Annual Evaluation Report

2009 Annual Report on Acting on Recommendations

Independent Evaluation Department

Asian Development Bank

ABBREVIATIONS

ACTD	–	action completion target date
ADB	–	Asian Development Bank
ARAR	–	Annual Report on Acting on Recommendations
CAPE	–	country assistance program evaluation
DEC	–	Development Effectiveness Committee
DMC	–	developing member country
EVIS	–	Evaluation Information System
FA	–	fully adopted
FAAR	–	follow-up actions and recommendations
ID/CD	–	implementing or coordinating department
IED	–	Independent Evaluation Department
LA	–	largely adopted
MAR	–	management action record
MARS	–	Management Action Record System
MDO	–	Office of the Managing Director General
NA	–	not adopted
PA	–	partly adopted
PPER	–	project or program performance evaluation report
SAPE	–	sector assistance program evaluation
SES	–	special evaluation study
SMART	–	specific, monitorable, actionable, relevant, and time bound
TPER	–	technical assistance performance evaluation report

Key Words

adb, asian development bank, country evaluation, evaluation recommendation, follow-up action, implement recommendation, management action, tracking recommendation

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SUPPLEMENTARY APPENDIX (available on request)

Validations and Assessments of Completed and Ongoing Action Plans
Due by 31 December 2009

Attachment: DEC Chair Summary

EXECUTIVE SUMMARY

The Independent Evaluation Department (IED) of the Asian Development Bank (ADB) has been tracking and reporting on the implementation of its recommendations since 1982. The objective is to increase the use of evaluation findings in decision making. Tracking IED's evaluation recommendations contributes to accountability for and learning from IED evaluations. In response to the 2008 Board policy paper *Review of the Independence and Effectiveness of Operations Evaluation Department* and in view of ADB's increased emphasis on such tracking in 2008 (Appendix 1), the electronic Management Action Record System (MARS) was established and first implemented in 2009 under the leadership of the Managing Director General's Office and with IED support.

MARS is Management's tracking system for actions taken on IED's recommendations which Management has agreed on. From 2009 and on an annual basis, IED will review and validate the actions that are due or complete and report to the Board. For IED recommendations that are agreed by Management, the implementing or coordinating department (ID/CD) designated by Management determines the action plans and action completion target dates (ACTDs). This process promotes commitment for and ownership of implementation. All 2008 and 2009 IED evaluation recommendations have been entered into MARS and those agreed by Management are tracked. Since July 2009, MARS has been accessible to all ADB staff and the Board of Directors through ADB's intranet portal.

IED recommendations have taken into account the need to avoid being too prescriptive, yet specific enough to be actionable. In its 2009 reports, IED cross-referenced broad recommendations with specific suggestions in the text of the report. IED will thus continue to make sure that its recommendations are specific, capable of being monitored and acted on, relevant, and time bound.

With the shift toward a greater proportion of higher-level evaluations (sectoral, thematic, and country specific) in 2008–2009, IED recommendations have also become higher level instead of project specific. Higher-level recommendations increased from 49% of all IED recommendations with Management response in 2006–2007 to 88% in 2008–2009. Higher level evaluations tend to produce recommendations which require Management actions, compared to project/program performance evaluation reports or technical assistance performance evaluation reports in which recommendations mostly require follow-up actions to be addressed by ADB's developing member countries (DMCs) which are coordinated through relevant operations departments/divisions. Recommendations addressed to ADB Management increased from 74% of all IED recommendations (with management responses) in 2006–2007 to 97% in 2008–2009.

Management agreed to 83% of IED recommendations in 2008, and 96% in 2009—or on average 89% of the 186 IED recommendations referred to Management in the past 2 years. The increase in agreement may be due partly to the efforts of IED, from the latter part of 2008, to produce recommendations that are more strategic and prioritized.

Apart from country assistance program evaluations and sector assessments done to inform new country partnership strategies, higher-level and strategic evaluations in 2009 resulted in recommendations to strengthen public–private partnerships in infrastructure development, address inclusive development in rural road assistance, strengthen public sector reforms in the Pacific DMCs, promote justice reforms in the DMCs, and heighten the impact of rural water supply and sanitation projects. To improve self-evaluation capacity in ADB and its DMCs, the 2009 Annual Evaluation Review recommended more training in the preparation of program and project completion reports, complemented with IED validation of these reports. Further, the recommendations in the Annual Report on 2008 Portfolio Performance dealt with

the need for post-completion monitoring of results, better-designed and better-implemented projects, expanded monitoring and reporting of nonsovereign operations, a revised and restructured midterm review, and substantive self-evaluation of technical assistance performance.

In 2008−2009, recommendations pertaining to sector/thematic contributions have the highest rate of Management agreement (93%) followed by those recommendations relating to strategy and policy (87%) and operational effectiveness (86%). Recommendations pertaining to organizational effectiveness (human resources and staff issues with budgetary implications) have the lowest rate of agreement (71%).

Of the 166 action plans for recommendations in 2008–2009, 23 had reached their ACTDs by 31 December 2009 while 143 were not yet due. Of the 23 that were due, 10 were reported by Management to have been implemented. Management also reported that 3 of the 143 ongoing action plans had been implemented ahead of time. Overall, the IDs/CDs rated 13 action plans that had been implemented: 10 (77%) were rated *fully adopted* (*FA*), 1 (8%) was *largely adopted* (*LA*), and 2 (15%) were *not adopted* (*NA*). The two action plans that were not adopted pertained to private equity fund operations. For the 10 implemented action plans rated *FA* by the IDs/CDs, IED confirmed 8 of the ratings and downgraded 2 (1 to *LA* and 1 to *partly adopted* [*PA*]). IED also confirmed the IDs/CDs' ratings of 1 *LA* and 2 *NA*s for the 3 other rated action plans.

In addition to validating the 13 action plans that were implemented, IED rated 13 action plans that were due by the end of 2009 but were still ongoing. Of these, 2 were rated *LA* and 11 *PA* as of 31 December 2009. Most of the action plans conformed to the IED recommendations and were being implemented. The time allotted by Management (or the designated IDs/CDs) for implementation of some of the action plans was possibly underestimated, leading thereby to non-completion of the action plans by their due dates. On the other hand, there were some action plans which were open ended.

Six recommendations in 2008 (none in 2009) were addressed to DMCs and other institutions. Management agreed to these six recommendations. Four of the six recommendations had been implemented. With respect to action plans implemented by DMCs, of the four completed actions rated *FA* by the IDs/CDs, three were confirmed by IED, and one was downgraded to *LA*.

The year 2009 being the first year of MARS adoption and implementation in ADB, both IED and Management faced an initial learning period, when challenges and implementation issues were emerging. Until recently, the implementation of recommendations was manually tracked and reported yearly, and efforts often intensified as the formal reporting deadline neared. With the introduction of MARS and its real-time accessibility, tracking, updating and reporting by Management can be done continuously.

There are recommendations (that have been agreed by Management) for which the assigned ID/CD is expected to formulate and implement ADB-wide action plans. The assigned ID/CD has found it difficult to prepare action plans that cut across various departments. In such cases, internal coordination must be effective. The designated IDs/CDs and their roles with respect to each Management response must therefore be clarified and strengthened.

Necessary consultations between the assigned ID/CD staff and IED staff for clarifications on desired actions can help improve the implementation and use of MARS.

In conclusion, MARS is in its early stages, with 2009 being the first full year of implementation. A beginning has been made on the validation of action plans and actions taken, with IED validating 26 (16%) of the 166 recommendation action plans in 2008–2009. Through learning-by-doing among Management, IDs/CDs, and IED, progressive and significant improvements in the implementation of MARS can be expected to materialize over the next 2 years. Meanwhile, this report puts forward the following initial suggestions for consideration by Management for improving the implementation of MARS.

(i) Consultation between the ID/CD and IED during the formulation of the action plans can help to improve clarity on desired actions. Such consultation during action plan formulation has been limited so far and is envisaged to take place on as needed basis. IED will be available to discuss action plans at the request of the ID/CD, and will continue to provide help desk services to answer questions that can facilitate MARS implementation.

(ii) CAPEs and SAPEs usually produce recommendations pertaining to country partnership strategies (CPSs), business plans and their implementation. These recommendations are normally addressed during the formulation of the new CPSs, the timing of which is largely affected by several factors and may not be available at the time of the Management response or DEC discussion. To avoid the preparation of action plans that may not be relevant or responsive to the CAPEs and SAPEs, the implementing department could be given the flexibility to wait for the next CPS to implement this type of recommendations. The timing of the preparation of the action plan at a later date could be agreed between IED and the implementing department. However, recommendations from CAPEs and SAPEs related to program implementation, portfolio management and other operational matters should be acted on by Management following the standard procedures of MARS (Appendix 2).

(iii) The IED's Annual Report on Portfolio Performance normally produces recommendations to improve the effectiveness of the loan and technical assistance portfolio in delivering results. However, there are cases where other types of evaluation reports also generate recommendations of the same nature which are applicable ADB-wide (such as those related to improving sustainability, and reducing implementation delays). Rather than monitor such recommendations under each evaluation report, IED can consider consolidating these recommendations into the Annual Report on Portfolio Performance for monitoring under the MARS.

(iv) Recommendations and associated action plans that are affected by changes in ADB-wide policies or business processes need to be reviewed in the future. Management can thus assess whether the recommendations, the corresponding Management response and action plans, have been superseded or rendered obsolete due to such changes. If so, Management as the implementing party may request IED to retire the recommendations.

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Director General
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I. BACKGROUND

1. The Independent Evaluation Department (IED) of the Asian Development Bank (ADB) has been tracking and reporting on the implementation of its recommendations since 1982, after it released its board paper on the activities and procedures of the post-evaluation office.[1] IED intensified its tracking efforts in 2006 and 2007. Appendix 1 traces the history of these tracking efforts, whose objective is to increase the use of evaluation findings in decision making.

2. The November 2008 Board policy paper *Review of the Independence and Effectiveness of Operations Evaluation Department* concluded that cumulative progress in acting on IED recommendations should be monitored more rigorously.[2] The Board policy paper states that (i) Management, in collaboration with the concerned departments, would be responsible for monitoring actions taken in response to IED recommendations and for recording implementation progress at least twice a year; and (ii) IED would continue to prepare its Annual Report on Acting on Recommendations (ARAR). Also recognizing the importance of tracking actions taken on recommendations, the 2008 IED *Annual Report on Acting on Evaluation Recommendations in 2007* proposed the creation of an electronic Management Action Record System (MARS).[3] Tracking gained increased emphasis in ADB in 2008, and the electronic MARS was established and introduced in 2009 under the leadership of the Managing Director General's Office and with IED's support, taking into account the experience of evaluation departments in other organizations (the World Bank Independent Evaluation Group and the Global Environment Facility–Evaluation Office).[4] Also considered were the suggestions of a study by the Swedish Agency for Development Evaluation, which reviewed the management response systems of three organizations (Europe Aid, the Swedish International Development Cooperation Agency, and the International Fund for Agricultural Development).[5] Details of MARS are presented in Appendix 2.

3. MARS is intended to be a Management's tracking system whose results are validated yearly by IED. Action plans and action completion target dates (ACTDs) are determined by the implementing or coordinating departments (IDs/CDs), promoting commitment for and ownership of implementation. All IED recommendations are entered into MARS in three separate sections: (i) those agreed by Management, (ii) those not agreed by Management, and (iii) those to be acted on by the developing member countries (DMCs). All evaluation recommendations agreed by Management are tracked; those not agreed by Management are not. At the start of 2009, IED entered all its evaluation recommendations from 2008 evaluation reports into MARS. Later that same year, the assigned IDs/CDs entered into the system the action plans and ACTDs for

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[1] ADB.1982. Doc. R133-81, Revision 1, *Post-Evaluation Office: Activities and Procedures*, 2 November. Manila.
[2] ADB. 2008. *Review of the Independence and Effectiveness of the Operations Evaluation Department.* Manila. After ADB Board approval of the paper, the Operations Evaluation Department became the Independent Evaluation Department on 1 January 2009.
[3] ADB. 2008. *Acting on Evaluation Recommendations in 2007.* Manila.
[4] ADB. 2009. *2008 Annual Report on Acting on Recommendations.* Manila
[5] Swedish Agency for Development Evaluation (SADEV). 2008. *Reaping the Fruits of Evaluation? An Evaluation of Management Response Systems within Aid Organizations.* SADEV Report 2008:7, p. ii. Available: http://www.sadev.se/Uploads/Files/227.pdf
The suggestions involved (i) adapting the management response system to the organizational context, (ii) considering overall policy-making structures (decision-making forums), (iii) drawing up guidelines for administrative procedures, (iii) documenting and disclosing the response process (for accountability), (iv) appointing a responsible unit to supervise the response process, (v) designing a follow-up tool to check implementation status, (vi) designating a receiver who can use the information and respond to implementation failure, (vii) increasing the involvement of stakeholders and partners in the response process, and (viii) allocating enough time for joint discussions and reflection.

IED recommendations from the 2008 and 2009 evaluation reports that Management had agreed to.[6] Since July 2009, MARS has been accessible to all ADB staff and the Board of Directors through ADB's intranet portal. Also in July 2009, progress status began to be reflected in action plans by the IDs/CDs.

4.   Before 2007, all recommendations were assumed to have been agreed implicitly or explicitly by Management (Appendix 1); the Management response was used to get more information about the actions, but not to filter out recommendations. Monitoring was restricted to recommendations that were specific, monitorable, actionable, relevant, and time bound (SMART). Follow-up actions recommended in project and program performance evaluation reports (PPERs) and technical assistance performance evaluations (TPER),[7] according to the guidelines for the preparation of the reports, had to be SMART. Each recommendation had to be clearly linked to a responsible unit, which would implement and track the action and its timing. IED will continue to make its recommendations specific, capable of being monitored and acted on, relevant, and time bound, including for broader evaluation studies such as country assistance program evaluations (CAPEs), sector assistance program evaluations (SAPEs), and special evaluation studies (SESs).

5.   With the introduction of MARS in 2009, the IED's ARAR for 2008 served as a transition report and explained (i) the outstanding recommendations recorded in the manual system and the automated MARS; (ii) the differences between the two tracking systems; and (iii) concepts and issues associated with MARS. The automated MARS gives Management and the Board access to information on demand or in real time, without having to wait for the IED annual reports to be issued. Electronic processing has put an end to manual processing. The information is gathered together in one place, and the chances of human error are minimized.

6.   This report, the ARAR for 2009, takes stock of the recommendations from 2008–2009 as recorded and tracked in MARS, the corresponding Management response, the status of action plans and the progress of their implementation, and IED validation of the implementation status of the action plans. This report also identifies the challenges involved in the use of MARS and opportunities for improving the system. Appendix 3 gives the various categories of IED recommendations.

II.   REVIEW OF RECOMMENDATIONS AND MANAGEMENT ACTIONS

7.   This section deals with IED's assessment or validation of actions taken so far on the recommendations from the evaluation reports of 2008–2009, and provides an update on the implementation of the outstanding recommendations from the evaluation reports of 2007. The degree of Management agreement of recommendations addressed to ADB in the evaluation reports of 2008–2009, the corresponding action plans and ACTDs, and the status and progress of their implementation are presented in summary in subsection C and analyzed in detail in Appendix 4.

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[6]   The recommendations pertained to follow-up actions in project-specific evaluations, broader country and sector evaluations, and special evaluation studies.
[7]   ADB. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations.* Manila.

A. Status of Implementation of Outstanding Recommendations from 2007 Evaluation Reports

8. At the end of 2008, 10 follow-up actions from IED reports circulated in 2007 were still being tracked. These follow-up actions were recommendations from 6 reports: 2 SESs, 3 PPERs, and 1 TPER. Of the 10 follow-up actions, 5 were addressed to ADB and 5 to DMCs.

9. Of the 5 recommendations addressed to ADB, 3 from the SES on Private Sector Development and Operations,[8] relating to changes in the organizational structure of the ADB's Private Sector Operations Department, were acted on. Also acting on the fourth follow-up action, a recommendation for further assistance and policy support to the nonbank and capital market sectors of Mongolia, ADB approved a technical assistance grant for capital market development in Mongolia.[9] The fifth follow-up action addressed to ADB recommended the monitoring by ADB of the restructuring of the State Committee for Environmental Protection and Forestry of Tajikistan. As ADB had no further engagement with the state committee, no action related to this recommendation could be expected.

10. Three of the five follow-up recommendations addressed to DMCs through operations departments/divisions were acted on in 2008. The other two had not been acted on for the following reasons:

(i) The recommendation from the PPER for the Small-Scale Water Resources Development Sector Project in Bangladesh[10] sought revisions in the system of electing members of the management committees of the water management cooperative associations, but the main project stakeholders saw no need for revisions.

(ii) The recommendation from the PPER for the Guizhou Shuibai Railway Project in the People's Republic of China[11] urged the Guizhou Shuibai Railway Company to monitor mining developments and report these to ADB. To date, no information has been received from the railway company despite a request from ADB.[12]

B. 2008–2009 Evaluation Report Recommendations Entered into MARS

11. With the shift toward higher-level evaluations (sectoral, thematic, and country specific) in 2008–2009, IED recommendations also became higher level instead of project specific. The number of PPERs requiring a Management response had declined as several PPERs were completed as inputs to broader evaluation studies, and their findings and recommendations became part of those studies. Higher-level recommendations increased from 49% of all IED recommendations with Management response in 2006–2007 to 88% in 2008–2009 (Table 1). Recommendations resulting from higher-level evaluations tend to require Management action; those from PPERs or TPERs mostly require follow-up actions by ADB's DMCs.

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[8] ADB. 2007. *Special Evaluation Study: Private Sector Development and Operations.* Manila.
[9] ADB. 2008. *Capital Market Development.* Manila.
[10] ADB. 2007. *Performance Evaluation Report: Small-Scale Water Resources Development Sector Project in Bangladesh.* Manila.
[11] ADB. 2007. *Performance Evaluation Report: Guizhou Shuibai Railway Project in the People's Republic of China.* Manila.
[12] The ADB's East Asia Department contacted the Guizhou Shuibai Railway Company, confirming that the company would prepare a report concerning the monitoring of mining developments and send it to ADB by the end of March 2010.

Recommendations addressed to ADB increased from 74% of all IED recommendations with Management response in 2006–2007 to 97% in 2008–2009. Conversely, the percentage share of recommendations addressed to DMCs dropped from 26% in 2006−2007 to 3% in 2008−2009.

