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ABBREVIATIONS

ADB	–	Asian Development Bank
ADTA	–	advisory technical assistance
ANRR	–	agriculture and natural resources research
APL	–	Agriculture Program Loan, Pakistan
BR	–	Bangladesh Railway
CGIAR	–	Consultative Group on International Agricultural Research
DMC	–	developing member country
EA	–	executing agency
ECG	–	Evaluation Cooperation Group
EIA	–	environmental impact assessment
EIRR	–	economic internal rate of return
EWB	–	East-West Highway, Nepal
FERP	–	Flores Emergency Rehabilitation Project, Indonesia
FSPL	–	Forestry Sector Program Loan, Nepal
HSPL	–	Hydrocarbon Sector Program Loan, India
IARC	–	international agricultural research center
IES	–	impact evaluation study
IPL2	–	Second Industrial Program Loan, Bangladesh
ISPL	–	Industrial Sector Program Loan, Mongolia
KOISP	–	Kirindi Oya Irrigation and Settlement Project, Sri Lanka
Lao PDR	–	Lao People's Democratic Republic
M&E	–	monitoring and evaluation
MNE	–	Ministry of Nature and Environment, Mongolia
NARS	–	national agricultural research system
NGO	–	nongovernment organization
O&M	–	operation and maintenance
OED	–	Operations Evaluation Department
PCR	–	project/program completion report
PD	–	participatory development
PFI	–	participating financial institution
PPAR	–	project/program performance audit report
PPMS	–	project performance management system
PPR	–	project performance report
PPTA	–	project/program preparatory technical assistance
PRC	–	People's Republic of China
RES	–	reevaluation study
SES	–	special evaluation study
SIADP	–	Sorsogon Integrated Area Development Project, Philippines
SOE	–	state-owned enterprise
SRAP	–	Special Rehabilitation Assistance Project, Cambodia
TA	–	technical assistance
TCR	–	technical assistance completion report
TPAR	–	technical assistance performance audit report

NOTE

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

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EXECUTIVE SUMMARY

The mandate of the Operations Evaluation Department (OED) of the Asian Development Bank (ADB) has broadened considerably beyond the postevaluation of project and program loans and technical assistance (TA), with increased emphasis now given to thematic studies, real-time feedback, and improving self-evaluation capacity within ADB and its developing member countries.

This annual review has evolved as well. It begins with a theme chapter on feedback describing two study activities conducted during 2000. One reviewed a sample of project and program completion reports (PCRs). OED now subjects about half of the PCRs completed each year to such an in-depth review. The study indicates that the quality and coverage of PCRs is improving, although greater attention must be paid to assessing the achievement of purpose and to sustainability. This needs to be made clear in the PCR guidelines, and the study makes some suggestions for inclusion in their next revision.

The other study tracked the recommendations for follow-up action made in OED's 1999 reports. Over half of these recommendations were aimed at helping projects/programs and TAs meet their targets, while a further fifth aimed to raise achievements beyond their original targets. A quarter were directed at ADB. Recommendations included in OED's 1999 reports were generally specific on what was to be done, but often did not clearly designate who should be responsible for taking the action, nor the time frame. Overall, the study concludes that the recommendations were being reasonably addressed by ADB and project executing agencies (EAs); and the majority of cases of failure to take action related to recommendations that required action on a sector or national level, beyond the mandate of the EA. However, greater dialogue between OED staff and ADB operational staff prior to finalization of recommendations could help improve their practicality and relevance, and recommendations in OED reports should be limited to a few key ones.

About half of OED's efforts in 2000 were directed at project and program performance audit reports (PPARs), with 21 project and sector loans and 5 program loans assessed. Following OED's new 4-level rating scheme, 2 projects/programs (8 percent) were found highly successful, 11 (42 percent) successful, 10 (38 percent) partly successful, and 3 (12 percent) unsuccessful. There was no clear pattern of success rates by country group or by sector. This review draws together findings from the individual PPARs under separate themes, namely: project formulation and design, participatory processes, policy reform, sustainability, poverty reduction, and environmental aspects. PCR ratings are compared with PPAR ratings, and the transition from the old three-category system to the new four-category system of evaluation is explained.

From the sample of projects evaluated in 2000 it is apparent that project preparatory technical assistance (PPTA) is important for project success but does not guarantee it. A key finding is that getting the project rationale and design, including institutional aspects, correct from the beginning is important. A PPTA should be mandatory if ADB has little or no experience in the sector. In addition, project preparation should include an assessment of the policy environment. Project design, and even more so program design, needs to provide flexibility during implementation. Standard or uniform packages fail to maximize the potential impact of outputs. Client ownership is essential prior to and during implementation to maximize impact and sustainability. Local participation in design and implementation can enhance operations. A needs assessment including capabilities of local staff should always be undertaken, with project design making adequate provision for staff training.

Poverty reduction efforts have been assessed for those projects oriented to poverty reduction or other relevant thematic concerns. A bottom-up approach focusing on social preparation of the poor is needed to enhance their capacity to take advantage of investments in poverty reduction. Projects generally benefit households across income strata; thus specific targeting is needed to deepen the poverty impact. Nontargeted interventions, particularly in areas with a lower incidence of poverty, show an uneven distribution of benefits, generally not favoring the poorest. Poverty reduction interventions targeted to reach the poor can be successful when focused on a geographic area with a relatively homogenous population. There is a strong relationship between improved education and poverty reduction.

Quite a few of the projects evaluated in 2000 show less than satisfactory achievements in ensuring sustainability, with insufficient provision for operation and maintenance (O&M) expenditures, ineffectual ownership, and inadequate institutional arrangements being common. Follow-up action is essential to ensure that the life of such projects is not shortened, or their benefits reduced. As a lesson for the future, long-term O&M costs and cost recovery features need to be built into project design.

For emergency loans, a process approach is necessary to allow flexible adjustment of project design during implementation. The capacity of the borrower to respond effectively to disasters, especially in disaster-prone areas, should be built up.

This review also examines the performance of ADB and its borrowers. It concludes that ADB involvement should continue to address issues of project quality at entry, including the economic and sector policy context during project identification. ADB should ensure adequate institutional capacities for effective and timely project implementation. Implementation efforts should also ensure adequate and timely review missions and provide appropriate supervision.

Five program loans were evaluated, four being rated as partly successful and one as unsuccessful. All of the programs showed some success in implementing reform components, ranging from corporatization of public sector enterprises, to establishment of user groups for community forestry, to reduction in fertilizer subsidies, to privatization of manufacturing units. However, successful implementation of reform was usually limited to the short term. Other, longer term reforms were generally not achieved. The performance of the programs evidenced a commonality of constraints including overambitious policy reforms and implementation schedules, lack of government commitment and continuity, limited institutional capacity for implementation, and weaknesses in monitoring and evaluation, including a lack of quantifiable and time-bound targets. The review highlights the importance of prioritizing reforms based on sector analysis during formulation of program loans, with linkages between reforms and objectives clearly identified. Program loans with predetermined schedules for policy covenants are not flexible enough to deal with the inherent uncertainties of sector restructuring, particularly in transition economies. The time frame for reform is sometimes too short. Meeting conditionalities does not guarantee the expected impacts. Findings reinforce the critical role of a participatory approach in the performance and sustainability of programs. Finally, reform measures with significant political and social implications need to be carefully assessed to determine a government's commitment and institutional capability for implementation and good governance.

Three technical assistance performance audit reports covering 11 TAs were prepared in 2000. Key lessons learned for consideration in future TA operations include the need for effective coordination, long-term institutional and human capacity building of beneficiaries,

stakeholder ownership, and periodic steering committee meetings. In 2000, OED completed its ongoing assistance to develop project performance management in Nepal, and administered two new TAs for strengthening project performance management in People's Republic of China and Philippines.

A reevaluation study was done of the Health and Family Planning Services Project in Bangladesh, confirming the partly successful rating in the PPAR. Impact evaluation studies were prepared on the road sector in Nepal and on ADB's rural credit assistance. The upgrading and periodic maintenance components of the critical East-West Highway in Nepal were highly successful, while the hill road projects and the institutional strengthening assistance were partly successful. Overall ADB assistance to the road sector in Nepal was successful, with the key objectives of improved national integration and increased transport efficiency and accessibility being well achieved. The impact of ADB rural credit assistance to seven countries was also generally positive, helping to (i) improve production, productivity, and technology, and ultimately farm income; and (ii) enhance the quality of the loan portfolios of local financial institutions. Project impacts, however, were found to be limited in terms of income distribution, poverty reduction, and development of a sound rural financial system.

Four special evaluation studies were carried out covering the impact of the involuntary resettlement policy, the impact of agricultural research, participatory development processes, and the sustainability of policy reforms through advisory technical assistance (ADTA). The involuntary resettlement study showed that the policy has been helpful in achieving project development objectives, enhancing payment of compensation for lost assets, providing improved housing and infrastructure, and restoring livelihood for resettled families. Likewise, it found new awareness in dealing with vulnerable groups, particularly the poor and the landless. On the other hand, the study revealed that resettlement supervision and monitoring activities should be strengthened to ensure adequate implementation of resettlement.

The special study on agriculture and natural resources research in Asia revealed that, while ADB's significant support reaps high benefits and is consistent with the overarching goal of reducing poverty, refinements are needed to sharpen the research focus on generating appropriate technologies that will (i) promote sustainable farming systems for poor farmers, (ii) sustain the management of agriculture and natural resources, (iii) enhance agricultural productivity, (iv) strengthen the research capacity of national agricultural research centers, and (v) promote public policy and socioeconomic research. The study recommends that ADB continue to support cutting-edge research by both international and national agricultural research centers to strengthen their research capabilities, and to promote research for poor farmers in less-favored environments.

The participatory development study revealed that participatory processes are essential for the good performance and sustainability of most agriculture and natural resources and social infrastructure projects. However, participatory processes are frequently constrained by limited resources, including time, expertise, funds, and capacities of stakeholders. Three key lessons from the study include the need for ADB to (i) promote governance to facilitate the adoption and application of participatory pro-poor policies, (ii) prepare operational guidelines on participatory development and institutional analysis, and (iii) improve internal learning processes for ADB staff on participatory development methodologies and practices.

The study on the sustainability of policy reforms through ADTA identified four key areas to enhance the effectiveness and sustainability of policy reforms: (i) policy reform needs to be treated as a dynamic process within a given sector and not a one-off policy change or a set of

fixed institutional changes; (ii) ownership is the key to success and sustainability; (iii) the effectiveness of future ADTAs depends largely on the ability of ADB to allocate the required resources over an extended time period; and (iv) accountability for results from ADTAs needs to be addressed at multiple levels.

The main conclusions to highlight from 2000 evaluation activities are as follows. Quicker feedback of evaluation findings would be achieved through a broadening and improvement of PCRs, and incorporation of a methodology in the PCR guidelines consistent with PPAR assessments. Targeted poverty reduction activities, like all project activities, would be enhanced in terms of their impact and sustainability through greater stakeholder participation in both design and implementation. There is a considerable risk that program loans will not achieve their objectives where program design is not based on sound sector analysis, where there are too many rigid conditionalities and where the implementation schedule is not adjusted to local conditions and capabilities. The operationalization and institutionalization of results should be included as a specific TA objective, with greater coordination between agencies and stakeholders. While ADB's involuntary resettlement policy has a distinct positive impact on project preparation, this needs to be reinforced through compatible national resettlement policies and enhanced monitoring of implementation.

I. INTRODUCTION

1. The Operations Evaluation Department (OED)¹ supports the Asian Development Bank's (ADB) vision of a poverty-free region by pursuing excellence and independence in evaluation. OED's mandate has broadened and has become considerably more demanding over the past several years. In addition to its traditional focus on measuring the performance of completed project and program loans, and technical assistance (TA), OED has intensified its work on (i) preparing in-depth studies of particular thematic issues; (ii) evaluating the effectiveness of ADB's operations, practices, and procedures; (iii) providing real-time feedback on ongoing operations; (iv) monitoring and reporting on actions taken by ADB and its executing agencies (EAs) in response to OED's recommendations; (v) building evaluation capacity within ADB and in selected developing member countries (DMCs) to enhance self-evaluation; and (vi) coordinating closely with multilateral and bilateral agencies on evaluation methodology.

2. OED aims at more effective feedback and use of lessons learned by closely examining (i) project, program, and TA proposals; and (ii) project/program completion reports (PCRs). Training support has been expanded for the Project Performance Management System (PPMS), including training in preparation of logical frameworks and identification of performance indicators—aimed at improving the design of new projects—and the monitoring, management, and impact assessment of ongoing projects. Through the use of its follow-up action reports, OED strives to mainstream evaluation findings in ADB's policy- and decision-making processes.

3. This review is the twenty-third in the annual series prepared by OED. It is based on 40 reports completed in 2000, comprising 22 project/program performance audit reports (PPARs); 3 technical assistance performance audit reports (TPARs); 1 reevaluation study (RES); 2 impact evaluation studies (IESs); 4 special evaluation studies (SEs); 1 sector synthesis; 2 technical assistance completion reports (TCRs); the *Twenty-Second Annual Review of Evaluation Operations*; *Evaluation Highlights of 1999*; *Report on the Results and Impacts of ADF Operations*; *Assessing Impact on Development: Education Sector*; and the revised *Guidelines for the Preparation of Project Performance Audit Reports* for public sector projects (Appendix 1). OED also produced two issues of *Evaluation Insights*, the newsletter of the Evaluation Cooperation Group (ECG).² This review introduces a new element in Chapter II—a theme chapter. The 2000 theme is feedback of evaluation findings.

II. FEEDBACK

4. OED feeds its evaluation findings back into the project/program cycle in a variety of ways. Two of the chief feedback mechanisms are discussed in this chapter: in-depth review of PCRs, and the use of follow-up action reports.

A. Reviews of Project/Program Completion Reports

5. OED is committed to shortening the feedback loop by strengthening and reinforcing self-evaluation so that lessons are learned more quickly. Beginning in 1999, OED has subjected roughly half of all PCRs completed each year to an in-depth review.³ The review seeks to

¹ In early 2001 the Operations Evaluation Office was upgraded to the Operations Evaluation Department.

² Footnote 1, Box 1, p. 9.

³ The review is a desk exercise. OED staff are expected to consider the PCR; appraisal report and/or report and recommendation of the President; back-to-office reports of review missions; project performance reviews or project accomplishment notes; and, in some cases, the feasibility study reports and files concerning PCR preparation. Thus, the review goes considerably deeper than OED's standard comments on draft PCRs.

answer three basic questions: (i) To what degree do PCRs evaluate projects/programs according to their stated objectives? (ii) Are the claims about project/program achievement adequately supported by suitable evidence? and (iii) Overall, are PCRs useful in bringing out lessons and recommendations supported by balanced and well-argued assessments?

1. Results of the 2000 Review

6. In 2000, 28 of 51 completed PCRs were selected for in-depth review, comprising 55 percent of the PCRs prepared that year (see Appendix 2 for the list of PCRs reviewed, together with a note on the sampling process). As shown in Table 1, of the 28 PCRs, OED concurred with the ratings contained in 23 (82 percent). One PCR rating was upgraded, three ratings were downgraded (11 percent), and one was judged to lack sufficient evidence to rate. The main reason for downgrading ratings was insufficient analysis of long-term impact and sustainability. By comparison with the rating results for 1999, the OED review shows that PCRs have become a more accurate assessment of project performance.

Table 1: Rating Results 2000 and 1999

Item	2000		1999	
	Number	%	Number	%
Rating confirmed	23	82	15	62
Rating upgraded	1	3	—	—
Rating downgraded	3	11	4	17
Insufficient evidence to rate	1	4	5	21
Total	28	100	24	100

Source: OED.

2. PCR Quality in Relation to PCR Guidelines

7. In 86 percent of cases, the description of project/program objectives in PCRs was assessed as adequate, while three PCRs (10 percent) were judged inadequate and one was not rated. This is slightly worse than in 1999, when 92 percent of PCRs described project/program objectives adequately, while 8 percent did not.

8. In the majority of PCRs reviewed, evidence on project/program implementation—including use of inputs; history of implementation; events that affected the schedule and costs; adherence to loan covenants; and performance of consultants, contractors, the EA, and ADB—was generally clear. Four PCRs had insufficient description and supporting evidence for assessing the performance of ADB, the EA, or the consultants; or they lacked an adequate chronology of events. This finding is in accordance with the 1999 review.

9. Regarding lessons learned and recommendations, half of the PCRs were found to have provided adequate lessons learned and recommendations that were based on good analysis with supporting evidence. For the other half, the lessons learned or recommendations that were made were useful but incomplete. In some cases, recommendations were provided but with no lessons learned, while in others recommendations were not specific, monitorable, actionable, relevant, and timebound. This deficiency limits the usefulness of the lessons learned.

3. PCR Coverage of Areas Not Currently Required by PCR Guidelines⁴

10. As in 1999, the PCRs reviewed in 2000 based their assessment largely on implementation performance (physical completion, costs, and schedule) and reevaluation of the economic internal rate of return (EIRR) as required by the current PCR guidelines. While many PCRs also provided an assessment of project/program achievement against objectives (such as sector capacity development, more equal access to education, or elimination of infrastructure bottlenecks), only a minority had sufficient justification to substantiate the assessment. For example, the PCR for the Cyclone Emergency Rehabilitation Project in the Cook Islands supported its rating by comparing the operational status of infrastructure before and after the storm. This is a similar finding to the 1999 review, wherein only a third of the PCRs reviewed adequately substantiated the assessment of purpose. Assessing performance requires the collection and analysis of data for impact assessment, especially for projects/programs with social objectives. This should be a requirement in the PCR guidelines. Collection of the required information can be accommodated within the PPMS, being recorded in the project performance report (PPR) during project implementation so that it is available at the time of PCR preparation.

11. Ten PCRs of the 28 had supporting TA. Of these ten, 60 percent had inadequate analysis of the TA and its performance. This may be attributable to a lack of clarity in the current PCR guidelines.⁵

12. In 1999, ADB made poverty reduction its overarching goal. Of the PCRs completed since this change in policy, two assessed the project's contribution to poverty reduction.⁶ The Secondary Towns Infrastructure Development PCR (Bangladesh) incorporated the results of a beneficiary survey, while the Khushab Salinity Control and Reclamation PCR (Pakistan) presented data on increased crop yields, employment, and farm income to support its assessment of poverty reduction. It is important that assessments consider ADB policy not only at the time of approval but also, as far as possible, at the time of completion.

