 96 days in 2012. This is a considerable achievement. However, the evaluation found issues in the new processes for PPTA and non-PPTA design quality.

**Ambitious objective to improve TA efficiency and effectiveness—processing has speeded up**

### A. Project Preparatory Technical Assistance

108. One ADB staff member who responding to the survey reflected the views of many interviewees:

We need to re-think the scope and outputs from PPTA, and need more details, plans, models and information in order to be sure we have sound projects that are ready for implementation. We currently leave far too much to the post-loan stage, and this leads to cost overruns/uncertainty, and the need to reduce scope in order to stay within budget (even if that scope is essential to achieving the impact and outcomes).

109. The TA policy proposed simplifying and accelerating the PPTA process. The policy's assumption, given finite ADB resources, was that this would allow more to be done in less time. This would mean more resources could be allocated for supervision and implementation support. ADB's 2010 streamlined business processes aimed to reduce the time from project identification to first loan disbursement without compromising project quality. This was to be achieved by synchronizing the project design phase, usually involving a PPTA, with loan processing. The reconnaissance mission was to become the key activity for initiating the design process. It was to combine the previous stand-alone PPTA fact-finding mission with reaching an

**New business process has left inadequate time to be spent on PPTA processing**

**PPTA activities and the engineering component can lead to disconnects and unnecessary difficulties in implementation**

understanding with the client on the concept for the ensuing loan project.<sup>76</sup> The reconnaissance mission would be the first time ADB staff members would address all key parameters impinging on the project design. The evaluation's many interviews with operations staff and consultants revealed that this is not working in practice. The new business process has left inadequate time to be spent on PPTA processing, because the reconnaissance missions accord priority to discussion of the loan. Similarly, government officials met during the country case study missions expressed a desire to have more interaction and engagement during project preparation.

110. The limited time available for TA preparation presents challenges for PPTA, making it difficult to address core requirements, such as feasibility, safeguard measures, resettlement plans, and social and institutional assessments, as well as context-specific issues of complexity and capacity. Moreover, the separation of these PPTA activities and the engineering component, which is not undertaken until much later once the loan is approved can lead to disconnects and unnecessary difficulties in implementation. This is illustrated in the example in Box 4.

#### **Box 4: Issyk-Kul Sustainable Development Project**

Lake Issyk-Kul in the Kyrgyz Republic is the world's second largest saline lake. The lake forms a significant part of Issyk-Kul Oblast and contributes to its economic growth by providing major tourism opportunities. The Issyk-Kul Sustainable Development Project approved by the Asian Development Bank (ADB) in 2009 was intended to support environmental management and to improve urban service delivery around the lake. The cost of the project was estimated at \$37.5 million.<sup>a</sup>

The project was planned and prepared through a feasibility study financed by a project preparatory technical assistance (PPTA) project, approved by ADB in 2009.<sup>b</sup> According to staff from the project implementation unit, the PPTA was undertaken by consultants that were not adequately qualified to do work in this particular sector (water supply and sanitation and solid waste management). As a result, the PPTA output was full of factual mistakes, which needed to be addressed in subsequent phases. Such mistakes could have been avoided with a better resourced PPTA or corrected much sooner if the ADB-financed PPTA and the detailed design stages had been merged. The separation of PPTA from engineering led to significant implementation problems, including changes in design and costs, as well as delays. Working on detailed design would have forced the consultants to exercise greater due diligence in terms of measuring quantities and estimating costs. There should have been a stronger link between the PPTA and the potentially useful capacity development technical assistance project. Instead of limiting itself to infrastructure, the PPTA should have identified critical institutional issues and addressed them through proposed capacity development technical assistance as a measure to manage project risk. This example also highlights issues related to consultant terms of reference and selection, which are discussed further in Chapter 6.

<sup>a</sup> ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Asian Development Fund Grant Kyrgyz Republic: Issyk-Kul Sustainable Development Project*. Manila.

<sup>b</sup> ADB. 2009. *Technical Assistance to the Kyrgyz Republic for the Issyk-Kul Sustainable Development Project*. Manila.

Source: Asian Development Bank Independent Evaluation Department.

<sup>76</sup> The fact-finding mission—in consultation with the government and other stakeholders—examines the project's technical, financial, economic, environmental, marketing, and management aspects and potential social impact



111. The solution can only be a longer preparation time for loan projects than the target in the 2010 streamlined business process. The provision of PPTA is a key step in the sequence of activities designed to ensure preparation of sound investments suitable for ADB financing. In most cases, PPTA is used to finance feasibility studies. Their main purpose is to determine whether a specific investment proposal is worth implementing and whether alternatives would be more efficient or socially preferable.<sup>77</sup> This is followed by ADB's due diligence on the proposed project. Detailed engineering, which is the next step in project preparation and covers preparation of specifications, bill of quantities, cost estimates, and bidding documents, can also be financed by PPTA. If, however, the TA is for a feasibility study and detailed engineering, the operations manual states that a grant equal to or less than the cost of the feasibility study component may be provided, with the balance as a stand-alone PPTA loan or as a PPTA loan accompanying a loan or grant for another project (footnote 7). However, this is seldom done, and detailed engineering is often not completed as part of the PPTA.

**PPTA is a key step in the activities designed to ensure preparation of sound investments**

112. Feasibility studies and detailed engineering—together with safeguard activities and field-level review and final processing by ADB staff—are important preconditions for project readiness.<sup>78</sup> Although, as para. 111 indicates, ADB rules permit the financing of both activities under one PPTA, this has rarely happened. Feasibility studies are financed from PPTA, while engineering is financed under the ensuing loan project. This bifurcation gives rise to a major concern about project quality and efficiency in project management.

**Feasibility studies are financed from PPTA, engineering is financed under the ensuing loan; this bifurcation gives rise to a concern about project quality**

113. For most ADB projects, the completion of feasibility studies marks the end of the design phase. Project approval is based on preliminary designs and made before the project is fully engineered. Given that feasibility studies produce only tentative designs, their cost estimates are less accurate than estimates based on technical specifications and bills of quantities. Likewise, land acquisition, resettlement plans, and environmental management plans are more reliable if they are based on confirmed final designs. In general, the inadequate state of readiness of projects at approval places a burden on project implementation.

114. There is also a concern that the time savings at the design and processing stages may be at the expense of lower implementation performance. ADB's 2013 Portfolio Performance Report concludes: "The 2013 sovereign portfolio performance was mixed... the contract awards declined resulting in high uncontracted amounts. There was 80% decline (\$2,613 million) in 0–1 age group of contract awards. This is an area of concern for future portfolio performance and reflects continued project readiness and start up delay problems."<sup>79</sup>

115. While acknowledging the potential for conflict of interest in the approach,<sup>80</sup> many staff interviewees said that it would be desirable to combine all feasibility

<sup>77</sup> Feasibility studies have to confirm or refute the technical, economic, and financial viability of an investment proposal informed by assessment of cost and benefit parameters related to the envisaged project design. Key analytical activities of feasibility studies include preliminary engineering; cost estimates; financial, economic, and socioeconomic analysis; environmental analysis; and social impact assessment.

<sup>78</sup> ADB's 2010 report *Good Project Implementation Practice* defines total project readiness as follows: "The ideal condition under which project feasibility, detailed design, strong executing agency engagement, safeguard action plans and procurement up to the contract award for the procurement packages planned in the first year have all been achieved before project approval. If there is total project readiness, a project's cost and lending requirements can be accurately determined, the project can begin immediately, and it will have a good probability of achieving its outputs on time and within budget."

<sup>79</sup> ADB. 2014. *2013 Sovereign Annual Portfolio Performance Report*. Manila.

<sup>80</sup> The conflict of interest would arise if the team of experts involved in the feasibility study did what they could to demonstrate viability simply in order to continue on to the usually much more lucrative



ADB could provide a PPTA grant component for the feasibility and the detailed engineering component through reimbursable basis

activities with the preparation of detailed engineering under one PPTA. The time lost at the front end of the project to undertake both activities would likely be more than recovered during project implementation. Working on detailed designs would force PPTA consultants to exercise greater due diligence in terms of measuring quantities and estimating costs. The other advantage would be a more accurate determination of the scope for safeguard work, which would limit the reputational risk for ADB. Due diligence in the preparation of investments would become more consistent with the usually large size of investments financed by ADB. A disadvantage would be the rising cost of PPTA, but this need not be a severe constraint.

116. PPTA activities are currently financed from grants. Expanding the scope of PPTA projects would likely more than double their cost, exceeding available grant resources. To overcome this obstacle, ADB could continue to provide a PPTA grant component for the feasibility portion of the PPTA and advance the financing of the detailed engineering component through the PPTA on a reimbursable basis. The TA policy recognized the potential of reimbursable TA but deferred detailed proposals on possible instruments and approaches to other policies and processes. This concept of reimbursable TA is inherent in the proposal of project design advances (PDAs), which ADB introduced through the project design facility (PDF) in 2011 as a pilot for the provision of PDAs to support project preparation, particularly detailed engineering.<sup>81</sup> A PDA is an advance to the borrower from the ensuing ADB financing. Although the provision of a PDA does not commit ADB to finance the ensuing project, a PDA will be pursued when it is likely that the ensuing project will materialize.

Uptake of the PDA has been slow

117. Unfortunately, uptake of PDAs has been slow so far. Since PDF approval, only one project—the Bangladesh Coastal Towns Infrastructure Improvement Project—has used a PDA (\$3.5 million).<sup>82</sup> Overall demand has been low because of the PDF design, which did not effectively address DMC internal processing requirements or reflect the cost of detailed engineering design, and included less than optimal lending terms.<sup>83</sup> Limited familiarity of staff and DMCs with the PDA instrument also undermined demand. On 25 February 2014, the Board approved an extension of the pilot period of the PDF until 31 December 2017, with a number of modifications to address impediments to its use. Revised staff instructions have been issued to reflect these modifications, which appear to have revived some interest in the use of PDAs as more are planned in 2014 and 2015.<sup>84</sup>

118. In addition, the evaluation study found a case in which an ADB TA loan had been used to undertake project feasibility and engineering together (Box 5). This loan has been well received. Although their use has been limited to date, these reimbursable instruments should continue to be used when applicable because they address

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engineering job. In reality, the risk that consultants would cheat on the feasibility is small. In most cases, the feasibility study has to evaluate project options, rather than to decide whether to proceed with a project or not.

<sup>81</sup> Initial pilot period was from 12 April 2011 to 31 December 2013, with a commitment authority of \$150 million.

<sup>82</sup> ADB. 2012. *Project Design Advance: Bangladesh—Coastal Towns Infrastructure Improvement Project*. Manila.