Table 1: Reports and Recommendations with Management Response

| | Pre-MARS | | MARS | |
| | 2006–2007 | | 2008–2009 | |
Item	No.	%	No.	%
Reports with Management Response	59	100.0	42	100.0
PPERs/TPERs	30	50.8	5	11.9
CAPEs/RCAPE, SAPEs, SESs, ARs, EKBs, IES	29	49.2	37	88.1
Recommendations with Management Response	**242**	100.0	**192**	100.0
Recommendations addressed to ADB	180	74.4	186	96.9
Recommendations addressed to others	62	25.6	6	3.1

ADB = Asian Development Bank, AR = annual report, CAPE = country assistance program evaluation, EKB = evaluation knowledge brief, IES = impact evaluation study, MARS = Management Action Record System, PPER = project or program performance evaluation report, RCAPE = regional cooperation assistance program evaluation, SAPE = sector assistance program evaluation, SES = special evaluation study, TPER = technical assistance performance evaluation report.
Source: Independent Evaluation Department's Management Action Record System team.

C.   2008–2009 Evaluation Report Recommendations Agreed or Not Agreed by Management

1.   Addressed to ADB

12.   Before 2008, Management agreement of recommendations was not always clear. Management may have agreed to some recommendations in principle, but there were implementation challenges and encumbrances to contend with. Once MARS was established, Management agreement or disagreement became more explicit, and it became clearer which recommendations could be implemented and which ones could not on the basis of an "agree" or "disagree" statement in the Management response.

13.   Over the past 2 years, Management has agreed to 89% of the 186 recommendations addressed to ADB. By year of evaluation, Management agreement of IED recommendations increased from about 83% in 2008 to 96% in 2009 (see chart). The rise may be due partly to IED efforts, from the latter part of 2008, to ask for Management response on recommendations that are more strategic and prioritized. Some recommendations from higher-level and strategic evaluations in 2009 that Management agreed

Chart: The Degree of Agreement with IED Recommendations Increased in 2009
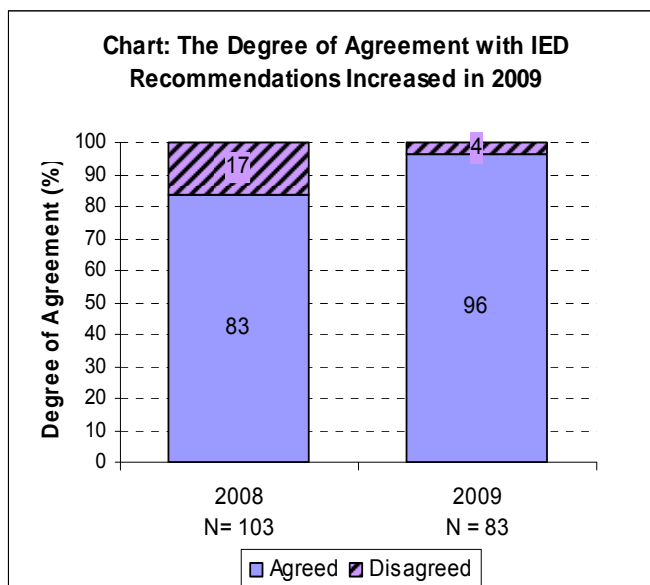
to are given in Box 1. Management gave the following reasons for not agreeing to three recommendations: (i) one needed more time for the benefits, as yet uncertain, to be fully reaped; (ii) the implementation of the second recommendation was not expected to add much value; and (iii) the third recommendation was seen to be no longer necessary.

14.   The degree of Management agreement varies by type of report. Understandably, PPER recommendations have 100% agreement as the recommendations are concerned with follow-up actions, which are relatively easy to implement. Among the broader evaluations, CAPEs and their related evaluations have a higher percentage of agreement (92%) than SESs (79%). CAPEs are the IED products that are considered most useful to IED clients as they are timely and focused on results, and are backed by analyses, findings, and recommendations that can be acted on.[13] Each CAPE is also meant for one DMC, and its recommendations are to be acted on by one regional department. SES recommendations, on the other hand, generally refer to strategic, thematic, and far-reaching concerns that require ADB-wide consensus and actions, and possibly also more resources.

15.   Tracking recommendations contributes to fulfill the accountability and learning functions of IED evaluations. Tracking by departments effectively monitors progress and strengthens both the accountability and learning response of departments to recommendations or follow-up actions. Recommendations are expected to be unevenly distributed among the departments depending on IED's annual evaluation work program, which, in turn, is driven partly by ADB's country partnership strategy program. For the past 2 years, the Southeast Asia Department has been assigned the most recommendations because of the CAPEs (including one regional cooperation assistance program evaluation with seven sectors and thematic evaluation reports) and the supporting SAPEs and PPERs that were completed. Generally, operations departments have a higher rate of agreement because the recommendations assigned to them are, by and large, from country, sector, or project evaluations. In contrast, the non-operations departments are assigned recommendations from SESs, which are wider in scope and more complex than other evaluations.

16.   In 2008, IED began classifying its recommendations according to four categories corresponding to Strategy 2020 results levels.[14] Of the 186 IED recommendations addressed to ADB in 2008–2009, 30 (16%) were geared toward strategy and policy (level 1), 100 (54%) to sector or thematic contributions (level 2), 49 (26%) to operational effectiveness (level 3), and 7 (4%) to organizational effectiveness (level 4). Details of the classification of the recommendations by Strategy 2020 results framework and IED categories are provided in Appendix 5. Recommendations pertaining to sector or thematic contributions have the highest rate of agreement (93%) followed by recommendations relating to strategy and policy (87%) and operational effectiveness (86%). Recommendations pertaining to organizational effectiveness (human resource policy and staff issues with budgetary implications) have the lowest degree of agreement (71%) because of the nature of the recommendations.[15]

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[13] ADB. 2008. *2008 Annual Evaluation Review: Lessons from a Decade of ADB Country Assistance Program Evaluations.* Manila. The pre-retreat survey of the relevance and usefulness of IED carried out in May 2009 also concluded that CAPEs are its most useful product.

[14] Recommendations are classified according to the four Strategy 2020 results levels as follows: (i) first-level recommendations pertain to country partnership strategy and policy and to ADB's contribution to outcomes in Asia and the Pacific; (ii) second-level recommendations deal with ADB's sector or thematic contributions to country outcomes; (iii) third-level recommendations are directed at ADB's operational effectiveness; and (iv) fourth-level recommendations relate to ADB's organizational effectiveness. Appendix 3 gives further details of the classification of IED recommendations.

[15] Management agreed to 5 of the 7 recommendations in 2008−2009 pertaining to human resource policy and staff issues (see Appendix 4, Table A4.3).

Box 1: Recommendations from Strategic and Higher-Level Evaluations in 2009

In 2009, IED completed country assistance program evaluations and sector assessments to inform new country partnership strategies for Bangladesh, Cambodia, Nepal, and Viet Nam. Other high-level IED evaluations identified lessons, constraints, and approaches to achieving results. For example, regarding public–private partnerships (PPPs) in infrastructure development,[a] IED recommended stronger links between PPP support and other ADB sector operations, more assistance for project development, new PPP modalities, greater ADB involvement in transport and water sector PPPs, and the adoption of PPP development as an ADB-wide strategy. On whether rural road assistance had led to inclusive development,[b] IED evaluation findings indicated that rural roads may be necessary but not sufficient for inclusive development. Rural road projects must also (i) improve road safety; (ii) reach socially and economically disadvantaged groups; (iii) create economic, social, institutional, and environmental opportunities; and (iv) widen access to and use of the roads and give local governments, communities, and the private sector a larger role in road maintenance.

On public sector reforms in the Pacific DMCs,[c] IED confirmed the existence of a significant unfinished reform agenda that needs continued support. The reform process, because it is medium term, requires reform road maps that consider the political economy of reform, reform processes, risks, and uncertainties. Thus, the ways support for reforms are designed and implemented must change to make ADB's assistance more relevant and effective. Accordingly, IED recommended (i) greater ownership as a basis for considering further support; (ii) continuous ADB support for government reform priorities; and (iii) a stronger focus of operations on priority removable constraints and public resource management issues. Further, IED's evaluation of ADB technical assistance for justice reform in DMCs[d] concluded that ADB assistance has been successful, and that justice reform contributes to empowering people, particularly the poor, and enables them to participate in decisions that shape their lives. Good governance is important for ADB to achieve greater development effectiveness, and justice reform is an important part of it.

IED generated specific operationally oriented recommendations from evidence-based rigorous evaluation. An impact evaluation study[e] indicated, for instance, that, while ADB-assisted projects had given people better access to safe drinking water, they had not significantly reduced the incidence of waterborne illness. Time and effort saved in bringing water to households helped girls improve their school attendance, but such benefits did not improve women's participation in the workforce. Greater benefits from such projects need to be achieved by improving public awareness about hygiene, investing in sanitation for better health, building capacity to operate water supply and sanitation facilities, encouraging participation of women, private sector and civil society, and better monitoring of results/benefits. An evaluation knowledge brief on the greenhouse gas (GHG) implications of ADB's energy sector operations[f] recommended to align ADB operations more closely with ADB's emphasis on environmentally sustainable growth: (i) assess GHG implications of future energy sector investments with significant GHG impacts or savings based on a consistent framework at project appraisal and project completion; and (ii) promote GHG efficient investments such as by establishing a mechanism to bring down incremental cost of clean coal technologies, scaling up appropriate and affordable renewable energy technologies, pursuing methane capture initiatives, and investing in improvement of industrial energy efficiency.

For improving self-evaluation capacity in ADB and DMCs, IED's 2009 Annual Evaluation Review[g] recommends measures including training on preparation of program/project completion reports, complemented with IED validation of these reports. IED followed this up with expanded evaluation training for selected DMCs.

The Annual Report on 2008 Portfolio Performance[h] highlighted the importance of monitoring outcomes particularly after project completion. In improving ADB portfolio performance, IED recommendations call for improvement in design and implementation of projects, expansion of monitoring and reporting arrangements for nonsovereign operations, comprehensive revision and restructuring of midterm review, and substantive self-evaluation of technical assistance performance.

ADB = Asian Development Bank, DMC = developing member country, GHG = greenhouse gas, IED = Independent Evaluation Department, PPP = public–private partnership.
[a]   ADB. 2009. *Special Evaluation Study: ADB Assistance for Public-Private Partnerships in Infrastructure Development—Potential for More Success.* Manila.
[b]   ADB. 2009. *Special Evaluation Study: Asian Development Bank's Contribution to Inclusive Development through Assistance for Rural Roads.* Manila.
[c]   ADB. 2009. *Special Evaluation Study: ADB Support for Public Sector Reforms in the Pacific: Enhance Results through Ownership, Capacity, and Continuity.* Manila.
[d]   ADB. 2009. *Special Evaluation Study: ADB Technical Assistance for Justice Reform in Developing Member Countries.* Manila.
[e]   ADB. 2009. *Impact Evaluation Study: Rural Water Supply and Sanitation in Punjab, Pakistan.* Manila.
[f]   ADB. 2009. *Evaluation Knowledge Brief: Greenhouse Gas Implications of ADB's Energy Sector Operations.* Manila.
[g]   ADB. 2009. *2009 Annual Evaluation Review: Role and Direction of Self-Evaluation Practices.* Manila.
[h]   ADB. 2009. *Annual Report on 2008 Portfolio Performance.* Manila.

17.   After recommendations have been agreed by Management, action plans for implementation and ACTDs are formulated by Management through its IDs/CDs. The 166 action plans for the accepted 2008–2009 recommendations span a completion period of 7 years. On average, however, a recommendation action plan would require at least 2 years to implement. Recommendations in Strategy 2020 results levels 1 (average of 1.9 years) and 2 (average of 2.3 years) take longer to implement than those in Strategy 2020 results levels 3 and 4. This fact affirms the common notion that operational and organizational actions can and should be implemented more swiftly, as they are more manageable and within the control of ADB, whereas actions pertaining to policy reforms, strategy formulation, and sector or thematic interventions would require slightly longer gestation periods, as their completion rests in part on other factors that may be beyond the control of ADB.

18.   Of the 166 recommendation action plans in 2008–2009, 23 had reached their ACTDs by 31 December 2009 while the rest were not yet due. Of the 23 action plans that were due, 10 were reported by Management to have been implemented. Management also reported that 3 of the 143 ongoing action plans had been implemented ahead of time. Overall, in 2008–2009, the IDs/CDs implemented and rated 13 action plans: 10 (77%) were rated *fully adopted* (*FA*), 1 (8%) was *largely adopted* (*LA*), and 2 (15%) were *not adopted* (*NA*). The two action plans that were not adopted pertained to private equity fund operations.[16]

2.   Addressed to Developing Member Countries and Others

19.   Six recommendations in 2008 (none in 2009) were addressed to DMCs and other institutions. All six were agreed by Management and uploaded onto MARS. However, as they are only followed with relevant executing agencies by the concerned department/division, but not implemented by any department in ADB, tracking was optional and any progress reports (if available) were to be uploaded onto MARS by the regional departments concerned. Four of the six recommendations (67%) dealt with operational effectiveness (see details in Appendix 5).

20.   Four of the six recommendations addressed to DMCs have been implemented. These were the four follow-up actions from the PPER on the Second Provincial Towns Water Supply and Sanitation Project in Viet Nam.[17] All four were rated *FA* by the implementing department.

D.   IED Validation of Completed and Ongoing Recommendation Action Plans

21.   In 2009, for the first time, IED validated actions taken on its recommendations by IDs/CDs and DMCs. IED used the following validation criteria:

   (i)   For the population to be validated, IED considered all those action plans that (a) had been completed and rated; and (b) were to be implemented by 31 December 2009 but were labeled ongoing or in progress.
   (ii)   IED used the following rating system: (a) an action plan that had been fully implemented was rated *FA*; (b) if the extent of implementation was greater than 67% but less than 100%, the action was rated *LA*; (c) if the extent of

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[16] ADB. 2008. *Special Evaluation Study on Private Equity Fund Operations*. Manila. These were recommendations from the study on Private Equity Fund (PEF) Operations to (i) clarify organizational roles and responsibilities so as to make greater use of resident missions for PEF operations and to complement regional department operations; and (ii) allocate enough budgetary and staff resources to manage PEF operations efficiently and effectively. The recommendations were not adopted as PEF was not given any additional resources by Management.

[17] ADB. 2008. *Evaluation of Second Provincial Towns Water Supply and Sanitation Project in Viet Nam*. Manila

implementation was anywhere from 33% to 67% or if some actions were "ongoing" without a definite implementation period, the action was rated *partly adopted* (*PA*); and (d) if the extent of implementation was less than 33% or the recommendations were no longer relevant, the action was rated *NA*. In addition, if the spirit of the recommendation had not been satisfied, the rating could be downgraded. The reasons for any downgrades or upgrades were provided.

22.   IED validated 30 action plans, of which 26 were to be implemented by ADB and 4 by DMCs. Of the 26 assigned to ADB, 13 had been implemented and rated by the IDs/CDs and the other 13 were still under implementation but were due for completion by 31 December 2009.

23.   Table 2 summarizes the assessments made by the IDs/CDs and IED. For the 10 action plans rated *FA* by the IDs/CDs, IED confirmed 8 of the ratings and downgraded 2 (1 *LA* and 1 *PA*). Examples of fully adopted recommendations that were validated by IED are given in Box 2. One *FA* rating was downgraded to *LA* because an action needed to merit the rating had not yet been implemented. But full adoption of this action plan hinged on circumstances beyond ADB's control. The other *FA* downgrade (to *PA*) was made despite the full achievement of the requirements of the action plan because the plan itself did not fit the IED recommendation and the Management response. For instance, the action plan for a Mongolia CAPE recommendation "to reorient the role of the ADB to support Mongolia in the country's changing development context by supporting the design and implementation of further policy reforms and institutional capacity development" addressed only the capacity gap in the banking sector but not the capacity gap in other critical areas (public financial management, infrastructure services, and education systems), which Management had agreed to address.

**Table 2: Ratings of Implementing and Coordinating Departments and IED,
as of 31 December 2009**

	IED Validation Rating				
ID/CD Rating	**FA**	**LA**	**PA**	**NA**	**Total (Sum of ID/CD Ratings)**
FA	8	1	1		**10**
LA		1			**1**
PA					
NA				2	**2**
ON		2	11		**13**
Total (Sum of IED Validation Ratings)	**8**	**4**	**12**	**2**	**26**

FA = fully adopted, ID/CD = implementing or coordinating department, IED = Independent Evaluation Department, LA = largely adopted, PA = partly adopted, NA = not adopted, ON = ongoing.
Note: Shaded fields show agreement between ID/CD and IED ratings.
Source: Independent Evaluation Department's Management Action Record System team.

24.   For the remaining three rated action plans, IED confirmed the IDs/CDs' ratings of 1 *LA* and 2 *NA*s.

25.   Because they were already due by the end of 2009, 13 action plans that were labeled ongoing by the IDs/CDs were also rated by IED. Of these, 2 were rated *LA* and 11 *PA* as of 31 December 2009. Most of the action plans conformed to the IED recommendations and were

being implemented. The time allotted by Management (or the designated IDs/CDs) for implementation of some of the action plans was possibly underestimated, leading thereby to non-completion of the action plans by their due dates. On the other hand, there were some action plans which were open ended.

Box 2: Examples of Fully Adopted Recommendations

Sector Assistance Program Evaluation on Agriculture and Natural Resources Sector in Nepal[a]

IED recommended a reduction in the subsector spread of ADB assistance to the sector to optimize the efficiency of resource allocation and use. The support provided to the sector had to be directed to priority areas or subsectors to improve development results by building a critical mass needed to maximize development impact. The practice of combining diverse and poorly linked interventions in the form of agriculture and natural resources projects was reducing the potential impact of such projects and of the total sector assistance. IED also recommended a more strategic approach through increased investment in rural infrastructure such as irrigation, rural roads, and market infrastructure. This approach, IED said, would (i) be consistent with the government's plans and ADB's Strategy 2020; (ii) complement the government's and other donors' support for rural infrastructure development, including reconstruction and rehabilitation; (iii) improve irrigation facilities; and (iv) promote connectivity and access of rural people to markets, economic activities, and social services, thereby contributing to socially inclusive agriculture and rural development. These recommendations have been fully adopted and acted on by ADB. The new country partnership strategy for Nepal (2010–2012) takes into account the SAPE recommendations, and has reduced the subsector spread. The investment program gives more emphasis to rural infrastructure, including rural roads, community-based irrigation, and agricultural marketing infrastructure. The program coordinates with and complements support from other development partners. ADB is also working with development partners for increased attention to, and investment in, rural roads.