13. As in the 1999 review, OED considers that PCRs should be required to assess the adequacy of project/program preparation and the implications of project/program design on performance. While a few PCRs mention design faults, such as those for the Theun Hinboun Hydropower Project in Lao People's Democratic Republic (Lao PDR) and the Bangladesh Open University Project, the majority do not comment on the adequacy of design. Similarly, OED considers that PCRs should be required to provide an assessment of likely sustainability and the key factors involved. As in 1999, findings in 2000 show that the analysis of sustainability is covered adequately in only a few PCRs.

4. Conclusions and Recommendations

14. There was a discernable improvement in PCRs in 2000 compared with 1999. Current guidelines still focus on the achievement of immediate results, that is, the production of outputs.

⁴ This section looks at areas not required by the current PCR guidelines (or where the guidelines are vague), which, if included, would greatly enhance the value of the PCR as an evaluation tool.

⁵ The sections in the guidelines on engagement and performance of consultants require only an assessment of "consultants used by the Borrower/EA." Under the section on performance of ADB, there is a requirement to "state also what type of advisory services (including training) were provided by the Bank and whether the assistance provided was adequate and done on time." There is a lack of consistency in PCRs concerning assessment of associated TA.

⁶ Older projects/programs generally lack adequate baseline data for making a proper assessment.

However, for PCRs to be a valid performance assessment tool, more attention needs to be given to project/program design, the achievement of purpose, and sustainability.

15. Various shortcomings noted in PCRs relate to matters that are either not included in the current guidelines or are vaguely worded. OED has made a number of suggestions for inclusion in revised guidelines, which are under preparation. The aim of these is to enhance the PCR process and to provide a more seamless performance evaluation framework that starts from the logical framework and progresses through the PPMS/PPR process to the PCR and PPAR. It is highly desirable that the PCR and PPAR use a common framework and coverage for evaluation so that the main variable becomes the time at which evaluation is performed rather than the method of the evaluation. OED proposes that the PCR guidelines should require

- (i) rigorous assessment of project/program formulation that focuses on the relevance of preparation, design, scope, and technology against ADB's strategy and policy at the time of formulation and, as far as possible, at the time of PCR preparation; particular attention should be given to the adequacy of stakeholder participation in the design process;
- (ii) evaluation, with supporting evidence, of the extent to which expected outputs were produced and, separately, the level of achievement of project/program purpose or immediate objective;
- (iii) assessment of efficiency that not only includes recalculation of the financial internal rate of return and EIRR, but also considers aspects such as the efficiency of processing, organization, and management by executing and implementing agencies; effectiveness of project/program management; efficiency in recruitment and procurement; and timely and adequate availability of counterpart funding;
- (iv) assessment of all supporting TA;
- (v) preliminary assessment of project/program sustainability and the identification of key issues that may affect, or that require action to enhance, sustainability;
- (vi) identification of other developmental impacts, intended or unintended, positive or negative; and
- (vii) rating of project/program performance that utilizes OED's five key performance criteria for evaluation—relevance, efficacy, efficiency, sustainability, and institutional development and other impacts—together with the rating system.⁷

16. Adoption of the recommendations in para. 15 will have resource implications, particularly assessment of the achievement of project/program purpose. However, the additional input should diminish over time as the proportion of completed projects/programs with satisfactory logical frameworks and PPMS activities increases. Additional domestic consulting resources may be one way to carry out any required surveys. An assessment of supporting TA may require some additional staff input both in the field and in the office (if assessment of TAs is not already being carried out as part of the PCR process). The other areas proposed should be

⁷ Some operational departments are already using OED's key performance criteria in their PCRs, and the revised project administration instructions, currently under interdepartmental review, incorporate this practice.

capable of being accommodated within existing resource allocations. Additional staff time requirements must be balanced against the likelihood of improving project/program quality.

17. To enhance the efficiency of the in-depth review of PCRs and to shorten the feedback loop, it is intended to advance such review and to carry it out during the preparation of PCRs by operational departments and offices, rather than after the PCRs have been circulated to the Board of Directors. This should also ensure a more consistent approach to PCR methodology.

B. Assessment of Follow-up Actions

18. This section reviews how well OED's recommendations for follow-up action made in 1999 were being addressed. To provide a framework for the information generated, OED also assessed the quality of the recommendations and categorized them by type, including the degree of freedom that ADB or the concerned EA had in implementing them.

1. Study Material

19. This assessment covers all 37 OED reports for 1999 including 21 PPARs, 4 TPARs, 2 RESs, 6 SESs, 3 IESs, and 1 country assistance program evaluation (Appendix 3), which presented 133 recommendations for follow-up action. The assessment is based on progress reports prepared by ADB's operational departments and offices in July 2000 and January 2001. The July 2000 responses were used as the basis for a preliminary assessment of how well the follow-up actions had been addressed and implemented. Subsequently, in January 2001, the operational departments and offices were requested to update the progress reports and to review OED's preliminary assessment. The responses formed the basis for the final assessment and led to discussions with various staff concerning issues affecting compliance with the recommendations.

20. The assessment was essentially a desk study; field investigations to confirm reports by the operational departments and offices, and the sustainability of any changes, were not attempted. Reported adequate compliance with a recommendation might, in fact, be only partial, and conversely, lack of compliance might just reflect lack of information. Also, the study was partly a self-review and thus open to bias. To minimize the bias, assessments first done independently by two staff members of OED before joint compilation were circulated for review by the operational departments and offices.

2. Results

a. Type of Recommendations

21. OED's recommendations fell into five categories. About 55 percent of them aimed to correct project or TA underachievements or weaknesses. These concerned a specific project or TA output, executing or implementing agency activity, or the locality being supported by the project or TA under review. A little over half of these recommendations, equivalent to 29 percent of all recommendations, focused on specific aspects of the project or TA under review and were capable of being undertaken by the executing or implementing agency alone.⁸ The balance of the 55 percent, or 26 percent of all recommendations, required action on a sector or national level, or by several entities. The EAs of the project or TA could not easily address such recommendations. A further 18 percent of all recommendations were also directed at a specific

⁸ Subject to the need to gain approval for any budgetary changes.

output, agency, or locality and aimed to create improvements beyond the original targets of the project or TA. Such improvements generally were of the type that required longer term planning and support from national planning and budget agencies and, hence, were considered beyond the immediate reach of the project or TA.

22. The recommendations within the two other major categories were directed at ADB. Sixteen percent of all recommendations concerned weaknesses in ADB's internal processes for preparing and implementing projects and TAs, and a further 8 percent suggested ways for ADB itself to assist in improving the outcomes of the project or TA under review. The remaining 3 percent of all recommendations focused on future ADB projects, in particular the project formulation process and the use of a follow-on project or TA.

b. Recommendation Quality

23. The quality of the recommendations for follow-up action was first reviewed by assessing their specificity. A good quality recommendation should indicate precisely (i) what action is required, (ii) who is to take the action, and (iii) the time frame for taking action. Of the 133 follow-up action recommendations, only 1 was not specific in stating what was to be done. The majority (78 percent) also indicated who was to undertake the action. In contrast, only 11 percent of the recommendations indicated the time frame for the action.

24. The result for who was to take action requires some elaboration. A large number of the recommendations designated the government or ADB as the entity to take action. While this was sufficient for the recommendation to be classified as having specified an actor, it was too vague. Specifying the agency within the government or the department/office within ADB would improve the recommendation and facilitate its monitoring.

25. These deficiencies in the specificity of the recommendations for follow-up action have been recognized within OED for some time. The revision, in September 2000, of the *Guidelines for the Preparation of Project Performance Audit Reports* addresses this issue as far as projects are concerned. The revised guidelines require recommendations for follow-up action to be limited to those that are specific, monitorable, actionable, relevant, and time-bound. Moreover, the ADB operational departments and offices as well as executing and implementing agencies responsible for taking actions and monitoring them are to be identified. Inasmuch as the guidelines for PPAR preparation are used in a general way for the basis of all operations evaluation studies, it is expected that the same improvements will be adopted in other reports (e.g., on programs and TAs).

26. The quality of the recommendations also depends on aspects other than specificity. Importantly, the new guidelines for PPAR preparation require recommendations for follow-up action to be practical. Several problems were noted in relation to the practicality of some recommendations made in 1999. Operational departments and offices questioned the practicality of recommendations that required, for example, an increase in public expenditure when public funds were particularly constrained. Other recommendations were found impractical because of the way they were stated. Most of these specified a particular action to be taken to address a complex situation, for example, the funding of extension services to improve technology transfer to farmers, or arrangements to improve the operation and maintenance (O&M) of irrigation systems. However, a recommended action may be one of several possible options for reaching the desired outcome. In such situations, it may be preferable to state the recommendation in terms of the desired outcome, for example, better irrigation system maintenance or faster transfer of technology to farmers, than attempting to

specify the mechanism by which it is to be achieved. The mechanism may be added as a suggestion.

27. These comments notwithstanding, ADB's operational departments and offices disagreed with only 4 of the 133 recommendations, and with parts of a further 6 recommendations. The overall low level of disagreement suggests that OED's 1999 recommendations were reasonably well founded.

c. Extent of Action Taken

28. A recommendation for follow-up action can require two types of response. First, there is the action of ADB in requesting and encouraging the appropriate entity, normally an EA or branch of the government, to implement the recommendation. There were no cases wherein ADB's operational departments and offices had not responded to the recommendations with this first step. Second, there is the recommended action itself, which can be for an EA, the government, or ADB to undertake.

29. In relation to implementing the recommendation, recommendations for action were being reasonably well addressed. Here, responses can be divided into three broad categories (Appendix 4, Table A4.1). The first category (A) comprised responses to the effect that appropriate action had been, was being, or was expected to be taken. Category A also included responses indicating that the responsibility for encouraging action by the government had been assumed by another agency, such as the World Bank. Just over half of the recommendations (53 percent) were in this first broad category of being appropriately and adequately addressed (Appendix 4, Table A4.2). The second broad category (B) comprised responses indicating that the action taken either only partly addressed the recommendation, could not be reported upon due to lack of response from the appropriate entity, or was disagreed with by ADB's operational departments and offices. Forty percent of responses were within Category B, with 35 percent of all responses being within the first subcategory, namely, that some action had been taken but it only partly addressed the recommendation. For the remaining 7 percent of all recommendations, there was no action (Category C). Each of these cases involved some particular difficulty. For example, two recommendations concerned a project in Sri Lanka for which there was no follow-on project and, therefore, no leverage for ADB to encourage the EA to take action. For other recommendations, difficult policy changes were required that could not be achieved in the short term.

30. The study tested the notion that the degree to which action will be taken depends on the degree of control that the entity responsible for taking action has over it. The majority of failures for action to be taken were for recommendations that addressed sector or national level concerns or involved several agencies and were thus not within the sole control of the responsible entity. Thus, the lack of control over a recommendation by a responsible entity increases the likelihood of no action being taken. Nevertheless, some recommendations over which the responsible entity did not have full control were addressed, indicating that the degree of control is not the only factor involved.

31. Of the 133 recommendations, 32 (24 percent) concerned ADB's internal processes and arrangements, or were for ADB to take action to introduce improvements to a project or sector. Within this group, 20 responses indicated that the appropriate action had been, was being, or was expected to be taken, and a further 9 cases indicated partial compliance with the recommendation. In the remaining three cases, the recommendation was disagreed with, and no action had been taken.

3. Operational Issues

32. In encouraging governments to address the recommendations, ADB's operational departments and offices face some challenges. Staff resources are limited, and difficulties in encouraging compliance with recommendations are experienced where the department or office does not have any regular contact or pipeline of work with the relevant government agency. This applies particularly for recommendations that are project specific, and more so when the relevant agency is regionally based rather than in the capital city, which is more regularly visited by ADB staff. Those recommendations of a broad nature that fit with ADB's ongoing development strategy for the sector offer the greatest opportunity for continuing follow-up by ADB staff, because policy dialogue revolving around such recommendations can be built into the processing of future loans and TAs. Difficulties also arise when a project-specific implementing entity is disbanded at the end of the implementation period. Movement of staff out of an ADB operational department or office may break the personal relationship built up between ADB and the agency, making it difficult for new staff to exert influence. Greater involvement of resident missions in ADB operations may help, but it is likely that the resident missions will also face some of the same limitations.

33. Problems related to the impracticality of some recommendations could be minimized through greater dialogue between OED and operational staff prior to the finalization of recommendations. Such dialogue would aim to improve the practicality of the recommendations and ultimately the use of resources by ADB in following up responses by government agencies. The concerns of otherwise impractical recommendations may be more effectively addressed if they are treated as issues to be taken up as part of policy dialogue with the government. The procedure for evaluation should be modified to include a specific step for interaction between OED and operational staff prior to interdepartmental circulation of OED's draft reports containing recommended actions.

34. Evaluations do detect a number of areas where action would be desirable but is not of high priority. It would be preferable for the evaluation report to concentrate on key recommendations, so as not to overload governments and ADB operational departments and offices with follow-up work. This would ensure that the feedback mechanism from evaluation reports works to the best advantage of all parties involved.

III. ASSESSMENT OF 2000 EVALUATION ACTIVITIES

A. Project/Program Performance Audit Reports

1. Rating Method and Overall Results

35. About half of OED's efforts in 2000 were directed at PPARs, with increased emphasis on assessment of multiple projects in one report. Evaluation was undertaken of 26 projects/programs—21 involving project or sector loans, and 5 program loans—in 22 reports. Cumulatively, by December 2000, OED had evaluated 584 public sector (including project and program) and 8 private sector investments.⁹ Beginning in 2000, OED classified projects/programs into four categories rather than three as in previous years (Box 1). The 2000 ratings clustered in the middle two categories. Overall ratings show that 2 projects/programs (8 percent) were highly successful, 11 (42 percent) were successful, 10 (38 percent) were partly successful, and 3 (12 percent) were unsuccessful (Appendix 5, Table A5.1). Ratings for project

⁹ No private sector loans were evaluated in 2000.

and sector investments are further discussed in para. 39, and those for program loans in para. 83.

Box 1: Assessment of Project Performance

The revised *Guidelines for the Preparation of Project Performance Audit Reports*, approved in September 2000, includes a substantial revision of the criteria for rating project success, reflecting initiatives by the Evaluation Cooperation Group (ECG)¹ to harmonize evaluation practices and standards. PPARs will continue to be prepared after projects/programs have been in operation for sufficient time to permit a reasonable estimate of future achievements—usually at least three years of operational history—and provided a PCR has been circulated to the Board.

The objectives of revising the *Guidelines* were (i) to prepare a scheme that is consistent with those of the other members of the ECG, in part to allow valid comparison of results; and (ii) to be more transparent in the rating. The overall performance rating is the sum of weighted ratings calculated from assessment rating values (from 0 to 3) multiplied by the weight assigned to the five key performance criteria of relevance (20 percent), efficacy (25 percent), efficiency (20 percent), sustainability (20 percent), and institutional development and other impacts (15 percent). Relevance is defined as the consistency of a project's goals, purpose, and outputs with the government's development strategy, ADB's lending strategy for the country, and ADB's strategic objectives not only at the approval stage but through implementation and operation. Efficacy refers to the achievement of purpose as specified in the policy goals and the physical, financial, and institutional objectives adopted at project approval. Efficiency compares the achievement of project purpose with the use of inputs. Sustainability is the likelihood that human, institutional, and financial resources are sufficient to support the achievement of results and benefits over the economic life of the project. Institutional and other development impacts is an improvement in the EA's or the country's ability to make effective and efficient use of its human, financial, and natural resources in pursuing economic, environmental, and social activities prompted by the project. A key feature of the new *Guidelines* is the use of a four-category rating system instead of a three-category system. The overall rating of a PPAR is given as highly successful, successful, partly successful, or unsuccessful. This compares with the previous ratings of generally successful, partly successful, and unsuccessful.² The new ratings can be described as follows.

- Highly successful: The weighted average is greater than 2.5, and none of the five performance criteria has a score of less than 2. This rating is given to projects with achievements exceeding expectations and having a very high probability that the purpose and goals will be achieved sustainably and efficiently over the project life, that the project has strong relevance to the DMC's and ADB's objectives, and that there are no significant unintended negative impacts.
- Successful: The weighted average is from 1.6 to 2.5, with none of the five criteria having a score of less than 1. While the degree of achievement is insufficient for a highly successful rating, there is no major shortfall, and the expected purpose and goals will be mostly achieved sustainably over most of the expected economic life. The project is relevant to the DMC's and ADB's objectives, its implementation and operations are efficient, and any negative impacts are small in relation to the gains.
- Partly successful: The weighted average is from 0.6 to 1.6, and no more than two criteria have received a rating of less than 1. While the evaluation anticipates a significant shortfall in achieving the purpose and goals, and may consider full sustainability unlikely, it expects that some components will achieve major benefits.
- Unsuccessful: The weighted average is less than 0.6. The evaluation considers the project as a technical and economic failure in the sense that it expects the facilities to operate at a low level of installed capacity, if at all, or with high cost requiring a large subsidy. There may be many negative impacts, and efficiency is very low.

¹ Established in 1996, ECG works to strengthen cooperation among evaluators and harmonize evaluation methodology in its member institutions—African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, and World Bank Group.

² Some projects rated at the higher end of the partly successful category under the old guidelines would move to the successful category. Most projects formerly rated in the generally successful category would now be in the successful category also, while a few at the higher end would now be in a highly successful category.

36. In 2000, the evaluated projects/programs from Group B2 countries recorded higher ratings than those from other country groups, with 2 of 11 projects considered highly successful, 5 successful, and 2 each partly successful and unsuccessful (Appendix 5, Table A5.2). Of the

14 projects/programs in Group A and B1 countries, 5 were rated successful, 8 were partly successful, and 1 was unsuccessful. The lone project examined from Group C was rated successful. The sector breakdown shows that of the 2 projects evaluated as highly successful and the 11 rated successful, 5 were in the physical infrastructure sectors (energy, and transport and communications), 5 were in the agriculture and social sectors, 1 was in the financial sector, and 2 were multisector.