<sup>83</sup> A PDA is viewed as a separate loan, triggering loan review processes that may include parliamentary approval. The original ceiling for an individual PDA was set at \$5 million or 1% of the estimated cost of the ensuing loan, whichever is larger. This was too low, especially for large or complex infrastructure investment projects. On average, the cost of preparing standard detailed engineering designs comprises 3%–4% of overall project costs and about 5% (and in some cases up to 10%) of the total project investment for complex projects, including PPPs.

<sup>84</sup> ADB. 2014. *Revised Staff Instructions on Project Design Advance*. Manila. Following issuance of the revised staff instructions, SARD will process three PDAs this year and nine PDAs in 2014.

concerns about both preparing quality project designs and funding. In the future, governments and ADB may consider other cost-sharing arrangements. As governments become capable of undertaking the feasibility activities of PPTA, ADB's PPTA resources can be shifted to fund or pre-pay the detailed engineering on a reimbursable basis.

#### Box 5: Use of Technical Assistance Loan for Project Preparation in Sri Lanka

The Asian Development Bank (ADB) approved a technical assistance (TA) loan in 2004 for the Road Project Preparatory Facility to help the Government of Sri Lanka with project preparation for road projects under its road sector master plan. This work included feasibility studies, environmental and social assessments, resettlement plans, and detailed engineering, on which tender documents were prepared.<sup>a</sup>

The facility was used to undertake preparatory work for the Northern Roads Project, which aimed to improve road connectivity within the northern region and between the northern and southern parts of the country.<sup>b</sup> The TA loan was extended until 2015 and will by that time have been fully used. All recent ADB projects in the highway sector have been prepared with this loan.

<sup>a</sup> ADB. 2004. *Report and Recommendation of the President to the Board of Directors on a Proposed Technical Assistance Loan to the Democratic Socialist Republic of Sri Lanka for the Road Project Preparatory Facility*. Manila (Loan 2080-SRI, \$15,000,000, approved on 13 April 2004).

<sup>b</sup> A loan for the Northern Road Connectivity was approved in June 2010 for \$130 million. Additional financing was approved under two more loans amounting to \$98 million by September 2012. ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loans and Technical Assistance Grant: Democratic Socialist Republic of Sri Lanka: Northern Road Connectivity Project*. Manila.

Source: Asian Development Bank.

## B. Preparation of Other Technical Assistance Categories

119. Commenting on the quality assurance aspects of the TA preparation process, a respondent in the staff survey expressed views that were shared by other staff during interviews: "It is hit or miss whether or not you get a reviewer that is technically proficient in all aspects of the TA... External peer reviews would greatly enhance the quality of TA design. However, there are generally no external peer review requirements and it is sometimes even discouraged."

120. ADB's operations manual requires that fact-finding missions for sovereign CDTA, PATA, and RDTA should follow the business process outlined for PPTA. This implies that fact-finding for those types of TA is normally conducted as part of the project reconnaissance mission for an ensuing loan or ADF grant. The operations manual is silent about the need for fact-finding in relation to stand-alone TA projects. This perhaps explains why the practice in ADB varies, the main binding condition being the preparation of a TA concept paper that includes an analysis of the development constraints and issues relevant to the proposed TA. A preliminary TA design and monitoring framework is another requirement for requesting concept clearance, since it is reviewed along with the TA concept paper within the department or office to ensure the strategic relevance of the proposed TA activity.

121. To improve the quality assurance for non-PPTA TA projects, the TA policy proposed that ADB categorize TA projects as category A or category B at the concept stage, according to the degree of complexity of the project. Category A (complex) projects are expected to address complex development issues, such as capacity development and policy reform. Category B (less complex) projects are those that build

The policy proposed that ADB categorize TA projects according to the degree of complexity

basic capacity, and are more straightforward, or are closely related to a lending operation. Since this categorization came into effect, 20% of TA projects have been classified as category A (complex) and 73% as category B (less complex), with the remaining 7% uncategorized.

**Category A (complex) projects have lengthier processes that do not necessarily add much value**

122. Staff indicate that category A projects have lengthier processes that do not necessarily add much value. The additional financing and access to experts envisioned in the policy was not formalized. Instead, there are further rounds of review that generate comments but not necessarily substantive input. RSDD, the communities of practice, and other involved departments are not always capable of providing the specialized input required for TA projects that are considered complex or of addressing very technical or novel issues. This is particularly true for TA that has innovative approaches and aims to pilot-test new processes. The evaluation also noted that some TA projects it considered complex were classified as less complex. Several staff members interviewed for this study suggested that the review process could be enhanced by adding external peer reviewing used in this TA project to provide technical guidance. Given limited expertise in some sectors at ADB, staff members suggested engaging more knowledgeable staff directly as advisors to support TA preparation.

### C. No-Objection Letter

123. Before 2008, ADB would send a TA letter to the DMC following TA approval that sought the government's counter-signature to start the TA. This, together with stand-alone TA fact-finding, provided the government with an adequate level of knowledge about the TA and contributed to its ownership of the TA project. To improve efficiency, the TA policy introduced a no-objection letter approach to TA approvals.<sup>85</sup> Although only about 50% of TA projects have adopted this approach (against the target of 90%), one unfortunate effect has been a reduction in interactions with in country stakeholders and a reduced understanding and ownership of some TA projects. Interviews with government counterparts (e.g., in the Philippines and Sri Lanka) revealed that this is particularly true for RETA projects, where some executing agencies have been involved as participants in TA projects but were not adequately consulted or even informed beforehand about their participation. This is because TA no-objection letters are usually sent to the ministries of finance, which would not necessarily keep the executing agencies informed.

### D. Other International Financial Institutions

124. A 2008 evaluation found that the World Bank did not apply the same rigorous business practices—e.g., the standard quality assurance processes at the design stage—to capacity building as it applies in other areas.<sup>86</sup> Many of its TA projects were not grounded in needs assessments and/or were not designed with proper sequencing.

125. An IADB evaluation found the following similar issue: "TA preparation processes are often more focused on getting approval than on project implementation. Seventy-one percent of the time of technical staff is spent on the design and approval stage—which lasts an average of 5 months—and only 29% on project implementation,

<sup>85</sup> Under the no-objection approach, the government's approval was deemed obtained unless an explicit objection was raised within 21 days from receipt of the TA letter.

<sup>86</sup> World Bank. 2008. *Using Knowledge to Improve Development Effectiveness: An Evaluation of World Bank Economic and Sector Work and Technical Assistance, 2000–2006*. Independent Evaluation Group. Washington, DC.

which averages 16 months.”<sup>87</sup> The large share of resources devoted to administrative processes was found to have no discernible effect on TA quality. Further, in practice, IADB staff interviewed for this report stated that the quality assurance review is not very seriously conducted. Meetings were held virtually, and most of the comments related to format and grammar rather than substance.

126. Some IFIs have been experimenting with partial cost-sharing with clients by collecting fees for TA, particularly from middle-income countries and private sector clients. For the latter, both the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD) have cost-sharing policies. IFC’s policy is to charge fees for TA that does not have external benefits to other firms or the economy in general. However, a 2009 evaluation of IFC’s fee-based services indicated that the planned cost sharing was not always implemented.<sup>88</sup> The 2012 EBRD evaluation came to a similar conclusion.<sup>89</sup> The EBRD evaluation was positive about the potential benefits of cost sharing—creating incentives to ensure mutual understanding of risks, selecting proper consultants, and maintaining regular contact with consultants during implementation—but the International Monetary Fund evaluation (footnote 14) was skeptical that charging fees would increase government ownership and selectivity.

Some IFIs have been experimenting with partial cost-sharing, particularly from middle-income countries and private sector clients

## E. Key Points of the Chapter

127. The experience from other IFIs shows that this evaluation is not alone in arguing that business processes for TA preparation need more attention. While some of the difficulties are inherent in the nature of TA, the IFIs can continue learning from each other about practices for improving TA preparation. The TA policy was unrealistic in its vision that TA preparation could be significantly speeded up without a loss of quality. PPTA is typically used to prepare feasibility studies, but should also aim to include institutional analysis and detailed design work. To address all these issues that are needed to improve project readiness, ADB needs to consider more flexible implementation of PPTA projects, such as delegating some responsibilities to executing agencies and providing more time and budget to each TA project.

128. Improving design quality, by bringing together feasibility studies with engineering, is important but may require the development of cost sharing and reimbursable options. ADB should adopt a differentiated approach to project preparation, based on country capacity. While PPTA is still needed by many DMCs, others have the capacity to prepare their own feasibility studies. ADB should continue experimenting with cost sharing and reimbursable options for PPTA. Along with the revised PDF, the use of TA loan and cluster TA for project preparation should be further explored and considered for replication.

129. The risk categorization of TA projects as complex or less complex has not added value to TA design as intended. Country case studies found examples of complex TA projects classified as less complex. The idea of an expert external reviewer for TA should be explored. The assignment of internal expert reviewers should be linked to a good internal ADB database on technical expertise of staff.

<sup>87</sup> IADB. 2010. *Evaluation of the Bank’s Processes for Managing Technical Cooperation*. Office of Evaluation and Oversight. Washington, DC.

<sup>88</sup> IFC. 2009. *Knowledge for Private Sector Development: Enhancing the Performance of IFC’s Advisory Services*. Independent Evaluation Group. Washington, DC.

<sup>89</sup> EBRD. 2012. *Findings and Insights from Technical Cooperation Evaluations*. Evaluation Department. London.

## CHAPTER 5

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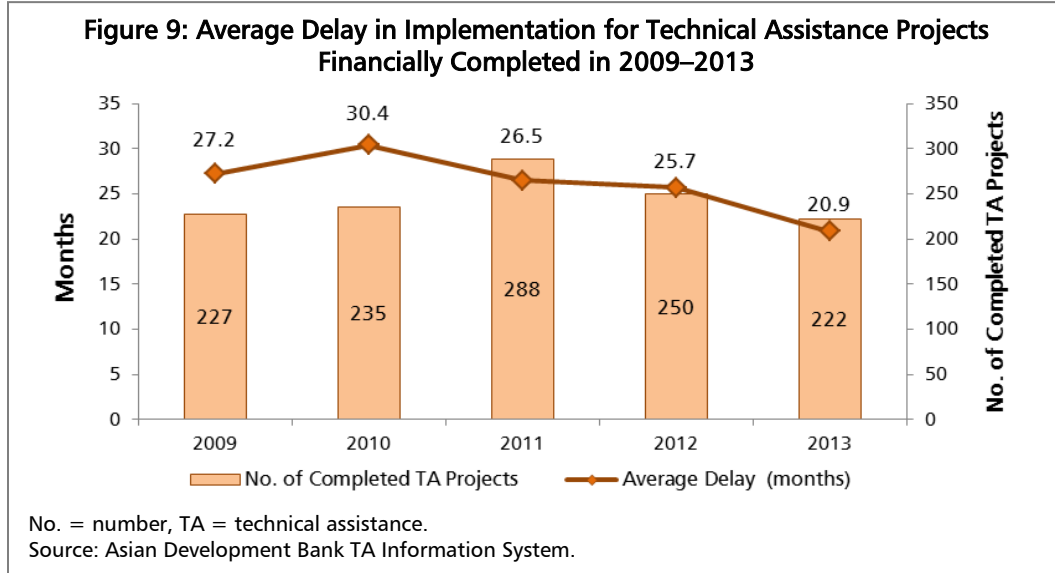
# Technical Assistance Implementation

130. The TA policy made several proposals to move TA closer to ADB's clients and to improve ownership. These included (i) moving resources and focus from TA processing to supervision, (ii) increasing the role of resident missions, and (iii) gradually delegating more responsibility to DMC authorities for TA administration. This chapter reports on whether these proposals have worked out.

