

Asian Development Bank

Chair's Summary of the Development Effectiveness Committee

17 October 2017

I. IED Work Program for 2018 – 2020 and 2018 Budget

1. **IED work program 2018 – 2020.** The Development Effectiveness Committee (DEC) discussed the proposed 2018-2020 work program and 2018 budget of the Independent Evaluation Department (IED). The Director General (DG) of IED shared that he wanted IED to have an even stronger impact in the next three years. He intends to achieve this by following the four pillars: (1) balancing macro and micro evaluations; (2) strengthening the utilization of evaluation; (3) addressing evaluation gaps and risks; and, (4) strengthening the quality of evaluation work. Among IED's key initiatives, the reintroduction, after five years, of sector evaluation work was highlighted. The initiative will start in 2018 covering the agriculture sector and energy sector in Pakistan, followed by the transport sector and finance in Indonesia in 2019. In 2020, IED proposes to target energy, education and training sectors, and social sectors in Myanmar. All DEC members expressed their appreciation and support for the various initiatives proposed by IED.

A Board member queried how IED would reintroduce sector evaluations. IED explained that after five years of high-level strategic evaluations, there was a need to rebalance their output and reintroduce sector work to cater to the needs of Management and stakeholders together with high-level evaluations requested by the Board. IED further remarked that evaluation work will be accompanied by intense outreach and communication activities which are essential to share the results of quality work.

2. **IED 2018 Budget.** With respect to the proposed 2018 budget, IED confirmed that, as in the past years, the proposed budget growth is in line with the overall ADB budget growth as proposed in ADB's 2018-2020 Work Program and Budget Framework. IED confirmed that the budget growth will cover additional activities for improved communication and increased expenses related to travel and staff consultant requirements. An additional budget increase is required for IED to initiate the special initiative on technical assistance completion report (TCR) validation which is a new activity for IED. All DEC members expressed support for the proposed budget, recommending IED to further assess budget and staff requirements with ADB's Management and the Budget Review Committee.

3. **Evaluation work and new key initiatives.** Several DEC members inquired about the sequencing of work related to the evaluation of the multi-tranche financing facility (MFF). Some members suggested having close coordination with Management to ensure a more logical sequencing of work streams. IED, in response, confirmed that they will coordinate with Management, and that Management's self-assessment of the MFF should come first, followed by IED's validation.

Some DEC members suggested IED to have a three-year rolling budget framework, in line with their three-year work program. IED agreed that having a three-year work program and budget framework would be useful, and that the single year budget puts them at a recruitment disadvantage compared to the rest of ADB.

All DEC members supported the introduction of the TCR validation system, but also expressed concerns in relation to the methodology that will be applied, and the reaction of Management to the new initiative. DG, IED informed that he met with DG, SPD and agreed that the departments will need to work together in developing the methodology. Deputy Director General, IED further explained that the first phase will include extensive consultation, and that Management's initial reaction was aligned with IED's. It was agreed that the objective is to establish a systemic process, to define the scope of the validation, and to determine what TAs will be validated. A possible approach may consider selecting TAs in terms of amounts and number of years that they have been implemented.

A DEC member asked IED to consider an evaluation of institutional effectiveness through an organized and systemic evaluation of individual units, and further mentioned that the One ADB approach appears only at a concept level. In response, IED informed that they may consider conducting such evaluation taking into consideration the general issue of institutional effectiveness, rather than individual units. DEC Chair suggested to discuss this topic in more detail.

4. **On staffing and consultancy.** Several DEC members suggested that the IED staff increase should be aligned with the rest of ADB. IED explained that there will be an increase in staff consultants, mainly due to the need for better communication and capacity building, and to the reallocation of resources for

safeguards evaluation. IED also presented an indicative request for additional staff for 2019-2021 to reflect additional work, including, among others, staff resources for the new initiative on the TCR validation system which several DEC members generally supported. DEC members suggested that a proper mix of external and internal new staff and consultants can be engaged to lead certain initiatives. DG, IED agreed that it is vital to have access to external sectorial expertise, blended with institutional knowledge. DDG, IED further explained that through the TCR feasibility study, IED will get a better idea of the number and staff that the department will need.

5. **On job creation evaluation.** A DEC member, supported by the Chair, suggested that the job creation evaluation should be considered by IED as part of their work program. The member highlighted the importance of sustainable employment creation in line with ADB's sustainable development goal. IED agreed that this request will be included in the 2020 work program.

6. **Management feedback**¹. Management (Special Senior Advisor to the President) confirmed their regular communication with IED, especially on IED's work program. Management also takes note of the advice from DEC members to closely coordinate with IED to ensure logical sequencing of evaluation studies, and will discuss timing, scope and approaches. On job creation work, Management acknowledges the importance of the topic, and informed that the Economic Research and Regional Cooperation Department (ERCD) is undertaking a regional study on skills and jobs, and the topic of job creation may be further studied under ERCD's research program.

7. **Next steps.** All DEC members fully supported the 2018-2020 3-year rolling work program and three-year budget framework proposed by IED. It was agreed that the work on job creation will be included under 2020 during the review of the work program in 2018. In line with the suggestion of several DEC members, DG IED will also allocate resources for unplanned and urgent requirements in their workplan.

¹ Management's feedback was provided post facto via email.