37. In terms of costs, projects rated highly successful accounted for 13 percent of the total actual investment cost, successful projects accounted for about 27 percent, partly successful projects/programs had a share of 48 percent, and unsuccessful ones 12 percent (Appendix 5, Table A5.3). By loan disbursement, highly successful projects accounted for 11 percent, successful projects for 31 percent, partly successful projects/programs for 43 percent, and unsuccessful ones for 15 percent (Appendix 5, Table A5.4).

38. The 120 projects and programs evaluated between 1996 and 2000 have been reclassified according to the new scheme and assigned one of the four ratings described in Box 1. Fifteen percent were found to be highly successful, 39 percent successful, 32 percent partly successful, and 14 percent unsuccessful (Appendix 6). The most successful sectors were energy (79 percent in the top two categories), closely followed by transport and communications (78 percent). Group B countries had better ratings than others, with 16 percent highly successful, 42 percent successful, and 28 percent partly successful.

2. Projects

a. Performance Ratings

39. In 2000, 21 project or sector loans were covered in 17 reports. Of the 21 loans examined, 2 (10 percent) were rated highly successful, 11 (52 percent) successful, 6 (28 percent) partly successful, and 2 (10 percent) unsuccessful. An examination of the 21 evaluated projects in terms of the five key performance criteria (Box 1) shows a generally satisfactory performance at project selection through the economic and sector work/country operational strategy, and country assistance program.

40. In terms of the key performance criteria, 18 projects (86 percent) were assessed to be either highly relevant or relevant (Table 2). These projects were and continue to be consistent with government development objectives and ADB's strategic objectives. Thirteen projects (62 percent) were highly efficacious or efficacious in achieving their stated purpose and outcomes. Ten projects (48 percent) were considered to be highly efficient or efficient in achieving their purpose. The likelihood of 10 projects sustaining their results and benefits over their economic life was considered high. Concerns about the sustainability of the remaining 11 projects were attributable to sector/policy reform issues (2 projects), weakness in project design (1 project), inadequate institutional arrangements (4 projects), lack of budgetary allocation for O&M (7 projects), and inadequate beneficiary participation (3 projects). To address these concerns, follow-up action is needed. In terms of institutional development and other development impacts, 10 projects (48 percent) reported significant impacts, while 7 more identified some positive impacts.

**Table 2: Rating Values of Projects Evaluated in 2000,
by Key Performance Criteria**

Rating Value	Relevance		Efficacy		Efficiency		Sustainability		Institutional Devt/Others	
	No.	%	No.	%	No.	%	No.	%	No.	%
3	8	38	2	10	4	19	3	14	0	—
2	10	48	11	52	6	29	7	33	10	48
1	1	5	7	33	8	38	9	43	7	33
0	2	9	1	5	3	14	2	10	4	19
Total	21	100	21	100	21	100	21	100	21	100

Source: OED.

b. Project Completion and Operations Evaluation Ratings

41. OED compared the ratings given to projects in the PPARs prepared in 2000 with the ratings given in the PCRs for those same projects. Of 16 projects rated generally successful at project completion, 11 were considered either highly successful or successful at the operations evaluation stage (Table 3). Based on evaluation findings, five projects (Second Road Improvement, Primary Education [Girls], Secondary Cities Urban Development Sector, Tourism Infrastructure Development, and Southern Towns Provincial Water Supply) were downgraded to partly successful under the four-category classification. Of the four projects classified in PCRs as partly successful on the three-category classification, one was rated as successful under the four-category classification, one remained rated partly successful, and the two telecommunications projects in India were downgraded to unsuccessful.

**Table 3: Overall Assessment of Projects Evaluated in 2000
Compared with PCR Ratings**

PCR Rating	PPAR Overall Rating				Total
	Highly Successful	Successful	Partly Successful	Unsuccessful	
Generally Successful	2	9	5	—	16
Partly Successful	—	1	1	2	4
Unsuccessful	—	—	—	—	—
Not Rated ^a	—	1	—	—	1
Total	2	11	6	2	21

^a Shanghai International Trust and Investment Corporation. The PCR did not specify an overall performance rating but concluded that loan utilization and subproject performance were generally satisfactory.

Source: OED.

c. Project Implementation

42. Only 2 of the 21 projects evaluated in 2000 were completed ahead of schedule. However, although delays in implementation were the rule rather than the exception, the projects experienced shorter average delays than those evaluated in 1999. The irrigation and rural development and the telecommunications subsectors experienced the longest delays (Appendix 7, Table A7.1). Among the DMCs, India, Philippines, and Sri Lanka showed higher average delays (Appendix 7, Table A7.2). Most of the evaluated projects encountered delays during the start-up period, mainly due to long tendering processes, delayed recruitment of

consultants, late appointment of staff and setting up of implementation units, and protracted fulfillment of conditions for loan effectiveness. For those projects experiencing longer delays, the major reasons (in addition to start-up delays) included political intervention (Sorsogon Integrated Agriculture Development Project [SIADP] in the Philippines, and Telecommunications Project in India), slow flow of project funds due to cumbersome procedures (SIADP), and delays in construction of civil works (Kirindi Oya Irrigation and Settlement Project [KOISP] and Second Road Improvement Project in Sri Lanka).

43. Three-fourths of the evaluated projects were implemented with modest variation from the original costs (Appendix 8, Tables A8.1 and A8.2). Thirteen (62 percent) experienced cost underruns and eight (38 percent) had cost overruns. The reasons cited for larger cost underruns were reduced scope of work, lower prices because of strong competition, overestimation at appraisal, and devaluation of local currencies.

d. Major Findings

i. Project Formulation and Design

44. The projects evaluated in 2000 show that project preparatory technical assistance (PPTA) is important for project success but does not guarantee it. The highly successful Jilin Expressway Project in the People's Republic of China (PRC) had PPTA, while the equally highly successful Bandar Lampung Urban Development Project in Indonesia was based on a government feasibility study, with supplementary work carried out under a TA loan.

45. Looking at the 11 projects rated successful, seven had PPTA but four did not. One of the four was the Flores Emergency Rehabilitation Project (FERP) in Indonesia, for which some processing steps were skipped in accordance with the standard operating procedure for such emergency loans. Two were projects in the PRC. For one of them, the Shenyang-Benxi Highway Project, both the PCR and the operations evaluation mission felt that significant increases in costs and subsequent changes in design were partly due to insufficient ADB involvement during project preparation. The fourth was the Special Rehabilitation Assistance Project (SRAP) in Cambodia, which was developed in close cooperation with other aid agencies, followed a sector loan approach, had intensive supervision by review missions, and benefited from particularly effective consultants.

46. Five of the six projects rated partly successful had PPTA. However, this did not guarantee a successful project design. The Second Road Improvement Project in Sri Lanka, for instance, had two serious design weaknesses despite having PPTA. Road shoulders were unsealed, and drainage structures were not extended beyond the shoulders; as a result the roads were prone to erosion. While the Southern Provincial Towns Water Supply Project in Lao PDR had a generally good PPTA, its planning horizon was too short, rehabilitation of an existing plant was overlooked, there was insufficient attention to institutional aspects, and it had no private sector thrust. The KOISP in Sri Lanka was based on government studies supplemented by TA, but the design adopted was not the best; and the Secondary Cities Urban Development Project in Indonesia was a complicated combination of feasibility studies. In all of these examples, the lack of complete planning emerges as a core problem.

47. Neither of the telecommunications projects in India had PPTA, despite the first being the initial ADB venture in the sector in the country, and both proved to be unsuccessful. Looking more deeply at the preparation of these unsuccessful projects, the first was a disjointed

component of government plans that included no policy measures. The second was approved only about a year after the first, before any lessons could be learned and applied. In neither case was there sufficient economic and sector work.

48. The three evaluated urban projects in Indonesia revealed that the integrated approach for urban infrastructure development allows objective-oriented modifications of project design and components, which is very effective for improving the urban living environment.¹⁰ The Tourism Infrastructure Development Project in Nepal showed that ecotourism, as implemented under the project, can work. However, each venture should be subject to rigorous financial and marketing feasibility assessment.

ii. Participatory Processes

49. Project evaluation experience in 2000 confirmed that participatory techniques improve project performance and sustainability, particularly in the agriculture and social sectors.¹¹ Nonetheless, overall performance still lacks consistency in incorporating participation and ensuring stakeholder ownership.

50. Project experience underscored linkages between efforts to address poverty, sustainability of development measures, and effective ownership on the part of both the responsible administering agency and the intended beneficiaries or customers. This includes government ownership and commitment to the project, and community and beneficiary participation to take care of new facilities. Despite the achievements of the SIADP in reducing poverty (para. 64), a lesson learned is that a bottom-up approach is vital to maximizing the impact of poverty reduction, particularly for the landless and jobless poor, who are in too weak a position to make use of project facilities. Community development under accompanying advisory technical assistance (ADTA) was minimal due to the short implementation period and the lack of continued institutional support.

51. The Tourism Infrastructure Development Project in Nepal confirmed that public-private partnerships can help boost tourism in the country, but the private sector must be involved from the start. Project experience also provided other lessons on public-private sector linkages, including the need to consider the ability of private sector organizations to fairly represent their members.

52. Evaluation experience from the three urban projects in Indonesia indicates that community participation together with total water management is key to improving urban living conditions. The success of integrated urban infrastructure development projects largely depends on how well the implementation arrangements facilitate community participation. The Secondary Cities Urban Development Project was only partly successful in achieving its main purpose of improving living conditions, owing to lack of ownership at the local level. During implementation, project components were extensively modified at the provincial level, with limited involvement of the local governments and consultation with the communities. On the other hand, the Bandar Lampung Urban Development Project proved highly successful in

¹⁰ Integrated urban infrastructure development projects are most appropriate for cities with a population of 100,000-500,000. A sector lending approach, focusing on individual sectors, could be applied to smaller cities without strong urban dynamics. For larger cities and urban areas influenced by a megacity, stand-alone projects would be appropriate to affect urbanization patterns and have a measurable impact on living conditions.

¹¹ In addition, a SES completed in 2000 provides an in-depth assessment of the extent of adoption of participatory processes to enhance the effectiveness and sustainability of past ADB projects in sectors where they are most useful (paras. 130-134).

improving living conditions and enhancing urban management. There was a strong sense of ownership of the project among the local government and communities, and the city government played a major role in all components under a clearly defined division of responsibilities and in training and community information campaigns. This strong local participation and ownership succeeded in alleviating the adverse impacts of the financial crisis on project facilities.¹²

53. The Primary Education Sector Project in Bangladesh had members of the community (i.e., local leaders, parents, and teachers) involved in project design, formulation, and implementation. The Marine Sciences Education Project in Indonesia showed minimal beneficiary participation at critical stages of project design and appraisal. In the case of the Primary Education (Girls) Project in Pakistan, parents' involvement, community participation, and links between the school and the local community were still weak. However, the establishment of school management committees and parent-teacher associations was seen as a significant improvement in strengthening the school-community relationship to ensure quality of education and sustained improvement in the long term.

iii. Policy Reform

54. The reform of policy is the *raison d'être* of program loans. Nevertheless, one policy issue emerged clearly from a number of project loans evaluated in 2000: the desirability of government divesting from state-owned enterprises (SOEs). Experience with the two telecommunications projects in India showed that SOEs do not have enough flexibility to run utilities. The results were the purchase of obsolete equipment and high tariffs, despite economies of scale and falling equipment prices. In the Second Male Port Project, the monopolistic nature of the Maldives Port Authority was a stumbling block to efficient separation of port services. A conclusion regarding the Shanghai Investment and Trust Corporation Project in the PRC was that SOEs should be restructured and be given more autonomy.

55. In the East-West Highway Maintenance Project in Bhutan, efforts were made to improve cost recovery and budget allocations to road maintenance through policy dialogue. While full cost recovery remained elusive, some progress was made on increasing budget allocations for roads. The project also provided impetus for capacity building in a fledgling contracting industry. In the two highway projects in the PRC, corporatization remained an issue.

iv. Sustainability

56. The projects evaluated in 2000 showed less than satisfactory achievements in ensuring sustainability. Overall, 11 of the 21 evaluated projects (52 percent) were rated either less likely or unlikely to be sustained. The proportion was higher for those projects rated partly successful and those rated unsuccessful.

57. The effectiveness of project design and project implementation to a large extent determines the degree of sustainability. In general, there is usually adequate demand for project services and products at the time of evaluation. Likewise, adequate skills and appropriate technology and equipment are available to operate the projects. Projects likely to be sustained were characterized by high-quality civil works, adequate and sustained O&M, full institutional

¹² The Kampung Improvement Program and the Market Infrastructure Improvement Program are successful models for improving urban living conditions through community participation, which is also the most effective way to ensure effective monitoring and evaluation, and good service delivery.

support and commitment by stakeholders, and enabling policy environments. On the other hand, factors that undermined the sustainability of the projects and their contribution to the economy were weak financial viability, insufficient provision for operational costs, ineffectual ownership, inadequate institutional arrangements, and the lack of maintenance policy and procedures.

58. Financial viability, including operating and financial performance and cost recovery, was a critical issue in sustaining both the Southern Provincial Water Supply Project in Lao PDR and the Second Telecommunications Project in India. Lack of financial viability of water utilities in the former affected operations of water supply systems through neglect of maintenance. In the latter, technical insolvency and bankruptcy kept the project enterprise dependent on government budgetary support.

59. In the road sector, lack of O&M funds for road facilities continued to impair sustainability. The road components of the SRAP in Cambodia and the FERP in Indonesia were inadequately maintained. The former showed a lack of adequate funds for O&M. In the case of the latter, project design included provisions for sustainability (training, maintenance equipment, and earthquake-resistant design). However, inadequate attention was given to these aspects during project implementation and after completion. Funds for routine O&M are virtually nonexistent, and the district budgets are too low to maintain the roads, while at the provincial level O&M funds do not appear to be a priority. In Bhutan, some road sections showed signs of deterioration, needing another round of periodic maintenance.¹³

60. The lack of funds for continued O&M is also a problem in the education sector. The education component of the SRAP contained no clearly defined budgetary allocation. Meanwhile, both the Primary Education Sector (Girls) project in Pakistan and the Primary Education Sector Project in Bangladesh coped with system-wide issues such as inadequate budgetary allocations for O&M, weak management, and lack of teachers. In Pakistan, the share of primary education in total expenditures has decreased, with a declining expenditure per pupil in real terms. Hardly anything is left for physical maintenance and educational materials, with 99 percent of the recurrent budget going to salaries and benefits. The current fiscal state of the Government of Pakistan is not likely to permit improvement of the situation in the near future. In Bangladesh, the budgetary allocation is not adequate for the needs of the sector, and development budgets for renewing capital assets have declined in real terms.

61. In the agriculture sector, the sustainability of the agriculture component of the SRAP in Cambodia suffered from lack of O&M procedures, inadequate budget allocation, and insufficient institutional arrangements (i.e., water user associations, collection of user fees, and water management systems at subproject sites). Similarly, the agriculture component of the FERP in Indonesia faces inadequate government funds to maintain the water resources, and the farmers themselves are reluctant to pay for O&M of water facilities.

62. Attention to sustainability has been adequate in some cases. The Shenyang-Benxi Highway and Jilin Expressway projects in the PRC showed high physical and financial sustainability with sufficient flow of toll revenues and commitments from other user charges by the implementing agencies. Operational sustainability is not a problem for the Second Power System Development in Maldives, since the power utility takes care of routine and preventive

¹³ On 30 October 2000, ADB approved another project to support the road sector—Loan 1763-BHU(SF): *Road Improvement Project*, for \$9.6 million.

maintenance. Financial and economic viability is robust, with adjustments in electricity tariffs compensating for adverse increases in fuel and other operating costs.

v. Poverty Reduction

63. Of the 21 projects evaluated in 2000, 11 were growth projects, 3 aimed at reducing poverty, and 7 addressed thematic concerns (gender and human development) either as primary or secondary objectives. Because at the time of project processing the likely effect of growth projects on poverty reduction was not yet among the subjects to be examined, there was a lack of information to make such an assessment in the PPARs. Consequently, this discussion of poverty reduction is related only to the 10 projects directly addressing poverty or other thematic concerns. Experience from these confirmed their mixed impacts on the living standards and income-earning potential of the poor through improved access by the poor, women, and disadvantaged groups to income and employment opportunities or human development services. Households in the project areas benefited from access to infrastructure that served productive purposes (3 projects), from increased well being (6 projects), from social services (7 projects), and from training or awareness creation (3 projects). Positive effects of projects in these areas resulted in impacts, or potential impacts, on productive activities and income (5 projects); employment, trade, and the prices of goods and services (3 projects); and the health status of beneficiaries (3 projects).

64. As shown in the SIADP and the KOISP, poverty reduction interventions targeted to reach the poor can be successful when focused on a geographic area with a relatively homogenous and predominantly poor population and when providing a service that is equally valuable to the entire population. In the case of the SIADP, the project promoted economic growth in a neglected region of the Philippines where the majority (79 percent) of the population was poor. The project improved rural infrastructure and stimulated the local economy. Through economic growth, poverty was reduced by about 15 percent in the project area. Similarly, the KOISP, in a poor region of Sri Lanka, had a significant impact on poverty in the project area, with farm families benefiting from project investments in irrigation and in village and communication infrastructure. A number of new houses had been built, and a dynamic economy with active markets and transport services developed. Provision of public services significantly changed the living conditions of residents in the project area. The Southern Provincial Towns Water Supply project in Lao PDR had a poverty-reducing dimension, given the substantial health impact of a potable water supply, even though this was not an explicit intention. The relatively high rate of mortality in project areas was reduced with good water supply and public awareness campaigns on hygiene and disease control.

65. Evaluation experience for these 10 projects indicates that projects benefit households across all income strata. Nontargeted interventions, particularly in areas with lower incidence of poverty, show an uneven distribution of benefits that generally favors the nonpoor more than the poor. To deepen the poverty impacts of such projects, they should also be specifically designed to direct benefits towards poverty groups. Although the SIADP achieved a measure of success, 50-60 percent of the people in the area remained poor, most of them landless and jobless laborers. Project benefits did not flow directly to these groups, as the SIADP did not include direct measures to address the root causes of poverty among the landless poor, or employment generation for jobless laborers and poor. The SIADP revealed that direct intervention and a bottom-up approach are key to poverty reduction for the landless and jobless poor. Social preparation is needed, prior to physical investment, in areas with a large number of landless and jobless poor who lack the capacity to take advantage of the project facilities provided. In addition, there is a need for continued institutional support for the poor after project completion.

