

Chair's Summary for the 28 March 2019 Meeting

ADB's New Technical Assistance Completion Report System

1. The Development Effectiveness Committee (DEC) discussed the Independent Evaluation Department's (IED) proposal to establish a new technical assistance (TA) completion report (TCR) system. DEC welcomed this initiative, noting the volume of TA provided by ADB was \$4.2 billion from 2002 to 2018.
2. A phased approach was adopted to design and establish the new TCR system, which involved: (i) a desk review of sample TCRs to assess their evaluability and quality, (ii) a comparative review of the processes undertaken by seven comparator international financial institutions (IFIs), (iii) consultations and drafting of guidelines with the guidance of an inter-departmental technical working group (TWG), and (iv) pilot testing of the system using the draft TCR evaluation guidelines in three departments (i.e. PSOD, SARD, and SDCC).
3. **IED Findings from each TCR development phase.** In the desk review phase, IED found that the sample TCRs varied in quality, focused more on outputs than outcomes, needed further elaboration on learning elements, and used formats different from the evaluation guidelines prescribed by the Organization for Economic Cooperation and Development-Development Assistance Committee (OECD-DAC). For the second phase, IED's comparative review showed that most IFIs used OECD-DAC standard criteria for TA evaluation and selectively chose TAs to be evaluated.
4. For the third phase, the TWG designed a new TCR evaluation process and narrowed the TCR evaluation criteria to relevance, effectiveness, and efficiency. While sustainability will be assessed, this criteria will not be counted towards the overall TA rating. An exclusion list criteria was also established by the TWG, as follows: (i) transaction TA resulting in a loan; (ii) internal ADB TAs, (iii) TAs less than \$225,000; and (iv) TAs that support logistics and travel.
5. For phase four, IED pilot tested the new guidelines to assess the practicality of the new TCR evaluation guidelines and found that very few TCRs provided good lessons as their narratives focused more on activities and fund utilization. The assessment of the four criteria was also varied. After the pilot test, the TWG revised the draft TCR validation guidelines, as follows: (i) TCRs will be limited to 4-6 pages, (ii) a partnership/networking section will be added under lessons learned, and (iii) TCR quality will be rated and weights will be assigned to three sub-ratings namely: coherence and design quality of design and monitoring framework – 25% , quality of data – 25%, and quality of lessons learned – 50%.
6. The TWG outlined the next steps to be undertaken: (i) TCR validation guidelines will be adopted across ADB and harmonized with relevant project administration instructions (PAI), (ii) staff training on TCR preparation using new guidelines will be conducted from April to July 2019, and (iv) the new TCR system will be launched fully by August 2019. IED plans to establish a TCR validation unit with three staff positions (international, national, and administrative) and undertake advance recruitment of said staff positions upon DEC's endorsement of the TCR system.
7. **DEC Discussion and Comments.** DEC welcomed the proposal to adopt new guidelines that are harmonized with PAIs and to train staff under the new system. DEC commended the process used as a good example of the *One ADB* approach.

8. **Key Results of the Pilot Testing.** DEC noted that the key results of the pilot testing were useful in gauging the quality of TCRs and identifying areas for improvement. To explain the low percentage ratings in the four evaluation criteria (i.e. relevance, effectiveness, efficiency, and sustainability) found in the pilot testing, Staff clarified that the ratings do not refer to relevance, success, or efficiency rates of the TA but refer to the quality of writing of the TCRs evaluated. Further, authors of the sample TCRs reviewed may not have considered the OECD-DAC guidelines in preparing the TCRs. The tendency to focus on easily observable outputs (such as timeliness, cost overruns, etc.), rather than outcomes, could be attributed to difficulty in measuring the economic benefits of TAs (especially small TAs).
9. **Evaluation Criteria.** In determining the weight of the evaluation criteria (i.e. design quality and quality of data stands at 25% each, while quality of lessons learned is at 50%), Staff explained that the OECD-DAC guidelines do not prescribe specific weights, and allow the institution to determine the percentage or use a numerical figure as a compounded overall rating. The TWG decided to prescribe specific weights due to the convention used in project completion reports, despite other IFIs like the World Bank and IFC choosing not to ascribe weights or use compounded numerical figures. TWG also explained that the numerical figures make it easier to monitor historical changes, deterioration or improvement. othe Staff also explained that the highest weight was ascribed to lessons learned to give importance to this section since it informs future operations and capturing tacit information is an important prerogative under Strategy 2030.
10. **Sustainability Criterion.** DEC noted that sustainability was not included in the compounded numerical figure. IED assured DEC that sustainability would be assessed and ratings will be assigned, but would not count towards the overall rating of the TCRs (similar to PCR validations, where ratings on development impact are not included). This was not meant to diminish the importance of sustainability but rather to take into account the nature of different TAs.
11. **Exclusion Criteria.** In excluding TAs that are below \$225,000, Staff explained that an estimated 20% of the TAs in the review period were below this threshold. DEC pointed that this criterion may exclude TAs in smaller Pacific members, which, despite the small amounts, could in fact have a huge impact on said members. IED clarified that the initial target for validation are substantial TAs to focus on efforts and lessons learned from larger TAs. Additionally, it was observed that the number and volume of small-scale TAs are on a downward trend with the advent of the cluster and facility approaches. However, staff agreed to exercise flexibility on this exclusion criterion, recognizing the importance of smaller TAs to Pacific or small island members.
12. **Sampling methodology.** DEC and board members pointed that sampling of TAs for validation should be based on good criteria and representative of the sectors, regional distribution, instruments, and modalities. The initial plan was to do purposive sampling of about 40 out of 180 TAs annually, which are deemed to contribute most to learning, knowledge, and other subsequent ADB operations. However, the possibility of doing 100% TCR validation is still under discussion.
13. DEC noted that an effective validation system must take into account how TAs are designed from project inception, and encouraged Staff to bring the lessons from this pilot upstream to ensure better TA design and evaluability. Staff assured DEC that regardless of the size, TAs would all go through a quality review process within ADB. DEC also noted that a strengthened TCR system fills an important gap in ADB by providing a foundation for higher-level evaluations in the future and stronger evidence to better understand the results of TA.
14. DEC endorsed the new TCR system, including the proposal to recruit staff who will support the new unit. The TCR system is envisioned to be operating by the fourth quarter of 2019, and fully mainstreamed by January 2020.
15. **Next Steps.** IED will share with DEC the OECD-DAC guidelines on TA.