### A. Increase Resources for Supervision

131. The TA policy proposed moving resources from processing to administration. Unfortunately, ADB does not collect the data needed to confirm whether this has occurred. Some partial data exists but is limited in its usefulness in understanding the intensity of TA supervision. Multitask missions dealing with loan and TA reviews are common, and it is highly likely that the TA portion of a mission is not recorded separately. Data on staff time allocated to TA activities in the time management system (2011–2013) indicate there appears to have been a slight increase in the time allocated to TA administration. The ratio of field days for TA administration missions to TA processing missions has been increasing from 2.36 in 2007 to 3.48 in 2009 to 5.12 in 2012 (footnote 27). As alluded to in interviews, staff are also using modern communications technologies for TA administration rather than making more frequent missions.

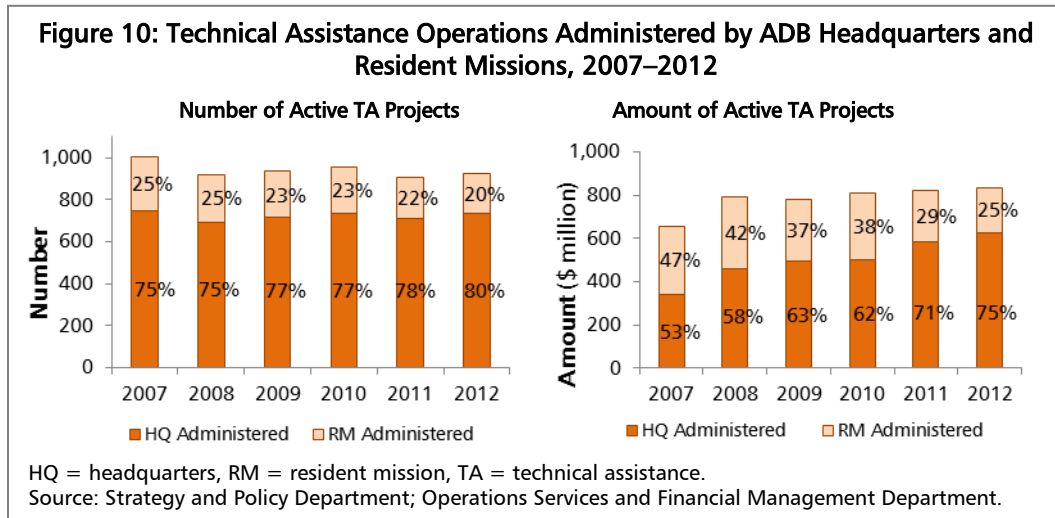
132. To reduce overhead costs and raise effectiveness, the TA policy proposed limiting the number of active non-PPTA projects to 750 (para. 27). While the target was no longer strictly followed, it still provided a benchmark to encourage more prudent TA management. An effort was made to limit new TA approvals and close nonperforming TA projects. Since 2008, the average number of months between the original and actual closing dates of TA projects has declined (Figure 9). Progress is therefore being made, although the most recent average of almost 21 months of closing delay for 2013 is still too high. More effort is needed to close nonperforming or inactive TA operations earlier to allow ADB staff resources to be concentrated on supervising active TA projects. The PRC, where delays that once averaged 20 months have been reduced since 2011 to 4–5 months, shows what can be done. However, there may be other factors at play beyond nonperformance in the overall statistical lack of improvement. For example, some TA projects with funds still available are left open intentionally to provide resources for emerging demands. While this approach may be expedient at times, it is not efficient or transparent, and there may be other better ways of providing this flexibility.



## B. Decentralization to Resident Missions

133. The TA policy proposed more decentralization of TA administration to resident missions, targeting an increase in TA projects administered by resident missions from 22% in 2007 to 29% by 2010. However, the number of TA operations administered by resident missions has declined rather than expanded. In 2012, resident missions processed 16% of TA operations and administered 20% of these (Figure 10). Feedback from ADB staff and stakeholders during missions indicates that centralized ADB procedures for recruiting consultants and managing TA procurement make further decentralization of TA administration difficult.

The number of TA operations administered by resident missions has declined rather than expanded



134. Examples from the field show that resident mission staff can and do take an active role in TA implementation as mission members, even if the TA is administered from headquarters. These examples tend to be TA projects viewed as being supported by a team or contributing to a program. Other TA projects, in which the resident mission staff is less involved, are seen as being owned by staff at headquarters. Based



on the country case studies, government officials seemed more informed and knowledgeable about TA projects when resident missions are involved.

135. The evaluation concluded that the TA policy did not fully appreciate the difficulties of decentralizing TA in terms of incentives, budget, procurement and disbursement, and risk management systems. This is consistent with IED's 2013 corporate evaluation of decentralization,<sup>90</sup> which proposed:

- (i) giving more recognition and operational responsibility to experienced resident mission national staff, as well as more technical responsibilities with more career opportunities;
- (ii) refining ADB's human resource policy to provide more incentives for international staff to rotate between headquarters and resident missions as career progression steps;
- (iii) increasing interaction between headquarters and resident missions, and engaging resident missions in knowledge activities for better identification, generation, and sharing of knowledge;
- (iv) increasing resident mission participation communities of practice; and
- (v) giving resident missions a larger role in partnering with local think tanks and in coordinating joint knowledge activities with in-country partners.

### C. Delegation to Executing Agencies

**Delegation of TA implementation to executing agencies aims to increase government ownership**

136. Delegation of TA implementation to executing agencies aims primarily to increase government ownership of TA projects. Delegation includes consultant selection and recruitment, supervision of consultants' work, and most administrative activities. However, the current interpretation of delegation is that ADB does not surrender its accountability for the proper use of TA funds. Consistent with this, ADB does not waive the applicability of ADB guidelines, which are meant to ensure the proper use of these funds. Delegation is further predicated on an assessment of the capacity of the executing agency to undertake the required activities and manage contracts.<sup>91</sup> In 2003, ADB piloted 20 delegated TA projects with a total value of \$11.34 million. Through full or partial delegation, the executing agencies for these projects were made responsible for consultant selection and consultant supervision.<sup>92</sup>

137. ADB was to release a final report for this pilot on the delegation of consultant recruitment and supervision in 2013, but the report has not been circulated. Available information indicates that favorable results were achieved in only 5 out of the 20 projects. These were all implemented in the PRC. Since August 2009 ADB and the PRC have continued this delegation approach in 14 further TA projects, totaling \$8.25 million. The PRC is the only DMC in which ADB has seriously tried to delegate TA.

### D. Delegation: The People's Republic of China Experience

138. To delegate TA projects, ADB would normally need to undertake a technical and procurement capacity assessment of the executing agency, which would then be responsible for selecting consultants and TA implementation in consultation with ADB.

<sup>90</sup> IED. 2013. *Corporate Evaluation Study: Asian Development Bank Decentralization Progress and Operational Performance*. Manila: ADB.

<sup>91</sup> ADB. 2010. *Recruiting Consultants: Project Administration Instructions*. Manila (PAI 2.01, issued in October 2010).

<sup>92</sup> ADB. 2003. *A Pilot Study for Delegation of Consultant Recruitment and Supervision under Technical Assistance to Executing Agencies*. Manila.



However, even in the PRC, ADB has not yet been able to fully delegate a project. While the executing agency identifies and selects the consultants for delegated PRC TA projects, ADB signs the contract with the consultant after participating in the negotiations or reviewing the negotiation minutes. It is also jointly involved in TA implementation. This approach, with duplicate roles for the PRC and ADB, is referred to as enhanced delegation and has been followed for all 14 delegated TA projects being implemented in the PRC. The steps for consultant recruitment are listed in Table 1.

Even in the PRC, ADB has not yet been able to fully delegate a TA project

**Table 1: Enhanced Delegation Approach and Steps in the Consultant Selection Process**

Step	Responsibility
Terms of reference and cost estimates	ADB prepares draft and EA approves
Advertising	EA advertises on ADB’s consultant management system and consultant selection recruitment notice
Long list of consultants	EA prepares list based on the expressions of interest received
Request for proposal and short list of consultants	EA prepares the request for proposals and short list based on a set of pre-identified criteria
Endorsement of request for proposal and short list	ADB approves the request for proposals and short list of consultants
Issuing request for proposals and receipt from consultants	EA sends out request and receives consultants’ proposals
Evaluation of technical proposal	EA evaluates technical proposals, and ADB endorses evaluation report of technical proposals
Opening of financial proposals, evaluation, and ranking of proposals	EA opens financial proposal and computes the total score—technical and financial proposals
Endorsement of combined scores	ADB endorses combined scores of technical and financial proposals
Contract negotiations	EA leads negotiations and ADB has the right to attend
Contract signing	ADB signs contract with selected consultants after ADB reviews the minutes of the negotiations
Notice to proceed	EA provides notice to proceed to the selected consultant

This approach, with duplicate roles for the PRC and ADB, is referred to as enhanced delegation

ADB = Asian Development Bank, EA=executing agency.

Source: Modified from technical assistance report People’s Republic of China. 2010. *Study on Beijing Finance Green Development Strategy*. Beijing.

139. The enhanced delegation approach has resulted in multiple layers of approval in each stage beyond consultant recruitment and consultant supervision, along with the resultant delays. This is not optimal. However, executing agencies have learned positive lessons from during this process, and the potential for further delegation is highlighted in the results from a survey administered to 13 PRC executing agencies.

The enhanced delegation approach resulted in multiple layers of approval

140. The stakeholder survey included questions on whether delegation had increased government ownership and, if so, whether increased ownership had translated into improvements in the performance of consultants and the quality of their outputs. The 10 executing agencies that responded (out of 13 surveyed) indicated that the experience gained in implementing the delegated TA project had helped a lot in handling subsequent TA projects. Nine reported that understanding and applying ADB guidelines and procedures had been very useful, while one executing agency found this to be of limited use and said it was unlikely to apply the procedures again.