For the KOISP, project benefits were limited to a single area amid a region considered to be poor, thereby creating an uneven distribution of benefits. In the case of the three urban development projects in Indonesia, the water supply components did not benefit low-income groups as expected, because local water enterprises provided only clean water, and not drinking water, and low-income groups continued to rely on alternative sources for this essential item. Firm demand for the water that the projects provided came from better-off groups and bulk water consumers.

66. Experience shows a strong relationship between improved education and poverty reduction. Investments in education contribute to improved incomes and thereby to poverty reduction. The three evaluated education projects had indirect impacts on poverty reduction. Two projects in support of primary education in Bangladesh and Pakistan benefited mainly lower income families, the majority of which gain their livelihood from farming. The former improved access to primary education as well as helped balance gender disparity. The latter improved access to primary education of girls in the project areas but did not meet its second objective of significantly raising education quality. The Marine Sciences Education Project in Indonesia put in place facilities and trained faculty in marine sciences but had a marginal effect on local communities in terms of employment, which should have followed from improved utilization of marine resources generated by the project; moreover, project benefits generated do not appear sustainable largely due to deficiencies in O&M funds caused in part by the Asian financial crisis.

vi. Environmental Aspects

67. While some projects evidenced negative impacts on the environment, some of which could have been foreseen and mitigated, the majority had either neutral or positive effects. This is attributable to increased examination of environmental effects at the design stage and incorporation of mitigation measures from the start. The education projects often had components that should in time improve the environment due to greater awareness engendered in the people. The Marine Sciences Education Project in Indonesia, in particular, went beyond the development of new curricular materials by fostering improvements in the conservation and management of marine resources; positive signs of attention to environmental concerns were found in most project institutions, where studies were being undertaken to establish baseline data. In addition, the three integrated urban infrastructure projects in Indonesia caused significant improvements in the urban environment, which was their purpose. The SIADP had positive environmental effects in the form of schistosomiasis control and improved fisheries.

68. Road projects often have deleterious effects on the environment that have to be mitigated. The Second Road Improvement Project in Sri Lanka experienced significant landslips, while nearby residents complained of cracking in their houses due to blasting operations. However, there were indications that the claims were inflated to achieve larger compensation payments. In the East-West Highway Maintenance Project in Bhutan, debris disposal was a problem, as was the cutting of firewood to heat bitumen. However, in both these projects, local improvements were made in drainage and dust suppression. The two road projects in the PRC met applicable standards; in particular, the Jilin Expressway Project was cited for improving conditions regarding dust and noise in the towns through which the old road passed.

69. Other physical infrastructure projects showed either positive or at worst minor environmental effects. The Second Malé Port Project in Maldives did not alter the marine habitat and did eliminate all visible pollution. The power component of the SRAP in Cambodia reduced

energy losses as well as lowering noise and visual pollution. The overall effect of the Tourism Infrastructure Development Project in Nepal was positive because of the emphasis on ecotourism.

70. However, in Lao PDR, the Southern Provincial Water Supply Project generates sediment and sludge discharge from the treatment plants that includes alum and chlorides, which may cause negative impacts on the river. Also, the KOISP in Sri Lanka had several downsides. Begun in 1977 long before environmental impact assessment became a requirement, the project relocated about 1,400 people from nine hamlets, flooded two temple ruins, affected the wildlife in nearby preserves, and led to reduced grazing areas for livestock and elephants. On the positive side, fisheries were expanded, safe drinking water was provided, and malaria was controlled. Another older project, the Shanghai Investment and Trust Corporation in the PRC, showed similarly mixed results.

e. ADB and Borrower Performance

71. Analysis of ADB and borrower performance confirms that these are critical to, but do not guarantee, project success and sustainability (Table 4). The level of ADB and borrower performance was measured for 18 of the 21 evaluated projects using a four-point scale (highly satisfactory, satisfactory, partly satisfactory, unsatisfactory) based on project management records and ADB review mission reports. Overall ratings show that the performance of ADB and the project implementing agencies was satisfactory in most evaluated projects, with most projects clustering in the two middle categories.

Table 4: ADB and Borrower Performance

Performance Rating	Highly Successful	Successful	Partly Successful	Unsuccessful	Total
ADB Performance Rating					
Highly Satisfactory	1	1	—	—	2
Satisfactory	1	7	4	—	12
Partly Satisfactory	—	1	1	1	3
Unsatisfactory	—	—	—	1	1
Total	2	9	5	2	18
Borrower Performance Rating					
Highly satisfactory	2	—	—	—	2
Satisfactory	—	8	3	—	11
Partly satisfactory	—	1	2	1	4
Unsatisfactory	—	—	—	1	1
Total	2	9	5	2	18

Source: OED.

72. ADB performance was satisfactory or better in 14 (78 percent) of the 18 projects; borrower performance was rated satisfactory or better in 13 (72 percent). ADB and borrower performance was better for the projects with higher success ratings, although this was not the only success factor. ADB and borrower performance was satisfactory or better in eight of nine projects rated successful. ADB performance was satisfactory in four of the five projects rated partly successful, while borrower performance was satisfactory in three of five projects so rated. Where performance by both was unsatisfactory, the project was unsuccessful.

f. Lessons Learned

73. Experience from the projects evaluated in 2000 draws attention to the following general areas:

- (i) ADB should continue to address issues of quality at entry, including the economic and sector policy context during project identification;
- (ii) ADB should ensure adequate institutional capacities for effective and timely project implementation; and
- (iii) project implementation efforts should include adequate and timely review missions to provide appropriate supervision.

74. More detailed lessons are as follows. Getting the project rationale and design, including institutional aspects, correct from the beginning is a basic condition for project success (e.g., KOISP in Sri Lanka). Rigorous design guides implementation and facilitates monitoring and evaluation (M&E) (e.g., Marine Sciences Education Project in Indonesia). The project rationale should be based on a well-defined and focused country operational strategy, supported by PPTA, especially where there is little or no experience in the sector. In addition, project preparation should also include an assessment of the policy environment and the scope for private sector involvement (e.g., the two telecommunications projects in India).

75. The strategic significance of any project should be carefully ascertained during the country assistance plan process. The East-West Highway Maintenance Project in Bhutan showed the importance of proper timing and sequencing of follow-up projects. The Primary Education Sector Project in Bangladesh was followed by a similar project about a year later and covering the original area. The follow-up project was able to keep the development momentum going and strengthen still-intact institutional capacity built earlier. In many cases where follow-up projects come 3-5 years later, the momentum has generally dissipated, institutional memory may be gone, and it is necessary to start again.

76. During project formulation, ADB must be able to challenge underlying assumptions and require that the proposed design reflect circumstances in the target area. It should not be hurried into making politically driven decisions (e.g., KOISP in Sri Lanka). Vigilance is necessary to ensure that contracts comply with agreed upon specifications so that construction defects do not become evident one or two years later. At the same time, additional safeguards should be put in place to counter any new opportunities for corruption.

77. Project assistance needs to be flexible and adapted to local conditions. Standard or uniform assistance packages fail to maximize the potential impact of outputs. While a flexible approach might be more complex administratively, it can also be more cost effective (e.g., Primary Education [Girls] Project in Pakistan). Conversely, a rigid approach in adopting new systems without adaptation to local conditions is not likely to succeed. Greater diligence is necessary in identifying the key design features suitable for special conditions in a country (e.g., East-West Highway Maintenance Project in Bhutan).¹⁴ Standard designs of project equipment and systems may not take into account local conditions, particularly where geological and

¹⁴ Project design proved too rigid for Bhutanese conditions. However, during implementation, ADB review missions responded sensibly to the challenge (by concentrating loan funds on road sections in most need of repair) and contributed to making project interventions successful.

environmental conditions vary greatly (e.g., Southern Provincial Towns Water Supply Project in Lao PDR, Shenyang-Benxi Highway and Jilin Expressway projects in the PRC).

78. Sustained and demonstrable client ownership is needed prior to and during implementation to maximize project impacts and sustainability. Project success will depend on how well implementation arrangements enhance stakeholder participation for a sense of ownership and proper O&M (e.g., Secondary Cities Urban Development, Botabek Urban Development, and Bandar Lampung Urban Development projects in Indonesia). Local participation in design and implementation can enhance local support for operations. Community involvement may cause delays, and a flexible timetable is needed (e.g., Tourism Infrastructure Development Project in Nepal). In the case of irrigation projects, demand analysis should be based on farmers' willingness to pay for both routine O&M and future repairs. Their willingness to pay should be secured by written agreements in conjunction with enforcement measures (e.g., SIADP in the Philippines, KOISP in Sri Lanka).

79. To improve project performance, there is a need to maintain an enabling policy environment through dialogue and aid coordination. Project monitoring must closely follow the policy environment in which a project is being implemented, in addition to procurement matters and other implementation activities (e.g., the two telecommunications projects in India). ADB should ensure that the project operates in an enabling environment including appropriate government policies and streamlined bureaucratic procedures, technical skill enhancement, market information, and adequate infrastructure facilities (e.g., Shanghai Investment and Trust Corporation Project in the PRC). Achievement of project objectives can be enhanced by a number of programs with complementary objectives being implemented in the same area at a given time, and linked together (e.g., Primary Education Sector Project in Bangladesh). EAs need to monitor the soundness of completed civil works beyond project implementation and ensure that contractors address defects during the warranty period (e.g., Primary Education [Girls] Project in Pakistan). Project design should provide for specific indicators for evaluating economic and social impacts of the project (e.g., Shenyang-Benxi Highway and Jilin Expressway projects in the PRC).

80. A thorough needs analysis of implementation supervision should always be undertaken. The assessment should also include capabilities of the local staff who are to participate in implementation. Adequate provision for staff training should be made using needs analysis. Some developing countries, such as those in transition from central planning to a market orientation, may require more institutional strengthening than the average (e.g., Southern Provincial Towns Water Supply in Lao PDR).

81. Where many of the poor lack the capacity to take advantage of investments in poverty reduction, a bottom-up approach focusing on social preparation of the poor, such as beneficiary group organizing, is needed to enhance their capacity to maximize a project's poverty reduction impacts. Social preparation requires long-term effort and is better achieved by project components instead of shorter duration accompanying TA. Continued institutional support for the poor is needed after project completion (e.g., SIADP in the Philippines).

82. The two evaluated emergency loans provide lessons relating to design and implementation of emergency loans. Components of emergency loans should not involve complex issues and require long-term preparation. A process approach is necessary to allow flexible adjustment of project design during implementation. Risky assumptions need to be spelled out in the project documents and reviewed at milestones such as project inception and annual reviews. Decisions should be made at each milestone if a project design needs

modification. Special measures need to be taken for emergency loans to ensure expeditious delivery of the emergency assistance with good project quality and sustainability, including (i) intensive use of experienced consultants and ADB review missions; (ii) ADB financing of most if not all project costs; and (iii) ADB financing of O&M for a fixed period, which should be phased out gradually when a government's financial situation improves or a mechanism for user fee collection is developed by a follow-up project (e.g., SRAP in Cambodia). The capacity of borrowers to respond effectively to disasters, especially in disaster-prone areas, should be built up. During the design of emergency projects, the classification of civil works should be carefully evaluated to distinguish between emergency works and works under normal contracting procedures; the project management organization should ensure that those responsible for enforcing quality control also have the financial control and effective power to reject payments of contractors. It is important to have a capable project monitoring office, and this should be made the focus of appraisal and review missions (e.g., FERP in Indonesia). Follow-on projects should be prepared in parallel with the implementation of emergency loans to provide supplementary support to address policy and institutional issues and to sustain the benefits of the emergency loans (e.g., SRAP in Cambodia).

3. Program Loans

a. Performance Ratings

83. The five program loans evaluated in 2000 comprised the Forestry Sector Program Loan (FSPL) in Nepal, the Hydrocarbon Sector Program Loan (HSPL) in India, the Agriculture Program Loan (APL) in Pakistan, the Industrial Sector Program Loan (ISPL) in Mongolia, and the Second Industrial Program Loan (IPL2) in Bangladesh. Four of these programs, which had been approved between October 1990 and August 1993, were rated partly successful. The IPL2 was rated unsuccessful, the first ADB program loan to be so rated.

84. These ratings can be compared with those at program completion. Based on evaluation findings, all three program loans rated partly successful on the three-category scale in their respective PCRs were considered partly successful on the four-category scale, while the unsuccessful rating of the IPL2 was confirmed. The generally successful rating of the ISPL was reduced to the partly successful category at operations evaluation.

b. Specific Findings

i. Forestry Sector Program, Nepal

85. The FSPL was instituted because of continuing forest degradation and encroachment, and a weak legal and regulatory framework for forestry development. The objectives of the program were to address the required sector reforms and institutional restructuring. This particularly applied to the expansion of community forestry and leasehold forestry by the private sector. The FSPL contained a number of measures for policy and institutional reforms aimed at restructuring the Ministry of Forests and Soil Conservation. Counterpart funds generated from the program loan were to be used for reforesting degraded forests and for a number of environmental activities such as restoring major watersheds, establishing biogas plants, and supporting medicinal and aromatic plant cultivation. There was no PPTA to support program formulation, but the FSPL was accompanied by two TAs for establishing a M&E system and for reviewing energy pricing policies. Program achievements were mixed, and the second tranche was canceled, largely because of the government's failure to pass a Forestry Act and its enabling bylaws. The FSPL was rated partly successful.

86. The FSPL contained provisions for expanding community forestry through user groups that were relatively successful. This also applied to the smaller components directed at environmental effects such as establishing biogas plants, and medicinal and aromatic plant cultivation. The harvesting of forest products consisted largely of fuel and fodder, substantially reducing the burden of collecting these items, a major task undertaken by female household members. However, the FSPL as a whole had a number of deficiencies in both design and implementation. Concerning design, sector analysis proved inadequate and resulted in overoptimistic or unrealistic targets for both policy reform measures and reforestation. The evaluation found no evidence of any consultation with target beneficiaries. Nor was there intensive consultation with local communities and the private sector during preparation of the Master Plan for the Forestry Sector, which included the FSPL's investment targets. The program failed to address the basic cause of forest degradation—poverty in the forest areas, and forest use by poor households. Concerning implementation, the government was slow to move to market-oriented reforms involving greater reliance on the private sector. The stringent conditions to be met by potential leaseholders, lack of specific guidelines for considering applications, and inadequate information for interested parties constrained successful implementation. In addition, staff turnover in the relevant government institutions was high; the M&E system, established in a separate division, proved ineffective; and there was insufficient coordination among development agencies in support of the forestry program. Future forestry programs need to (i) address the issue of poverty when pursuing reforestation activities, placing greater emphasis on people as well as natural resources; (ii) obtain active government support for private sector involvement in forestry development; and (iii) effectively reformulate the role of government through legal and regulatory changes.

ii. Hydrocarbon Sector Program, India

87. The HSPL was negotiated at a time when India was suffering balance-of-payments problems and the prospect of continual increases in oil imports. To maintain foreign currency reserves, and a degree of self-reliance in energy, the HSPL sought to increase the supply of domestic hydrocarbon resources through accelerated exploration and development. Oil imports were to be capped at existing levels through increased private sector participation as well as improved operational efficiency of the major SOEs in the oil sector. Two TAs were provided with the loan, one for promoting private sector involvement in downstream activities, and the other for assessing SOE performance in refining, distribution, and marketing. Most of the many loan covenants were complied with. However, despite three extensions to the loan closing date, a required divestment of a shareholding in the major oil production SOE was not undertaken, and the second tranche was canceled. Given also the failure to attract much additional private sector and foreign funding for exploration and development, and the overall stagnation in domestic crude oil production, the HSPL was rated as partly successful.

88. The HSPL was oriented towards both short-term balance-of-payments support and longer term sector reform. It was successful in relation to the short-term objective. The various covenants that were complied with included corporatization of the major oil production SOEs, creation of the Directorate of Hydrocarbons to improve sector regulation, introduction of a new exploration licensing policy, establishment of a common carrier company (Petronet), and a start to amending the administered price system. The operational efficiency of SOEs in the sector improved significantly, and energy conservation was enhanced. Consequently, the general business environment grew more market oriented in an irreversible manner. However, some key issues remained. In the design, no alternatives were considered in relation to the shareholding divestment, which proved a stumbling block. More generally, the design problems

of the HSPL were partly attributable to its hurried preparation. The complexities of implementing the program measures were underestimated, and the program period proved overoptimistic. Likewise, the sequencing of related reform measures was not carefully thought through, and the evaluation raised the need for policy-based lending to be adjusted to the difference, if not to sever the link, between short-term crisis management and support for long-term sector reforms. In addition, the HSPL experience showed the need to take into consideration appropriate incentives for all stakeholders. Major foreign oil companies were reluctant to make large investments in development or refining and distribution, or to enter production-sharing agreements, because of the remaining issues of administered prices and uncertainties with obtaining marketing rights. Also, there was little incentive for the Ministry of Petroleum and Gas, a co-executing agency of the HSPL, to implement prescribed reform measures that might hurt its own short-term interests. Overall, the reforms did not stem the increase in oil imports, and a longer period might be needed for continuing deregulation and price reforms for greater private sector, especially foreign, involvement in the sector.

iii. Agriculture Program, Pakistan

89. The APL was negotiated when Pakistan needed to improve production and productivity in its agriculture sector in the face of severe budgetary constraints and declining public expenditure, and to raise domestic resources for productive investments. It included a wide range of sector adjustment actions oriented to market-led reforms, and attempted to introduce a greater role for the private sector. The principal elements were the adjustment of key agricultural input and output prices, transfer of some operations to the private sector, and a reorientation of public sector investment toward rehabilitation and improvement. Most of the reforms were implemented. However, in the absence of clear indicators and targets for monitoring progress and impact, a false sense of achievement was generated that was unmatched by actual results. The rate of growth of agricultural output has declined in recent years and cannot keep pace with population growth. The APL was rated partly successful.