Special Evaluation Study on the Implementation of the Paris Declaration at the Asian Development Bank[b]

IED recommended a review of the need to modify an existing loan modality or to create a new one, and an increase in the program loan ceiling to allow ADB to participate in pooled funding arrangements. IED also recommended the drafting of a consolidated framework for the implementation and monitoring of ADB's commitments under the Paris Declaration that considered the commitments under each pillar and outlined the planned actions. ADB's commitments had to be communicated regularly, with visible demonstrations of support by ADB Management and regional managements, such as a memo to staff about the commitments and responsibilities for implementation. These recommendations have been fully adopted and acted on by ADB, which has reviewed the progress made by each regional department toward the Paris Declaration targets, and developed and redesigned an ADB-wide action and monitoring plan. The recent Board information paper *Program Lending Policy: Clarification*[c] contained guidelines on the use of program-based approaches by ADB staff. A review of ADB's lending policies is also being considered as part of the Strategy 2020 implementation. In 2008, ADB assessed its performance on the Paris Declaration commitments through its second annual survey covering 17 member countries. The ADB President shared the results of the survey with the heads of regional departments through his memo of 6 March 2009, highlighting the targets where ADB has been making good progress as well as the areas where it remains off target. The President emphasized the need to make progress in all countries and achieve the targets in the next 2 years. Management also shared the results of the survey with the Board of Directors on 20 April 2009. ADB's development effectiveness reviews refer to ADB's commitment, and monitor ADB's performance yearly.

ADB = Asian Development Bank, IED = Independent Evaluation Department.
[a] ADB. 2009. *Sector Assistance Program Evaluation: Agriculture and Natural Resources Sector in Nepal*. Manila.
[b] ADB. 2008. *Special Evaluation Study: Evaluation of the Implementation of the Paris Declaration at the Asian Development Bank: A Development Partner's Study for an OECD-DAC Joint Evaluation*. Manila.
[c] ADB. 2009. *Program Lending Policy: Clarification*. Manila.
Source: Management Action Record System.

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26.   As regards action plans implemented by DMCs, of the four *FA* ratings given by the IDs/CDs, three were confirmed by IED and one was downgraded to *LA*. The reason for the downgrade was the less than full implementation of the decree on drainage and sewerage for

urban areas and industrial zones, in the absence of a concrete strategy on the part of the government for carrying out the decree.

27. Details of IED's validations are given in the Supplementary Appendix of this report (available upon request).

III. CHALLENGES, LESSONS, AND OPPORTUNITIES FOR IMPROVEMENT

28. This section discusses (i) challenges encountered in the use of MARS; (ii) opportunities for process improvements in tracking and reporting on recommendations, action plans, and actions taken; and (iii) options for procedural and system changes that would make MARS and its data more useful. The discussion takes into account feedback from MARS departmental focal points, and the practices of other organizations that have systems for monitoring the implementation of action plans for evaluation recommendations.

29. The year 2009 being the first year of MARS adoption and implementation in ADB, both IED and Management face an initial learning period of 2–3 years, as the 2008 ARAR acknowledged. Challenges and implementation issues are expected to emerge during that time as action plans are drawn up and implemented, and ADB continues to improve and fine-tune MARS for more effective use. A number of issues and suggestions raised by the MARS focal points are illustrated in Box 3. These need to be taken into account and further considered by Management and IED in the context of finding opportunities for improving the implementation of MARS in future.

30. **Formulation of recommendations.** As Management responds to evaluation recommendations (and the assigned departments and offices translate them into action plans), the spirit and content of the actions desired by Management must not be diluted. The guidelines for the preparation of PPERs and TPERs require recommended follow-up actions, and each recommendation to indicate the unit responsible for implementing and tracking the action and the timing of the action.[18] IED will continue to make sure that its recommendations are specific, capable of being monitored and acted on, relevant, and time bound. Such recommendations can lead to better monitoring and tracking of each recommendation in the context of the Management response and the associated action plans and actions taken.

31. **Formulation and implementation of action plans for recommendations agreed by Management.** The current process requires the ID/CD designated by Management to enter the proposed actions and their ACTDs into MARS no later than 60 days after the Management response or the meeting of the DEC (when a DEC meeting is required). As the action plans and ACTDs then become the basis for IED's validation of the actions taken on the recommendations, there must be provision for prior consultation between the assigned department(s) and IED to allow them to reach an understanding during the formulation of the action plan. Staff assigned to prepare action plans may not fully understand the recommendations and the associated Management response in their proper context and may interpret them differently from the authors of the evaluation reports. There are instances in which recommendations have been agreed by Management, but not fully understood by staff of the IDs/CDs. Staff changes and movements can further complicate matters. IED suggested in 2009 that to bridge the gap,

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[18] ADB. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations.* Manila.

consultation between Management (or the assigned ID/CD) and IED during the action plan formulation would be helpful.[19]

Box 3: Issues and Suggestions Reported by Focal Points of the Management Action Record System

Communities of Practice. In cases where ADB-wide actions (involving thematic and cross-cutting initiatives) are required for the agreed recommendations, the assigned implementing or coordinating department (ID/CD) may seek the assistance of the relevant Communities of Practice to support the designated/assigned staff.

Review of existing action plans which are not yet past their due dates. Given the number of recommendation action plans that have not reached their action completion target dates, the assigned ID/CD must carefully reexamine the proposed action plans and the recorded actions (including those arising from country assistance program evaluations [CAPEs], sector assistance program evaluations [SAPEs], and special evaluation studies [SAPEs]) to rationalize, streamline and consolidate these action plans. In some cases, stricter deadlines must be imposed on action plans, while in other cases action plans may have to be replaced or retired when they have been superseded or rendered obsolete by certain events. This review will help the ID/CD avoid potential problems with the accumulation of a large number of unmanageable action plans.

Action plan detail. There is a need to find a balance between the specificity of an action plan and the action plan detail. Focal points recognize the need to improve the formulation of actions plans, and that the accountability of the action plan formulation lies with the ID/CD. Focal points highlighted that the existing recommendations are already strategic. However, a certain degree of specificity is required in the formulation of the action plans, which sometimes undermine the strategic significance of the recommendations. It was suggested that action plans and their corresponding progress reports should not be too detailed. The ID/CD should retain the flexibility to decide what details they want to reflect in their action plans and progress reports.

Tracking recommendations of CAPEs and SAPEs, associated action plans and actions taken. In the case of CAPEs and SAPEs, tracking recommendation action plans may be streamlined by linking them into the preparation of new country and partnership strategies (CPS) respectively. Upon approval of the relevant new CPS, the action plans and the actions taken could be self-assessed by the ID/CD, validated and rated by IED, and subsequently recorded as completed or closed. Parallel to this, focal points suggested that IED consider keeping CAPE and SAPE recommendations into one set by not tracking separate recommendations for each report. It was confirmed that IDs/CDs had, in fact, in some cases stated in the action plans that the incorporation or consideration of recommendations would be undertaken during the preparation of the next CPS. However, not all recommendations of CAPEs and SAPEs need to wait for the next CPS to be acted on. Recommendations related to country assistance portfolio, program implementation and other operational matters can be acted on in the context of conducting ADB's day-to-day business in the country.

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32.   **Action completion target date and completed actions.** In 2008, assigning ACTDs to recommendation action plans appeared to be difficult, especially because of action plans that were deemed to be continuing. Of the 86 agreed recommendations from the 2008 evaluation reports, only 68 action plans (79%) had ACTDs by the end of 2008. This percentage had improved to 95% by the end of 2009 largely because of close coordination among Management, ID/CD, and IED. Management identifies and proposes ACTDs setting the due dates of the action plans. ACTDs should be frozen as a baseline 30 days after the uploading onto MARS. This rule was not in effect during the first year of MARS implementation. But by 15 March 2010, ACTDs of all action plans now in MARS were frozen to serve as baseline for implementation. While some recommendations may not prescribe any deadline for actions to provide flexibility to Management, it is important that time limits are imposed on ACTDs by Management to avoid open-ended and overly long implementation of action plans. Completed action plans must be assessed by ID/CD regardless of whether they are past their due date or not. Self-evaluation of

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[19] As part of the business process for the preparation of an evaluation study, discussion takes place at several milestone events, including at staff level, director's level, and head of department's level, before finalization of the evaluation report.

action plans by ID/CD is necessary when the ACTD is reached. IED validates action plans upon completion, and also ongoing action plans that are past their ACTDs. This process will ensure consistency in reporting in the ARAR.

33.   **Interdepartmental coordination of ADB-wide actions.** Some recommendations (agreed by Management) call for ADB-wide action plans. Instances where the Management response reflects the need for ADB-wide actions, but the assigned ID/CD is a regional department with action plans and actions confined to its region, have been challenging. Moreover, the focal points for thematic and far-reaching recommendations, although designated by the Managing Director General, have not fully assumed their coordination functions for ADB-wide actions. The assignment of IDs/CDs and their role with respect to each Management response should therefore be made clearer. Internal coordination must be effective to allow such plans to be carried out. Provision for staff incentives and recognition may be considered to facilitate the implementation of ADB-wide action plans.

34.   **Follow-up and monitoring of actions taken on recommendations addressed to DMCs.** Recommendations for DMCs usually come from PPERs and TPERs, and are limited to those that are specific to the project or technical assistance. However, to date, tracking of actions taken by DMCs is still optional. While the operations departments have made substantial efforts for the DMCs to implement the recommendations addressed to them, post-completion monitoring of outcomes requires resources to implement. Monitoring of actions taken by DMCs is likely to be more feasible in cases where there are ongoing ADB operational activities in the concerned sector and DMC, than in cases where there is no further ADB engagement. As recommendations directed to DMCs are generally to address project-specific issues, it is important for Management to have a formal mechanism to track them.

35.   **Iterative recommendations.** Recommendations that call for actions on greater selectivity, stronger resident missions, better monitoring of implementation and post-completion outcomes have appeared several times in various evaluation reports. While these may be perceived as recurring recommendations, they are contextual in their geographic, thematic and sectoral concerns. Consolidating these recommendations may remove or distort the contexts of the original recommendations for actions.

36.   **A change in mind-set from periodic to real-time tracking and monitoring of acting on recommendations.** Until recently, the implementation of recommendations was manually tracked and monitored yearly, and efforts often intensified as the formal reporting deadline neared. With the introduction of MARS and its real-time accessibility it provides, tracking, updating and reporting can be done continuously. Up-to-date information will thus be available at any time, and the risk of having obsolete data in MARS will be minimized. The improved availability and reliability of information in MARS will increase the use of the information system by staff and the Board.

37.   **Opportunities to improve the usefulness of MARS.** There is a plan to integrate MARS with the evaluation module of the project processing and portfolio management (P3M) system. IED will further assess the system functionality of MARS and users' experience in 2010 in consultation with the Office of Information Systems and Technology. Box 4 lists some possible improvements for further consideration.

Box 4: Possible Improvements in the Management Action Record System (MARS)

Search performance. The server response time in processing search requests and generating management action record should be shortened. When a search is in progress or a management action record is being generated, a visual prompt must be enabled to indicate to users that their request is being processed. This can prevent users from making the same request twice and inadvertently lengthening the server response time.

E-mail alerts to notify assigned staff. Users have expressed the need to enable (and disable) e-mail alerts capable of designating the recipients of alerts for a particular management action record.

Workflow and approval. Assigned staff develop action plans, determine action completion target dates, and track, monitor, and report progress in action plan implementation. This process requires the approval of their supervisors. Each department or division handles several recommendations. An electronic workflow with batch approval capability may therefore make MARS more effective.

Reporting facility. Users have called for a more robust data export facility for reporting, which allows users to select particular fields to include in a particular file type (Excel or Word version) of the management action record. More report options have been requested by users with filtering capability for summary report generation (for example, by department and report type).

Classification of recommendations. Tagging each recommendation by its primary classification can help sort the recommendations by classification group. All recommendations, including those with multiple secondary classifications, may be tagged.

MARS user guidelines and learning opportunities. There is a need for improved user guidelines for MARS that provide a step-by-step guide in classifying recommendations. This can help ensure the consistent classification of recommendations by different staff. Understanding of the requirements of MARS and the processes involved in making its use more effective is still uneven among staff of departments (including IED). Thus, efforts to improve the processes, coordination, and use of MARS will be further explored through (i) feedback from MARS users and implementers; (ii) orientation and tutorials on review and validation; and (iii) incentives and motivation for staff from Management and further cooperation with heads of departments.

IV.   CONCLUSIONS AND SUGGESTIONS

38.   The first year of MARS implementation has provided initial insights into challenges, lessons, and opportunities for improving the use of the system. Through the use of MARS, for the first time ADB can electronically track, monitor, and view the progress of actions on agreed recommendations. As required, IDs/CDs have uploaded the action plans for all agreed recommendations onto MARS and reported the progress of their implementation. For the first time, IED has reviewed and validated the implementation of these action plans, as reported in this 2009 ARAR. IED has found MARS to be very useful in the preparation of this report (as opposed to the manual tracking system in the past). Through further learning among Management, IDs/CDs, and IED, progressive and significant improvements in the implementation of MARS can be expected to materialize over the next 2 years. Necessary consultations between the assigned ID/CD staff and IED staff for clarifications on desired actions will continue to improve the implementation and use of MARS.

39.   IED recommendations have taken into account the need to avoid being too prescriptive, yet specific enough to be actionable. For example, in its 2009 reports, IED cross-referenced broad recommendations with specific suggestions in the text of the report. IED will thus continue to make sure that its recommendations are specific, capable of being monitored and acted on, relevant, and time bound.

40.   It is important to note that IED validation is concerned only with the implementation status of the action plans, and not the output and outcome of the actions taken. IED reviews such output and outcome only during project, sector, country, or special evaluations.

41.   In conclusion, MARS is in its early stages, with 2009 being the first full year of implementation. A beginning has been made on the validation of action plans and actions taken, with IED validating 26 (16%) of the 166 recommendation action plans in 2008–2009. Meanwhile, this report puts forward the following initial suggestions for consideration by Management for improving the implementation of MARS. Such consideration should take into account the challenges and opportunities for improvement highlighted in Chapter III.

(i)   **Management response, action plans, and consultation between IDs/CDs and IED.** Since the establishment of MARS, Management has stated clearly whether it has agreed or disagreed with the recommendations in its response, with explanations for the recommendations that are not agreed by Management. As action plans and actions taken are validated once they are implemented, consultation between the ID/CD and IED during the formulation of the action plans can help to improve clarity and quality of action plans. The criteria for determining the status of implementation at the completion of the action plan can be discussed as well during such consultation. This discussion on action plan formulation is on a need basis/optional, and it has been limited so far. IED will be available to discuss action plans at the request of the ID/CD, and will continue to provide help desk services to answer questions that can help improve MARS implementation.

(ii)   **Action plans for recommendations of CAPEs and SAPEs and their timing.** CAPEs and SAPEs usually produce recommendations pertaining to country partnership strategies, business plans and their implementation. These recommendations are normally addressed during the formulation of the new CPS, the timing of which is largely affected by several factors and may not be available at the time of the Management response or DEC discussion. To avoid the preparation of action plans that may not be relevant or responsive to the CAPEs and SAPEs, the implementing department could be given the flexibility to wait for the next CPS to implement this type of recommendations. Accordingly, the formulation and uploading of the corresponding recommendation action plans onto the MARS will thus be exempted from the standard rule of "no later than 60 days after the issuance of Management response or 60 days after the DEC meeting when a DEC meeting is required". The timing of the preparation of the action plan at a later date could be instead agreed between IED and the implementing department. For practical monitoring, MARS could separate the presentation of the recommendations of CAPEs and SAPEs from the rest of the recommendations addressed to ADB. However, recommendations from CAPEs and SAPEs related to program implementation, portfolio management and operational matters should be acted on in the conduct of ADB's business, and do not have to wait for the next CPS.

(iii)   **Portfolio performance.** The IED's Annual Report on Portfolio Performance normally produces recommendations to improve the effectiveness of the loan and technical assistance portfolio in delivering results. However, there are cases where other types of evaluation reports also generate recommendations of the same nature which are applicable ADB-wide (such as those related to improving

sustainability, and reducing implementation delays). Rather than monitor such recommendations under each evaluation report, IED can consider consolidating these recommendations into the Annual Report on Portfolio Performance for monitoring under the MARS.

(iv) **Business process changes and potentially obsolete recommendations and action plans.** Recommendations and associated action plans that are affected by changes in ADB-wide policies, strategies or business processes need to be reviewed in the future. Management can thus assess whether the recommendations, the corresponding Management response and action plans, have been superseded or rendered obsolete. If so, Management as the implementing party may request IED to retire the recommendations.

**HISTORY OF THE TRACKING OF FOLLOW-UP ACTIONS AND RECOMMENDATIONS,
1982–2007**

1.   Efforts to track follow-up actions and recommendations (FAARs) in Independent Evaluation Department (IED) evaluation reports stretch back to 1982, and intensified in 2006 and 2007. IED has periodically monitored and reported on FAARs. The Management Action Record System (MARS) has been established. A brief history of this monitoring effort follows.

   (i)   After issuing the 1982 Board paper *Post-Evaluation Office: Activities and Procedures,*[1] IED (then the Post-Evaluation Office) began reporting actions taken in its *Fifth Review of Post-Evaluation Reports (1982),* which was circulated in May 1983.[2] Information on the status of actions was requested from relevant divisions.

   (ii)   In the *2001 Annual Review of Evaluation Activities*, the "Assessment of Follow-Up Actions" section covered all IED reports completed in 1999 (with a 2-year lag). For the first time, IED requested twice-yearly progress reports (in July 2000 and January 2001) from regional departments on actions taken.[3] In 2005, the reporting frequency changed to once a year.

   (iii)   Before 2006, most recommendations were extracted from evaluations of individual operations, because recommendations in broader studies were usually too broad to be monitored. Project or program performance evaluation reports (PPERs) and technical assistance performance evaluation reports (TPERs) were required to specify the due date of the action and the party responsible, making it easy to monitor the implementation of the recommendations. The monitoring efforts intensified in 2006 and 2007.

   (iv)   In 2006, the 2-year lag was closed, and the IED annual report included FAARs from IED reports completed in 2004 and 2005. The Management response was used to get additional information on the actions, but not to filter out any FAARs. In 2007, outstanding FAARs from previous years were added to the pool that was being monitored. A greater effort was also made to add recommendations from broader evaluations to the FAAR pool being monitored.

   (v)   In 2008, those recommendations that were not agreed in the Management response were dropped from the FAAR pool.

2.   The Development Effectiveness Committee (DEC) supported the tracking of recommendations by requesting follow-ups on its own recommendations (most of which were based on endorsements of IED recommendations). In 2003, the DEC requested IED to prepare an annual status report on Management actions implementing the DEC's recommendations contained in its annual reports to the Board since 2002. In its Annual Report of 2005, the DEC made further recommendations to ADB through the Board, requesting that a system be put in

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[1] ADB. 1982. Doc. R133-81, Activities and Procedures, Revision 1, *Post-Evaluation Office: Activities and Procedures*, 2 November. Manila.

[2] The follow-up actions and recommendations were categorized as follows (i) project specific, (ii) project preparatory, and (iii) policy matters and additional resources. This categorization was not followed in later years, although the monitoring and reporting continued.