141. Seven of the 10 executing agency respondents found the authority delegated to them to be limited, given the need to comply with ADB rules and obtain ADB approvals on various activities in the process of consultant selection. Four responded that in implementing delegated TA projects, they need greater authority in the future

to identify and recruit consultants, manage budgets and contract administration, and make changes in the design of the TA projects.

142. All 10 said that planning and managing the delegated TA resulted in more workload than other regular ADB-financed TA projects. Four reported that the use of enhanced delegation had resulted in increased delays in the recruitment and the payment of consultants.

143. Lastly, 9 of the 10 respondents said that the approach had led to higher levels of participation and ownership than in TA projects administered normally. Similarly, 8 of 10 found that the approach resulted in improved consultant performance and a better quality of outputs prepared. These findings offer some hope for the enhanced delegation model, despite its tedious processes.

144. Overall, the evidence points to some potential for full delegation of TA; although barriers remain. Partial, enhanced delegation is not viable in the long term. In fact, ADB should either commit to improving the system and full delegation or stick with the business-as-usual TA administration process and find other ways to increase country ownership of and engagement in TA. If ADB is to delegate authority, its counterparts and executing agencies have to have the necessary support systems, in terms of access to the consultant database, standardized contracts, and such financing mechanisms as imprest accounts. Full delegation would imply the need to further adapt ADB fiduciary systems to the change, as well as the roles and responsibility of staff in supervision. Full delegation would need to focus on executing agencies that have repeat TA projects to gain experience, improve efficiency and apply lessons learned. Resident missions would need to sponsor peer-to-peer learning events at which executing agencies with experience of delegated ADB TA could share their learning and know-how with those that had not yet taken on the task.

145. In the evaluation case study countries other than the PRC, such as Indonesia, the Philippines, and Sri Lanka, counterparts stated a preference for being more actively involved in the consultant recruitment process, from preparation of terms of reference to selection. They also suggested faster processing of TA projects by ADB, coupled with greater TA administration by resident missions would be preferable. However, they showed little interest in full delegation. This was due to human resources constraints and concerns about their capacity to take on the added responsibilities, given ADB requirements for administering TA to the ADB standards.<sup>93</sup>

## E. Other International Financial Institutions

146. The World Bank and the IADB aim much more than ADB does to transfer implementation responsibility to the member country and the executing agency. They base the degree of delegation on institutional assessments and risk analyses. IADB conducts a simplified risk analysis and institutional capacity assessment during the preparation stage to determine the level of IADB fiduciary supervision needed during implementation. The World Bank varies the extent of decentralization by country, depending on the size of the World Bank's program. The Asian countries where World Bank decentralization is greatest include India, Indonesia, and the PRC.

<sup>93</sup> It is difficult for executing agencies to replicate ADB procedures as ADB's operational processes are complex, supported by a sizable body of interpretative documents, and administrative and information technology staff; and rely on the external internet and the English language. Individual executing agencies appreciate that these practical dimensions of delegation entail significant inputs and may not be the most practical means of improving TA performance in the short term.

Evidence points to some potential for full delegation

In case study countries, counterparts stated a preference for being more actively involved; however, they showed little interest in full delegation

147. The World Bank encourages clients to be involved in selecting consultants, supervising their performance, and managing their contracts. The World Bank 2008 trust fund manual states: “To the extent possible, the Bank avoids execution of Recipient-Executed Trust Funds, where such execution may undermine country ownership or pose undue conflicts of interest...” However, as with ADB, the World Bank team leader is ultimately responsible for supervision and ensuring the appropriate use of the TA.

148. The International Fund for Agricultural Development (IFAD) represents an extreme example of delegation of TA. IFAD delegates all of its TA through grants to the implementing organizations. However, these are often experienced international organizations themselves, such as the members of the Consultative Group on International Agricultural Research. The delegation has increased ownership by these implementing organizations, built capacity, and allowed IFAD to develop partnerships with a wide variety of organizations, including nongovernment organizations and private sector enterprises. While it was very positive, a 2014 IFAD evaluation found weaknesses in this approach to be a lack of links and synergies with IFAD loan and country programs and challenges in providing supervision and compliance with guidelines, since implementers were not always clear about these.

## F. Key Points in the Chapter

149. The evaluation did not find conclusive evidence of an increased focus on administration of TA. Movement of TA administration closer to the DMCs had not occurred as planned. TA administration by resident missions did not increase, although resident mission staff have been increasingly involved as mission members. Full delegation of TA administration to DMCs has not occurred and there is a lack of interest in most countries. The most advanced experience has been in the PRC with its enhanced delegation model, which can be viewed as a partial success as it has built capacity and enhanced ownership. However, administrative processes can be further streamlined for better efficiency. Overall, the TA policy underestimated the challenges and institutional cultural changes required to move TA administration closer to the DMCs and increase country ownership.

## CHAPTER 6

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# Human Resources and Consultants

Many of the issues encountered in the evaluation relate to the use of human resources

150. While they were outside the scope of the TA policy, many of the issues encountered in the evaluation relate to the use of human resources—staff and consultants. The evaluation examined a number of these issues but did not assess consultant management comprehensively. Under its prevailing business model, ADB generally outsources TA work to consulting firms or individual consultants. However, greater involvement of ADB staff appears to be desirable and also feasible to some extent, especially for complex CDTA and PPTA projects. There are trade-offs between the two options, however.

- (i) Outsourced TA work can be accomplished without the need for ADB staff to be away from their duty station for long periods. Moreover, consultant teams combine expertise and experience that ADB staff would usually not have. Outsourcing often makes it less necessary for ADB staff to engage in technical matters, saving time and other resources in the process.
- (ii) When ADB undertakes project preparation, staff have greater control over the process. DMCs often listen to ADB staff members more carefully than they do to consultants. In-house preparation also encourages learning by doing and enhances opportunities for borrowers to participate. In the process, ADB gains a better understanding of the clients' expectations, needs, capabilities, and implementation arrangements.

Direct ADB involvement in TA projects has been declining

151. In practice, the choice need not be entirely one or the other. The pattern that has proven to work best is a mix of both options. However, staff members and consultants said in the evaluation survey that direct ADB involvement in TA projects has been declining. Work traditionally undertaken by ADB staff, including sector analytical work, and economic and financial analysis, is currently carried out by consultants. ADB staff members end up managing the process. Consultants feel that ADB's staff often either micromanages or is disengaged and has little sector or country knowledge. However, consultants see successful project officers to be those who are pragmatic and more understanding of the realities on the ground, involve the client, work closely with the firm and the technical team, provide clear direction from contract negotiations, share information, and focus on project outcome rather than ticking the boxes.

Need to readjust the balance of participation by ADB staff

152. There is thus a need to readjust the balance of participation by ADB staff and consultants in ADB TA so that staff members have more time to fully own TA rather than merely administer it by remote control. As discussed in paras. 109–111, this would mean allow more time for PPTA implementation, which in most cases is made difficult by ADB's new business process and its prime goal of better and faster loan delivery. Project processing at the World Bank is mostly done by the World Bank's team of

specialists. However the status (staff or long-term consultant) is not identifiable as such, as they are seen as contracted World Bank staff and treated as part of the World Bank team.

## A. Engaging Consultants

153. Generally, ADB has managed the process of choosing a firm or individual consultants well. Firms, while receiving a small share in terms of the number of contracts, receive the bulk of the resources. This suggests that the larger and more complicated TA projects are being implemented by firms. The choice of whether to recruit a team of individuals or firm should be determined by the nature of the assignment. When the delivery of output depends on a team effort, a consulting firm should be chosen, since a firm is in a better position to impose discipline on a team for output delivery. A team leader recruited as an individual and expected to supervise a team of individuals may find this difficult. For such assignments, contract management of a consulting firm would also be easier and less time consuming for project officers compared with managing many individual consultants. Individual consultants would be suitable in cases where an individual can depend on his or her own devices to produce the expected output. Tables 2 and 3 below indicate that these principles are generally adhered to. While 68% of the funds are allocated to firms, the large majority of ADB consultancy contracts (in number of contracts) are with individuals.

ADB has managed the process of choosing a firm or individual consultants well

**Table 2: Active Technical Assistance Consultant Contracts by Category and Technical Assistance Type, 30 April 2014**

TA Type	Contract Amount			Number of Contracts		
	Total (\$ million)	Firm (%)	Individual (%)	Total	Firm (%)	Individual (%)
CDTA	221.45	67	33	1,816	14	86
PATA	114.96	60	40	979	11	89
PPTA	149.35	84	16	852	24	76
RETA/RDTA	33.57	38	62	870	4	96
<b>Total</b>	<b>520.23</b>	<b>68</b>	<b>32</b>	<b>4,536</b>	<b>13</b>	<b>87</b>

ADTA = advisory technical assistance, CDTA = capacity development technical assistance, CMS = consultant management system, PATA = policy and advisory technical assistance, PPTA = project preparatory technical assistance, RDTA = research and development technical assistance, RETA = regional technical assistance, TA = technical assistance.

Source: Asian Development Bank consultant management system (CMS) and eOps databases. All active TA contracts processed in the CMS as of 30 April 2014. This excludes \$0.89 million of TA still categorized as ADTA.

**Table 3: Active Technical Assistance Consultant Contracts by Selection Method**

Method	Amount (\$ million)	% of Total Amount	Number of Contracts	% of Total Contracts
Individual consultant selection	164.17	32	3,924	87
Consultant's qualification selection	10.13	2	76	2
Fixed-budget selection	5.92	1	13	0
Least-cost selection	0.15	0	2	0
Quality-based selection	27.55	5	35	1
Quality-and-cost-based selection	286.89	55	363	8
Single-source selection	25.42	5	123	3
<b>Total</b>	<b>520.23</b>	<b>100</b>	<b>4,536</b>	<b>100</b>

Source: Asian Development Bank consultant management system, accessed 23 May 2014.

154. One challenge in recruiting consultants was recognized in the TA policy. ADB is often not able to attract and retain high-quality consultant firms and individuals because they are costly and TA budgets, particularly for PPTA, and the consultant rates

Not able to attract and retain high-quality consultant firms and individuals

ADB pays have declined in real terms, while demands included in the terms of reference have increased (notably safeguards requirements in PPTA). ADB's procurement policy sets parameters on the fees that can be paid to individual consultants. While the Operations Services and Financial Management Department (OSFMD) maintains that the remuneration matrix is reviewed regularly and that it is in line with rates in other MDBs, some ADB staff interviewed complained that fee standards are too low or parameters for rates are too rigid to attract the needed level of expertise.

Given the limited budgets, did the best consultants even express interest?

155. However, in other MDBs—particularly those with large country offices—user departments have greater input into proposing waivers as needed. While 97% of offers to individual consultants are accepted, this metric may be relevant for general consultants but may not be the most appropriate way to attract the services of particular technical or country specialists. Given limited budgets and rates, the question then becomes, did the best consultants even express interest? Consultant's terms of reference can be an additional constraint as they are not always well formulated, and are often focused on inputs and outputs rather than on outcomes. More results oriented terms of reference and contracts might encourage more innovative firms to express interest.