90. Some of the successes of the APL included removal of the fertilizer subsidy, a limited increase in the wheat procurement price and decrease in its consumer price, and enactment of the agriculture wealth tax. Private sector companies were encouraged to increase their role. However, the effect of the reforms was undermined by continued underfunding of public expenditures. Cutbacks in government spending for agriculture resulted in significant deterioration of rural support facilities, particularly for research and development, export promotion of fruits and vegetables, and extension services. At the same time, private sector companies were reluctant to increase their role due to unfair competition from public sector agencies, which continued to enjoy an advantage in the importation and distribution of fertilizers through their tax exemption on imports, the government policy of uniform pricing, and a transport subsidy. Research and extension continued to be areas of weakness, the main contributing factors being (i) inadequate funding and low wages for staff; (ii) misallocation between administrative and action components, and between capital items and operating fund; (iii) inadequately trained extension staff; and (iv) poor linkages between research institutions and extension departments. The program did not contribute to poverty reduction. Increases in fertilizer prices caused by the removal of the fertilizer subsidy and the increased cost of imported seed had a negative impact on low-income farmers. The evaluation cites the risk of poor farmers incurring high debts and eventually being forced to sell their farms amid the drive for greater privatization in agriculture. The APL was implemented in a highly traditional agriculture sector with poor governance. This was further compounded by numerous changes in government and officials who were key to policy decisions and implementation. Government regulatory agencies need to be strengthened to monitor the activities of the public and private

sectors in price setting, and to control illicit activities. The APL also proved overly ambitious, as it pushed for a wide range of reform measures, each treated too broadly to be effective in bringing about meaningful changes. In addition, the sequencing of the reform measures was not thoroughly thought through. Steps were taken under the APL in the direction of an agriculture sector more responsive to market forces and more open to private sector investment. However, a longer period is required to develop a constituency for reform, and to effectively implement the program.

iv. Industrial Sector Program, Mongolia

91. The context for the ISPL was the breakup of the Soviet Union and the resultant cessation of its financial assistance to Mongolia, which was equivalent to 30 percent of the latter's gross domestic product. As part of a medium-term structural adjustment program, the goal of the ISPL was to ensure international competitiveness of the industrial sector through improvements in efficiency. The ISPL included several components relating to price and supply controls, trade and foreign exchange liberalization, improved governance through privatization, commercial operations in industrial finance, development of institutions and a legal framework, and support to the social safety net. The ISPL was accompanied by two TAs, for developing the legal framework, and for managing and monitoring program implementation. It represented a major attempt for rapid reform in a transition economy. Nearly all the policy actions were implemented, and at completion the ISPL was considered generally successful. However, the share of the industrial sector in the economy continued to decline. Several measures designed to assist efficiency and competitiveness have not had the expected impact and could not compensate for the withdrawal of assistance and the disruption to trading links. Consequently, the ISPL was rated partly successful at operations evaluation.

92. The ISPL was substantially implemented by a government with a strong commitment to reform. Various forms of privatization, through voucher schemes and later with secondary trading in shares, were tried out. Initial assessments of program implementation were positive. However, although nearly all the program covenants were enacted, the ultimate impact was influenced by some initial design flaws. The overall program design was based on a blueprint covering deregulation and liberalization of the economy. This was insufficient, as the ISPL introduced market discipline in an economy with incomplete markets, a weak legal and regulatory framework, and inadequate financial infrastructure. Owing to the urgent need for financial support to the country, the sequencing and timing of reforms did not get adequate attention. Also, there was inadequate sector analysis during program design; in a sector with important forward and backward linkages it is necessary to identify all barriers to efficiency and growth. Implementation eventually was shown to have weaknesses. The ISPL did not provide any quantifiable or verifiable goals or criteria to ensure the progress of implementation. Nor did it make a systematic assessment of institutional capacities or existing skills, or provide human resource planning for the required tasks. The government is unlikely to reverse the reforms achieved through the ISPL. However, the social costs of the reforms have been significant, and the government will find it difficult to implement the necessary policy actions for future privatization unless such costs are addressed systematically. Overall, the evaluation indicated that program loans with predetermined schedules for policy covenants are not flexible enough to deal with the inherent uncertainties of sector restructuring in a transition economy, and the typical three-year time frame is not enough. Long-term approaches and strategies are needed for sector reforms to generate sustainable positive impacts. The evaluation concluded that it might be worthwhile to have a number of lending instruments, including more flexible program loans that can deal with such challenges, to meet urgent financing needs while still working on appropriate reforms.

v. Second Industrial Program, Bangladesh

93. The IPL2 followed on from previous assistance to restructure manufacturing SOEs and accompanied simultaneous trade and exchange rate reforms. The goal was to reduce the role of the government in manufacturing. The objectives were to create competitive industries and enhance private sector development. Measures to accomplish this included enhancing the managerial and financial autonomy of SOEs in the manufacturing sector, implementing selected privatization, rationalizing employment, and undertaking institutional reforms for better oversight of SOEs. Three TAs were attached to the IPL2 for developing the legal framework, assessing modalities for privatization, and assessing the human resources in manufacturing SOEs. There were considerable delays in meeting loan covenants, and some key elements were not enacted. The TAs were also delayed, and their recommendations were too late to assist in program implementation. The IPL2 was rated unsuccessful.

94. The manufacturing SOEs' share in investment, value added, and employment in the economy was reduced substantially. Most SOEs were incorporated under the companies act. However, a key element of autonomy—the ability to fix wages according to market conditions—was not allowed by the government. In consequence, managerial and financial autonomy remained compromised, the negative fiscal burden of the manufacturing SOEs continued, and they continued to account for a large share of nonperforming assets. In addition, only 3 of the intended 14 manufacturing units were divested, and further privatizations did not happen. The required political commitment to the IPL2 did not materialize. Experience from the IPL2 demonstrates that program loans with difficult policy reforms need to include explicit components aimed at strengthening stakeholder partnerships. Awareness of the costs of not undertaking reforms should be systematically and continuously enhanced among the larger civil society. Partnerships of like-minded stakeholders need to be integrated in the implementation strategy. The IPL2 also demonstrated that TA consultants or ADB should supplement internal monitoring, not replace it. If possible, independent stakeholders should also be involved with the monitoring process. The political commitment for privatization also depends upon general perceptions of the public sector. In Bangladesh, only when civil society as a whole becomes more demanding for reforms will they take root.

c. ADB and Borrower Performance

95. ADB and borrower performance was measured for three of the five evaluated programs. Both ADB performance and borrower performance were rated partly satisfactory for the ISPL in Mongolia. For the HSPL in India, ADB performance was rated partly satisfactory, while borrower performance was judged satisfactory. The opposite applied to the APL in Pakistan, wherein ADB performance proved satisfactory but borrower performance was partly satisfactory. Overall, the experience of ADB and concerned borrowers in the evaluated programs highlights the importance of satisfactory DMC and ADB performance in the following areas: (i) ensuring DMC ownership of and commitment to policy reforms; (ii) well-prepared program design, including adequate assessment of the government's internal capacity (i.e., institutional and human resources, and staff continuity) to implement the program; (iii) provision for program monitoring and adequate supervision during implementation; (iv) sustained policy dialogue; and (v) coordination with other funding agencies in identifying appropriate policy reforms.

d. Common Constraints

96. A number of common constraints restricted the success of these five program loans. All five showed some design flaws that adversely affected their ultimate impacts. Program design

and target setting should be based on adequate sector analysis. The proposed policy reforms must be specific, prioritized, and focused on a few relevant issues. Standard blueprints of reforms need to be carefully reviewed to ensure that they adequately reflect local conditions and constraints. Transition economies are particularly vulnerable to large-scale negative impacts if program design does not reflect such conditions and constraints. ADB should adopt a more flexible approach to the scheduling of reforms. A phased and integrated approach to reforms through the recently introduced cluster program loan modality, with adequate attention to the sequencing of reforms, will help in this regard.

97. Policy reforms require strong political commitment and ownership. Findings from these programs reinforce the critical role of a participatory approach in the performance and sustainability of program loans. Future policy-based lending should continue to seek partnerships among stakeholders (e.g., government, private sector, local community, and nongovernment organizations [NGOs]). Policy reforms should be thoroughly discussed within the government and with other aid agencies to ensure commitment and avoid duplication. The introduction of reforms needs to be seen as a long-term process, wherein the borrower retains ownership and the program is not seen as owned by either ADB or consultants. Barriers to policy changes must be analyzed and an action program prepared in consultation with stakeholders, specifying important tasks and monitoring mechanisms. Incentives must be aligned between those who deliver the reforms, and thus bear the attendant costs, and those who receive financial resources.

98. The limited absorptive capacity of governments (e.g., lack of capacity to organize human resources) should be recognized. Political and administrative difficulties (e.g., administrative and coordination weakness in EAs) partly account for lack of commitment to policy reforms. A participatory approach is needed to prevent outputs and recommendations from being ignored or given low priority due to constraints of human and financial resources.

99. Past program experience highlights the need for an early warning system so that remedial actions can be taken to ensure that targets are achieved. An effective M&E system is a fundamental component of any program and should be established prior to implementation. It will also provide a benchmark for subsequent evaluation of impact.

B. Technical Assistance Performance Audit Reports

100. Three TPARs were prepared in 2000. In line with OED's initiative to assess ADB's TA operations by evaluating clusters of TAs, they related respectively to two ADTAs to strengthen environmental management capability in Mongolia during its shift to a market-based economy, six TAs supporting the institutional strengthening and organizational reforms of the railway sector in Bangladesh, and two ADTAs and one regional TA on road safety. Of the 11 TAs reviewed in the TPARs, 2 were rated highly successful, 7 were successful, and 2 were partly successful.

101. Lessons from these TAs highlight the importance of (i) effective coordination of effort by governments, aid agencies, NGOs, and the private sector in implementing TAs; (ii) appropriate and sustainable institutional arrangements to ensure long-term institutional and human capacity building of target beneficiaries or those affected; (iii) demonstrated client/stakeholder ownership prior to and during implementation of TAs, particularly those aiming at institutional strengthening and organizational reform; (iv) regular and periodic steering and management committee meetings as key tools to address advisory and implementation problems; (v) operationalization and institutionalization of all new measures and other instruments of change being a specific TA

objective to ensure overall sustainability; and (vi) improvement of DMC capacities and implementation of programs on road safety in conjunction with the ADB strategy for the transport sector.

1. Environment Sector TAs in Mongolia

102. The two TAs commenced support for institutional capacity building in the Ministry of Nature and Environment (MNE), and for national environmental policy formulation and the establishment of the environmental impact assessment (EIA) process. Both TAs had a positive impact in these areas, and in turn a positive impact on the environment. The TA on strengthening environmental procedures was successful in meeting its objectives. The other, on strengthening the environmental management capability of MNE, was partly successful.

103. The performance of the TAs was influenced by the appropriateness of their design and scope. The TA on strengthening EIA procedures started at the simplest level of environmental assessment, consistent with Mongolia's limited experience in project development and management, and with international standards and practices. On the other hand, the TA on strengthening the environmental management capability of MNE suffered from an ambitious design. Long-term institutional and human capacity building in MNE and at the local level was not achieved as expected. A major part of the TA budget went to consultants, and capacity-building activities were confined to short-term training courses, seminars, and a study tour. Such interventions usually have limited impact in terms of building long-term institutionalized capacities in government ministries and agencies.

104. The establishment of the EIA system was the single most significant achievement of ADB's support for the environment sector in Mongolia. However, no follow-up was provided, and the gains achieved in institutional capacity could not be sustained owing to the severe budgetary constraints of the government. Changes in government and the lack of funding constrained initiatives to put in place the needed measures to address environmental concerns, and the government is forced to rely on financing from funding agencies.

2. Railway TAs in Bangladesh

105. The TPAR on railways evaluated six institutional strengthening and organizational reform TAs aimed at ensuring Bangladesh Railway's (BR) financial viability and responsiveness to market demands. The study revealed that the first four TAs, which focused on railway recovery, were successful. The TAs contributed to the achievement of some objectives of the ADB-financed Railway Recovery Program Loan, including positive impacts on BR's organizational restructuring, introduction of new work units, downsizing and retrenching of staff, and operationalization of public services obligation agreements with the government. In addition, the TAs drew the attention of the government and BR to the need for improved financial performance and greater operational efficiency.

106. In the case of the subsequent two organizational reform TAs, particularly the second one, lack of effective design; insufficient consultations with senior government and BR decision makers during TA formulation; and, more importantly, inadequate implementation arrangements during the last phase of railway organizational reform resulted in delays and lack of progress. The TA for the diagnostic phase of the organizational reform was successful. It provided a comprehensive diagnosis of issues and actions facing BR to address its financial losses, declining market share, and poor operational performance. But the TA for the implementation phase of organizational reform was partly successful, in terms of its original intent, its terms of

reference as amended and modified, and the partial achievements realized. Effective commercialization of BR has yet to be achieved, and there was considerable work remaining to realize the basic objective of organizational restructuring. There was a relatively weak political "buy-in" to pursue organizational and operational restructuring as compared with the level of commitment evident in the previous TAs on railway recovery objectives.

107. Three important lessons emerged from the study: (i) prior to and during implementation, demonstrated client ownership is necessary; (ii) regular and periodic steering and management committee meetings are important means to address advisory and implementation problems; and (iii) to ensure sustainability, TAs for organizational reform should make operationalization and institutionalization of all new measures and other instruments of change a specific objective.

3. Road Safety TAs in People's Republic of China and India

108. The study on road safety reviewed two ADTAs in PRC and India, plus a regional TA. The three TAs were highly relevant and timely, and the terms of reference were fully consistent with the needs of the EAs. In addition, the EAs actively interacted with the TA consultants during implementation. All three TAs achieved their intended objectives. The ADTA in the PRC and the regional TA were rated highly successful, and the ADTA in India was deemed successful. The regional TA significantly contributed to increasing awareness among DMC officials of road safety. Two workshops were held, with over 110 officials from more than 20 DMCs participating in Bangkok and more than 450 attending in Beijing. In many DMCs, participants responded positively regarding the knowledge gained during these workshops. The ADTAs in PRC and India assisted the respective EAs in enhancing their capacities for improving road safety. The study concluded, nevertheless, that road safety had not been accorded the priority it deserves in the DMCs. DMCs must work to reduce and prevent accidents by identifying danger spots and instituting measures such as safety audits and safety education. ADB should encourage regional and local activities on road safety in all its DMCs, including those by the private sector and NGOs. In particular, ADB could formulate further stand-alone advisory and regional TAs to assist DMCs in improving capacities and implementing programs on safety audits, safety education/campaigns, accident analysis, and engineering improvements.

C. Reevaluation Study

109. The RES of the Health and Family Planning Services Project in Bangladesh, carried out at the request of the Audit Committee of the Board of Directors, confirmed the partly successful rating in the PPAR. It showed that the objectives at appraisal were largely met and that the project had helped increase access to better health services among rural communities, especially for women and children. On the other hand, the RES revealed that the project experienced lower than anticipated impact and low sustainability of some benefits because of design deficiencies such as the absence of a training component and limited consultations with stakeholders. Sectorwide issues that were systemic in nature also constrained project performance, such as lack of staff, inadequate budgetary allocation for O&M, weak management, and the absence of an effective monitoring and information system.

D. Impact Evaluation and Special Evaluation Studies

110. The need for more intensive analysis of ADB operations through broad-based studies on subjects of operational relevance is increasingly recognized. The Task Force on Improving Project Quality recommended that OED conduct more IESs and SESs to provide greater

feedback on development benefits and project sustainability. OED has progressively increased the number of such studies undertaken annually. Cumulatively, by the end of 2000, OED had completed 32 IESs and 40 SESs. Two IESs and four SESs were prepared in 2000. The key themes were the sustainability of projects and policy reforms, increased stakeholder ownership, and provision for poverty reduction.

1. Impact Evaluation Studies

a. ADB Assistance to the Road Sector in Nepal

111. The IES aimed to review and assess the main types of ADB assistance to the road sector in Nepal and to provide guidance for the future. ADB assistance for roads in Nepal had met about one fourth of the country's development expenditure in the sector since the 1980s. Most of ADB's road projects were multicomponent, addressing different road development needs in several places at the same time. About half of the assistance was for the upgrade of access roads in hill areas, while the rest was for upgrading portions of the important East-West Highway (EWH) and for periodic maintenance of that and other key roads.

112. Overall ADB assistance to Nepal's road sector has been successful and relevant to both national goals and ADB objectives. The goals of improved national integration and improved transport efficiency and accessibility were well achieved. The sustainability of what was created is also likely. No major negative impacts are associated with the roads, and the unintended social impacts of the hill roads have been small but positive. Within this overall assessment there is variability. The EWH upgrading and periodic maintenance components were highly successful, while the hill roads projects and institutional strengthening assistance¹⁵ were partly successful. The hill roads did not have the full impact on agriculture that was expected of them. The efficiency of ADB assistance was mixed due to implementation delays, reductions in scope, and low EIRRs for the hill roads.¹⁶

113. The IES found road safety to be an issue, particularly on Kathmandu Valley roads and the EWH, where significant populations live close to the roads. While ADB-funded road works included measures to improve safety, vehicle speeds—which can influence accident rates—increased as a result of upgrading. Environmental problems such as deforestation and silting of streams were not significant, since most of the works were done on existing alignments. In addition, hill roads facilitated the work of forest rangers in monitoring forests and supporting community forestry efforts. The IES also revealed that domestic construction contractors performed adequately.¹⁷ Except for a limited number of tasks, such as laying asphalt concrete surfaces, the use of domestic contractors on future road works is appropriate. These contractors would benefit from arrangements such as letting maintenance contracts to expand the volume of work. While domestic consultants also performed adequately, combinations of international and domestic consultants appear to be the most appropriate option for contract supervision.

¹⁵ ADB institutional strengthening efforts through TA have been relatively minor because of low absorptive capacity within the sector and the large effort supported by other external agencies. Two ADTAs proved useful, while a third was too small in relation to needs and was not sustained. ADB contributed to road sector planning in an ad hoc manner but missed opportunities to address such planning on a more comprehensive basis.

¹⁶ The hill road projects experienced delays and cost increases that affected implementation. Overall, fewer hill roads were upgraded and completed, and later than envisaged. ADB assistance to EWH upgrading was completed to generally adequate standards, although significant delays were experienced during implementation.

¹⁷ Domestic contractors were extensively involved in the road works, in some cases after the failure of an initially selected international contractor. Domestic contractors performed well and contributed to the growth of the local industry. Nevertheless, they continue to suffer from the unevenness of work flow.