[3] The FAAR categories were changed to those that were geared to developing member countries (DMCs) (appropriate action taken [A1], action partly taken [A2], no action taken because DMC disagreed [B1], no action taken because there was no response from DMC [B2], no action at all [B3]) and those that were geared to ADB (appropriate action taken [C1], partly taken [C2], no action taken because department disagreed [D1], response postponed [D2], and no action taken at all [D3]).

place to monitor actions on annual DEC recommendations and that a system be established for monitoring the cumulative progress of actions on IED recommendations.

3.   The effort was also supported by the Office of the Managing Director General (MDO). The MDO memo of 29 March 2006 to the President proposed the establishment of an ADB-wide evaluation information system, which would be operationalized within 6 months of the start-up of the work. The following division of roles was proposed:

(i)   MDO was to coordinate the overall development of the system.
(ii)   IED was to integrate its lessons and recommendations databases into an integrated system that could reflect management responses.
(iii)   Regional departments were to provide periodic feedback on the FAARs in IED reports.[4]
(iv)   The Regional and Sustainable Development Department was to interact with IED regarding the application of the Evaluation Information System (EVIS).

4.   Following endorsement by the President, a separate memo was sent to the DEC affirming Management's commitment to improving ADB's system of learning from evaluation feedback as a core part of its more comprehensive knowledge management process, and indicating that a user-friendly EVIS would be set up.

5.   IED met with the MDO in 2007, after the establishment of the EVIS, to discuss roles and responsibilities, and reached the following conclusions:

(i)   Concerned departments and offices should be responsible for the "action taken" fields of EVIS.
(ii)   MDO should take ownership of action recommendations with ADB-wide implications.
(iii)   MDO would organize an EVIS demonstration session for relevant departments and reach agreement on roles and responsibilities.

6.   The tracking system had two categories of recommendations: (i) those addressed to ADB, and (ii) those addressed to developing member countries (DMCs). A few recommendations required action by both ADB and a DMC. Before 2008, if a recommendation had been fully or partly acted on, it was classified under "action taken." Recommendations that were expected to be addressed in future operations or for which no information was provided were classified under "no action taken." In some cases, the DMC disagreed with the recommendations. These recommendations fell into the "no action taken" classification. Table A1 gives the reporting categories used.

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[4] This should include other departments, as some recommendations need to be acted on by the Budget, Personnel, and Management Systems Department; the Central Operations Services Office; the Regional and Sustainable Development Department; the Strategy and Policy Department; etc.

Table A1: Manual Tracking System Reporting Categories

A.   Addressed to ADB

    1.   Action Taken

        a.   Action has been or is being taken

        b.   Action partly taken

    2.   No Action Taken

        a.   Will be addressed in future operations

        b.   No action taken

B.   Addressed to DMC

    1.   Action Taken

        a.   Action has been or is being taken

        b.   Action partly taken

    2.   No Action Taken

        a.   No action because DMC disagreed with the recommendation

        b.   ADB requested DMC to take action but no response yet

        c.   No action taken

ADB = Asian Development Bank, DMC = developing member country.
Source: Independent Evaluation Department's Management Action Record System team.

THE MANAGEMENT ACTION RECORD SYSTEM

1.   A task force was formed in November 2008 to study options for establishing a monitoring system for evaluation recommendations and management actions, with representatives from the Managing Director General's Office, the Independent Evaluation Department (IED), the Strategy and Policy Department, and the Office of Information Systems and Technology. The task force discussed options for improving tracking recommendations and reached agreement to develop a Management Action Record System (MARS), a computerized tracking system that would facilitate the implementation and monitoring of evaluation recommendations by the Asian Development Bank (ADB). MARS, which draws on the existing Evaluation Information System (EVIS),[1] was developed and introduced in early 2009.

2.   **Objective.** The objective of MARS is to facilitate the implementation of recommendations by ADB and to monitor implementation progress by providing an efficient and user-friendly automated system based on EVIS to make it easier to use evaluation findings in future decision making.

3.   **Benefits.** In the past, a manual system was used to track recommendations and assess their implementation status yearly. The actions taken were not validated, however. In contrast,

(i)   MARS automatically generates a management action record (MAR) for each IED report on demand.
(ii)   MARS provides a database accessible online to all ADB staff, Management, and the Board to facilitate analyses of the recommendations (e.g., by area, sector, and priority).
(iii)   MARS helps Management assume ownership in monitoring progress in implementing the recommendations, and allows IED to assess progress yearly on the basis of the information provided by Management.
(iv)   Starting in the first quarter of 2010, IED will validate actions taken through a desk review.
(v)   The implementation of MARS allows the active involvement of stakeholders, and summary progress reports on actions taken to be generated by the system on demand.

4.   **Management action record.** MARS is being used to track all IED report recommendations, including 2008 and 2009 evaluation reports to date. Each IED report that requires management response has a MAR. IED enters into EVIS information on evaluation recommendations from all its final reports and the corresponding Management response. The implementing or coordinating department designated by Management enters the proposed actions and an action completion target date (ACTD) into MARS no later than 60 days after the Management response or 60 days after the meeting of the Development Effectiveness Committee (DEC) when a DEC meeting is required (see Table A2.1 for the MAR; Table A2.2 contains the corresponding field descriptions). The information in MARS is available as a "read-only" database, accessible to the Board, Management, and ADB staff through ADB's intranet portal. For the sake of efficiency, and as mutually agreed with Management, IED retires

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[1] EVIS was developed by IED in 2007 as a searchable database with two elements: (i) lessons; and (ii) follow-up actions and recommendations, and management responses. EVIS allows the departments responsible for implementing follow-up actions and recommendations to record proposed actions and implementation progress. For tracking, MARS will extract selected tracking data from the second segment of the EVIS database devoted to follow-up actions and recommendations.

recommendations from MARS (i) 2 years after their ACTD; or (ii) if they become irrelevant (a) because of external conditions, or (b) because they are superseded by other recommendations.

5.   The relevant department(s) is expected to update the status of progress on actions throughout the year, with updates made at least twice yearly (as of 30 June and 31 December). IED will assess the status of progress recorded in MARS once a year (in the first quarter).

6.   For effective implementation of MARS, the following guiding principles will be observed:

(i)   Recommendations must be capable of being acted on and monitored. Sub-recommendations that require different actions will be treated and counted as separate recommendations, but different implementation options will not be counted separately.

(ii)   Management should clearly indicate whether it agrees with the recommendations, and provide appropriate reasons. Recommendations agreed by Management should have clear proposed action(s) and a reasonable time frame as indicated by the ACTD.

7.   **Pilot testing.** MARS was pilot-tested from January to June 2009, and promoted through nine briefings held with departments that were implementing IED recommendations. The system was improved and fine-tuned on the basis of feedback from the briefings, with the goal of making it easier to use. A MARS hotline and a link to answers to "frequently asked questions" were added to help MARS users. All the recommendations in 2008 IED reports were entered into MARS by January 2009 and the corresponding action plans and ACTDs were provided by Management by the end of June 2009. Focal persons were designated by heads of implementing departments or coordinating departments nominated by Management.

8.   **Reporting.** IED uses MARS to prepare the Annual Report on Acting on Recommendations (ARAR)—which summarizes progress made in implementing management actions on recommendations—in the first quarter of the following year. Beginning in 2010, IED will validate the actions taken by Management through a desk review that examines documentation. The 2009 ARAR will be discussed with the DEC in the second quarter of 2010.

Table A2.1: Management Action Record

Date of IED Report/Running date of MAR:	
Implementing department(s):	
Reference/Loan no:	
Name:	

Recommendations

IED Recommendation	Management						IED Assessment			
	Management Response	Action Plan/Proposed Action	Completion Target Date	ID	Status of Progress		Delayed?	Status	Reason	Status Flag
					Status	Description				
A	B	C	D	E	F	G	H	I	J	K
Agreed										
Others (Government and other organizations)										
NOT Agreed										

ID = implementing or coordinating department, IED = Independent Evaluation Department, MAR = management action record.
Source: Independent Evaluation Department's Management Action Record System team.

Table A2.2: Management Action Record Fields

Column (input responsibility)	Field Name	Remarks
A (IED)	Recommendation	Recommendations from IED reports are entered by IED upon report circulation.
B (IED)	Management Response	The Management response will indicate whether the IED recommendation is agreed or not by Management, and the reasons for agreement or disagreement. The Management response will contain a brief action plan, a time frame for completing the action, the implementing department, and the designated focal points for all IED recommendations agreed by Management.
C (ID)	Action Plan/ Proposed Action	Describes the actions the implementing or coordinating department proposes to take to implement IED's recommendations. The action plan may have several sub-actions for one recommendation. A focal person designated by the ID is responsible for entering the action plan into the system.
D (ID)	Action Completion Target Date (ACTD)	This is the estimated date of completion of the action as proposed by Management. Only one ACTD should be entered for each recommendation. If there are several sub-actions with corresponding completion target dates, then the latest sub-action target date will be considered the ACTD. A focal person designated by the ID is responsible for entering the target date.
E (ID)	Implementing Department	Department assigned by Management to implement or coordinate (in cases where several departments are involved) the implementation of IED's recommendation.
F (ID)	Status	If the action is pending or in progress, the status will be classified as "ongoing" or "planned." If the action has been completed, then the ID will classify the extent of adoption of the recommendation as "fully adopted," "largely adopted," "partly adopted," or "not adopted." The designated staff can update the status of progress any time.
G (ID)	Description	The basis for the classification of implementation progress.
H (IED)	Delayed?	A checkmark (✓) will appear if no status of progress beyond the ACTD has been entered.
I (IED)	Status at Validation	In the first quarter of each year, IED will review and validate the status (classification of implementation progress) assigned by the ID.
J (IED)	Reason	The basis for IED's assessment of implementation progress.
K (IED)	Status Flag	A checkmark (✓) will appear if IED's classification of implementation progress is different from that of the ID.

ACTD = action completion target date, ID = implementing or coordinating department, IED = Independent Evaluation Department.
Source: Independent Evaluation Department's Management Action Record System team.

CLASSIFICATION OF RECOMMENDATIONS
OF THE INDEPENDENT EVALUATION DEPARTMENT

Strategy 2020 Results Classification	IED Classification	IED Subclassification	
Level 1: Strategy and Policy	Strategies, Policies, Guidelines	• Accountability • Anticorruption • Disaster and emergency assistance • Innovation and efficiency initiative • Middle-income country strategy	• Environment • Graduation policy • Microfinance • Public communications policy • Resident mission • Safeguards
	Country Partnership Strategy and Country Programming	• Country ownership • Consultation and participation • Linkage with country program • Positioning	• Relevance • Responsiveness • Selectivity and focus
Level 2: Sector and Thematic Contributions	Strategy 2020 Drivers of Change	• Capacity development • Governance • Gender equity • Knowledge solutions	• Partnerships including donor coordination • Private sector development and operations
	Strategy 2020 Core Areas of Operations	• Education • Infrastructure • Environment, including climate change	• Financial sector development • Regional cooperation and integration
	Noncore Areas of Operations	• Agriculture • Health • Social protection	• Population • Others
Level 3: Operational Effectiveness	Financing Instruments, Arrangements, and Modalities	• Project loan • Program loan • Equity/investment • Grants • Guarantees • Cofinancing	• Technical assistance • Multitranche financing facility • SDP • Program cluster • TA cluster • Trust fund and special funds
	Approaches and Methodologies	• Participatory approach • Pilot project	• Sector-wide approach • Targeting
	Loan or TA Processing	• Appraisal • Linkage with country strategies • Problem identification	• Project design • Quality-at-entry and quality assurance
	Project Management	• Consultants • Executing/Implementing agencies • Management information system • Project start-up	• Project implementation and supervision • Procurement • Risks and risk management
	TA Management	• Resource allocation • TA implementation	• Linkage with country strategies • Consultants
	Monitoring and Evaluation	• Baseline data • Data collection and management • Indicators • DMF	• Portfolio management • Post-evaluation • Project evaluation • Performance reporting • Results framework
Level 4: Organizational Effectiveness	HR Policy and Staff Issues	• Staff skills and expertise • HR management	• Incentives

DMF = design and monitoring framework, HR = human resources, IED = Independent Evaluation Department, SDP = sector development program, TA = technical assistance.
Source: Independent Evaluation Department's Management Action Record System team.

REVIEW OF 2008–2009 RECOMMENDATIONS ADDRESSED TO ADB
AND MANAGEMENT ACTIONS

1.   This appendix reviews and analyzes the degree of agreement of recommendations addressed to the Asian Development Bank (ADB) from 2008 and 2009 evaluation reports, the corresponding action plans and action completion target dates (ACTDs), and the status of their implementation.

A.   Recommendations Agreed and Not Agreed by ADB Management (2008–2009)

2.   Before 2008, Management acceptance of recommendations was not always clearly indicated. While Management agreed in principle to some recommendations, there were implementation challenges and encumbrances. With the establishment of the Management Action Record System (MARS), Management began to clearly indicate which recommendations could or could not be implemented, on the basis of an "agree" or "disagree" statement in the Management response.

3.   In 2008–2009, Management has agreed to 89% of the 186 recommendations addressed to ADB. By year of evaluation, Management's agreement of Independent Evaluation Department (IED) recommendations increased from about 83% in 2008 to 96% in 2009. The rise may be due partly to IED efforts, from the latter part of 2008, to ask for Management response on recommendations that are more strategic and prioritized. For the three recommendations that were not agreed by Management in 2009, the following reasons were noted by Management: (i) a longer time frame was required to fully reap yet uncertain benefits; (ii) not much value added was expected if the recommendation was implemented; and (iii) the recommendation was seen to be no longer necessary.

1.   Recommendations by Type of Report

4.   The degree of agreement by Management varies by type of report (Table A4.1). Understandably, project/program performance evaluation report (PPER) recommendations have 100% agreement as the recommendations are concerned with follow-up actions, which are relatively easy to implement. Among the broader evaluations, country assistance program evaluations (CAPEs) and their related evaluations have a higher percentage of agreement (92%) than special evaluation studies (SESs) (79%). This is largely because CAPEs are considered the most used IED products by IED clients as they are produced in a timely manner and focused on results, with their analyses, findings, and actionable recommendations rooted in the evaluation evidence.[1] Each CAPE is also meant for one developing member country (DMC), with recommendations to be acted on by one regional department. On the other hand, recommendations from SESs generally refer to strategic, thematic, and far-reaching concerns, which require ADB-wide consensus and actions, and may also require additional resources.

2.   Recommendations, by Department

5.   Tracking recommendations contributes to fulfilling the accountability and learning functions of IED evaluations. Tracking by department effectively monitors progress and

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[1]   ADB. 2008. *2008 Annual Evaluation Review: Lessons from a Decade of ADB Country Assistance Program Evaluations.* Manila. The pre-retreat survey in May 2009 on the relevance and usefulness of IED also concluded that CAPEs are the most useful product of IED.

strengthens the accountability and learning response of departments to recommendations or follow-up actions. The distribution of recommendations by department is determined in part by IED's evaluation work program. Thus, the Southeast Asia Regional Department has the largest volume of recommendations to implement (57, or 34% of the total) because of the CAPEs (including one regional cooperation assistance program evaluation, which had seven sectors and thematic evaluation reports) and the supporting sector assistance program evaluations (SAPEs) and PPERs completed in 2008 and 2009. On the other hand, the East Asia Regional Department was tasked to implement 22 of the accepted recommendations in 2008, but none in 2009. The South Asia Regional Department (SARD) had only 4 recommendations to implement in 2008, but was assigned 17 of the accepted recommendations in 2009. The Pacific Regional Department and the Central and West Asia Department (CWRD) have the lowest assigned number of recommendations because relatively fewer PPERs and no CAPEs were prepared for these regions in 2008−2009.

Table A4.1: Recommendations Addressed to ADB
That Were Agreed or Not Agreed
as of 31 December 2009

	2008				2009				Total			
	Agreed		Not Agreed		Agreed		Not Agreed		Agreed		Not Agreed	
Report Type	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
AR/EKB/IES	5	83.3	1	16.7	18	94.7	1	5.3	23	92.0	2	8.0
CAPE/RCAPE/SAPE	49	89.1	6	10.9	43	95.6	2	4.4	92	92.0	8	8.0
PPER	8	100.0			5	100.0			13	100.0		
SES	24	70.6	10	29.4	14	100.0			38	79.2	10	20.8
Total	**86**	83.5	**17**	16.5	**80**	96.4	**3**	3.6	**166**	89.2	**20**	10.8

ADB = Asian Development Bank, AR = annual report, CAPE = country assistance program evaluation, EKB = evaluation knowledge brief, IES = Impact Evaluation Study, PPER = project or program performance evaluation report, RCAPE = regional cooperation assistance program evaluation, SAPE = sector assistance program evaluation, SES = special evaluation study.
Source: Independent Evaluation Department's Management Action Record System team.

6.   Strategic and thematic evaluation recommendations, when agreed by Management, are likely to concern not just one department but several departments. For recommendations that have ADB-wide scope, Management has assigned the Central Operations Services Office, the Regional and Sustainable Development Department, the Office of Regional Economic Integration, and the Strategy and Policy Department as the coordinating units. For recommendations with region-wide coverage, Management may assign the appropriate regional department as the coordinating unit. For instance, of the 14 recommendations in 2009 to be implemented by several departments, 7 that have region-wide scope are coordinated by CWRD and SARD.

7.   Table A4.2 shows the distribution of recommendations by implementing or coordinating department (ID/CD). Operations departments have a higher rate of agreement because the type of recommendations assigned to them are generally from country, sector, or project evaluations. In contrast, the type of recommendations assigned to non-operations departments are generated from SESs, which are wider in scope and more complex than other evaluations.

Table A4.2: Recommendations, by Implementing and Coordinating Department

ID/CD	2008				2009				Total			
	Accepted		Not Accepted		Accepted		Not Accepted		Accepted		Not Accepted	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Operations												
CWRD					6	100.0			6	100.0		
EARD	22	81.5	5	18.5					22	81.5	5	18.5
PARD					5	100.0			5	100.0		
SARD	4	100.0			17	100.0			21	100.0		
SERD	31	96.9	1	3.1	26	92.9	2	7.1	57	95.0	3	5.0
PSOD	5	83.3	1	16.7					5	83.3	1	16.7
Subtotal	*62*	*89.9*	*7*	*10.1*	*54*	*96.4*	*2*	*3.6*	*116*	*92.8*	*9*	*7.2*
Non-operations												
COSO	3	75.0	1	25.0	3	75.0	1	25.0	6	75.0	2	25.0
OGC					3	100.0			3	100.0		
OREI	5	100.0							5	100.0		
RSDD	7	53.8	6	46.2	5	100.0			12	66.7	6	33.3
SPD	7	70.0	3	30.0	1	100.0			8	72.7	3	27.3
Subtotal	*22*	*68.8*	*10*	*31.3*	*12*	*92.3*	*1*	*7.7*	*34*	*75.6*	*11*	*24.4*
Several Departments	1	100.0			14	100.0			15	100.0		
Subtotal	*1*	*100.0*			*14*	*100.0*			*15*	*100.0*		
IED	1	100.0							1	100.0		
Subtotal	*1*	*100.0*							*1*	*100.0*		
Total	**86**	**83.5**	**17**	**16.5**	**80**	**96.4**	**3**	**3.6**	**166**	**89.2**	**20**	**10.8**

COSO = Central Operations Services Office, CWRD = Central and West Asia Department, EARD = East Asia Department, ID/CD = Implementing/ Coordinating Department; IED = Independent Evaluation Department, OGC = Office of the General Counsel, OREI = Office of Regional Economic Integration, PARD = Pacific Department, PSOD = Private Sector Operations Department, RSDD = Regional and Sustainable Development Department, SARD = South Asia Department, SERD = Southeast Asia Department, SPD = Strategy and Policy Department.
Source: Independent Evaluation Department's Management Action Record System team.