QCBS is often perceived as the default option

156. ADB uses a number of methods for selecting consulting firms.<sup>94</sup> Quality-and-cost-based selection (QCBS) is the preferred method for selecting firms and is consistent with ADB's value-for-money approach. In 2013, the QCBS method accounted for nearly 60% of consulting firm selection. QCBS is often perceived as the default option. While QCBS is suitable for most assignments, other methods may be more appropriate to meet increasing demands from DMCs for more innovative and challenging projects with top-notch expertise. The proposal to allow wider use of the 90:10 quality-cost evaluation ratio for QCBS<sup>95</sup> is a positive step but the key is to move away from a template approach and better match the method to the intended purpose of the TA. The value-addition of PPTA projects will be increasingly focused on quality, which in the long term could lead to cost savings through better designed loan projects that are implemented more efficiently, with better results and contribute to greater sustainability. The same applies to CDTA and PATA. Apart from making more budget available for the many TA tasks, better initial preparation of the terms of reference, and more training of staff in this, will be crucial as well.

## B. Forms of Contracts

Majority of TA contracts are time-based, often too rigidly implemented

157. Table 4 indicates that the large majority of TA contracts are time-based, although the TA portfolio is varied in terms of its objectives, and time-based contracts do not always meet all requirements. Time-based contracts are input- rather than output-oriented and often too rigidly implemented. These contracts are often accompanied by poorly prepared TA concept papers and poorly defined consultant terms of reference, which result in frequent contract variations. Input- rather than output-based contracts also limit the flexibility of firms to decide how best to use their expertise to produce the output. ADB permits other contracting methods, but these can require more time for the development of the terms of reference and preparing cost estimates, understanding the theory of change, and establishing appropriate milestones. For some recurring activities (e.g., financial audits, training), more lump-

<sup>94</sup> These are quality-based selection, fixed budget selection, least cost selection, consultants' qualification selection and single source selection.

<sup>95</sup> The procurement reform 10-point action plan, which is part of the broader midterm review of the Strategy 2020 action plan, allows more flexibility to use 90:10 quality-cost evaluation ratio for QCBS, thus increasing the emphasis on quality.



sum contracts,<sup>96</sup> which promote value for money by focusing on milestones such as delivery of outputs, can be used as permitted under the guidelines. Payments to the consultant are triggered by achievement of selected milestones that signify that the consultant has completed or delivered certain project deliverables. Contract milestone payments for these assignments need to be clearly specified, and a reasonable estimate of the required consultant inputs is necessary to enable effective monitoring. TA projects for institution strengthening and other complex activities could make use of more hybrid contracting arrangements, which also emphasize performance.<sup>97</sup>

**Table 4: Technical Assistance Consulting Contracts by Consultant Type and Contract Type**

(All TA contracts processed in CMS as of 30 April 2014)

Contract Type	Firm		Individual	
	Number	%	Number	%
Time-based	461	77	3,042	81
Partial lump-sum		0	462	12
Full lump-sum		0	259	7
Lump-sum	141	23		0
<b>Total</b>	<b>602</b>	<b>100</b>	<b>3,763</b>	<b>100</b>

Source: Asian Development Bank consultant management system (CMS) and eOps databases. All active TA contracts processed in the CMS as of 30 April 2014.

158. ADB should make full use of the selection and contracting methods available to it, because some may be more responsive than others when TA is used for capacity development, piloting new ideas, or addressing highly specialized needs. Single-source selection, lump-sum, and performance-based contracts are not the preferred methods because they take longer to process, but they do offer advantages for some assignments. Another problem involves the fact that ADB's consulting mechanisms do not provide special mechanisms to work with other international organizations that have specific expertise. For example, an education TA project in Indonesia encountered difficulties and delays in contracting two centers of excellence—the United Nations Educational, Scientific and Cultural Organization; and the United Nations Economic and Social Commission for Asia and the Pacific—because these institutions did not want to register with ADB's consultant management system.

**ADB should make full use of the selection and contracting methods available**

159. While selection and contracting methods are important, the issues related to consultants are multifaceted and a number of other factors need to be considered. Many of these issues are related to a need for staff to have a better understanding of the intended TA outcomes. Ideally, the budget allocated and the fee rates should be adequate to complete the assignment. The terms of reference must also be clearly defined and be more specific in the tasks and expected outputs. More attention also needs to be paid in preparing technical evaluation criteria and rigorously compiling a short list of candidates.

**ADB staff capacity on consultant recruitment needs to be further developed**

160. Finally, ADB staff capacity for consultant recruitment—including preparation of terms of reference, evaluation criteria, and assessment of candidates—needs to be further developed. This implies building knowledge in the operations and knowledge departments about procurement and financial management, and making wider use of available selection and contracting methods to match intended TA outcomes. The procurement accreditation skills scheme, which aims to enhance the procurement and

<sup>96</sup> Besides lump-sum and time-based contracts, other contract types are possible (e.g., retainer and/or contingency fee contracts, indefinite delivery contracts, and performance-based contracts). These are not used often and there are no standard format documents for these contracts.

<sup>97</sup> ADB. 2010. *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers*. Manila.



consultant recruitment capacity of operations staff is a commendable initiative. However, the capacity of staff from knowledge departments should also be developed.

### **C. Emergence of Longer-Term Consultants for Capacity Development Technical Assistance or Policy and Advisory Technical Assistance**

161. The long duration and technical skill requirements of CDTA and PATA can limit the active role ADB staff can play in these projects. Nonetheless, DMCs, particularly the middle-income countries seeking knowledge or innovative solutions from their TA, would like ADB to be more directly involved. What are the best ways for ADB to respond to this need? Should ADB employ its own staff, even if this means they will be employed for only a short period? Or would the solution be the engagement of long-term consultants?

**Use of development partner funding to support longer-term consultants offers a promising option**

162. The use of development partner funding to support programmatic objectives through longer-term consultants offers a promising option for building capacity and making such expertise more effective. These consultants would operate under the auspices of ADB, somewhat in the same way that ADB staff on special contracts do. The PSDI, based in Sydney and supporting the Pacific Islands countries, and the Environment Operations Center (EOC) in Bangkok, supporting the GMS countries, provide long-term consultants to address regional challenges. Positioning TA management in the field ensures frequent face-to-face interaction with clients and allows the PSDI and EOC to respond quickly as needs emerge. These arrangements are expensive and are only possible with generous cofinancing. At the same time, the Pacific Department and the Southeast Asia Department have devoted considerable internal resources to these initiatives as well as to the Pacific and GMS programs. Box 6 discusses the PSDI and EOC in more detail.

### Box 6: The Use of Long-Term Consultants

The Private Sector Development Initiative (PSDI) is a long-term regional technical assistance (RETA) project that is supporting the privatization and greater efficiency of state-owned enterprises (SOEs) in the Pacific developing member countries (DMCs) of the Asian Development Bank (ADB). It began in 2006 as a pilot with a design that was innovative at the time and created by ADB with the unique challenges facing the Pacific DMCs in mind. An office was established in Sydney with core consultants on long-term contracts and a wider pool of regular and specialist consultants could be drawn on as required. The aim was to alleviate poverty in the Pacific region by promoting private sector-led growth.<sup>a</sup> The TA focused on improving access to finance, reforming business laws, and improving the delivery of infrastructure services by helping state-owned enterprises become more efficient or to privatize. It has also promoted public-private partnerships. The PSDI expertise is appreciated by the direct stakeholders in Tonga who work closely with the consultants. The facility is flexible, with country government staff requesting assistance when it is required. This allows the TA to be delivered in an appropriate manner. The work can progress according to the context in each Pacific DMC, depending for example on availability of government staff and the seasonality of tasks required.

The Greater Mekong Subregion (GMS) Core Environment and Biodiversity Conservation Program (CEP-BCI) was established by ADB in 2005 under the oversight of government participants in the GMS working group on environment. The CEP-BCI is coordinated by the Environment Operations Center (EOC), which ADB established in 2005 and is based in the Thailand Resident Mission. The program has been implemented in phases, with financing from bilateral grants that now total more than \$63 million. The CEP-BCI currently has four components: (i) environmental monitoring, planning, and safeguards; (ii) biodiversity conservation; (iii) climate change; and (iv) building institutions and financing for sustainable environmental management. The regional TA projects provide financing for EOC operations and small national support units in the GMS countries. The Southeast Asia Department, which has posted two staff members to the EOC,<sup>b</sup> manages the EOC, provides technical support to the biodiversity conservation program, and provides additional administrative support. The activities of the EOC are of such scope and complexity that they would be very difficult to manage from Manila. The EOC office in Bangkok is staffed by 23 consultants, including technical specialists and administrative support. Compared with other ADB subregions, the GMS is geographically compact and well-served by both air and road transport, and Bangkok is the logistical hub.

<sup>a</sup> ADB. 2011. *Pacific Private Sector Development Initiative: Annual Progress Report 2010*. Manila.

<sup>b</sup> One senior specialist in environment and natural resources management also backstops the biodiversity conservation program projects, which are still under headquarters responsibility. In addition, the Southeast Asia Department is providing one administrative support specialist (staff consultant).

Source: Asian Development Bank Independent Evaluation Department.

163. Both are innovative options, which are assessed by the evaluation as being more responsive, and providing more timely support than could be provided from headquarters. However, such initiatives need to have close contact with the DMCs in their area of coverage to ensure that they are flexible, adapt to changing needs, and do not become entrenched, institutionalized, or self-perpetuating. Another general concern with this kind of arrangement is sustainability, although in the case of the PSDI and the EOC, development partners have ensured sufficient financing over the medium term. These models offer options for increasing targeted human resources to address DMC needs, and they should be monitored and assessed for their potential for replication. One issue that would need to be addressed in replication would be the need to improve efficiency and lower costs while maintaining a high fiduciary standard. In a 2014 issued administrative order, ADB clarified the various types of appointment

such as special fixed term, short-term or part time staff appointments. These may be alternatives to engaging consultants, if TA funding could be used for these appointments. BPMSD, under its talent management initiative, should explore these options for more flexible staffing.

#### D. Evaluation of Consultants' Performance

PERs of 94.0% of consultant contracts provided ratings of *satisfactory* or higher

164. According to data from OSFMD, 24,124 TA consultant contracts were started and completed during 2007–2013. Of these, 80% (19,427) were rated in performance evaluation reports (PERs).<sup>98</sup> The PERs of 94.0% of international consultant contracts and of 94.0% of the national consultant contracts provided ratings of *satisfactory* or higher. Only 5.3% of all consultants with PER ratings were given the lower *generally satisfactory* rating. Less than 1.0% were rated *unsatisfactory*. Given the high level of satisfactory ratings, it is difficult to arrive at a differentiated view on consultant performance.