114. The experience with upgrading the EWH and periodic maintenance shows that keeping roads with high traffic volumes in sound condition is economically justifiable on the basis of road user cost savings alone. In addition, transport benefits should be passed on to the public in the form of increased availability of public transport, shorter travel time, and lower passenger and freight rates. The appropriate management approach for the EWH is to keep road user costs low by maintaining the road in good condition, with progressive upgrading in line with growth in traffic volumes.

115. For hill area roads with low traffic volumes, it is appropriate to focus on asset preservation and the least-cost way of ensuring a minimum level of serviceability. The IES shows that, in preparing hill road projects, detailed evaluation of the productive and social sectors in the road catchments is needed to determine the conditions under which the road works will stimulate an appropriate level of change. Where necessary, specific complementary nonroad development efforts need to be incorporated, either as part of the project or linked to it. In particular, road components in agricultural or area development projects need to be planned in relation to both the agricultural needs of the area and an overall development plan for the road network.

b. ADB's Rural Credit Assistance in Bangladesh, People's Republic of China, Indonesia, Nepal, Philippines, Sri Lanka, and Thailand

116. The objective of the IES was to evaluate the impact of ADB's assistance to rural operations in the field of credit. The IES assessed the impacts of rural credit assistance from 39 rural credit projects and 21 TAs in 7 DMCs at the levels of households, participating financial institutions (PFIs), and EAs. In general, the impact of ADB rural credit assistance to the seven DMCs was positive except for random cases of unfavorable impacts such as financial losses by an EA from foreign exchange fluctuations, and difficulties for an EA as a result of conditionalities beyond its mandate. The IES reveals that ADB assistance helped improve production, productivity, and technology, and ultimately farm income, as well as enhanced the quality of the loan portfolios of PFIs. Project impacts, however, were felt less in terms of income redistribution, poverty reduction, and development of a sound rural financial system.

117. Rural credit projects contributed to nominal income improvement, usually manifested in the acquisition of assets and consumer items. The benefits of earlier projects tended to gravitate toward larger farmers. Subsequently, microcredit projects had more direct impact on income redistribution through more focused targeting of the poor. The IES concludes that impact on poverty reduction is indirect and hard to discern for the early projects and positive but limited for the later microcredit projects. There is a need to choose an appropriate modality for targeting the poor that is effective, encourages the emergence of a sound rural financial system that will cater primarily to them, ensures that project designs work within the market and capacities of PFIs, is based on a proper estimation of credit demand, and provides risk mitigation for foreign exchange losses.

118. The impact of rural credit projects on credit delivery systems was positive in terms of expansion and quality of improvement of the loan portfolios of PFIs as well as their improved deposit mobilization. The rural credit projects contributed to capacity building of PFIs and EAs through TA, though not all TAs were successful. A positive impact was also seen from such projects on gender development. The study projects were generally neutral in regarding their impact on the environment except for one case in Bangladesh, where financing of shallow tubewells led to excessive tapping of underground water and the emergence of harmful chemicals in drinking water. Otherwise, the sustainability of the benefits of rural credit projects

was marred by the closure of a number of subprojects, in many cases the result of changing policies and market conditions.

119. Major lessons learned from ADB's rural credit operations are that (i) a more focused and participatory approach is needed for proper targeting of the poor; (ii) rural credit projects need to help develop sound rural financial systems that cater primarily to the poor; (iii) rural credit projects should be designed taking into consideration the capacity and mandate of PFIs or EAs to avoid high administrative costs and implementation difficulties; (iv) TA has been an appropriate and useful mechanism for capacity building; and (v) a mechanism for foreign exchange risk mitigation is needed. The IES recommends that policy dialogue be pursued to (i) adopt new elements of ADB's microfinance strategy and to prioritize further capacity-building assistance and microcredit-type operations; and (ii) support traditional credit projects on a selective basis to bring about improved production, productivity, and technology that are leveraged to the emergence of a sound rural financial system.

2. Special Evaluation Studies

a. Impact of Involuntary Resettlement Policy

120. Since the adoption of its Policy on Involuntary Resettlement Policy in 1994, ADB has financed 80 projects involving resettlement in 12 DMCs. On average, some 120,000 people are affected annually by ADB-funded projects, of whom 40,000 require relocation and resettlement.¹⁸ The SES assessed the relevance, adequacy, and effectiveness of the Policy and its implementation. It aimed to provide feedback to enhance Policy implementation in future projects. Eight sample projects in four DMCs (Bangladesh, PRC, Indonesia, and Philippines) were selected for field investigation based on sector and regional criteria.¹⁹ The sample projects were approved in 1994 or 1995 and represent a good mix of countries and sectors with large resettlement portfolios. In addition, eight projects approved between 1997 and 1999 were randomly selected for a desk study to assess current patterns and practices in managing the ADB resettlement portfolio.

121. In general, projects approved during the early years of Policy implementation were not as detailed in reporting resettlement activities. The desk study indicated that projects approved between 1997 and 1999 dealt with land acquisition and resettlement issues more comprehensively during project preparation. Overall, the study found the Policy framework comprehensive and relevant in providing fair treatment to people affected by ADB-financed projects. It showed that the Policy has been helpful in achieving project development objectives, enhancing payment of compensation for lost assets, providing improved housing and infrastructure, and restoring livelihood for resettled families. Likewise, it found new awareness in dealing with vulnerable groups, particularly the poor and the landless, and consciousness of the need to minimize project-related population displacements and to provide adequate assistance to those displaced.

122. However, there is concern about ineffective implementation of the Policy and its limited impact in terms of the overall resettlement process of DMCs. The main problems are (i) lack of

¹⁸ In terms of number of people relocated, the PRC had the most (60 percent), followed by Viet Nam (14 percent) and Bangladesh (12 percent). Transport projects accounted for the highest number of people relocated (78 percent) followed by energy, water supply, and irrigation projects with a combined 18 percent.

¹⁹ The study used a multimethod approach including a review of relevant project documents, field surveys, interviews of EA officials and those affected, and community meetings for investigation and data collection.

appropriate and compatible national resettlement policies in most DMCs;²⁰ (ii) inadequate social investigations during project preparation; (iii) improperly identified impoverishment risks, sometimes resulting in inadequate restoration of income and livelihood; (iv) weak EA institutional capabilities and lack of adequate funding for resettlement activities; (v) weak supervision and monitoring of resettlement implementation; and (vi) lack of consistency in capacity-building and in the role of NGOs in project implementation.

123. The SES concludes that the Policy is adequate and relevant, but refinements should be made to clarify specific Policy elements, such as on compensation, people directly affected by projects, and vulnerable groups. Implementation practices should be improved with a focus on income restoration in the postresettlement period. The SES identifies six factors crucial for an integrated approach to resettlement planning and implementation: (i) appropriate policy framework, (ii) comprehensive planning, (iii) disclosure and consultation with stakeholders, (iv) strong implementation agency, (v) resettlement costs and funding, and (vi) supervision and monitoring.

124. The SES notes that ADB is aware of many of the policy and implementation issues and has taken several initiatives to resolve them. The Social Development Division has undertaken another review of the Resettlement Policy issues from the perspective of ADB's new poverty reduction strategy and increased demands for disclosure. ADB needs to support efforts to improve resettlement performance during implementation.

b. Policy Implementation and Impact of Agriculture and Natural Resources Research

125. In 1995, ADB adopted an official policy on agriculture and natural resources research (ANRR).²¹ ADB support to ANRR forms part of its strategic framework for poverty reduction, since most DMCs do not yet have the capacity or resources to undertake the necessary research without strong international support and partnerships. In particular, ADB's support aims to increase food security. The policy objectives are to be achieved through funding for ANRR channeled through the Consultative Group on International Agricultural Research (CGIAR) to various international agricultural research centers (IARCs), to national agricultural research systems (NARSs), and through a number of special TAs to regional research centers outside the CGIAR system. Lending and TA operations are to focus on high-yield technology for less favorable environments, with particular attention to rainfed farming; neglected crops; and integration of crop, livestock, and forestry activities.

126. The SES evaluated the appropriateness, effectiveness, and impacts of ADB's policy and support to ANRR in the Asian and Pacific region. Specifically, it aimed to (i) review and assess ADB's role and contribution to ANRR, (ii) evaluate the implementation performance of ADB-funded research activities and projects, and (iii) determine the adequacy of ADB-financed ANRR activities in meeting ADB's policy requirements. Formal impact assessments were

²⁰ Field investigations indicated concerns about the practical aspects of implementing the Policy framework and the capacity of EAs to implement and adhere to the Policy guidelines. Experience from sample project analysis shows that the Policy is mostly project-driven, and DMC compliance is largely to gain loan approval. Improvements in compensation and other benefits are ad hoc and project specific. The project case studies showed that Policy effectiveness depends on local conditions and needs. To be effective, a national settlement policy should be formulated in line with the ADB Policy, with appropriate modifications to suit local conditions and needs.

²¹ The policy focuses on six main agenda items: (i) sustainable and remunerative farming systems for poor farmers, (ii) enhancing the incomes and living standards of rural women, (iii) sustainable management of agriculture and natural resources, (iv) enhancing the productivity of agriculture, (v) enhancing the capacity of national research systems, and (vi) public policy and socioeconomic research.

carried out on a sample of ADB-supported projects in four IARCs. The projects represented a good mix of research activities covering a range of environments, EAs, commodities, NARSS, and networking arrangements. Field visits were made to a number of NARSS and to both CGIAR and non-CGIAR centers to assess the impacts of ADB's ANRR policy on the welfare of agricultural producers in the region.

127. ADB funding for ANRR has been appropriate to the evolving needs of Asian agriculture. Initial investments were for basic infrastructure such as gene banks, training centers, scientific laboratories, and laboratory equipment, or for grants to help construct and equip research centers. These investments are still in place and have played a significant role in the success of the centers. The primary mechanism to achieve maximum impact from limited funds is to support Asian networks through disseminating IARC products to clients. The research agendas of CGIAR²² and other regional IARCs conform closely to the key research issues of strategic concern to ADB. However, a broader range of research institutions needs to be considered for ADB support, including NARSS, NGOs, universities, and specialized research institutes with more expertise on local issues.

128. Overall, the SES shows that investments in ANRR reap high yields, score well on poverty reduction, and need to be sustained to meet the challenges ahead of feeding Asia's rapidly growing population. Technologies generated from ADB-funded research projects contributed substantially to meeting ADB's ANRR policy agenda and to improving the incomes of poor farmers in less-favored environments. Impact assessments indicated that ADB investments in a selected group of projects provided high rates of return, bringing about economic benefits to both producers and consumers. In addition, an environmental consequence of the green revolution technologies is the saving of land not required to produce today's food output at pre-green revolution yield levels.

129. Benefits of research reach the poor through four main avenues: (i) raising farm income and employment; (ii) reducing food prices; (iii) providing more resources for education, health, and other household services; and (iv) promoting broad-based economic growth. ADB's policy agenda for funding ANRR remains relevant and consistent with its new poverty reduction strategy. However, refinements are needed to sharpen the focus on generating appropriate technologies that will (i) promote sustainable farming systems for poor farmers, (ii) sustain management of agriculture and natural resources, (iii) enhance agricultural productivity, (iv) strengthen the research capacity of NARSS, and (v) promote public policy and socioeconomic research. The SES recommends that ADB (i) continue to support cutting-edge research both by IARCs and NARSS to strengthen their research capabilities, (ii) strengthen supervision and monitoring of ANRR projects and activities, (iii) promote research for poor farmers in less-favored environments, and (iv) conduct intensive policy dialogue with DMC governments to ensure that adequate attention and resources are provided to their NARSS.

c. Participatory Development Processes in Selected ADB Projects in Agriculture and Natural Resources and Social Infrastructure Sectors

130. The SES reviewed the participation of project stakeholders with the intention of improving project performance, ensuring that beneficiaries are appropriately targeted by

²² The main recipients of ADB support for ANRR under the CGIAR system are the International Rice Research Institute, International Crops Research Institute for the Semi-Arid Tropics, International Water Management Institute, and International Center for Living Aquatic Resources Management. The main recipient outside the CGIAR system is the Asian Vegetable Research and Development Center.

projects, and reducing poverty. Specifically, the SES aimed to (i) assess the extent of adoption of participatory development (PD) processes in ADB projects, (ii) assess the efficacy of such processes, and (iii) derive suggestions on appropriate participatory methodologies. Three countries were selected (Bangladesh, Philippines, and Sri Lanka) where ADB-supported PPTA and loan projects in agriculture and natural resources and in social infrastructure sectors had positive elements of PD processes. The SES examined the type, intensity, and extent of PD processes during project identification and preparation because they were viewed as critical success factors. To that effect, the study framework (i) classified stakeholders according to how they contributed to the PD process, and (ii) reflected major criteria proposed in the 2000 Report on the Redesign of ADB's Operational Business Processes.²³

131. The SES confirms that PD processes are essential for good performance and sustainability of most agriculture and natural resources and social infrastructure projects. Commitment and ownership by stakeholders are less intense at the project identification and preparation stages because of time pressures and limited opportunities of key stakeholders to participate. In addition, the selection of stakeholders was rarely transparent at the levels of local government, NGOs, and primary stakeholders. Also, PD processes were constrained by limited resources, including time, expertise, funds, and the capacities of stakeholders.

132. ADB played the lead role in project identification and preparation. However, due to limited resources during these stages, PPTA consultants worked largely unsupervised in spite of their critical role in project design. Identification of stakeholders was made at the project formulation stage by national government agencies, generally leaving out local mechanisms. NGOs were used mostly to mobilize primary stakeholders during project implementation, but they had little involvement during project preparation, when they should more actively participate in the design process because of their often superior knowledge of the communities. EAs identified during the design process were seldom involved in implementing PD approaches due to their limited exposure and capability to carry out such approaches.

133. During project implementation, local government units were constrained by changes in staff and in elected officials, adversely affecting the continuity of project knowledge; and insufficient training opportunities and levels of motivation. ADB missions interacted with EAs, but much less so with local stakeholders. Little attention was paid to the progress of PD processes and reporting on them.

134. The SES provides specific short- and medium-term recommendations to strengthen PD processes in ADB projects. These focus mostly on the introduction of PD processes at the project identification and preparation phases. For PD approaches to work, sufficient resources in terms of time, expertise, funds, and capacity building of stakeholder entities must be provided early in the project cycle. Three key lessons from the SES include the need for ADB to (i) promote governance to facilitate the adoption and application of PD policies, (ii) prepare operational guidelines on PD and institutional analysis, and (iii) improve internal learning processes for ADB staff on PD methodologies and practices.

²³ The SES reviewed the participation by various stakeholders such as primary stakeholders, NGOs, local government units, national government agencies, and ADB at various stages of the project cycle.

d. Sustainability of Policy Reforms through Selected Advisory Technical Assistance

135. In the past few years, ADB has provided on average \$160 million per annum to support nearly 250 TAs. More than half of all TAs are ADTAs. The SES was requested by the Audit Committee of the Board of Directors and by the Programs departments. Its objectives were to (i) assess the sustainability of policy reform efforts of ADB through selected ADTAs, and (ii) identify factors that would enhance overall effectiveness and sustainability in future operations.²⁴

136. The SES focused on policy reforms in the power and water sectors by selecting broadly compatible ADTAs. It evaluated 30 ADTAs across 5 representative DMCs (Bangladesh, Bhutan, Indonesia, Philippines, and Sri Lanka) that had one or more elements of policy reform in their design and that had sustainability built into the design either explicitly or implicitly. The SES covered ADB efforts in the two sectors over a 10-year period, since most sector reforms are long-term processes characterized by incremental, long-haul adjustments.

137. In assessing individual sector reform processes against the sustainability of policy reforms, the SES found that in Bhutan, the paucity of effective human capacity and institutional development is a constraint to the sustainability of future policy reform, whereas overall sector governance remains a key concern to sustainability in Bangladesh and Indonesia. In Sri Lanka, much work is needed to build constituencies for reform and for improved market structure. In the Philippines, the reform process will remain stalled until an appropriate legal framework governing the market structure is put in place. The SES concludes that ADTAs have achieved immediate outputs in terms of specific tasks, such as reports, training, or draft legislation, but their contribution to a sustainable policy reform process remains generally below potential.

138. Four key areas to enhance the effectiveness and sustainability of policy reforms through ADTAs were identified: (i) policy reform needs to be treated as a dynamic process within a given sector, and not a one-off policy change or a fixed set of institutional changes; (ii) ownership is the key to success and sustainability; (iii) the effectiveness of future ADTAs depends also on the ability of ADB to allocate the required resources; and (iv) accountability for results from ADTAs needs to be enhanced through building coalitions among interest groups for reform. The ADTA for strengthening of urban waste management policies and strategies in Indonesia illustrates the last of these points through establishment of a forum for stakeholders in the water and sanitation sector.

139. The demands of the new development mandate to design and implement reform processes as partnerships between DMCs and ADB require adjustments to the present situation. Two follow-up actions were identified: (i) ADB should set up an internal working group to review its policies, procedures, and staff resource allocation to ADTAs that address policy reforms; and (ii) a simplified manual to operationalize recommendations for strengthening ADTA design and implementation should be produced.

²⁴ The task of analyzing sustainability of policy reforms through TA operations is intrinsically difficult because policy and institutional development are complex processes. It is difficult to disentangle the impacts of individual ADTAs from all other development efforts. The analysis was qualitative, and the study design was based on a cluster evaluation approach, using aggregate information to identify common themes to learn both “what” and “why” things happened.

IV. DMC CAPABILITIES AND EXTERNAL COORDINATION

A. Strengthening the Evaluation Capability of DMCs

140. In 2000, OED completed its assistance to develop project performance management in Nepal, and started implementation of two new TAs for strengthening project performance management in PRC and Philippines. The capacity-building TA in Nepal concluded with a training workshop on the logical framework and project M&E for participants from government ministries. A computerized project performance information system funded under the TA was set up at the Central Monitoring and Evaluation Division of the National Planning Commission. The project management manual was printed in Nepalese and circulated to relevant government agencies.

141. Under the TA for capacity building in project performance management in the PRC, a training needs assessment was carried out in the newly established Key Project Inspectors Office of the State Development Planning Commission. Training activities comprising an international exposure program for key leaders and staff of the Key Project Inspectors Office as well as in-country training activities are scheduled for 2001. The TA will develop a training curriculum and provide international experts as resource speakers for the in-country training seminars and workshops on project performance management.