3. Recommendations, by Category

8.   In 2008, IED began classifying its recommendations according to four categories corresponding to Strategy 2020 results framework levels.[2] According to this classification, over the past 2 years, of the 186 IED recommendations addressed to ADB, 100 (54%) were geared toward sector or thematic contributions (level 2), 49 (26%) to operational effectiveness (level 3), 30 (16%) to strategy and policy (level 1), and 7 (4%) to organizational effectiveness.

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[2]   Recommendations are classified according to the four Strategy 2020 results framework levels as follows: (i) the first level pertains to recommendations on country partnership strategy (CPS) and policy, and ADB's contribution to outcomes in Asia and the Pacific; (ii) in the second level are recommendations on ADB's sector and thematic contributions to country outcomes; (iii) third-level recommendations focus on ADB's operational effectiveness; and (iv) fourth-level recommendations are concerned with ADB's organizational effectiveness. Appendix 3 gives further details of the classification of IED recommendations.

9.   In terms of the degree of agreement by Management (Table A4.3), recommendations pertaining to sector and thematic contributions have the highest rate of agreement (93%), followed by recommendations relating to strategy and policy (87%) and operational effectiveness (86%). Recommendations pertaining to organizational effectiveness (human resource policy and staff issues with budgetary implications) have the lowest degree of agreement (71%) because of the nature of the recommendations.[3]

Table A4.3: Distribution of Recommendations by Strategy 2020 Results and IED Classification, as of 31 December 2009

Strategy 2020 Results Framework Classification	IED Classification	2008				2009				Total			
		Agreed		Not Agreed		Agreed		Not Agreed		Agreed		Not Agreed	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Strategy and Policy: Contributes to Poverty Reduction and Human Development (Level 1)	Country Partnership Strategy and Country Programming	9	81.8	2	18.2	12	92.3	1	7.7	21	87.5	3	12.5
	Strategies, Policies, Guidelines	4	80.0	1	20.0	1	100.0			5	83.3	1	16.7
	Subtotal	*13*	*81.2*	*3*	*18.8*	*13*	*92.9*	*1*	*7.1*	*26*	*86.7*	*4*	*13.3*
Sector/ Thematic Contributions (Level 2)	Strategy 2020 Core Areas of Operations	19	95.0	1	5.0	26	100.0			45	97.8	1	2.2
	Strategy 2020 Drivers of Change	24	82.8	5	17.2	23	100.0			47	90.4	5	9.6
	Noncore Areas of Operations	1	50.0	1	50.0					1	50.0	1	50.0
	Subtotal	*44*	*86.3*	*7*	*13.7*	*49*	*100.0*	*0*	*0.0*	*93*	*93.0*	*7*	*7.0*
Operational Effectiveness (Level 3)	Approaches and Methodologies	3	100.0			1	100.0			4	100.0		
	Financing Instruments, Arrangements, and Modalities	6	85.7	1	14.3	1	100.0			7	87.5	1	12.5
	Loan or Technical Assistance (TA) Processing	4	100.0			3	100.0			7	100.0		
	Monitoring and Evaluation	8	80.0	2	20.0	10	90.9	1	9.1	18	85.7	3	14.3
	Project Management	5	83.3	1	16.7	1	50.0	1	50.0	6	75.0	2	25.0
	TA Management			1	100.0							1	100.0
	Subtotal	*26*	*83.9*	*5*	*16.1*	*16*	*88.9*	*2*	*11.1*	*42*	*85.7*	*7*	*14.3*
Organizational Effectiveness (Level 4)	Human Resource Policy and Staff Issues	3	60.0	2	40.0	2	100.0			5	71.4	2	28.6
	Subtotal	*3*	*60.0*	*2*	*40.0*	*2*	*100.0*	*0*	*0.0*	*5*	*71.4*	*2*	*28.6*
	TOTAL	**86**	83.5	**17**	16.5	**80**	96.4	**3**	3.6	**166**	89.2	**20**	10.8

IED = Independent Evaluation Department, TA = technical assistance.
Source: Independent Evaluation Department's Management Action Record System team.

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[3]   Management agreed to 5 of the 7 recommendations in 2008−2009 pertaining to human resource policy and staff issues.

10.   Sixty-three percent, or 117 of the 186 recommendations addressed to ADB in 2008–2009, had secondary classifications. Recommendations with more than one classification[4] are expected to be more common in broader studies, where issues and corresponding recommendations encompass and contribute to several IED classifications.

B.   Review of Recommendation Action Plans, Target Dates, and Status of Progress

11.   After recommendations have been agreed by Management, recommendation action plans are formulated and assigned ACTDs. Of the 166 action plans formulated in response to the same total number of agreed recommendations from 2008 and 2009 reports, almost 96% (159) were assigned ACTDs (Table A4.4). Of the 159 action plans with ACTDs, 23 action plans had reached their due dates by the end of 2009.

Table A4.4: Recommendation Action Plans with ACTDs, as of 31 December 2009

Due/ Not Due	2008				2009				Total			
	With ACTD		Without ACTD		With ACTD		Without ACTD		With ACTD		Without ACTD	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Due	19	100.0			4	100.0			23	100.0		
Not Due	63	94.0	4	6.0	73	96.1	3	3.9	136	95.1	7	4.9
Total	**82**	**95.3**	**4**	**4.7**	**77**	**96.3**	**3**	**3.8**	**159**	**95.8**	**7**	**4.2**

ACTD = action completion target date.
Source: Independent Evaluation Department's Management Action Record System team.

12.   In 2008, assigning ACTDs to recommendation action plans appeared to be difficult, especially because of action plans that were deemed to be continuing. As shown in Table A4.5, of the 86 agreed recommendations, only 68 action plans (79%) had ACTDs by the end of 2008. This percentage had improved to 95% by the end of 2009 largely because of close coordination among Management, ID/CD, and IED.

Table A4.5: Status of 2008 Recommendation Action Plans with ACTDs

Due/ Not Due	As of 31 December 2008				As of 31 December 2009			
	With ACTD		Without ACTD		With ACTD		Without ACTD	
	No.	%	No.	%	No.	%	No.	%
Due	4	100.0			19	100.0		
Not Due	64	78.0	18	22.0	63	94.0	4	6.0
TOTAL	**68**	**79.1**	**18**	**20.9**	**82**	**95.3**	**4**	**4.7**

ACTD = action completion target date, FA = fully adopted, LA = largely adopted, ON = ongoing, NA = not adopted, NS = no status entered, PA = partly adopted, PL = planned.
Source: Independent Evaluation Department's Management Action Record System team.

1.   Target Completion Year of Recommendation Action Plans

13.   The bulk of the recommendation action plans, or 44% (in particular, those of the operations departments), are due in 2010, while 3% will be completed in 2015 (Table A4.6). In

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4   For example, the SES on Private Equity Fund Operations recommendation to "Strengthen country programming arrangements so there is better coordination within ADB at the country and sector level when seeking to develop the nonbank financial sector for private sector development," was primarily classified as a CPS or country programming recommendation under level 1. Its secondary classification was as a Strategy 2020 drivers of change (private sector development and operations) recommendation under level 2.

2009, 23 (14%) of the 166 recommendation action plans addressed to ADB should have been completed. Of these 23, 14 (61%) have to be completed by the operations departments.

Table A4.6: Target Completion Year of 2008–2009 IED Recommendation Action Plans, by Implementing/Coordinating Department

ID/CD	Implementing/Coordinating Department's Completion Target Year								
	2009	2010	2011	2012	2013	2014	2015	No ACTD	Total
Operations									
CWRD	1		2	2	1				6
EARD	5	9	5	1				2	22
PARD		5							5
SARD	2	9	2	4			1	3	21
SERD	3	26	12	10	4	1	1		57
PSOD	3	2							5
Subtotal	*14*	*51*	*21*	*17*	*5*	*1*	*2*	*5*	*116*
Non-operations									
COSO	1	2	3						6
OGC		1	2						3
OREI		3	2						5
RSDD	1	3	1	2			3	2	12
SPD	6	2							8
Subtotal	*8*	*11*	*8*	*2*	*0*	*0*	*3*	*2*	*34*
Several Departments	1	10	4						15
Subtotal	*1*	*10*	*4*						*15*
IED		1							1
Subtotal		*1*							*1*
Total	**23**	**73**	**33**	**19**	**5**	**1**	**5**	**7**	**166**
%	13.9	44.0	19.9	11.4	3.0	0.6	3.0	4.2	100.0

COSO = Central Operations Services Office, CWRD = Central and West Asia Department, EARD = East Asia Department, ID/CD = implementing or coordinating department, IED = Independent Evaluation Department, MDG = Managing Director General, OCO = Office of Cofinancing Operations, OGC = Office of the General Counsel, OREI = Office of Regional Economic Integration, PARD = Pacific Department, PSOD = Private Sector Operations Department, RSDD = Regional and Sustainable Development Department, SARD = South Asia Department, SERD = Southeast Asia Department, SPD = Strategy and Policy Department.
Source: Independent Evaluation Department's Management Action Record System team.

2. Average Time Frame for the Implementation of Recommendation Action Plans

14.   The target completion years of the 166 action plans for 2008–2009 recommendations span a range of 7 years. However, on average, a recommendation action plan would require at least 2 years to complete (Table A4.7). RSDD would require the longest period to implement action plans, with an average of 3.3 years, while those assigned to several departments will require the shortest with less than a year. However, given the time required for coordination, the assigned ACTDs for the recommendations to be implemented by several departments may not be sufficient to complete the action on time. There are a number of cases in which the actions are due by the end of 2009 but were not completed because of the unrealistic time frame.

**Table A4.7: Distribution of Recommendation Action Plans
by Number of Years of Implementation**

ID/CD	Number of Years of Implementation[a]					Total[b]	Average No. of Years to Implement APs
	Less than 1	1 to <2	2 to <3	3 to <4	4–7		
Operations							
CWRD	1		2	2	1	6	2.8
EARD	1	4	9	5	1	20	2.2
PARD		5				5	1.2
SARD	8	5		4	1	18	1.9
SERD	7	21	11	11	7	57	2.3
PSOD		5				5	1.3
Subtotal	*17*	*40*	*22*	*22*	*10*	*111*	*2.1*
Non-operations							
COSO		5	1			6	1.4
OGC	1		2			3	1.6
OREI			5			5	2.3
RSDD		5	1	1	3	10	3.3
SPD	3	4	1			8	1.3
Subtotal	*4*	*14*	*10*	*1*	*3*	*32*	*2.1*
Several Departments	8	6	1			15	0.9
Subtotal	*8*	*6*	*1*			*15*	*0.9*
IED			1			1	2.0
Subtotal			*1*			*1*	*2.0*
Total	**29**	**60**	**34**	**23**	**13**	**159**	**2.0**

AP = action plan, COSO = Central Operations Services Office, CWRD = Central and West Asia Department, EARD = East Asia Department, ID/CD = implementing or coordinating department, IED = Independent Evaluation Department, OGC = Office of the General Counsel, OREI = Office of Regional Economic Integration, PARD = Pacific Department, PSOD = Private Sector Operations Department, RSDD = Regional and Sustainable Development Department, SARD = South Asia Department, SERD = Southeast Asia Department, SPD = Strategy and Policy Department.
Source: Independent Evaluation Department's Management Action Record System team.
[a] Calculation of number of years to implement action plan begins 60 days after Management response or Development Effectiveness Committee (DEC) discussion.
[b] Excludes seven recommendation action plans with no action completion target date.

15.   By recommendation classification, Table A4.8 indicates that Strategy 2020 levels 1 (average of 1.9 years) and 2 (average of 2.3 years) results have longer implementation time frames than Strategy 2020 levels 3 and 4 results. This affirms the common notion that operational and organizational actions can and should be implemented more swiftly as they are more manageable and within the control of the ADB. Actions pertaining to policy reforms, strategy formulation and sector or thematic interventions, on the other hand, would require slightly longer gestation periods as their completion rests in part on other factors that may be beyond the control of ADB.

**Table A4.8: Number of Years to Implement 2008–2009 Agreed Recommendations
with Action Plan and ACTD, by Strategy 2020 Results Framework
and IED Classification**

Strategy 2020 Results and IED Classifications	Number of Years of Implementation[a]							Ave. No. of Years to Imple-ment APs
	Less than 1	1 to <2	2 to <3	3 to <4	4–7	Total[b]	%	
Strategy and Policy: Contributes to Poverty Reduction and Human Development (Level 1)								
CPS and Country Programming	4	8	5	2	1	20	12.6	1.7
Strategies, Policies, Guidelines		2		1	1	4	2.5	2.7
Subtotal	**4**	**10**	**5**	**3**	**2**	**24**	**15.1**	**1.9**
Sector/ Thematic Contributions (Level 2)								
Strategy 2020 Core Areas of Operations	10	7	12	4	8	41	25.8	2.5
Strategy 2020 Drivers of Change	7	15	9	14	1	46	28.9	2.0
Noncore Areas of Operations			1			1	0.6	2.7
Subtotal	**17**	**22**	**22**	**18**	**9**	**88**	**55.3**	**2.3**
Operational Effectiveness (Level 3)								
Approaches and Methodologies		2	1			3	1.9	1.7
Financing Instruments, Arrangements, and Modalities	1	4	1		1	7	4.4	1.9
Loan and TA Processing	2	4	1	1		8	5.0	1.4
Monitoring and Evaluation	3	11	2	1	1	18	11.3	1.7
Project Management	2	3	1			6	3.8	1.0
Subtotal	**8**	**24**	**6**	**2**	**2**	**42**	**26.4**	**1.6**
Organizational Effectiveness (Level 4)								
HR Policy and Staff Issues		4	1			5	3.1	1.7
Subtotal		**4**	**1**			**5**	**3.1**	**1.7**
Total	**29**	**60**	**34**	**23**	**13**	**159**	**100.0**	**2.0**

ACTD = action completion target date, AP = recommendation action plan, TA = technical assistance.
Source: Independent Evaluation Department's Management Action Record System team.
[a] Calculation of number of years to implement action plan begins 60 days after Management response or Development Effectiveness Committee (DEC) discussion.
[b] Seven of the accepted recommendations have no ACTD.

3.   Status of Implementation of Recommendation Action Plans (2008–2009)

16.   Of the 166 recommendation action plans for implementation by ADB, 23 had reached their ACTDs by 31 December 2009 (Table A4.9). Only 10, however, were rated by the assigned ID/CD; the remaining 13 have been labeled ongoing by the assigned ID/CD. The following reasons for the non-completion of action and sub-action plans were noted from the assigned ID/CD: (i) insufficient time to complete action plan due to unrealistic time frame (some action plans have very optimistic time frames); and (ii) completion or full adoption of action plan is contingent on programs or activities beyond the control of the ID/CD.

17.   On the other hand, of the 143 action plans that are not yet due, 3 actions have been completed and rated by ID/CD. Overall, ID/CD has completed and rated 13 actions, of which 10 (77%) were assessed as fully adopted, 1 (8%) largely adopted, and 2 (15%) not adopted.

**Table A4.9: Status of Recommendation Action Plans Implemented by ADB
in 2008–2009 Reports,
as of 31 December 2009**

| Item | Rated by ID/CD | | | | | Not Rated | | | | | | |
	FA	LA	NA	Total	%	ON	PL	No status	Total	%	Overall	%
2008 Reports												
Due	5		2	7	36.8	12			12	63.2	**19**	100.0
Not Due	2	1		3	4.8	51	4	5	60	95.2	**63**	100.0
No ACTD						2		2	4	100.0	**4**	100.0
Subtotal	*7*	*1*	*2*	*10*	*11.6*	*65*	*4*	*7*	*76*	*88.4*	*86*	*100.0*
2009 Reports												
Due	3			3	75.0	1			1	25.0	**4**	100.0
Not Due						61	9	3	73	100.0	**73**	100.0
No ACTD						2	1		3	100.0	**3**	100.0
Subtotal	*3*			*3*	*3.8*	*64*	*10*	*3*	*77*	*96.2*	*80*	*100.0*
Overall												
Due	8		2	10	43.5	13			13	56.5	**23**	100.0
Not Due	2	1		3	2.2	112	13	8	133	97.8	**136**	100.0
No ACTD						4	1	2	7	100.0	**7**	100.0
Total	**10**	**1**	**2**	**13**	**7.8**	**129**	**14**	**10**	**153**	**92.2**	**166**	**100.0**
%	76.9	7.7	15.4	100.0		84.3	9.2	6.5	100.0			

FA = fully adopted, ID/CD = implementing or coordinating department, LA = largely adopted, ON = ongoing, NA = not adopted, NS = no status entered, PA = partly adopted, PL = planned.
Source: Independent Evaluation Department's Management Action Record System team.