Given the high ratings, it is difficult to arrive at a differentiated view on consultant performance

165. It is also somewhat improbable that the majority of the consultants rated have in fact performed so satisfactorily. When interviewed, ADB staff members observed that it is too difficult and time-consuming to rate a consultant's performance as unsatisfactory, given the procedure involved in defending such a rating. In this context, it is interesting that about 33% of the consultants rated *unsatisfactory* have appealed and have subsequently been upgraded. Staff members explained that it is often easier simply not to rate consultants perceived as unsatisfactory at all. This may help explain why 20% of consultant contracts were not rated.

166. ADB staff members also suggested that the least problematic way to convey concerns about a consultant would be to give a *generally satisfactory* rating for a specific criterion then to provide a written explanation on this issue, while maintaining the *satisfactory* rating overall. The *generally satisfactory* rating for individual criterion should be counted as a red flag as most consultants are rated *satisfactory* overall. Nevertheless, a more rigorous rating system would be preferable. Another reason for the less than revealing PER ratings may be the lack of involvement of ADB staff in the TA implementation, which would make it difficult for them to rate consultants. Other reasons include the frequent staff transfers from one position to another, and the poorly defined terms of reference that the consultants are made to follow.

#### E. Key Points of the Chapter

167. Countries want more engagement of ADB staff in TA implementation. Given staff resource constraints, the use of development partner funds for long-term TA consultants or the use of other types of staff appointments may help augment staff resources. This would complement other efforts to decentralize TA administration to resident missions.

168. While receiving a small share in terms of number of contracts, firms receive the bulk of the resources, implying that the larger and more complicated TA projects are being implemented by firms. QCBS is the predominant method for selecting consulting firms, although other available methods could be used more often particularly for complex or innovative activities. Time-based contracts, which are the most widely used,

<sup>98</sup> PERs should be completed within 2 months from end of contract (PAI 2.07). PERs that are not completed and endorsed by concerned director at the end of the 2-month period are automatically classified "ot rated."

are appropriate for CDTA and PATA, which are more uncertain and complex. However, for more standard activities such as PPTA projects where outputs are known, other contracting arrangements (e.g., lump-sum contracts) could be used, although moving to more quality-based selection and performance contracting will require greater proficiency in procurement. Increasing staff capacity related to consultant recruitment, including preparation of good terms of reference, is necessary to promote better use and management of TA consultants. However, the origin of a lot of consultant problems is the fact that budgets, especially for PPTA projects, have become insufficient to implement the increasingly ambitious and sometimes increasingly vague terms of references.

169. The rigor of the performance evaluations of consultants could be strengthened, the analysis of the evaluations improved, and access to findings made more user-friendly. A lot of ADB staff interviewed perceive the low consultant rates ADB is offering for technical experts and for national specialists to be a hurdle in some countries. OSFMD, which is undertaking review of consultants, should explore these issues in detail.

## CHAPTER 7

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# Technical Assistance Evaluation

TCRs are the main source of TA evaluation

170. This chapter considers the self-evaluation function performed by TCRs and its usefulness in contributing to ADB objectives and learning. TCRs, products of self-evaluation of TA projects by the responsible operations departments, are the main source of TA evaluation. A stand-alone TCR is to be prepared for all completed CDTA, PATA, and RDTA activities, as well as PPTA operations that do not result in a loan.<sup>99</sup> TCRs are prepared by the TA supervising units within 6 months to 1 year of TA completion.<sup>100</sup> Self-evaluation of nonsovereign TA is done through the preparation of extended annual review reports.

171. Independent evaluation of ADB TA is carried out by IED mainly within broader evaluations, such as country assistance program evaluations and thematic and corporate evaluation studies. Individual TA performance evaluation reports are prepared on a highly selective basis at a rate of one or two a year. The number of these reports declined from 22 during 2000–2004 to 7 during 2005–2011, because of the greater priority given to other evaluations during the later period.

### A. Technical Assistance Completion Report Ratings and Performance

IED's review of results reduced the overall success rate to 72%

172. This corporate evaluation included a desk review and analysis of a sample of TCRs on TA projects approved during 2007–2012.<sup>101</sup> Linked document 4 provides a summary of findings of the TCR review and of evaluation lessons.<sup>102</sup> While TCR ratings in this cohort have improved over those before the TA policy, with 84% being rated *successful* or *highly successful*, IED's review of the TCRs' results reduced the overall success rate to 72%. IED's validation of available RETA TCRs resulted in a 79% success rate compared with 95% success rate in the available RETA TCRs. IED's overall rating is identical to the earlier 2007 evaluation on TA performance, which also came to a 72%

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<sup>99</sup> The general guidelines for preparing TCRs are outlined in ADB. 2011. Technical Assistance Completion Report. *Project Administration Instructions*. PAI 6.08. Manila. A revised PAI is planned for circulation. PPTA that is linked to a loan is evaluated as part of the project completion report for the loan-financed project. A TCR is prepared for cluster TA upon completion of the last TA activity in the cluster.

<sup>100</sup> ADB's guidelines for preparing performance evaluation reports for public sector operations provides guidance on the assessment criteria and weights. ADB. 2013. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*. Manila. Available: <http://www.adb.org/Documents/Guidelines/Evaluation/PPER-PSO/default.asp>

<sup>101</sup> IED assessed 128 of 251 of the TA projects approved and completed with a TCR during 2007–2012. The first priority was to assess the TCRs for projects in case study DMCs. Thereafter, TCRs were chosen randomly for the review. The relevance, effectiveness, efficiency, and sustainability of each TA was assessed based on ADB's guidelines for project and program performance evaluation reports using a simplified format (footnote 101).

<sup>102</sup> Summary of Findings of Technical Assistance Completion Report Validation and Synthesis of Lessons from Past Evaluations (accessible from the list of linked documents in Appendix).

success rate for TA in seven countries visited, and reported a 63% success rate for TA evaluated by IED historically. The lower ratings provided by the evaluation’s review applied to projects where not all the intended project outcomes were achieved or likely to be achieved. Projects for which the TCRs failed to provide sufficient evidence of outcome achievement and focused their discussion only on outputs were also given reduced ratings by the corporate study’s validation. In terms of country comparisons, Group C (OCR-only) countries’ success rates (80%) is significantly higher than that of countries with ADF access, although there is little difference between success rates of group A and B DMCs (Table 5). This may indicate that TA performance rises significantly only for upper middle income countries.

**IED’s rating is identical to the earlier 2007 evaluation**

**Table 5: Performance of Technical Assistance by Geographic Scope Based on Independent Evaluation Department Validation**

DMC Group	Sample Size	US	LS	S	HS	% Successful
Group A (ADF-only)	27	1	9	16	1	63
Group B (Blend)	34	4	9	20	1	62
Group C (OCR only)	46	3	6	36	1	80
<b>Subtotal (Country-Specific)</b>	<b>107</b>	<b>8</b>	<b>24</b>	<b>72</b>	<b>3</b>	<b>70</b>
Regional	21	0	4	17	0	81
<b>Overall</b>	<b>128</b>	<b>8</b>	<b>28</b>	<b>89</b>	<b>3</b>	<b>72</b>

ADF = Asian Development Fund, DMC = developing member country, HS = highly successful, LS = less than successful, OCR = ordinary capital resources, S = successful, US = unsuccessful.

Source: Independent Evaluation Department’s validation of technical assistance completion reports.

173. The TA ratings may still be generous, even after the IED adjustment has been made. The overall success ratings in TCRs may be positively affected by the fact that a number of TCRs have not been prepared on time or are not yet available (footnote 102). These may involve TA projects that were more complex or less clear in their accomplishments. During the period covered by this evaluation (January 2007–December 2012), 888 non-PPTA projects were financially completed. As of 31 December 2013, TCRs were available for 743 of them, or only 84%. The lowest completion rate during the period is 73% for TA projects financially completed in 2007, and the highest is 91% for projects financially completed in 2009. This indicates that an issue may underlie the slow delivery or non-preparation of TCRs by TA user departments. This in turn may reflect a bias that is reflected in the population of completed TCRs and its overall self-evaluation success ratings toward reporting on better performing TA.

174. TCR ratings are often based on a review of the quality of outputs rather than the quality of outcomes. It is often not possible to know the TA project’s effectiveness from a desk review of the TCR. The following example highlights the importance of having client feedback that can confirm or dispute and ADB self-evaluated finding of positive outcomes in a TCR. The TA project for enabling identification of PPP projects and capacity building in the Kyrgyz Republic was rated *highly successful* in its TCR.<sup>103</sup> The TCR cited the delivery of its outputs, primarily a major forum on PPP, as its key accomplishment, but the evaluation’s interviews with key government agencies made it clear that this TA project was viewed as the least relevant in the current ADB country program. The project was seen as ADB-driven and responding to a corporate priority. The consultants were viewed as serving ADB, and the conference was criticized for

<sup>103</sup> ADB. 2013. *Technical Assistance Completion Report: Enabling Identification of Public-Private Partnership Projects and Capacity Building in the Kyrgyz Republic*. Manila (TA 7819-KGZ, \$225,000, TA approved on 16 June 2011).

lacking country specificity. This shows the importance of having client feedback as part of the TCR process, which is not currently pursued.<sup>104</sup>

175. In addition to including client feedback, TCRs could be made more useful by revising the format and guidelines to better support knowledge management goals, or use a more elaborate format for larger and/or more programmatic TA projects (and devote more resources to evaluating these).

**Web-based knowledge management database has yet to be developed**

176. The 2008 TA policy planned a web-based knowledge management database of TA lessons and TA reports. This has yet to be developed. As a result, success stories, key lessons, experiences, and knowledge generated from TA are not systematically captured and are often lost. Not only must ADB capture key outputs and TA findings but it has to develop a system that adds value by synthesizing and extracting good practices and innovations from TA projects. Knowledge management is not simply producing and collecting TA reports, it is about harnessing the information generated so that it can inform and support other ongoing and future activities.

## **B. Other International Financial Institutions**

177. Independent evaluations of individual TA projects are rarely conducted by the World Bank and IADB. As in ADB, the trend is to embed evaluations of individual TA projects in evaluations of linked investment operations and/or in broader country or sector evaluations. The Independent Evaluation Group of World Bank validates TCRs for private sector TA operations.

178. The World Bank's TA monitoring and evaluation policies are similar to ADB's. A completion summary is prepared at the end of the TA activity, normally within 6 months of output endorsement. In a change from previous practice, the completion summary is prepared only after the output (e.g. a report) of the TA has been disseminated. Programmatic TA requires a single completion summary prepared at the end of the series of activities.