142. The TA for the Philippines pilot tested and installed results-oriented M&E systems and software. Preparatory steps, including the development of a training strategy and operational plan, for intensive capacity building of pilot agencies and projects are being undertaken in line with the initial implementation of the system in 2001.

143. OED prepares TCRs for its own TAs. In 2000, two TCRs were prepared. One, for strengthening evaluation capacity in Thailand, highlighted the value of EA and government commitment to TA success.²⁵ Two of three key objectives of the TA were successfully implemented. Using the methodologies and modalities developed in the TA, the Office of the Auditor General for the first time evaluated the performance of five development programs (as opposed to individual projects) and three SOEs. Its work program now includes further performance evaluation of development programs and SOEs. Efforts of the Office of the Auditor General to broaden its audit functions beyond financial matters to performance aspects have been successful, and other departments are seeking its assistance in carrying out evaluation work. Also, stemming from TA activities, the National Economic and Social Development Board successfully implemented a system that enabled it to monitor and evaluate the accomplishments of Thailand's Eighth Plan.

144. The other TCR, for special studies on selected operational issues,²⁶ confirmed the increasing recognition of IESs and SESs, which focus on thematic issues, and their advantage in drawing out lessons learned, providing deeper insights, and disseminating feedback. The TCR also confirmed that the use of the umbrella regional TA approach to carry out OED's annual program of IESs and SESs continues to work well and assures program delivery. The TCR cites the importance of consultations with relevant departments/offices and careful selection of studies during the TA design process. The three evaluation reports prepared under

²⁵ TA 2428-THA: *Strengthening Postevaluation Capability*, for \$413,000, approved on 23 October 1995.

²⁶ TA 5762-REG: *Technical Assistance for Special Studies on Selected Operational Issues and Impact Evaluation Study of Rural Roads in the Greater Mekong Subregion*, for \$450,000, approved on 16 December 1997.

the TA were found to be comprehensive in deriving lessons from ADB's past experiences, and they generated interest within ADB and concerned stakeholders.

B. External Coordination

145. OED joined with colleagues from the multilateral development banks several times during 2000 to pursue the mutual goals of greater effectiveness and accountability of projects, harmonization of evaluation criteria, enhanced professionalism, and increased involvement of borrowing countries in evaluation. Separate working groups of the ECG dealt with evaluation criteria ratings for public sector evaluation, and with private sector evaluation. The Development Assistance Committee of the Organisation for Economic Co-operation and Development explored results-based management, country program evaluation, and evaluation of development assistance for poverty reduction. In September, OED issued revised *Guidelines for the Preparation of Project Performance Audit Reports*, which conform with the ECG decision to utilize a four-rating system.

V. CONCLUSIONS

146. Of the many conclusions and recommendations contained in the evaluation reports prepared in 2000, the following can be highlighted as having particular significance for the success of ADB's operations.

147. To provide quicker feedback on evaluation findings, PCRs should be strengthened. In 2000, a high percentage of PCR ratings were confirmed at the PPAR stage. Nevertheless, the scope of PCR assessments needs to be extended, especially in relation to an assessment of project/program purpose, design, and sustainability. This will allow a rating of performance according to the five key performance criteria used in the new PPAR rating system. Implementing the corresponding changes in the current amendment of the PCR guidelines will require additional resources, at least at the initial stage.

148. Less than 10 percent of the 21 projects evaluated in 2000 under the new system were rated as unsuccessful. However, there was significant variation in the degree of success of the other projects. Sustained and demonstrable client ownership is needed prior to and during implementation to maximize project impacts and sustainability. In turn, this requires arrangements for stakeholder participation in both design and implementation. Poverty reduction interventions are best targeted at areas with a relatively homogenous and poor population, and for activities that are equally valuable to all the population. Such interventions can be enhanced through social preparation of the poor, such as beneficiary group organization.

149. Unlike project loans, a sample of which are evaluated, all program loans are evaluated. Ratings for program loans are generally below those for project loans and, consequently, bring down the average. Achievement of loan conditionalities does not guarantee the expected impact of a program. Program design needs to be based on adequate sector analysis to ensure that incentives are provided for those that deliver the reforms or bear the costs, and should include only a few specific and prioritized policy reforms, and an adequate time frame. There is a significant risk if program design does not reflect local conditions and capabilities, especially in transition economies. Future policy-based lending should continue to seek partnerships among relevant stakeholders, such as government, the private sector, NGOs, and local communities.

150. The review of TAs in 2000 revealed considerable success in meeting TA objectives for establishing environmental impact assessment capability in Mongolia, for restructuring of

Bangladesh Railways, and for promoting road safety in India and PRC as well as regionally. Nevertheless, EAs and governments are responsible for decision-making on sector reforms and organizational changes, and TAs could assist by setting out what is necessary to ensure the long-term institutionalization of recommended practices. All relevant TAs should include operationalization and institutionalization of results as a specific objective, with greater coordination of the different roles of government, the private sector, NGOs, and funding agencies.

151. SESs relating to participatory processes and the use of ADTA for sustaining policy reforms confirmed the conclusions of relevant PPARs and TPARs. Assessment of ADB's Policy for Involuntary Resettlement showed a significant impact, with more recent projects being more comprehensive in planning for land acquisition and resettlement. However, better implementation of what is a suitable framework will require compatible national resettlement policies as well as enhanced supervision and monitoring. The constructive role of ADB-supported agricultural research activities could be enhanced through assistance to a broader range of institutions and a sharper focus on generating technologies that will promote sustainable farming systems for the poor.

APPENDIXES

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PROFILE OF PROJECTS/PROGRAMS EVALUATED IN 2000

Type/Title	Report No.	Loan/TA No.	Date Approved	Project/TA Cost						Completion Date		Time Overrun/ (Underrun) (Years)	Performance
				Loan/TA Amount (\$mn)		Expected (\$ mn)	Actual (\$ mn)	Overrun/ (Underrun) (%)	Expected	Actual			
				Approved	Disbursed								
A. Project Performance Audit Reports													
Second Road Improvement Project	PE-545	864 SRI (SF)	24-Nov-87	36.5	40.6	45.7	56.2	23.0	30-Jun-91	31-Mar-96	4.8	PS	
Marine Sciences Education Project	PE-547	894 INO	14-Jul-88	73.4	66.3	91.6	75.7	(17.4)	30-Sep-94	30-Nov-95	1.2	S	
		895 INO (SF)											
East-West Highway Maintenance Project	PE-548	1265 BHU (SF)	18-Nov-93	5.2	5.2	6.5	6.5	0.1	30-Jun-97	31-Dec-97	0.5	S	
Telecommunications Project	PE-549	886 IND	4-Apr-88	135.0	88.2	247.0	152.9	(38.1)	1-Sep-92	31-Jul-97	4.9	US	
Second Telecommunications Project		954 IND	9-Feb-89	118.0	68.0	254.0	101.6	(60.0)	31-Dec-91	31-Dec-97	6.0	US	
Primary Education (Girls) Project	PE-550	977 PAK (SF)	26-Oct-89	64.2	42.6	80.5	52.9	(34.4)	31-Dec-94	30-Sep-96	1.8	PS	
Flores Emergency Reconstruction Project	PE-552	1241 INO (SF)	1-Jul-93	26.0	20.6	43.7	37.8	(13.5)	31-Mar-96	31-Mar-97	1.0	S	
Shenyang-Benxi Highway Project	PE-553	1168 PRC	2-Jul-92	50.0	50.0	166.0	201.4	21.3	31-Dec-96	30-Sep-96	(0.3)	S	
Jilin Expressway Project		1262 PRC	9-Nov-93	126.0	126.0	423.5	291.0	(31.3)	31-Dec-97	19-Sep-96	(1.3)	HS	
Second Male Port Project	PE-554	1226 MLD (SF)	6-May-93	8.8	7.9	10.4	10.2	(2.0)	30-Apr-96	30-Apr-97	1.0	S	
Primary Education Sector Project	PE-555	1026 BAN (SF)	21-Aug-90	68.3	54.1	81.6	62.4	(23.5)	31-Dec-95	31-Jan-97	1.1	S	
Secondary Cities Urban Development (Sector) Project	PE-556	983 INO	9-Nov-89	120.0	122.8	150.2	166.9	11.1	31-Dec-95	30-Jun-96	0.5	PS	
		984 INO (SF)											
Botabek Urban Development Project		1077 INO	31-Jan-89	80.0	76.1	111.6	101.9	(8.7)	31-Mar-96	31-Dec-96	0.8	S	
Bandar Lampung Urban Development Project		1078 INO	31-Jan-91	33.0	30.8	47.1	50.0	6.0	30-Jun-96	31-Dec-96	0.5	HS	
Sorsogon Integrated Area Development Project	PE-558	915 PHI (SF)	3-Nov-88	24.1	23.0	30.1	29.9	(0.7)	28-Feb-95	30-Jun-98	3.3	S	
Tourism Infrastructure Development Project	PE-559	1156 NEP (SF)	16-Jan-92	10.4	8.1	14.6	8.9	(38.8)	31-Dec-96	31-Dec-97	1.0	PS	
Second Power System Development Project	PE-560	1121 MLD (SF)	19-Nov-91	9.2	9.2	10.3	10.5	2.3	31-Oct-94	30-Sep-96	1.9	S	
Shanghai Investment and Trust Corporation Project	PE-561	933 PRC	13-Dec-88	100.0	87.2	100.0	87.2	(12.8)	27-Nov-93	27-May-94	0.5	S	
Southern Provincial Towns Water Supply Project	PE-562	1122 LAO (SF)	19-Nov-91	9.6	9.1	12.0	11.0	(8.0)	31-Dec-95	30-Jun-97	1.5	PS	
Kirindi Oya Irrigation and Settlement Project	PE-564	324 SRI (SF)	9-Dec-77	60.6	44.9	99.9	115.3	15.5	31-Dec-84	31-Mar-94	9.3	PS	
		612 SRI (SF)	9-Dec-82										
		794 SRI (SF)	30-Oct-86										
Special Rehabilitation Assistance Project	PE-565	1199 CAM (SF)	26-Nov-92	67.7	68.6	77.8	80.8	3.9	31-Dec-95	30-Jun-97	1.5	S	
B. Program Performance Audit Reports													
Second Industrial Program	PE-546	1147 BAN (SF)	17-Dec-91	125.0	62.2	125.0	62.2	(50.3)	1-Dec-93	25-Apr-94	0.4	US	
Agriculture Program	PE-551	1062 PAK (SF)	11-Dec-90	200.0	198.4	400.0	416.4	4.1	30-Jun-93	30-Jun-94	1.0	PS	
Forestry Sector Program	PE-557	1040 NEP (SF)	23-Oct-90	40.0	21.0	40.0	21.0	(47.6)	31-Dec-95	15-Jul-96	0.5	PS	
Industrial Sector Program	PE-563	1244 MON (SF)	17-Aug-93	30.0	32.2	30.0	32.2	7.2	1-Aug-96	31-Dec-96	0.4	PS	
Hydrocarbon Sector Program	PE-566	1148 IND	17-Dec-91	250.0	125.0	500.0	375.0	(25.0)	30-Jun-95	18-Sep-97	2.2	PS	
C. Technical Assistance Performance Audit Reports													
Selected TAs in the Environment Sector	TE-31	1647 MON	7-Jan-92	0.4	0.3	0.4	0.3	(17.1) ^a	31-Oct-93	31-Dec-93	0.2	S	
		2208 MON	24-Nov-94	0.6	0.5	0.6	0.5	(6.9) ^a	30-Nov-96	12-May-98	1.4	PS	
Railway Technical Assistance in Bangladesh	TE-32	1295 BAN	27-Apr-90	0.1	0.1	0.1	0.1	(19.0) ^a	31-Oct-90	28-Feb-91	0.3	S	
		1336 BAN	11-Jul-90	0.1	0.1	0.1	0.1	- ^a	-	30-Sep-92	-	S	
		1717 BAN	18-Jun-92	0.1	0.1	0.1	0.1	- ^a	-	31-Dec-92	-	S	

HS= highly successful, PS= partly successful, S=successful, US= unsuccessful, N/R= no rating.

^a Actual data on government financing was not available.

Profile of Projects/Programs Evaluated in 2000 (continued)

Type/Title	Report No.	Loan/TA No.	Date Approved	Loan/TA Amount (\$mn)		Project/TA Cost			Completion Date		Time Overrun/ (Underrun) Years	Performance
				Approved	Disbursed	Expected (\$ mn)	Actual (\$ mn)	Overrun/ (Underrun) (%)	Expected	Actual		
Selected Technical Assistance in Road Safety	TE-33	1819 BAN	22-Dec-92	1.5	1.5	1.6	-	- ^a	28-Feb-94	28-Mar-95	1.1	S
		2230 BAN	9-Dec-94	0.1	0.1	0.1	-	- ^a	-	31-Aug-96	-	S
		2544 BAN	21-Mar-96	1.0	1.1	1.5	-	- ^a	30-Jun-98	31-Dec-00	2.5	PS
		2001 IND	29-Nov-93	0.2	0.2	0.2	0.2	(1.2) ^a	30-Sep-94	30-Jul-97	2.8	S
		2177 PRC	29-Sep-94	0.6	0.6	0.6	0.6	(5.1) ^a	-	30-Apr-97	-	HS
		5620 REG	4-Jan-95	0.6	0.6	0.6	0.6	7.3	31-Oct-96	30-Apr-00	3.5	HS
D. Technical Assistance Completion Reports												
Strengthening Postevaluation Capability		2428 THA	23-Oct-95	0.4	0.4	0.4	0.4	(7.3) ^a	30-Nov-96	28-Feb-99	2.2	GS
Special Studies on Selected Operational Issues and Impact Evaluation Study of Rural Roads in the Greater Mekong Subregion		5762 REG	16-Dec-97	0.5	0.4	0.5	0.4	(11.6)	31-Dec-98	30-Apr-01	2.3	GS
E. Reevaluation Studies												
Health and Family Planning Services Project	IE-64	672 BAN (SF)	14 Dec 83	27.5	27.8	34.7	33.3	(4.0)	30-Sep-87	31-Dec-91	4.3	PS
F. Impact Evaluation Studies												
ADB Assistance to the Roads Sector in Nepal	IE-65	5832 REG	12 Feb 99	1.0								
ADB's Assistance to Rural Credit in Selected DMCs	IE-66	5916 REG	18 May 00	0.8								
G. Special Evaluation Studies												
Policy Impact of Involuntary Resettlement	SS-41	5832 REG	12 Feb 99	1.0								
Policy Implementation and Impact of Agriculture and Natural Resources Research	SS-42	5903 REG	09 Feb 00	0.8								
Participatory Development Processes in Selected ADB Projects in Agriculture, Natural Resources, and Social Infrastructure Sectors	SS-43	5793 REG	19 May 98	0.9								
Sustainability of Policy Reforms through Selected Advisory Technical Assistance	SS-44	5903 REG	09 Feb 00	0.8								
H. Miscellaneous Evaluation Studies												
Twenty-Second Annual Review of Evaluation Operations												
Education Sector Synthesis												
Evaluation Highlights of 1999												
Report on the Results and Impacts of ADF Operations: Assessing Impact on Development: Education Sector												
Revised Guidelines for the Preparation of Project Performance Audit Reports (for public sector projects)												

BME = benefit monitoring and evaluation, GS = generally successful, HS= highly successful, PRC= People's Republic of China, PS= partly successful, REG = regional, S= successful, TA= technical assistance, US= unsuccessful, N/R= no rating.

^a Actual data on government financing was not available.

Source: Postevaluation Information System.

**2000 PROJECT/PROGRAM COMPLETION REPORTS SELECTED
FOR IN-DEPTH DESK REVIEW^a**

Loan No.	Country	Project/Program Title	PCR date	Division
1409	MON	Agriculture Sector Program	31-May-00	AEAR
1175	PRC	Guandong Tropical Crops Project	31-May-00	AEAR
1198	INO	Central Java and D.I. Yogyakarta Urban Development (Sector) Project	19-Jun-00	AEWU
955	SRI	Smallholder Tea Development Project	18-Aug-00	AWAR
1103	LAO	Education Quality Improvement Project	15-Jun-00	AWEH
1173	BAN	Bangladesh Open University Project	23-Jun-00	AWEH
901	PAK	Khushab Salinity Control and Reclamation Project	31-Jul-00	AWFN
1291	BAN	Southwest Area Water Resources Development Project	30-Aug-00	AWFN
1267	LAO	Northern Provincial Towns Water Supply and Sanitation Project	06-Jul-00	AWWU
1235	SRI	Second Water Supply Sanitation Project	04-Oct-00	AWWU
1086	MAL	Industrial Technology Development and Management Project	30-Jun-00	IEEN
1363	PHI	Capital Market Development Program	28-Aug-00	IEFI
1589	KAZ	Pension Reform Program	08-Sep-00	IEFI
1546	KGZ	Corporate Governance and Enterprise Reform Project	12-Dec-00	IEFI
1382	PRC	Second Telecommunications Project	04-Sep-00	IETC
1261	PRC	Hunan Expressway Project	04-Oct-00	IETC
1170/1245	THA	Third and and Fourth Power Transmission Sector Loan Projects	13-Sep-00	IWEN
1151/1246	THA	Seventh and Eighth Power Sector Projects	27-Oct-00	IWEN
1329	LAO	Theun Hinboun Hydropower Project	27-Dec-00	IWEN
1084	SRI	Second Small and Medium Industries Project	19-Dec-00	IWFI
1272	VIE	Road Improvement Project	27-Oct-00	IWTC
1298	BAN	Jamuna Bridge Project	19-Dec-00	IWTC
7025	PHI	H & Q Ventures Project	06-Jun-00	PSG
1059	BAN	Secondary Towns Infrastructure Development Project	26-Dec-00	BRM
1041	IND	Second Road Project	15-Nov-00	INRM
1232	INO	Third Local Roads Project	14-Dec-00	IRM
1094	PAK	Second Oil and Gas Development Project	26-Dec-00	PRM
1588	COO	Cyclone Emergency Rehabilitation Project	20-Sep-00	SPRM

^a The population of PCRs from which the sample was drawn comprised those PCRs that were circulated in 2000. To ensure that all departments and resident missions were represented in the sample, the selection of PCRs was based on a random sample stratified by department. However, if a resident mission prepared a single PCR, it was automatically included in the sample.