DISTRIBUTION OF 2008 AND 2009 RECOMMENDATIONS BY STRATEGY 2020 RESULTS FRAMEWORK AND IED CLASSIFICATION
As of 31 December 2009

Strategy 2020 Results Classification	IED Classification	2008 Recommendations				2009 Recommendations				2008 and 2009 Recommendations			
		With Primary Classification	%	With Secondary Classification	%	With Primary Classification	%	With Secondary Classification	%	With Primary Classification	%	With Secondary Classification	%
A. Addressed to ADB													
1. Accepted Recommendations													
Strategy and Policy: Contributes to Poverty Reduction and Human Development (Level 1)	Country Partnership Strategy/Country Programming	9	10.5	7	13.7	12	15.0	12	20.3	21	12.7	19	17.3
	Strategies, Policies, Guidelines	4	4.7	3	5.9	1	1.3	1	1.7	5	3.0	4	3.6
	Subtotal	*13*	*15.1*	*10*	*19.6*	*13*	*16.3*	*13*	*22.0*	*26*	*15.7*	*23*	*20.9*
Sector and Thematic Contributions (Level 2)	Strategy 2020 Core Areas of Operations	19	22.1	13	25.5	26	32.5	23	39.0	45	27.1	36	32.7
	Strategy 2020 Drivers of Change	24	27.9	14	27.5	23	28.8	11	18.6	47	28.3	25	22.7
	Noncore Areas of Operations	1	1.2	1	2.0					1	0.6	1	0.9
	Subtotal	*44*	*51.2*	*28*	*54.9*	*49*	*61.3*	*34*	*57.6*	*93*	*56.0*	*62*	*56.4*
Operational Effectiveness (Level 3)	Approaches/Methodologies	3	3.5	2	3.9	1	1.3	1	1.7	4	2.4	3	2.7
	Financing Instruments, Arrangements, and Modalities	6	7.0	3	5.9	1	1.3	1	1.7	7	4.2	4	3.6
	Loan/Technical Assistance (TA) Processing	4	4.7	2	3.9	3	3.8	2	3.4	7	4.2	4	3.6
	Monitoring and Evaluation	8	9.3	3	5.9	10	12.5	5	8.5	18	10.8	8	7.3
	Project Management	5	5.8	3	5.9	1	1.3	1	1.7	6	3.6	4	3.6
	TA Management												
	Subtotal	*26*	*30.2*	*13*	*25.5*	*16*	*20.0*	*10*	*16.9*	*42*	*25.3*	*23*	*20.9*
Organizational Effectiveness (Level 4)	Human Resource Policy and Staff Issues	3	3.5			2	2.5	2	3.4	5	3.0	2	1.8
	Subtotal	*3*	*3.5*	*0*	*0.0*	*2*	*2.5*	*2*	*3.4*	*5*	*3.0*	*2*	*1.8*
Subtotal of Accepted Recommendations Addressed to ADB		**86**	**100.0**	**51**	**100.0**	**80**	**100.0**	**59**	**100.0**	**166**	**100.0**	**110**	**100.0**
2. Not-Accepted Recommendations													
Strategy and Policy: Contributes to Poverty Reduction and Human Development (Level 1)	Country Partnership Strategy/Country Programming	2	11.8	2	33.3	1	33.3	1	100.0	3	15.0	3	42.9
	Strategies, Policies, Guidelines	1	5.9							1	5.0		
	Subtotal	*3*	*17.6*	*2*	*33.3*	*1*	*33.3*	*1*	*100.0*	*4*	*20.0*	*3*	*42.9*
Sector and Thematic Contributions (Level 2)	Strategy 2020 Core Areas of Operations	1	5.9							1	5.0		
	Strategy 2020 Drivers of Change	5	29.4	1	16.7					5	25.0	1	14.3
	Noncore Areas of Operations	1	5.9							1	5.0		
	Subtotal	*7*	*41.2*	*1*	*16.7*	*0*	*0.0*	*0*	*0.0*	*7*	*35.0*	*1*	*14.3*
Operational Effectiveness (Level 3)	Approaches/Methodologies												
	Financing Instruments, Arrangements, and Modalities	1	5.9							1	5.0		
	Loan/Technical Assistance (TA) Processing												
	Monitoring and Evaluation	2	11.8	1	16.7	1	33.3			3	15.0	1	14.3
	Project Management	1	5.9	1	16.7	1	33.3			2	10.0	1	14.3
	TA Management	1	5.9							1	5.0		
	Subtotal	*5*	*29.4*	*2*	*33.3*	*2*	*66.7*	*0*	*0.0*	*7*	*35.0*	*2*	*28.6*
Organizational Effectiveness (Level 4)	Human Resource Policy/Staff Issues	2	11.8	1	16.7					2	10.0	1	14.3
	Subtotal	*2*	*11.8*	*1*	*16.7*	*0*	*0.0*	*0*	*0.0*	*2*	*10.0*	*1*	*14.3*
Subtotal of Not-Accepted Recommendations Addressed to ADB		**17**	**100.0**	**6**	**100.0**	**3**	**100.0**	**1**	**100.0**	**20**	**100.0**	**7**	**100.0**

DISTRIBUTION OF 2008 AND 2009 RECOMMENDATIONS BY STRATEGY 2020 RESULTS AND IED CLASSIFICATION
As of 31 December 2009

3. Accepted and Not-Accepted Recommendations												
Strategy and Policy: Contributes to Poverty Reduction and Human Development (Level 1)	Country Partnership Strategy/Country Programming	11	10.7	9	15.8	13	15.7	13	21.7	24	12.9	22	18.8
	Strategies, Policies, Guidelines	5	4.9	3	5.3	1	1.2	1	1.7	6	3.2	4	3.4
	Subtotal	*16*	*15.5*	*12*	*21.1*	*14*	*16.9*	*14*	*23.3*	*30*	*16.1*	*26*	*22.2*
Sector and Thematic Contributions (Level 2)	Strategy 2020 Core Areas of Operations	20	19.4	13	22.8	26	31.3	23	38.3	46	24.7	36	30.8
	Strategy 2020 Drivers of Change	29	28.2	15	26.3	23	27.7	11	18.3	52	28.0	26	22.2
	Noncore Areas of Operations	2	1.9	1	1.8					2	1.1	1	0.9
	Subtotal	*51*	*49.5*	*29*	*50.9*	*49*	*59.0*	*34*	*56.7*	*100*	*53.8*	*63*	*53.8*
Operational Effectiveness (Level 3)	Approaches/Methodologies	3	2.9	2	3.5	1	1.2	1	1.7	4	2.2	3	2.6
	Financing Instruments, Arrangements, and Modalities	7	6.8	3	5.3	1	1.2	1	1.7	8	4.3	4	3.4
	Loan/Technical Assistance (TA) Processing	4	3.9	2	3.5	3	3.6	2	3.3	7	3.8	4	3.4
	Monitoring and Evaluation	10	9.7	4	7.0	11	13.3	5	8.3	21	11.3	9	7.7
	Project Management	6	5.8	4	7.0	2	2.4	1	1.7	8	4.3	5	4.3
	TA Management	1	1.0							1	0.5		
	Subtotal	*31*	*30.1*	*15*	*26.3*	*18*	*21.7*	*10*	*16.7*	*49*	*26.3*	*25*	*21.4*
Organizational Effectiveness (Level 4)	Human Resource Policy/Staff Issues	5	4.9	1	1.8	2	2.4	2	3.3	7	3.8	3	2.6
	Subtotal	*5*	*4.9*	*1*	*1.8*	*2*	*2.4*	*2*	*3.3*	*7*	*3.8*	*3*	*2.6*
Total of Accepted and Not-Accepted Recommendations Addressed to ADB		**103**	100.0	**57**	100.0	**83**	100.0	**60**	100.0	**186**	100.0	**117**	100.0
B. Addressed to DMCs and Other Institutions (Optional Tracking)												
Strategy and Policy: Contributes to Poverty Reduction and Human Development (Level 1)	Country Partnership Strategy/Country Programming												
	Strategies, Policies, Guidelines	1	16.7							1	16.7		
	Subtotal	*1*	*16.7*	*0*	*0.0*	*0*	*0.0*	*0*	*0.0*	*1*	*16.7*	*0*	*0.0*
Sector and Thematic Contributions (Level 2)	Strategy 2020 Core Areas of Operations				0.0								
	Strategy 2020 Drivers of Change	1	16.7	1	1.9					1	16.7		
	Noncore Areas of Operations				0.0								
	Subtotal	*1*	*16.7*	*1*	*1.9*	*0*	*0.0*	*0*	*0.0*	*1*	*16.7*	*0*	*0.0*
Operational Effectiveness (Level 3)	Approaches/Methodologies												
	Financing Instruments, Arrangements, and Modalities												
	Loan/Technical Assistance (TA) Processing	1	16.7							1	16.7		
	Monitoring and Evaluation	1	16.7	1	1.9					1	16.7		
	Project Management	2	33.3							2	33.3		
	TA Management												
	Subtotal	*4*	*66.7*	*1*	*1.9*	*0*	*0.0*	*0*	*0.0*	*4*	*66.7*	*0*	*0.0*
Organizational Effectiveness (Level 4)	Human Resource Policy/Staff Issues												
	Subtotal	*0*	*0.0*	*0*	*0.0*	*0*	*0.0*	*0*	*0.0*	*0*	*0.0*	*0*	*0.0*
Total of Accepted Recommendations Addressed to DMCS and Other Institutions		**6**	100.0	**2**	3.8	**0**	0.0	**0**	0.0	**6**	100.0	**2**	100.0
Grand Total, 2008–2009 Recommendations (A+B)		**109**	100.0	**59**	100.0	**83**	100.0	**60**	100.0	**192**	100.0	**119**	100.0

DMC = developing member country, IED = Independent Evaluation Department, TA = technical assistance.

Source: Independent Evaluation Department's Management Action Record System team.

DEVELOPMENT EFFECTIVENESS COMMITTEE

Chair's Summary of the Committee Discussion on 16 April 2010

2009 ANNUAL REPORT ON ACTING ON RECOMMENDATIONS

Discussion Highlights

1.   DEC Chair complimented both Management and the Independent Evaluation Department (IED) for the 2009 Annual Report on Acting on Recommendations (ARAR), recognizing that the report helps in easily identifying what IED has recommended for ADB operations' development effectiveness and the corresponding course of action from Management. He recognized that the management action record system (MARS), which was introduced in 2009, is still part of a learning process, and more progress was possible.

2.   Director General, IED highlighted the difference in Management's rating of IED recommendations implemented versus IED's validation, by pointing out the downgrading of ratings by IED validation in several cases. Given the short period since the introduction of the MARS, IED believed it was premature to draw any firm conclusions on Management's performance in implementing IED's recommendations.

3.   DEC members raised concerns on various issues. One DEC member noted the delays in implementation of IED recommendations, and reminded that the unrealistic timing or implementation schedules of the action plans were initially determined by the departments concerned.

4.   Some DEC members were apprehensive about IED's suggestion for Management to request IED to retire recommendations that have been superseded or rendered obsolete due to changes in ADB-wide policies or business processes. DEC opined that the Committee should discuss first and endorse any proposed retirement of agreed recommendations. DEC members believed that there could be underlying issues that need to be addressed from the recommendations.

5.   On IED recommendations that Management did not agree to, one DEC member asked whether there are patterns that could be drawn from the reasons for Management's rejection of the recommendations, e.g., budgetary constraints. The member also inquired on how the DEC recommendations are accommodated into the MARS. Director General, IED, explained that although Management has the prerogative to agree or disagree with IED recommendations, IED would remain persistent in raising similar recommendations when they arise from evaluations, and would continue to do so until IED and Management reach a common ground. IED agreed to include a supplementary appendix with a list of recommendations not agreed by Management.

6.   In terms of best practice, relevance and effectiveness, DEC members inquired how ADB's MARS compared to similar tracking systems of other MDBs. IED confirmed that MARS was comparable to the systems in other MDBs, and Management's disagreement to IED recommendations at 11 per cent was comparable to that in the World Bank.

7.   Director General, SERD, acknowledged the benefits of MARS in learning from IED valuations more effectively, and in increasing accountability and responsibility of regional departments. He noted that there have been some implementation challenges, but Management and IED are working together to improve and refine the MARS.

8.   Director General, SERD, mentioned Management's agreement to the ARAR's suggestion for a consultation between the regional department concerned and IED during the formulation of the action plans. However, Management was concerned that such involvement by IED might compromise its independence. Management, instead, suggested a more detailed discussion at the drafting stage of IED recommendations.

9.   Management also suggested consolidation of recommendations from country and sector assistance program evaluations to avoid duplication of recommendations. Management generally supported the other suggestions in the ARAR.

Conclusions

10.   The 2009 Annual Report on Acting on Recommendations is one of the tangible benefits of the newly introduced MARS.

11.   DEC noted that the disagreement between Management and IED on recommendations was limited to 11 per cent. DEC urged Management to limit the delays in achieving the action completed target dates.

12.   DEC suggested that in the MARS, DEC's views on recommendations considered by the Committee may be suitably indicated.

13.   DEC looked forward to more progress beyond what has already been achieved in 2010.

Ashok K. Lahiri
Chair, Development Effectiveness Committee

VALIDATIONS AND ASSESSMENTS OF COMPLETED AND ONGOING ACTION PLANS
as of 31 December 2009

No.	Accepted Recommendation	Management Response	Management Action Plan	Management ID/CD	Management ACTD	Management Status	Management Description	IED Valid-ation Status	IED Validation Remarks
A.	**Addressed to ADB**								
	AR2007: Acting on Evaluation Recommendations in 2007								
1	To better monitor progress toward improved development effectiveness, it is recommended that a management action record be introduced to (i) provide the DEC with a more readily retrievable record of its decisions on the follow-up of evaluation reports, proposed Management actions, and actual status of these actions; and (ii) increase the accountability of Management regarding DEC decisions on monitoring and evaluation studies. (Main text, para. 11)	Management agrees with this recommendation. A task force comprising staff from IED, OMDG and OIST shall commence work on the MAR as soon as possible by the end of 2008.	Establishment of a functional management action record system to monitor implementation progress of IED recommend-ations.	IED, OIST, OPR	31-Jul-09	FA	A management action record system (MARS) was launched in July 2009 (http://mars).	FA	In 2009, a Management Action Record System (MARS) was established with the leadership of Managing Director General's Office and IED's support. The MARS is now fully functional.
	PE722: PPER on the Almaty-Bishkek Regional Road Rehabilitation Project in Kazakhstan and Kyrgyz Republic								
2	Improve the bridge on the international border. ADB and European Bank for Reconstruction and Development (EBRD), in conjunction with the Kazakhstan and Kyrgyz Republic Governments, should work to rehabilitate the bridge on Chu River or construct a new bridge to increase the effectiveness of the Project. [Main text, para. 100 and Executive Summary, page ix]	Management agrees with this recommendation. The Government of Kazakhstan is carrying out improvement works for the bridge on the Chu River. Such works commenced in May 2008, and are expected to be completed in September 2009.	Expand the bridge on the Chu River.	CWRD	30-Sep-09	FA	The Government of Kazakhstan carried out improvement works for the bridge on the Chun River. Such works commenced in May 2008, and completed in September 2009.	FA	Action is compatible with recommend-ation. The required action is now complete as explained in Management's progress assessment.
	SE14: SAPE on the Agriculture and Natural Resources Sector in Nepal								
3	Reduce subsector spread of ADB assistance to the Sector to achieve optimal efficiency in resource allocation and use. The support provided to the Sector needs to be narrowly focused on the priority	Management agrees with this recommendation. ADB's assistance to the agriculture and natural resources (ANR) sector in Nepal has focused on four	Incorporate in the CPS 2010-2014, a pipeline of projects in selected	SARD	31-Dec-09	FA	The CPS 2010-2012 has taken into account the SAPE recommendations, and reduced the	FA	Confirmed.

| No. | Accepted Recommendation | Management Response | Management | | | | | IED | |
			Action Plan	ID/CD	ACTD	Status	Description	Valid-ation Status	Validation Remarks
	areas or subsectors to improve development results by building a critical mass needed to maximize development impact. The present practice of combining diverse and poorly-linked interventions in the form of ANR projects reduces the potential impact of such projects and of the total Sector assistance. [Main text, paras. 47, 52, 117]	(out of eight) subsectors (see para. 54 of the SAPE). ADB's ANR assistance should continue to focus on selected subsectors that have performed well and can maximize development impacts. This is consistent with the thrust of ADB's Strategy 2020. Subsector selectivity will increase the potential impact of projects and total sector assistance. The selected subsectors should be strongly interlinked and mutually support each other's performance and collectively contribute to achieving the expected sector results. Given that ADB is a major development partner in Nepal's agriculture development, it can continue to play an important role in improving the performance of the ANR sector and achieving results by supporting selected and well-performing subsectors. To strengthen ANR performance, there is a need to improve the policy environment for greater participation of the private sector, where ADB's support can be important.	subsectors to increase development impacts.				subsector spread.		

VALIDATIONS AND ASSESSMENTS OF COMPLETED AND ONGOING ACTION PLANS
as of 31 December 2009

| No. | Accepted Recommendation | Management Response | Action Plan | Management | | | | IED | |
				ID/CD	ACTD	Status	Description	Valid-ation Status	Validation Remarks
4	Increase strategic focus in supporting the agriculture and natural resources (ANR) by increasing investment in rural infrastructure such as irrigation, rural roads and market infrastructure). This approach would (i) be consistent with the Government's plans and ADB's Strategy 2020; (ii) compliment to the Government's own and other donors support to rural infrastructure development, including reconstruction and rehabilitation; (iii) improve irrigation facilities; and (iv) assist in improving connectivity and access of rural people to markets, economic activities and social services by that contributing to socially inclusive agriculture and rural development. [Main text, paras. 113, 114, 120]	Management agrees with this recommendation. Assistance in rural infrastructure development can play a key role in achieving agriculture and natural resources (ANR) sector results. In particular, assistance in rural roads, irrigation and market infrastructure can significantly contribute to enhancing agriculture production and marketing through increased access to inputs and markets, and achieving overall commercialization of agriculture. The SAPE has correctly identified rural infrastructure for ADB's assistance based on lessons learned from its and other development partners' assistance programs. This approach is consistent with the Government's plan, ADB's Strategy 2020 and other development partners' strategies. ADB's assistance in capacity building of stakeholders and developing proper mechanisms for participatory operation and maintenance of infrastructure will be of critical importance to sustain benefits and attain	Incorporate in the CPS 2010-2014, a pipeline of projects with increased investment in irrigation and market infrastructure. Sub-actions include: (i) Under the ongoing Rural Reconstruction and Rehabilitation Sector Development Project (RRRSDP), prepare a framework for a SWAp for rural transport infrastructure (rural roads); and (ii) Facilitate increased and more effective investment in rural roads by introducing a SWAp for rural transport infrastructure.	SARD	31-Jul-11	FA	The CPS 2010-2012 has taken into account the SAPE recommendations, and is consistent with the Government's plans as well as ADB's Strategy 2020. The investment program provides a greater focus on rural infrastructure, including rural roads, community-based irrigation and agricultural marketing infrastructure. The program also coordinates with and complements support by other development partners. ADB is also working with development partners to provide increased focus and investment in rural roads. DFID-funded consultants will prepare a first draft of a SWAp framework by end-2009, which will be finalized through a series of	FA	Confirmed.