179. In IADB, the monitoring and evaluation system for technical cooperation operations has been under development for several years. Technical cooperation monitoring has been limited to tracking disbursements. Compliance with the previous technical cooperation completion report requirement was low, and team leaders often attempted to avoid having to make a technical cooperation completion report by keeping technical cooperation costs and duration below the threshold above which a report was required (\$150,000 and 1 year). Currently, IADB is developing a new technical cooperation completion report that would be the final report generated by the technical cooperation monitoring system.

180. The World Bank designed a quality assurance process that starts when the TA output is completed. This policy was instituted after an internal audit of TA products found that many of the outputs (e.g., a report) of TA, particularly knowledge products, could not be found, and it was not clear whether or not World Bank management had cleared the output for distribution. Under current arrangements, World Bank management (typically a sector manager) concurs with the output and circulates it for advice from other units and peer reviewers. Once comments on the output have been gathered, a decision review is held. Like the concept review, the decision review may be

<sup>104</sup> OSFMD and SPD have developed a TA feedback mechanism, survey, for clients with a revised PAI on TCR. However, this has not been introduced due to information technology issues.



done either virtually or in a meeting. This approach should be considered by ADB to increase the quality and consistency of TA outputs (e.g., reports). ADB should also consider uploading all knowledge products of TA projects on its website and should include hyperlinks to these products in the TCRs.

### C. Country Case Studies

181. The evaluation's country case studies, which look at selected themes and sectors receiving significant TA, revealed many examples of successful and less-than-successful TA. They found examples of TA projects that, as required by ADB to determine success, delivered the intended outputs yet had little or no effect on the country. The evaluation's view of this issue was shared by ADB staff members interviewed for the study. Many of these underperforming TA projects were seen as being supply-driven and reflecting a lack of understanding of country context. This was a particular deficiency in knowledge department RETA projects.

**Country case studies revealed many examples of successful and less-than-successful TA**

182. When the case studies found successful TA projects, these were often where ADB TA had been able to address a specific technical need (for example, in the Kyrgyz Republic); build capacity over a longer period of time (in Tonga, for instance); or support ADB loan operations. ADB has also used TA successfully to support major changes in policy or institutions. In these cases, it is difficult to pinpoint the specific TA project or the exact contribution of the ADB TA vis-à-vis that of the other development partners also working in the sector that led to the success. However, the evaluation's interviews and the document review made it clear that major policy reforms or institutional development had taken place and that ADB had played an important role. This role often started with a TA but also included crucial interactions and guidance from ADB staff, as well as support from the loan programs. Other key factors in successes identified in the case study countries and TCR validations were ADB's important country-level engagement and political will, particularly for achieving policy reforms. Taking a long-term perspective and being engaged with DMCs are essential to achieving results in ADB TA operations.

183. The quality of the technical advice and capacity building provided in TA projects cannot be disentangled from that provided by loan-financed consultants and from the increasingly important contribution of ADB staff playing key advisory roles at critical times. Several government personnel stated that consultants cannot substitute for competent ADB staff in sensitive policy dialogue. This demonstrates the need for TA projects that combine significant inputs from consultants with those of ADB staff. The support ADB provided to the Financial Services Authority in Indonesia is a positive example of ADB's focus and persistence, and the quality and continuity of ADB staff support (Box 7).

**The quality of technical advice and capacity building provided in TA projects cannot be disentangled from that provided by staff playing key advisory roles at critical times**

184. A key to the interaction between outputs of loans, staff, and consultants in delivering successful outcomes is knowledge management. The 2013 knowledge management evaluation<sup>105</sup> proposed that ADB establish an institutional knowledge management framework, clarify and strengthen the role of resident missions, and provide staff incentives to engage more fruitfully in knowledge management. It also suggested that ADB needed to improve enabling technologies, particularly for knowledge storage, retrieval, and sharing. This is important for TA, as can be seen in the examples from the case study countries that highlight the importance of having

<sup>105</sup> IED. 2013. *Special Evaluation Study: Knowledge Products and Services and Financing Partnership Facilities*. Manila: ADB.

access to TA outputs (e.g., reports and information) to build on and learn from. Without a centralized TA database, many of the outputs and the potential for learning and guidance are lost.

### **Box 7: Policy Reform and Institutional Change—The Experience in Indonesia**

In 1999, Indonesia's parliament passed a banking law that was intended to insulate the regulatory and supervisory framework from political influences. The legislation required the establishment of a consolidated supervisory agency for financial services by the end of 2002. It took more than a decade to establish this agency, which was ultimately called the Otoritas Jasa Keuangan (OJK). The law on OJK was passed in 2011 and ratified by the president. It established the OJK as an independent financial institution that would have regulatory and supervisory responsibility over the banking sector, which had been held by Bank Indonesia, and over nonbank financial services (capital markets, insurance, pension funds, and others), which had been held by the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) under the Ministry of Finance.

In 2000, the Asian Development Bank (ADB) provided its first technical assistance (TA) to help establish OJK, draft required financial sector laws, and prepare regulatory procedures. These TA projects set the stage for a phased series of TA and program loans in 2002 and 2007. The loan programs in particular proved overambitious and required more time than expected to achieve their objectives due to the complexities involved. ADB supported not only the establishment of OJK, but also further reforms and capacity development in the sector and institutional strengthening of Bapepam-LK, which was the principal precursor organization to OJK. The program and the TA provided a tremendous amount of direct support, which contributed significantly to the success of the reforms.

ADB was one of many development partners in this effort. The World Bank, the International Monetary Fund, the United States Agency for International Development, the Japan International Cooperation Agency, and the governments of Australia, the Netherlands, and Switzerland also played significant roles, working in interrelated subsectors and with related agencies and establishing entirely new agencies for financial and capital market regulation. The establishment of OJK may be viewed as an example of the importance of sustained ADB engagement, but given the large number of partners, it would be inappropriate to isolate a clear cause-effect relationship between ADB's TA and the financial sector outcomes.

Nonetheless, ADB was the first provider of direct support to OJK through its TA and has probably been its major supporter. In the decade following the 1997 Asian financial crisis, individual ADB staff members at headquarters sustained involvement in Indonesia's financial sector for 4 or more years. This was unusual, given the frequent reorganization and staff mobility in ADB. This continuity was highly appreciated by Indonesia's government personnel. Of perhaps greater importance, resident mission capacity in public sector management and finance was strengthened from the early 2000s with the addition of experienced national officers and staff posted from headquarters who played a growing role in policy dialogue and in implementing ADB programs and TA projects. ADB showed flexibility in the design and implementation of its program by delivering phased, systematic, and context-sensitive support to sector reform and in responding to delays by extending TA closing dates when needed. Although there was friction at times between development partners, the partner community was able to coordinate well in responding to Indonesia's needs in a dynamic and complicated environment.

Source: Asian Development Bank Independent Evaluation Department.

## D. Key Points of the Chapter

185. TCRs are the main ADB instrument for assessing TA performance. Success rates for TCRs are high compared with those in previous IED evaluations, reviews, and the validation of a sample of TCRs circulated after the TA policy that was done for this evaluation. IED validated about 72% of a large sample as *successful*, the same rate given by a previous IED evaluation in 2007. This indicates that there has been a limited structural improvement in TA management, in spite of the ambitions of the TA policy.

186. A key lesson from the field visits was that individual TA projects and TCR ratings do not provide the full picture of a TA's contribution to a development objective. Rather, it is important for evaluations, particularly those of IED, to take a programmatic view that considers the role of TA in supporting policy dialogue and loans in delivering results. The attainment of outcomes may require more effort and need a longer period than 6–12 months prescribed for preparing TCRs. Although TCRs often discuss outputs well, the presentation of outcomes and the learning element of TA projects need more attention. The TCR format and guidelines could be revised to convey more useful information (e.g., knowledge products and innovative approaches). The TCR could provide links to outputs (reports) from TA projects. For high value and complex TA projects an expanded TCR format would be useful. IED could help to design such a format.

187. The 2008 TA policy planned a web-based knowledge management database for TA outputs and lessons. This has not been developed and remains a critical need.

## CHAPTER 8

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# Recommendations

188. This chapter elaborates on the recommendations of this evaluation. They respond to the key questions about strategic alignment and the management processes of TA. These recommendations are provided primarily to improve areas where the TA policy made limited progress and inform key measures proposed in Strategy 2020's midterm review action plan, which is currently being implemented. ADB needs to consider in particular how it wishes to proceed with the implementation of the TA policy, given also that several of the actions in it have made minimal progress or may no longer be relevant. Linked document 5 presents a table linking the evaluation's recommendations with the relevant reform measures proposed under the midterm review action plan.<sup>106</sup>

### A. Strategic Alignment

189. **Improving strategic use of technical assistance.** The strategic use of TA can be improved by (i) relying on a fixed senior management committee rather than an open strategic forum or bilateral SPD consultations with other departments to establish annual priorities for corporate TA, (ii) requiring from operations departments a more mandatory and explicit presentation of country capacity constraints and knowledge needs within CPSs and COBPs, to inform the TA program including RETA projects, (iii) mainstreaming dialogue with development partners about priorities for TA cofinancing during CPS preparation, and (iv) providing more tags to classify TA operations so that directions can be set better and better monitoring can take place.

190. At the corporate level, increased transparency and a clearer decision making process in the allocation and prioritization of ADB corporate and RDTA is needed. A fixed senior level committee would be preferable to the former Strategic Forum for priority setting as it would have a clearer mandate and more limited members, yet of a sufficiently senior level to set institutional priorities rather than promoting personal interests. This would serve to better align TA resources to support frontier thematic areas of potential future demand and growth for ADB. It would also provide a venue for crystallizing the corporate priorities (support to FCAS versus middle-income countries).

191. At the country level, more explicit discussion in the CPS of the knowledge, capacity development and innovation needs should help ensure alignment of TA with the unifying themes of the CPS. The CPS and COBPs can better show how TA will contribute to delivering the CPS objectives with particular attention to clarifying the TA needs and better integrating knowledge department RETA projects. ADB needs to better define what it means by TA pilots and innovative approaches in TA operations so that these can be integrated into country programming and their progress can be

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<sup>106</sup> Matrix of the Evaluation's Recommendations and Strategy 2020 Midterm Review Action Plan (accessible from the list of linked documents in Appendix).

tracked. When updating the TA classification system to include TA facilities in the policy and changing the description of TA clusters to allow for PPTA clusters, other designations such as programmatic, project related TA and piloting/innovation TA can be added to assist in monitoring and reporting on progress. Similarly, as innovation and piloting are an emerging area of emphasis, ADB may consider introducing an innovation TA target in the corporate results framework.

192. During CPS preparation, there is an opportunity to mainstreaming the dialogue with development partners about priorities for TA cofinancing. Where there is potential for significant cofinancing, ADB may consider entering into strategic TA partnerships to better plan, align, and integrate external funding of TA. As nontraditional external financing becomes the most significant share of TA resources, more deliberate effort needs to be made to align its priorities with other ADB priorities. Development partner funding, especially that emanating from the country level, often supports a partner's programmatic objectives for certain sectors (e.g., environment). This needs to be better integrated into the ADB regional and country planning processes. Programmatic partnerships and greater upstream planning can limit the unpredictability of development partner financing at the country level.