VALIDATIONS AND ASSESSMENTS OF COMPLETED AND ONGOING ACTION PLANS
as of 31 December 2009

| No. | Accepted Recommendation | Management Response | Management | | | | | IED | |
			Action Plan	ID/CD	ACTD	Status	Description	Valid-ation Status	Validation Remarks
		expected ANR sector results.					consultations. After the SWAp framework is finalized, it is planned to be implemented from FY2011/12, assuming that modalities are worked out with the government and other development partners.		
SS89: SES on Evaluation of the Implementation of the Paris Declaration at the Asian Development Bank: A Development Partner's Study for an OECD-DAC Joint Evaluation									
5	A review should be conducted regarding the necessity of modifying an existing loan modality or creating a new one and increasing the program loan ceiling to facilitate ADB's participation in pooled funding arrangements.	Management agrees with this recommendation. SPD is currently undertaking a review of ADB's program lending policy to enhance its applicability. The review will also consider ways in which program lending can be made more applicable in support of program-based approaches. ADB has also been periodically reviewing its other loan modalities and expanding the scope of its assistance. Loan modalities such as Sector Wide Approaches and pooled funding of projects and programs are also being considered, in a continuing effort to provide a wider range of products and services to ADB's	Program based approaches and issue guidance to staff to clarify definition of and the desirability of use of such approaches for better harmonization and alignment.	SPD	31-Dec-09	FA	In the recent Board information paper on Program Lending Policy: Clarification, guidelines to staff have been provided on the use of program-based approaches. Keeping the current financial crisis in view, a countercyclical support facility (CSF) has been set up to support OCR countries in crisis. Review of ADB's lending policies are also being considered as a part of the	FA	SPD has already produced a paper on Program Lending Policy which provides guidelines on the use of program based approaches. SPD has been continuously reviewing ADB's various loan modality to provide a wider menu of products and services to member countries.

VALIDATIONS AND ASSESSMENTS OF COMPLETED AND ONGOING ACTION PLANS
as of 31 December 2009

| No. | Accepted Recommendation | Management Response | Management | | | | | IED | |
			Action Plan	ID/CD	ACTD	Status	Description	Valid-ation Status	Validation Remarks
		member countries.					Strategy 2020 implementation process.		
6	Tracking and monitoring ADB's implementation of the Paris Declaration (PD) can be facilitated by developing a consolidated implementation and monitoring framework that considers the commitments under each pillar. This would include outlining ADB's planned actions to meet the commitments.	Management agrees with this recommendation. Management notes that ADB already has the Aid Harmonization and Alignment Action Plan; which is updated every six months and incorporates various elements of the PD principles both at the institutional and at the country level. SPD is currently reviewing the format and structure of the Action Plan with a view to revise it to more accurately reflect PD commitments and monitor progress.	Review performance of each regional department on PD and jointly develop (1) an action plan to meet commitments and (ii) monitoring framework for monitoring Paris and AAA commitments and actions	SPD	31-Dec-09	FA	SPD has reviewed the progress of each regional department on the Paris Declaration targets and developed and redesigned a ADB-wide action and monitoring plan.	FA	A review of the progress of PD among RDs was done and an ADB wide-action and monitoring plan was redeveloped and redesigned. The draft plan was presented in an informal board seminar. The plan is also reflected in the ADB website. (http://www.adb.org/Aid-Effectiveness/default.asp)
7	ADB's commitment to the Paris Declaration needs to be communicated regularly, with visible demonstration of support by ADB Management, and regional managements, such as issuing a memo to staff emphasizing ADB's commitments and responsibilities for implementation.	Management agrees with this recommendation. Management commitment to the Paris Declaration (PD) principles is expressed in such key documents as the President's Planning Directions and the Work Program and Budget Framework. Regional Departments (RDs) have also incorporated implementation of the PD in country strategies and	Communicate ADB's commitment to the Paris Declaration through a memo from Management and through key strategic documents	SPD	31-Mar-09	FA	ADB assessed its performance on the Paris Declaration commitments through its second annual survey in 2008 covering 17 member countries. The President shared the results of the survey with the heads of regional departments	FA	We agree and confirm that actions on recommendation 1 (March 2009) has already been fully adopted as the proposed plan have been achieved namely (1) the issuance of a memo from management

VALIDATIONS AND ASSESSMENTS OF COMPLETED AND ONGOING ACTION PLANS
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No.	Accepted Recommendation	Management Response	Action Plan	ID/CD	ACTD	Status	Description	Valid-ation Status	Validation Remarks
		business processes. Regional management regularly communicate ADB's commitment to the PD to their staff, particularly at the Resident Missions (RMs) and country level. Additional effort will continue to be made for further progress in the successful implementation of the PD.					through his memo dated 6 March 2009, highlighting the targets where ADB is making good progress as well as the areas where it remains off target. The President emphasized the need to make progress in all countries and achieve the targets in the next two years. Management also shared the results of the survey with the Board of Directors on 20 April 2009. Strategy 2020 and Development Effectiveness Reviews (DEfR) referred to ADB's commitment, and DeFR also monitors ADB's performance annually.		and (2) its inclusion to key strategic ADB documents.
SS94: SES on Project Performance and the Project Cycle									
8	Management should review PPTA funding requirements in light of the current and future scope of PPTAs and ensure the necessary PPTA funds.	Management agrees that PPTAs need appropriate funding, proportionate to their importance for project design. It has been ADB	Management agrees that PPTAs need appropriate funding,	SPD	30-Apr-09	FA	The President's Planning Directions for the Work Program and Budget Framework	FA	PPTA's priority has been confirmed. Although expected action

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		practice to prioritize PPTAs when allocating funds for technical assistance (TA), and PPTAs are not subject to restrictions on the number of approvals. Management will continue to monitor use of PPTA funds and ensure that PPTAs receive priority in the allocation of TA resources.	proportionate to their importance for project design. It has been ADB practice to prioritize PPTAs when allocating funds for technical assistance (TA), and PPTAs are not subject to restrictions on the number of approvals. Management will continue to monitor use of PPTA funds and ensure that PPTAs receive priority in the allocation of TA resources.				2010-2012, issued on 16 April 2009, confirm that PPTA will receive high priority. The PPTA allocation for 2010-2012, in the range between $95 million and $97 million, is higher than that of 2009. Country Programming Missions (CPMs) need to assess the need for PPTAs carefully in all DMCs.		has been already largely adopted, this remains ongoing to ensure that PPTAs continues to receive priority in the allocation of TA resources every year.
SE9: SAPE on Transport and Trade Facilitation: Potential for Better Synergies in Mongolia									
9	As an investment strategy for the transport sector, ADB needs to continue to work closely with the Government to adopt a stepped approach that assesses the development and economic needs of the country and balances these against the available funding from public and private sources. This stepped approach comprises	Management agrees with the suggestion that ADB work closely with the Government to adopt a stepped approach that assesses the development needs of the country and that a medium-term rolling investment plan needs to be developed as part of	ADB to assist the Govern-ment to develop a three-year rolling investment plan	EARD	31-Dec-10	FA	The draft rolling investment plan was discussed by MRTCUD and the external development partners at the Transport Sector Working Group meeting held in	LA	Action is compatible with recommend-ation. A draft rolling investment plan (3YRIP) was developed in line with ADB's planned action;

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	developing rolling investment plans of 4–5 year durations, supported by specific feasibility studies.	such approach. ADB has already identified the need of such a medium-term investment plan to match the country's needs, taking into account its available resources and has provided assistance to MoRTT to develop such a plan. The draft rolling investment plan was discussed by MoRTT and the external development partners at the Transport Sector Working Group meeting held in June 2008. The final rolling plan will be considered for adoption at the next sector working group meeting.					June 2008. The final rolling plan will be considered for adoption at the next sector working group meeting.		to assist Government to develop a 3YRIP. But still, the impacts of the global financial and economic crisis continue to delay adoption of the final rolling plan. To date, there remains uncertainty as to the timing of its final adoption during the next sector working group meeting.
CE18: CAPE Mongolia: From Transition to Take-Off									
10	Reorient the role of the Asian Development Bank (ADB) to support Mongolia in the country's changing development context by supporting the design and implementation of further policy reforms and institutional capacity development. (Main text, paras. 133-134)	Management concurs that there is a need to continue developing capacity in a number of critical areas. This includes sound and transparent financial management, service delivery in urban infrastructure and improving education systems. This is crucial to ensure that both Government and ADB investments are used efficiently.	EAFM: Policy development and capacity building for banking sector restructuring, deposit insurance and micro and SME finance.	EARD	31-Dec-11	FA	Provided TA 7397-MON: Policy and Institutional Support for Capacity Building for Banking Systemic Crisis Management, also in response to the financial crisis, the TA will support economic recovery by strengthening the banking sector.	PA	TA 7397 would address the important banking sector capacity gaps. However, as Management agreed, assistance to address capacity gaps in critical areas such as public financial management, infrastructure services, and education

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									systems should be planned in the next CPS. Therefore, it is assessed partly adopted.
SS90: SES on Effectiveness of ADB's Capacity Development Assistance: How to Get Institutions Right									
11	Provide guidance for assessing country capacity development (CD) needs and strategies, and identify an appropriate location for the presentation of the analysis in the Country Partnership Strategy (CPS) template. While ADB's new business process requires a thorough CD analysis in the preparation of a CPS, there is little guidance available on how to do so. Such guidance should be provided, focusing on how to analyze country CD strategies and sector-specific CD needs in order to identify country demand and ADB's comparative advantage for providing CD support. This will allow for systematic rather than ad hoc identification of CD interventions. In its current form, the CPS template does not provide a place where the findings of the country CD analysis can be summarized. To ensure that CD analyses will be prepared in all CPSs, the CPS template should be adjusted accordingly (e.g., by adding Section H to the current Chapter I).	Management supports this recommendation. Guidance prepared should (a) be practical and pragmatic, (b) focus on partnership where possible and (c) provide sufficient flexibility to allow country teams to determine the nature and extent of CD analysis that is most appropriate for the particular country context.	Under the revised business processes, and in line with Strategy 2020, governance and capacity development are highlighted as key drivers of change that need to be mainstreamed in ADB operations. In response, the revised OM A2/BP and OM A2/OP (January 2010) require that CPS preparation is based on a range of diagnostics, including the preparation of Sector Road Maps (SRMs) that identify	RSDD	28-Feb-10	LA	The revised OM, Section II-B of the revised CPS template (draft for consultation, December 2009) calls for a "justification of the choice of sectors and themes, based primarily on Strategy 2020's five drivers of change" by drawing on the core diagnostics. The revised CD Action Plan currently awaits final approval from OPR. (http://www.adb.org/Documents/Books/Capacity-Development-Practical-Guide/default.asp).	LA	The proposed actions and complementary actions are relevant to the recommend-ation. The status of progress given in the first paragraph does not seem to zero in on capacity development. It appears to be too general. The OM states that SRM and other diagnostics should be summarized in the CPS to show how well the strategy will support the capacity development in the client DMC. It does not specify where the summary should be placed in the

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			key capacity risks and mitigations measures. To ensure that the CD assessments are practical and flexible, the OM further requires that SRMs are prepared in close consultation with government and that, where possible, the diagnostics should be prepared in partnership with interested development partners. Finally, the OM stipulates that the SRM (and the other diagnostics) get summarized in the CPS to show how the strategy will support the capacity development in						CPS. Thus in this regard, the recommendation has been only partly addressed. Although this is an open-ended action plan, management action has been fully developed.

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			the client DMC. As a sub-action, RSGP is harmonizing the CD and GACAP II action plans to allow for a risk based approach to prioritizing CD interventions. This will assist regional departments to develop appropriate measures to address governance and capacity risks in ADB's supported programs. The focus on strengthening country systems in both GACAP II and the revised CD Action Plan ensures flexibility and the opportunity to localize CD interventions.						

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SS91: SES on Private Equity Fund Operations									
12	Clarify organizational roles and responsibilities, with particular regard to making greater use of resident missions for PEF operations, and the need to complement regional department operations.	Management agrees in part. This can be considered subject to resource constraints. Management notes that the roles and responsibilities of PSOD are clear.	Additional staff budgetary resources are being requested in line with the WPBF 2010-2012 exercise, including PSOD staff for outposting in resident missions.	PSOD	31-Dec-09	NA	PEF was not given any incremental resources for 2010 by management.	NA	Validator concurs with Management's status report.
13	Allocate sufficient resources in the areas of budgeting and staff to efficiently and effectively manage PEF operations.	Management agrees that PSOD's operations in general (and funds operations in particular) have been constrained by lack of staff resources. However, given the overall staff constraints facing ADB, this issue can only be tackled in a gradual manner, and in the context of ADB-wide priorities.	Additional staff budgetary resources are being requested in line with the WPBF 2010-2012 exercise.	PSOD	31-Dec-09	NA	PEF was not given any incremental resources for 2010 by management.	NA	Validator concurs with Management's status report.
CE18: CAPE Mongolia: From Transition to Take-Off									
14	Improve portfolio performance and client responsiveness by working with other partners to build country systems and implement sector-wide approaches, streamline project implementation, undertake joint review missions, and improve results-oriented monitoring and evaluation systems. (Main text, Paras. 141-142)	Management supports this recommendation. Regarding donor coordination, ADB has the lead in coordinating key sectors such as transport and education where a sector-wide approach is currently under discussion. ADB is also coordinating on a daily basis with agencies such as the IMF and the	2008 Country Portfolio Review Mission was conducted jointly with WB. MNRM will continue working with WB toward building country	EARD	31-Dec-09	ON	Consultations were conducted jointly with the Ministry of Finance and project implementation units of ADB and WB on streamlining procedures on IFI-funded project implementation.	LA	This should be continuous and efforts strengthened in the new CPS. Therefore, the target date needs to be extended to the next CPS period. The joint review exercise

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	World Bank which are located in the same building, and regular donor meetings and roundtables are held with ADB. Therefore, Management believes that efforts to improve portfolio performance have been underway for some time, and new activities and opportunities continuously explored in many areas, particularly donor coordination. These efforts have led to the success of the Mongolia program.	systems, implementing sector-wide approaches, streamlining project implementation and improving result-oriented monitoring and evaluation systems.					The discussions are on-going.		will most likely continue. Therefore, it is assessed largely adopted.
SS94: SES on Project Performance and the Project Cycle									
15	Project teams have been less than effective in adequately supporting the project team leaders. Management should continue to explore modalities for strengthening team work (including appropriate incentives) to have better burden sharing in teams.	Management agrees with this recommendation. Part of the resolution to this issue will rest on closer interaction between headquarters and Resident Mission (RM)-based staff, with RMs (and their national officers) playing a greater role in providing inputs and following-up on project preparation arrangements. Consideration will be given to supplementing the existing training programs on team leadership and membership, teamwork, and team dynamics. Incentives for enhancing teamwork will be examined during the review of the human resources policy.	a. Management agrees with this recommend-ation. Part of the resolution to this issue will rest on closer interaction between headquarters and Resident Mission (RM)-based staff, with RMs (and their national officers) playing a greater role in providing	SPD	30-Sep-09	ON	a. Review of Resident Missions' Operations was approved in September 2008. BPMSD through the ongoing workforce planning and institutional review exercise is assessing how to best implement its recommendation. ADB will seek to gradually expand the role of RMs. This would involve enhancing coordination and reporting arrangements between HQ and	LA	New Business Practice adopted in the beginning of 2010 have taken these aspects into consideratio n. Although expected action has been already adopted, supplementing existing programs on team leadership, team work and team dynamics, incentives for enhancing teamwork will always be beefed up which

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			inputs and following-up on project preparation arrangements. b. Consideration will be given to supplementing the existing training programs on team leadership and membership, teamwork, and team dynamics. Incentives for enhancing teamwork will be examined during the review of the human resources policy.				RM-based staff, and expanding function of resident missions and their national officers including, among others, greater role in project processing. – COMPLETED b. As the critical starting point of the Human Resources Action Plan, a coordinated and integrated People Strategy is currently being developed. As part of the "People Strategy", BPMSD plans to work closely with operations, knowledge and support departments to continue enhancing training programs on effective team leadership and membership. Recently the coaching program for mission leadership was reviewed and revised. Other		keeps the process still ongoing.

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							programs will be designed and introduced in close consultations with user departments. Also, ADB will need to examine and realign its work processes, information flow, decision making and rewards to reinforce and foster team work. - ONGOING		
ARPP2007: Annual Report on 2007 Portfolio Performance									
16	Strengthen the DMF to take into account country level and ADB-wide result frameworks and related reporting requirements. This may require a revision of the DMF guidelines (Main text, para. 97).	Management agrees with the recommendation with modification. ADB remains committed to increase and measure development effectiveness by embracing Managing for Development Results. Management, therefore, support the general thrust to strengthen the linkages between project level results frameworks, sector road maps, country results frameworks, and the new ADB-wide results framework. However, this may not necessarily require a revision of the DMF guidelines. DMFs and subsequently PPRs, are the sources of information for Level 2 indicators of ADB-	The recommend-ation covers four proposed actions below: 1) Strengthen the linkages between project level results frameworks, sector road maps, country results frameworks, and the new ADB-wide results framework and related reporting requirements; 2) Provide	COSO	31-Dec-09	ON	1.1) The linkage between the DMF, sector road map, the CPS RF and the ADB Results Framework is being automated as part of P3M. The anchor and starting point is the ADB RF and the Level 1 and Level 2 indicators, which are directly linked to the design summary of the DMF. 1.2) Reporting requirements are being addressed through P3M and cover the link between the	PA	Action plans and updates are in accord with IED recommend-ations. Action plans are being implemented.

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		wide results framework. The project performance management system (PPMS) working group (on which OED is also represented) will further refine the linkages and strengthen the DMF for projects and programs to take into account sector, country level, and ADB-wide result frameworks and related reporting requirements. Guidance on such linkages will subsequently be provided to staff. Improvement in the quality of DMFs will be supported through continuing capacity building and training of ADB and EA staff. Management notes that there have been some improvements in DMF quality, resulting from extensive training conducted for ADB and EA staff, more widely distributed DMF guidelines, and better quality control within ADB.	guidance on such linkages to staff; 3) Improve in the quality of DMFs through continuing capacity building and training of ADB and EA staff; and 4) Enhance quality control.				different results frameworks. 2.1) OIST will conduct initial training as part of the roll-out of P3M. - PLANNED - Training has yet to commence. 2.2) Current PPMS/DMF training will highlight the linkage. - ONGOING 2.3) New training program on project/program cycle, PPMS/DMF and project implementation have commenced and are a regular feature in COSO's training schedule. 3.1) COSO has commenced the development of a separate briefing/training session on DMF and ADB Results Framework indicators as well as workshops on sector and sub-sector indicators in collaboration with sector committees.		