193. TA administration processes need to be able to flexibly respond to opportunities for receiving TA funds from development partners and establishing partnerships in individual DMCs. The external TA however also needs to be tailored to DMC requirements and capacity of the resident mission, with appropriate systems, staff skills, and management. ADB should strengthen incentives to encourage staff to raise external financing of TA in countries. This includes allocating sufficient staff resources to manage externally-financed TA funds. Divisions and resident missions should be rewarded for leveraging cofinancing for TA and receive a portion of the administrative fees ADB charges for managing TA cofinancing. These resources could help the divisions and resident missions, as well as support units (OSFMD and Controller's Department) in implementing development partner TA projects and provide incentives for pursuing additional external funding. At present, this fee goes into ADB's general budget. IED supports BPMSD's move to establish a technical working group to propose a mechanism to allocate administration fees for external trust funds and cofinancing.

194. **Increasing programmatic technical assistance with a broader set of technical assistance instruments.** ADB should gradually move towards more programmatic TA, use more TA clusters and TA facilities, and introduce more innovative TA, and continue pursuing reimbursable options to fund TA such as PDAs. The earlier discussed classification tags for TA could help set targets and monitor progress. Small or responsive TA will still be important but much of it can be more strategic if it is part of a TA facility. More programmatic TA, often more complex in nature, will allow for more team work among staff in key steps of TA work. This may also facilitate the "one ADB" approach by having more cross departmental involvement. TA facilities, which can be flexibly applied to respond to emerging demands through subprojects, can be used to improve ADB's responsiveness at the country level and reduce administrative costs of processing individual TA projects. In the longer term, ADB should make use of a broader set of TA instruments to respond to the diverse needs of DMCs. TA loans, PDAs, and other reimbursable TA instruments have potential to be expanded particularly for middle-income countries. PPTA in particular could be funded separately through a range of these instruments.

## **B. Business Processes**

195. **Increasing developing member country involvement.** ADB processes need to increase DMC involvement in key stages of the TA project cycle from planning and preparation to implementation and evaluation. The intended TA counterparts (executing agencies, for instance) need to be included in TA, including relevant RETA, conceptualization, preparation of terms of reference, consultant selection, and obtain an opportunity to formally comment on TA drafts, TCRs, and consultant performance. The guidelines, particularly related to non-PPTA, for country involvement can be made more explicit and enforced. ADB needs to enhance the role of resident missions in TA design and administration and consider tailoring systems and procedures to be more user-friendly if delegated TA is to be pursued. Depending on the country, the level of involvement can be adjusted based on capacity and interest.

196. To strengthen TA relevance and effectiveness, ADB needs to continue moving closer to the countries by enhancing the role of resident missions and delegating TA administration to executing agencies. Further decentralization of TA work to resident missions should be promoted, particularly for CDTAs or other TA that requires significant interaction at the country level. Likewise, resident missions can have a central role in identifying country knowledge needs and partners. Country directors could be given greater authority over the SSTA budget in the country. The roles of resident missions, particularly related to procurement and consultant management, will need to be strengthened as they will need to be empowered and capacitated to take on the consultant management responsibilities. More programmatic and larger TA projects will allow for an ownership that is shared better between headquarters and resident mission, and reduce supervision costs. Should ADB wish to pursue TA delegation, it needs to further simplify its procedures (such as the use of ADB's consultant management system) and use the PRC experience to provide lessons. As part of this, ADB would need to experiment with full delegation of TA in the PRC as the existing enhanced delegation approach has built capacity but not allowed for actual delegation. ADB and OSFMD would also need to consider more streamlined systems that would still meet fiduciary standards yet be less onerous on the country.

197. **Improving business processes.** The business processes related to TA design, processing, evaluation, and learning need to be improved by (i) adding technical experts (ADB staff, if available, and external experts) to peer review the design of complex non-PPTA projects; (ii) relying more on standalone fact finding for large or complex TA projects, whether PPTA or others; (iii) specifying the main purpose of PPTA (i.e., funding a feasibility study, ADB's due diligence, or detailed design) and relating it better to the individual country's capacity, project requirements, and funding options; (iv) more institutional attention and adequate time for preparing terms of reference for consultants, and (v) revising TCR guidelines and developing a management information system for tracking all aspects of TA.

198. The quality assurance process for complex non-PPTA should focus on value addition and engagement with technical experts rather than the standard review and commenting processes. Stand-alone TA fact-finding should be used more for large TA projects and PPTA to allow more time for key activities such as assessing feasibility, safeguard measures as well as institutional risks and capacity needs. PPTA operations should also focus on critical institutional development needs and in this way provide the basis for subsequent CDTA as a measure to manage project and sector risks. This can be done if PPTA projects are larger and made more flexible in meeting the requirements (e.g., allowing qualified executing agencies to take responsibility for

feasibility studies). TA projects can also be larger if they are made (in part) reimbursable or supported with cofinancing. When more significant funding is available, ADB can combine under one PPTA all feasibility activities with the preparation of detailed engineering. To this end, ADB should consider cost sharing arrangements, reintroducing the concept of reimbursing a portion of PPTA projects by applying the engineering share of the PPTA cost to the ensuing loan, and other reimbursable or cofinancing arrangements. Cofinancing could be used to support PPTA clusters or RETA projects providing rosters of prequalified technical experts (under indefinite delivery contracts or panel arrangements) to support recurrent PPTA activities such as safeguards.

199. TCR formats should be further revised and a management information system developed for tracking and recording TA outputs and identifying TA lessons. This will allow potential knowledge products and learning from TA to be identified and brought to proper use. The simple TCR format should be revised to convey more useful information (e.g., on knowledge products or innovative approaches) while maintaining its brevity. An expanded TCR format should be introduced and more resources given for providing more substance on lessons and outcomes for large TA projects, TA clusters, facility-type TA, or TA focused on innovation. This could even include field missions and surveys. IED can work with management on revising the TCR format. In addition, the TCR's validity can be strengthened by allowing time and space for government comments on the TA. ADB also needs to develop an appropriate management information system for tracking implementation progress, recording TA outputs (e.g., reports produced), TCR completion rates, and identifying lessons. IED will provide more TA cluster evaluations in the future. IED will also integrate an assessment of TA knowledge products and processes (where appropriate) in its TA evaluation methodology. The TCR format, project administration instructions on TCRs, and TCR guidelines need to be revised and harmonized accordingly.

200. **Improving the use of consultants for technical assistance needs.** We suggest ADB to (i) ensure that the proposed consultant review under the Strategy 2020 midterm review action plan is comprehensive and includes budgets for TA and the consultant fee structure and its handling, (ii) experiment with different modalities using cofinancing to finance fixed term staff or provide long term consultants, (iii) improve staff capacity and knowledge related to consultant recruitment and management, and (iv) improve the consultant performance assessment system and its analysis. The midterm review action plan's proposed consultant review needs to be an end-to-end review of consultant processes—exploring further the issues highlighted in the evaluation, taking into account the views and experiences of other departments on constraints, and having its results discussed at a sufficiently senior level within ADB.<sup>107</sup>

201. The current model of outsourcing most of TA implementation to consultants with limited involvement of ADB staff may not be the best way to deliver large or complex TA (category A) projects. The costs are high, knowledge losses after consultants leave are significant, and consultants are often taken less seriously by clients than ADB staff. ADB needs to develop pools of certified or well-regarded consultants for particular assignments (e.g. safeguards, due diligence). ADB may consider experimenting further with modalities such as long term consultants, or cofinanced staff on fixed-term contracts. This could increase the engagement and interaction necessary to better contribute to learning. The ADB experience with the EOC

<sup>107</sup> The midterm review action plan of Strategy 2020 proposes that OSFMD undertake a review of procurement and consultant policy and guidelines, including single-source selection and use of country systems and processes by 2015.



in Bangkok and PSDI in Sydney are possible examples for replication. Lessons from implementing these TA projects on reducing the administrative burden and managing the fiduciary risks can be considered in revising the operations manual and in undertaking the proposed consultants review. Another practice that needs to be vigorously pursued is creating pools of certified consultants in particular countries and/or areas.

202. Staff capacity in all elements of consultant recruitment from preparation of terms of reference, evaluation and shortlisting of consultants, and consultant management should be enhanced. User departments and OSFMD need to work together in making use of a broader range of contracting types and selection methods available to more closely match and support the TA objectives. More responsibility for procurement can be decentralized to resident mission with sufficient financial management capacity. Achieving greater proficiency in consultant management for headquarters and resident mission staff requires more training. Knowledge departments could benefit from a tailored training on preparing terms of reference, evaluating expressions of interests, shortlisting, and selecting and managing consultants. While staff members are being trained, a corporate TA could be used to fund a panel of experts under indefinite delivery contracts or similar arrangements that can provide financial management and procurement expertise to support team leaders without sufficient knowledge.

203. The consultant performance assessment system needs to be improved so that a more candid assessment will be included and the system will be more useful in differentiating the performance of consultants. Analysis needs to consider that there is an inherent bias to understate problems with the performance of consultants, concentrate on less satisfactory subratings and view these as red flags even if the overall rating is satisfactory. A revised assessment system needs to make it easier for staff to document and express dissatisfaction with consultant performance. The performance rating could also be linked to the output produced by the consultant, thus allowing reviewers to immediately view consultants work.

# Appendix

## APPENDIX: LIST OF LINKED DOCUMENTS

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1. **Three Phases in the Role of Technical Assistance during 1967–2013**  
<http://www.adb.org/sites/default/files/1-Three-Phases-in-the-Role-of-TA-during-1967-2013.pdf>
2. **Assessment of the Implementation of 2008 Technical Assistance Policy Reforms**  
<http://www.adb.org/sites/default/files/2-Assessment-of-Implementation-of-2008-TA-Policy-Reforms.pdf>
3. **Methodology and Profile of Case Study Countries**  
<http://www.adb.org/sites/default/files/3-Methodology-and-Profile-of-Case-Study-Countries.pdf>
4. **Summary of Findings of Technical Assistance Completion Report Validation and Synthesis of Lessons from Past Evaluations**  
<http://www.adb.org/sites/default/files/4-Summary-of-Findings-of-TA-Completion-Report-Validation-and-Synthesis-of-Lessons-from-Past-Evaluations.pdf>
5. **Matrix of the Evaluation’s Recommendations and Strategy 2020 Midterm Review Action Plan**  
<http://www.adb.org/sites/default/files/5-Matrix-of-the-Evaluation-Recommendations-and-Strategy2020-Midterm-Review-Action-Plan.pdf>