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							3.2) COSO to continue internal and external PPMS/DMF capacity building program. - ONGOING 4.1) Regional departments and Private Sector Operations Department implement quality control mechanisms. - ONGOING 4.2) COSO commenced in September 2009 DMF quality assessment of all approved loans and TAs on a quarterly basis. Third and fourth quarter assessments have been completed. First and second quarter will be completed retrospectively.		
CE18: CAPE Mongolia: From Transition to Take-Off									
17	Improve portfolio performance and client responsiveness by simplifying project and program design and ensuring that project time frames and implementation schedules are realistic and results indicators are monitorable. (Main	Management supports this recommendation. Sector risk assessments have recently been completed in the key sectors of education and urban transport as part of the CPS	MNRM: Project processing teams will ensure that project and program design is	EARD	31-Dec-09	ON	Southeast Gobi Urban and Border Town Development Project process by MNRM aims at assisting the	PA	This should be continuous and efforts strengthened in the new CPS. The target date needs to be

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	text, Paras. 141-142)	process, and action plans are being developed to strengthen Government project implementation capacity.	simple, implementation schedule is realistic and results indicators are monitorable.				Government to prepare tender documents in advance.		extended to the next CPS period. Therefore, it is assessed partly adopted.
18	Improve portfolio performance and client responsiveness by building institutional capacity to implement projects and monitor results in partnership with the Government. (Main text, paras. 141-142)	Management supports this recommendation. Mongolia Resident Mission established a Project Administration Unit in 2007 to further improve project supervision, monitoring, and implementation.	MNRM and the Government will work jointly on strengthening evaluation and assessment of sector development impacts of IFI-funded projects. Monitoring systems of projects in the education and urban development sectors on a pilot basis will be strengthened by (i) including indicators linked to sector objectives and goals, which are easily measurable; and (ii) ensuring greater consistency of	EARD	31-Dec-09	ON	Activities are ongoing.	PA	This should be continuous and efforts strengthened in the new CPS. The target date needs to be extended to the next CPS period. Therefore, it is assessed partly adopted.

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			project results indicators with long-term strategy and medium-term action plans.						
19	Support further private sector development and improve complementarity between the public and private sectors by providing support for vocational and higher education to empower the nation's youth with the skills required to compete in the marketplace. (Main text, paras. 138-139)	Management concurs fully with this recommendation. Well-developed basic, vocational and higher education systems are sensible investments so that the country's youth will be able to compete globally and the economy will diversify. Skills training and improving the quality of basic and tertiary education are areas where ADB can provide much needed assistance and significant impact.	EASS: project preparatory technical assistance for vocational and higher education reforms is under processing to help the Government prepare a loan to develop and implement a strategy for vocational and higher education reforms to make the vocational and higher education system of the country more relevant and responsive to the industry requirements.	EARD	15-Sep-09	ON	Provided TA 7333-MON: Strengthening Higher and Vocational Education Project which will help prepare a project to improve responsiveness of the education system to industry needs.	PA	Make sure the ensuing project improves the responsiveness of the education system to industry needs. Please extend the action target date to the initial implementation stage of the ensuing project and provide evidence of improvement. Therefore, it is assessed partly adopted.
20	Improve portfolio performance and client responsiveness by supervising projects intensively, particularly during the start-up	Management supports this recommendation. Management notes the successful rating OED has	MNRM: Project officers to ensure that project	EARD	31-Dec-09	ON		PA	This should be continuous and efforts strengthened in

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	phase. (Main text, paras. 141-142)	given to the Mongolia program. This is directly related to significant efforts taken upstream at the concept design stage and during project implementation.	inception missions are conducted soon after loan approval and detailed project administration memorandums are developed to assist the EAs to timely start-up the projects.						the new CPS. The target date needs to be extended to the next CPS period. Therefore, it is assessed partly adopted.
PE720: PPER on the Phnom Penh to Ho Chi Minh City Highway Project in the Greater Mekong Subregion									
21	The Cross-Border Transport Agreement (CBTA) is crucial for enabling cross-border traffic on the Phnom Penh–Ho Chi Minh City Highway. ADB should work closely with the GMS countries in ensuring that the CBTA is fully ratified and implemented as per the agreed timetable.	Management agrees with this recommendation. ADB is working with GMS governments for the expedient ratification by all six countries of the Cross-Border Transport Agreement's (CBTA) annexes and protocols, as well as the full implementation of the CBTA. However, since the CBTA is a complex agreement, with 20 annexes and protocols and involving six countries, its full implementation will take time. A diagnostic review of the CBTA and other transport and trade facilitation (TTF) measures is being undertaken under ADB TA 6450 (Enhancing Transport and Trade Facilitation in the Greater Mekong Subregion). This	1. Carry out strategic review of CBTA implement-ation, including those involving Cambodia and Thailand (30 Sept. 09, ongoing). 2. Assist Cambodia and Viet Nam to expand the bilateral exchange of traffic rights arrangements to increase the quota of vehicles allowed to cross borders from 40 to 150 (31 Dec 2009,	SERD	31-Dec-09	ON	The strategic review will come up with a time-bound strategy and action to implement the CBTA based on an updated diagnostic assessment of nonphysical barriers to the cross-border movement of goods and people, and a stock take of ongoing and planned measures to facilitate cross-border transport and trade in the GMS. Cambodia and Viet Nam are implementing a bilateral road transport agreement that	PA	Actions are compatible with recommendation but time duration is not reasonable. On the review of the CBTA and other TTF, TA 6450 which is funding the diagnostic review is only expected to be completed in the first quarter of 2011. The other three are bilateral actions to jump start the CBTA. These are welcome on the ground initiatives but were already on the table at the time of PPER in

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		will identify key issues impeding the CBTA's implementation, and will come out with an action-oriented strategy and work plan for the CBTA and other key TTF measures in the GMS. The findings of the review will be presented for the consideration of the 15th GMS Ministerial Conference to be held in Chiang Mai, Thailand in June 2009.	ongoing). 3. Assist Cambodia and Viet Nam to implement single-stop customs inspection at the Bavet-Moc Bai border (31 Dec. 2009, ongoing). 4. Assist Cambodia to implement Single-Window inspection in line with Subdecree 21 of the Royal Government of Cambodia (31 Dec. 2009, ongoing).				allows vehicles from one country to be operated in the territory of the other country. The agreement covers the Phnom Penh-HCMC highway and the border crossing at Bavet-Moc Bai. Cambodia and Viet Nam have yet to implement the MOU on the initial implementation of the CBTA, which they signed in 2005. This MOU involves, among other things, the implementation of single-stop inspection in four stages, beginning with single-stop customs inspection.		2008. These are still ongoing by end 2009. Based on an ACTD of December 2009, IED validation assesses the project status to date as "partly adopted".
PPER on the East-West Corridor Project in the Greater Mekong Subregion									
22	Although the Cross-Border Transport Agreement (CBTA) is a necessary condition for development of the economic corridors, it is not sufficient to trigger economic activities. ADB needs to work with the governments on parallel interventions that enable development of industries, agriculture, and production in	Management agrees with this recommendation. Management notes that under the GMS strategic framework, the establishment of cross-border transport links is only the initial step toward the development of economic corridors. Economic corridor	Support and accelerate the work of the GMS Economic Corridors Forum (ECF) Prepare and complete the Strategies and Action Plans	SERD	31-Dec-09	ON	The ECF was established in accordance with the directives given by the GMS Leaders at the 3rd GMS Summit. It serves as the main advocate and promoter of GMS economic corridor	PA	Action is compatible with recommendation but time duration is not reasonable. As in the case of the related PPER and RCAPE, the assessment is

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	general. TA 7188-LAO on special economic zones and TA 6310-REG on transforming the transport corridors into economic corridors are steps in the right direction. These need to be supplemented with parallel activities in Viet Nam, as well as other GMS countries.	development involves an integrated and holistic approach where infrastructure improvements are directly linked with production, trade, investment, and other economic opportunities. ADB is helping the six GMS countries prepare strategies and action plans (SAP) for the development of the GMS economic corridors. The SAP for the East-West transport corridor is being prepared and will be discussed at a workshop to be held in April 2009 for consideration of the 15th GMS Ministerial Conference. In addition, the indicative loan/grant programs for Lao PDR and Viet Nam for 2010-2011 include other multi-sectoral initiatives, such as water supply and sanitation, and border towns development projects in towns along the East-West Corridor. These projects will complement the transport infrastructure developed, and will improve the physical, social, and environmental infrastructure, and enhance institutional capacities in key towns along the Corridor.	(SAPs) for the GMS Economic Corridors: - East-West Economic Corridor - Process PPTA for GMS Border Towns Development Project (31 Dec 2010, proposed)				development, and serves as a venue for the closer engagement of local authorities as well as the private sector in these efforts. The ECF had its inaugural meeting in Kunming, Yunnan Province of PRC in June 2008 and scheduled to have its next meeting in Phnom Penh, Cambodia, 16-17 September 2009. Preparations for the formulation of the development strategies of the EWEC have also commenced. To showcase the GMS Economic Corridors and help identify opportunities for the private sector, trade and investment fairs are planned to be held in strategic locations along the corridors. The project will improve physical, social, and environmental infrastructure, and		focused on input activities leading up to general economic corridor development and does not relate to specifics of on the ground programs for the completed transport corridors. The time table of end 2009 is therefore optimistic. In fact, this process of transformation can be a long-term and going concern for each of the completed transport corridors. Going forward, the proposed loan for a new project on corridor towns development is not likely to be processed until 2012 with its PPTA for approval in December 2010. Taken against

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							enhance institutional capacities in major border towns in Cambodia, Lao PDR, and Viet Nam along GMS economic corridors. A PPTA for GMS Corridor Towns Development Project will be processed and approved by Q3 2010.		the ACTD of December 2009, IED validation assesses the project status to date as "partly adopted".
SE17: SAPE on ADB Support for the Transport Sector in Viet Nam									
23	Consider providing advisory support to Government for new areas of intervention, such as private sector participation in investments. The provision of support would address a need expressed by the Government for practical support in areas such as private sector participation and the development of public-private partnerships, rather than just training. [Main Text, Para. 118]	Management agrees with this recommendation. Real-time advisory support is important. The SAPE recommends practical support for public-private partnerships (PPPs) as one of the priority areas of assistance in the transport sector. The World Bank conducted a PPP study to assist the Ministry of Transport (MOT) in formulating a strategy for the development of PPPs in the road subsector. ADB will work with the Government to identify a highway project structured as a PPP by the end of 2010, and utilize the World Bank's PPP study to design the project and provide	Being carried out under an existing activity	SERD	31-Dec-09	ON	An ongoing activity.	PA	This activity takes longer time than expected. SERD has indicated that it needs to have a 10-year horizon for supporting PPP in the road transport. Implementation delays were brought about by dialogues and preparatory works with the government, including the need to improve the Viet Nam Expressway Corporation

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		institutional capacity support to prepare and implement the project as a PPP.							(expressway operator) financial conditions, among other things.
SS89:	**SES on Evaluation of the Implementation of the Paris Declaration at the Asian Development Bank: A Development Partner's Study for an OECD-DAC Joint Evaluation**								
24	There is need for better guidance and staff capacity development to facilitate implementation, and monitoring and reporting on the progress of implementation.	Management agrees to the recommendation in part. Capacity building and training activities are already being undertaken at the country level. Monitoring of the Paris Declaration (PD) is being conducted at the country level by OECD-DAC through surveys - the first was concluded in 2006 and the second is currently underway. Activities in relation to staff capacity development and awareness are being undertaken at the country and regional department level. Given resource constraints, Management does not consider additional staff capacity development and training programs at this moment to be of high priority.	Enhance staff capacity and awareness on the Paris Declaration and AAA, given additional resources under the GCI.	SPD	31-Dec-09	ON	In consultation with the Learning Development Unit, BPDB and in close coordination with RDs, a systematic awareness raising program for staff was prepared.	PA	The awareness raising program developed with the assistance of BPDB and RDs has been prepared. A request was already forwarded by SPD to BPMSD for possible inclusion of such program to BPHR's annual training programs/cours e offerings. The request is under review.
SS90:	**SES on Effectiveness of ADB's Capacity Development Assistance: How to Get Institutions Right**								
25	Pilot test alternative capacity development (CD) approaches. RSCG is currently preparing a regional TA to pilot test, in three countries, the preparation of CD	Management agrees with the recommendation, noting that it is a key feature of the CD Action Plan. With support from RSDD,	RSGP is harmonizing the CD and GACAP II action plans to	RSDD	30-Sep-09	ON	Revised CD Action Plan with OPR for approval. Peer-to-peer initiatives in Cambodia, Laos,	PA	The action plan is relevant to the recommend-ation. However, the status of

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	action plans in terms of CD design and implementation. The pilot test should also take into account the lessons identified in this SES. Experience from the pilot test should subsequently be used to update the CD tool kits and in-house briefing/ training programs, and disseminated to operations staff in order to improve future CD design and implementation.	regional departments are testing pilot CD approaches.	allow for a risk based approach to prioritizing CD interventions. This will assist regional departments to develop appropriate measures to address governance and capacity risks in ADB's supported programs. Alternative CD approaches piloted by RDs.				Nepal, Sri Lanka and Timor Leste supported (CDDE). Pakistan Capacity Development Report scheduled for publication in early 2010		progress is not clear on the regional TA for pilot testing the preparation of CD action plans in terms of CD design and implementation in these countries. Also, the progress in RSGP's harmonizing the CD and GACAP II action plans is not clear.
SS91: SES on Private Equity Fund Operations									
26	Strengthen country programming arrangements so there is better coordination within ADB at the country and sector level when seeking to develop the non-bank financial sector for private sector development.	Management agrees with the recommendation. Management notes that PSOD has participated in the CPS process for all large DMCs and several small ones that have been identified as having potential for PSOD operations. About 70% of all new PSOD financings (including PEFs) have strong links to the CPS compared with less than 20% five years ago.	PSOD continues to ensure that all private equity funds (PEF) activity is only undertaken in countries that have included PEF in the CPS as a strategic priority for capital market growth.	PSOD	31-Dec-09	ON		PA	PSOD continues to implement the action plan, with increased cooperation with RDs as outlined in recently revised OM. The action plan is open-ended (always to be continued).

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B.	**Addressed to DMCs and Other Institutions**								
	PE718: PPER on the Second Provincial Towns Water Supply and Sanitation Project in Viet Nam								
1	Tuyen Quang's water quality problems (i.e., iron and manganese content, turbidity and E. coli concerns) should be addressed through concrete action to identify their causes, and water quality testing results should be made public to inform the general public that the concerns have been addressed.	Management supports the recommendation for ADB to follow-up action to the Tuyen Quang's water quality problems (i.e., iron and manganese content, turbidity and E. coli concerns). These water quality problems should be addressed through concrete action to identify their causes, and water quality testing results should be made public to inform the general public that the concerns have been addressed.	Follow-up with the EA and Tuyen Quang's Water Supply Company (WSC)	SERD, (Other)	30-Jun-09	FA	Completed - no further action needed. Government Instruction No. 03/YB-PPC dated 9 Jan 2009 permitted Tuyen Quang WSC to invest in the construction of water treatment system. The system will be commissioned in July 2009. When put into operation, chlorination will be carried out and will test 20 water samples of the distribution pipeline. Water quality testing is being done everyday at WSC's laboratory and twice a year at the provincial testing center. Consumers will be informed of the results of water testing through information campaign in conjunction with	FA	IED concurs with the Management status rating and remarks.

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							the proposed increase of the water tariff in September 2009.		
2	Government approval procedures need to be streamlined, especially on externally funded infrastructure projects.	Management supports this recommendation. Management notes that although approval processes in Viet Nam are still cumbersome and lengthy, the introduction of Government Decree 131 (2006) has led to some improvements. In addition, the capacity of the Water Supply Companies management and staff has recently improved and it has resulted in faster preparation and approval of technical design and procurement reports, as demonstrated in ongoing ADB-financed water supply projects in Viet Nam.	Discuss with the Executing Agency/ Project Coordinating Unit during the conduct of the Project Administration Mission.	SERD, (Other)	30-Jun-09	FA	Completed - no further action needed. The implementation of Government Decree 131 has been delegated to line ministries.	FA	IED concurs with the Management status rating and remarks.
3	National sanitation (sewerage and drainage) targets should be established and translated into concrete investments plans.	Management supports the recommendation that ADB follows-up from the Government actions establishing and translating national sanitation (sewerage and drainage) targets into concrete investments plans.	Obtain copy of Government regulation related to sanitation program.	SERD, (Other)	30-Jun-09	FA	Completed - no further action needed; discussed with the Executing Agency in June 2009. Government of Viet Nam Decree No. 88/2007/ND-CP on Drainage and Sewerage for Urban Areas and Industrial Zones was issued on 28 May 2007.	LA	The Decree No. 88 was already in place, when IED conducted the PPER, but the decree itself was not implemented fully in action, as concrete steps to realize the content of the decree have not been released by the

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						Management			IED	
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									Government.	
4	The Government should draw up a strategy regarding (i) which agency will be responsible for the development and maintenance of drainage; (ii) whether the sewerage operation needs to be integrated with water supply or kept separate; and (iii) how to sustain the technical and financial burden of sewerage either from local taxes or a specific tariff.	Management supports this recommendation. Management notes that the Government, assisted by its international development partners including ADB, is currently undertaking the Viet Nam Water Sector Review, which will result in clear and detailed agreements on the scope and development process of such a strategy.	Obtain copy of Government regulation related to sanitation program.	SERD, (Other)	30-Jun-09	FA	Completed - no further action needed. Article 4 of Decree No. 88/2007/ND-CP mandated the following Government Agencies for the drainage/sewerage activities: Ministry Of Construction (MOC) - drainage/ sewerage in urban areas and industrial zones nationwide Ministry of Natural Resources and Environment - environmental protection and pollution control of drainage/sewerage activities Ministry of Agriculture and Rural Development - exploitation and protection irrigation structures, granting and withdrawing discharging permits of wastewater to irrigation channels. Ministry of Investment Planning (MPI) - balancing	FA	IED concurs with the Management status rating and remarks.	

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							investment funds from the State budget; study and develop mechanisms and policies to encourage and mobilize external and internal investments in drainage/ sewerage projects. Ministry of Finance - coordinates with MPI on financial management and with MOC on supervision and inspection of the collection and usage of wastewater fees nationwide.		

FA = Fully Adopted, LA = Largely Adopted, PA = Partly Adopted, ON = Ongoing, NA = Not Adopted, PL = Planned, NS = No Status entered, ACTD = Action Completion Target Date, ID/CD = implementing/coordinating department, BPMSD = Budget, Personnel, and Management Systems Department, CAPE = country assistance program evaluation, CBTA = cross border transport agreement, CPS = country partnership strategy, COSO = Central Operations Services Office, CWRD = Central and West Asia Department, EARD = East Asia Department, IED = Independent Evaluation Department, PPER = project or program performance evaluation report, RCAPE = Regional CAPE, OPR = Office of the President, PEF = private equity fund, PPTA = project preparatory technical assistance, PSOD = Private Sector Operations Department, RSDD = Regional and Sustainable Development Department, SAPE = sector assistance program evaluation, SARD = South Asia Department, SERD = Southeast Asia Department, SES = special evaluation study, SPD = Strategy and Policy Department.
Source: Independent Evaluation Department's Management Action Record System team