**1999 EVALUATION REPORTS CONSIDERED FOR THE
STUDY OF RECOMMENDATIONS FOR FOLLOW-UP ACTIONS**

1. CAP: VIE 99023: *Country Assistance Program Evaluation in the Socialist Republic of Viet Nam*, December 1999.
2. IES: INO 99004: *Bank Assistance in the Water Supply and Sanitation Sector*, September 1999.
3. IES: PRC 21204: *Fuel Conversion Project*, December 1999.
4. IES: REG 99035: *Technical and Vocational Education Projects in Malaysia, Pakistan, Papua New Guinea, and Sri Lanka*, December 1999.
5. IES: REG 99026: *Asian Development Bank's Program of Subregional Economic Cooperation in the Greater Mekong Subregion*, December 1999.
6. IES: SRI 99016: *Third Tea Development Project*, September 1999.
7. PPA: BAN 22217: *Food Crops Development Program*, December 1999.
8. PPA: FIJ 22181: *Low-Income Housing Development Project*, December 1999.
9. PPA: IND 22344: *Royalaseema Thermal Power Project*, May 1999.
10. PPA: IND 26223: *Financial Sector Program Loan*, December 1999.
11. PPA: INO 21147: *Nusa Tenggara Agricultural Development Project*, December 1999.
12. PPA: INO 21214: *Seventh, Eighth, and Ninth Port Projects*, December 1999.
13. PPA: LAO 25012: *Second Agriculture Program*, December 1999.
14. PPA: NEP 18030: *Fifth and Sixth Power Projects*, December 1999.
15. PPA: NEP 18194: *Second Tribhuvan International Airport Project*, November 1999.
16. PPA: PAK 15067: *Small Dams Project*, December 1999.
17. PPA: PAK 19056: *WAPDA Tenth Power (Sector Loan) Project*, November 1999.
18. PPA: PAK 19076: *Karachi Urban Development Project*, December 1999.
19. PPA: PHI 17152: *Fisheries Sector Program*, December 1999.
20. PPA: PHI 21194: *Secondary Education Development Sector Project*, December 1999.
21. PPA: PHI 24028: *Second Island Provinces Rural Water Supply Sector Project*, December 1999.
22. PPA: PHI 24112: *Third Development Bank of the Philippines*, December 1999.

23. PPA: PHI 27704: *Batangas Power Corporation Project*, December 1999.
24. PPA: PNG 19122: *West New Britain Smallholder Development Project*, September 1999.
25. PPA: PNG 20055: *East New Britain Smallholder Development Project*, September 1999.
26. PPA: PRC 22246: *Shanghai-Nanpu Bridge Project*, November 1999.
27. PPA: SRI 16051: *Walawe Irrigation Improvement Project*, December 1999.
28. SST: OTH 99036: *Advisory and Operational Technical Assistance in Kazakhstan and the Kyrgyz Republic*, December 1999.
29. SST: REG 99024: *Effectiveness of ADB Approaches and Assistance to Poverty Reduction in Bangladesh, Kyrgyz Republic, Lao People's Democratic Republic, Nepal, and Philippines*, December 1999.
30. SST: REG 99025: *Effectiveness and Impact of Asian Development Bank Assistance to the Reform of Public Expenditure Management in Bhutan, India, Kiribati, and Lao People's Democratic Republic*, December 1999.
31. SST: REG 99027: *Role of Nongovernment Organizations and Community-Based Organizations in Asian Development Bank Projects*, December 1999.
32. SST: REG 99033: *Social and Environmental Impacts of Selected Hydropower Projects*, December 1999.
33. SST: THA 99020: *Interim Assessment of ADB's Lending to Thailand During the Economic Crisis*, December 1999.
34. TPA: LAO 99003: *Private Sector Education in Lao People's Democratic Republic*, December 1999.
35. TPA: LAO 99022: *Selected Financial Sector TAs to the Lao People's Democratic Republic*, December 1999.
36. TPA: MON 99034: *Advisory and Operational Technical Assistance Grants to the Energy Sector in Mongolia*, December 1999.
37. TPA: THA 99011: *Privatization in the Power, Gas, and Water Sectors in the Kingdom of Thailand*, May 1999.

**ASSESSMENT OF ACTIONS TAKEN
ON RECOMMENDATIONS OF 1999 EVALUATION REPORTS**

Table A4.1: Categories of Action Taken

Code	Type of Action Taken
A	<p>The recommendation was supported and the expected action was being, had been, or was anticipated to be taken. Three subcategories were defined:</p> <p>A1. No follow-up was needed from ADB, as the recommendation was being addressed by another agency (such as the World Bank).</p> <p>A2. Appropriate action had been taken or was in the process of being taken.</p> <p>A3. Action was not yet required, but was expected to be taken.</p>
B	<p>The recommendation had been addressed, although not in the manner expected. Three subcategories were defined:</p> <p>B1. Action had been taken but only partly addressing the recommendation.</p> <p>B2. ADB had requested the borrower or EA to take action, but there was no response from the borrower or EA.</p> <p>B3. The responsible division/office of ADB had considered the recommendation but disagreed with it.</p>
C	<p>There was no action taken and/or response to the recommendation. Three subcategories were defined:</p> <p>C1. There was no response from the responsible division/office of ADB concerning the recommendation.</p> <p>C2. There was no action taken yet, although it was due to be taken.</p> <p>C3. There was no action taken yet, but the issue was being addressed by ADB through policy dialogue.</p>

Table A4.2: Summary of Recommendations and Actions Taken

Type of Recommendation ^a	Type of Action Taken ^a									Total
	Adequately Addressed			Partly Addressed	Action Requested by ADB but No Information	Recommendation Not Agreed With	No Action		No Action but Being Addressed Through Policy Dialogue	
	A1	A2	A3	B1	B2	B3	C1	C2	C3	
1. Generally within control of EA	2	17	—	15	2	—	—	1	2	39
2. Sector or multi-agency	—	16	—	13	—	—	—	1	5	35
3. For further improvement beyond scope of the project/ program	2	9	2	9	—	1	—	—	1	24
4. Relevant to process for future project formulation	—	1	—	1	—	—	—	—	—	2
5. Concerns ADB's internal processes	—	7	3	9	—	2	—	—	—	21
6. Related to a follow-on TA or project	—	1	—	—	—	—	—	—	—	1
7. For ADB action to improve the project/sector	1	8	1	—	—	1	—	—	—	11
Total	5	59	6	47	2	4	—	2	8	133
	(53 percent)			(40 percent)			(1 percent)		(6 percent)	

EA = executing agency, TA = technical assistance.

^aSee Table A4.1 for complete definition.

**OVERALL PERFORMANCE ASSESSMENT OF
PROJECTS/PROGRAMS EVALUATED IN 2000**

Table A5.1: Performance by Sector/Subsector^a

Sector/Subsector	Highly Successful		Successful		Partly Successful		Unsuccessful		All	
	Number	%	Number	%	Number	%	Number	%	Number	%
A. Agriculture and Natural Resources										
Irrigation and Rural Development	0	0.0	1	50.0	1	50.0	0	0.0	2	100.0
Forestry	0	0.0	0	0.0	1	100.0	0	0.0	1	100.0
Agricultural Support Services	0	0.0	0	0.0	1	100.0	0	0.0	1	100.0
Subtotal (A)	0	0.0	1	25.0	3	75.0	0	0.0	4	100.0
B. Energy										
Electric Power	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Fuel Minerals	0	0.0	0	0.0	1	100.0	0	0.0	1	100.0
Subtotal (B)	0	0.0	1	50.0	1	50.0	0	0.0	2	100.0
C. Industry and Non-Fuel Minerals										
Industry (non-agriculture)	0	0.0	0	0.0	1	50.0	1	50.0	2	100.0
Subtotal (C)	0	0.0	0	0.0	1	50.0	1	50.0	2	100.0
D. Transport and Communications										
Roads and Road Transport	1	25.0	2	50.0	1	25.0	0	0.0	4	100.0
Ports and Shipping	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Telecommunications	0	0.0	0	0.0	0	0.0	2	100.0	2	100.0
Subtotal (D)	1	14.3	3	42.9	1	14.3	2	28.6	7	100.0
E. Social Infrastructure										
Water Supply and Sanitation	0	0.0	0	0.0	1	100.0	0	0.0	1	100.0
Education	0	0.0	2	66.7	1	33.3	0	0.0	3	100.0
Urban Development and Housing	1	33.3	1	33.3	1	33.3	0	0.0	3	100.0
Subtotal (E)	1	14.3	3	42.9	3	42.9	0	0.0	7	100.0
F. Finance										
Development Finance Institution	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Subtotal (F)	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
G. Multisector/Others										
Multisector	0	0.0	2	100.0	0	0.0	0	0.0	2	100.0
Others	0	0.0	0	0.0	1	100.0	0	0.0	1	100.0
Subtotal (G)	0	0.0	2	66.7	1	33.3	0	0.0	3	100.0
Total	2	7.7	11	42.3	10	38.5	3	11.5	26	100.0
of which:										
Projects	2	9.5	11	52.4	6	28.6	2	9.5	21	100.0
Programs	0	0.0	0	0.0	4	80.0	1	20.0	5	100.0

^a 26 projects/programs evaluated in 22 PPARs.

Source: Postevaluation Information System.

Table A5.2: Performance by Country Group/Country

Country Group/Country	Highly		Successful		Partly		Unsuccessful		All	
	Successful		Successful		Successful		Unsuccessful		All	
	Number	%	Number	%	Number	%	Number	%	Number	%
Group A (ADF-only)										
Bhutan	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Cambodia	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Lao People's Dem. Rep.	0	0.0	0	0.0	1	100.0	0	0.0	1	100.0
Maldives	0	0.0	2	100.0	0	0.0	0	0.0	2	100.0
Mongolia	0	0.0	0	0.0	1	100.0	0	0.0	1	100.0
Nepal	0	0.0	0	0.0	2	100.0	0	0.0	2	100.0
Subtotal (A)	0	0.0	4	50.0	4	50.0	0	0.0	8	100.0
Group B (ADF-OCR blend)										
Country Group B1										
Bangladesh	0	0.0	1	50.0	0	0.0	1	50.0	2	100.0
Pakistan	0	0.0	0	0.0	2	100.0	0	0.0	2	100.0
Sri Lanka	0	0.0	0	0.0	2	100.0	0	0.0	2	100.0
Subtotal (B1)	0	0.0	1	16.7	4	66.7	1	16.7	6	100.0
Country Group B2										
China, People's Rep. of	1	33.3	2	66.7	0	0.0	0	0.0	3	100.0
India	0	0.0	0	0.0	1	33.3	2	66.7	3	100.0
Indonesia	1	20.0	3	60.0	1	20.0	0	0.0	5	100.0
Subtotal (B2)	2	18.2	5	45.5	2	18.2	2	18.2	11	100.0
Subtotal (B)	2	11.8	6	62.1	6	35.3	3	17.6	17	100.0
Group C (OCR-only)										
Philippines	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Subtotal (C)	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Total	2	7.7	11	42.3	10	38.5	3	11.5	26	100.0

ADF = Asian Development Fund, OCR = ordinary capital resources.

Source: Postevaluation Information System.

Table A5.3: Performance by Investment Cost

Country Group/Sector	No. of Projects Evaluated	Highly Successful		Successful		Partly Successful		Unsuccessful		Total Amount (\$ mn)
		Amount (\$ mn)	Percent	Amount (\$ mn)	Percent	Amount (\$ mn)	Percent	Amount (\$ mn)	Percent	
Group A	8	0.0	0.0	108.1	59.6	73.1	40.4	0.0	0.0	181.2
Agriculture	1	0.0	0.0	0.0	0.0	21.0	100.0	0.0	0.0	21.0
Energy	1	0.0	0.0	10.5	100.0	0.0	0.0	0.0	0.0	10.5
Industry	1	0.0	0.0	0.0	0.0	32.2	100.0	0.0	0.0	32.2
Social Infrastructure	1	0.0	0.0	0.0	0.0	11.0	100.0	0.0	0.0	11.0
Transport and Communications	2	0.0	0.0	16.7	100.0	0.0	0.0	0.0	0.0	16.7
Multisector	1	0.0	0.0	80.8	100.0	0.0	0.0	0.0	0.0	80.8
Others	1	0.0	0.0	0.0	0.0	8.9	100.0	0.0	0.0	8.9
Group B1	6	0.0	0.0	62.4	8.2	640.7	83.7	62.3	8.1	765.5
Agriculture	2	0.0	0.0	0.0	0.0	531.7	100.0	0.0	0.0	531.7
Industry	1	0.0	0.0	0.0	0.0	0.0	0.0	62.3	100.0	62.3
Social Infrastructure	2	0.0	0.0	62.4	54.2	52.9	45.8	0.0	0.0	115.3
Transport and Communications	1	0.0	0.0	0.0	0.0	56.2	100.0	0.0	0.0	56.2
Group B2	11	341.0	20.8	504.0	30.7	541.9	33.0	254.5	15.5	1,641.3
Energy	1	0.0	0.0	0.0	0.0	375.0	100.0	0.0	0.0	375.0
Finance	1	0.0	0.0	87.2	100.0	0.0	0.0	0.0	0.0	87.2
Social Infrastructure	4	50.0	12.7	177.6	45.0	166.9	42.3	0.0	0.0	394.5
Transport and Communications	4	291.0	39.0	201.4	27.0	0.0	0.0	254.5	34.1	746.9
Multisector	1	0.0	0.0	37.8	100.0	0.0	0.0	0.0	0.0	37.8
Group C	1	0.0	0.0	29.9	100.0	0.0	0.0	0.0	0.0	29.9
Agriculture	1	0.0	0.0	29.9	100.0	0.0	0.0	0.0	0.0	29.9
All DMCs	26	341.0	13.0	704.4	26.9	1,255.7	48.0	316.8	12.1	2,617.9
Agriculture	4	0.0	0.0	29.9	5.1	552.7	94.9	0.0	0.0	582.6
Energy	2	0.0	0.0	10.5	2.7	375.0	97.3	0.0	0.0	385.5
Finance	1	0.0	0.0	87.2	100.0	0.0	0.0	0.0	0.0	87.2
Industry	2	0.0	0.0	0.0	0.0	32.2	34.1	62.3	65.9	94.5
Social Infrastructure	7	50.0	9.6	240.0	46.1	230.8	44.3	0.0	0.0	520.8
Transport and Communications	7	291.0	35.5	218.1	26.6	56.2	6.8	254.5	31.0	819.7
Multisector	2	0.0	0.0	118.6	100.0	0.0	0.0	0.0	0.0	118.6
Others	1	0.0	0.0	0.0	0.0	8.9	100.0	0.0	0.0	8.9

ADF = Asian Development Fund, DMC = developing member country, OCR = ordinary capital resources.

Source: Postevaluation Information System.

Table A5.4: Performance by Loan Disbursements

Country Group/Sector	No. of Projects Evaluated	Highly Successful		Successful		Partly Successful		Unsuccessful		Total Amount (\$ mn)
		Amount (\$ mn)	Percent	Amount (\$ mn)	Percent	Amount (\$ mn)	Percent	Amount (\$ mn)	Percent	
Group A	8	0.0	0.0	90.9	56.4	70.3	43.6	0.0	0.0	161.2
Agriculture	1	0.0	0.0	0.0	0.0	21.0	100.0	0.0	0.0	21.0
Energy	1	0.0	0.0	9.2	100.0	0.0	0.0	0.0	0.0	9.2
Industry	1	0.0	0.0	0.0	0.0	32.2	100.0	0.0	0.0	32.2
Social Infrastructure	1	0.0	0.0	0.0	0.0	9.1	100.0	0.0	0.0	9.1
Transport and Communications	2	0.0	0.0	13.1	100.0	0.0	0.0	0.0	0.0	13.1
Multisector	1	0.0	0.0	68.6	100.0	0.0	0.0	0.0	0.0	68.6
Others	1	0.0	0.0	0.0	0.0	8.1	100.0	0.0	0.0	8.1
Group B1	6	0.0	0.0	54.1	12.2	326.5	73.7	62.3	14.1	443.0
Agriculture	2	0.0	0.0	0.0	0.0	243.3	100.0	0.0	0.0	243.3
Industry	1	0.0	0.0	0.0	0.0	0.0	0.0	62.3	100.0	62.3
Social Infrastructure	2	0.0	0.0	54.1	56.0	42.6	44.0	0.0	0.0	96.7
Transport and Communications	1	0.0	0.0	0.0	0.0	40.6	100.0	0.0	0.0	40.6
Group B2	11	156.8	18.2	300.2	34.9	247.8	28.8	156.2	18.1	861.0
Energy	1	0.0	0.0	0.0	0.0	125.0	100.0	0.0	0.0	125.0
Finance	1	0.0	0.0	87.2	100.0	0.0	0.0	0.0	0.0	87.2
Social Infrastructure	4	30.8	10.4	142.4	48.1	122.8	41.5	0.0	0.0	295.9
Transport and Communications	4	126.0	37.9	50.0	15.1	0.0	0.0	156.2	47.0	332.2
Multisector	1	0.0	0.0	20.6	100.0	0.0	0.0	0.0	0.0	20.6
Group C	1	0.0	0.0	23.0	100.0	0.0	0.0	0.0	0.0	23.0
Agriculture	1	0.0	0.0	23.0	100.0	0.0	0.0	0.0	0.0	23.0
All DMCs	26	156.8	10.5	468.2	31.5	644.6	43.3	218.5	14.7	1,488.1
Agriculture	4	0.0	0.0	23.0	8.0	264.3	92.0	0.0	0.0	287.2
Energy	2	0.0	0.0	9.2	6.9	125.0	93.1	0.0	0.0	134.2
Finance	1	0.0	0.0	87.2	100.0	0.0	0.0	0.0	0.0	87.2
Industry	2	0.0	0.0	0.0	0.0	32.2	34.1	62.3	65.9	94.5
Social Infrastructure	7	30.8	7.7	196.5	48.9	174.5	43.4	0.0	0.0	401.8
Transport and Communications	7	126.0	32.7	63.1	16.3	40.6	10.5	156.2	40.5	385.8
Multisector	2	0.0	0.0	89.2	100.0	0.0	0.0	0.0	0.0	89.2
Others	1	0.0	0.0	0.0	0.0	8.1	100.0	0.0	0.0	8.1

ADF = Asian Development Fund, DMC = developing member country, OCR = ordinary capital resources.

Source: Postevaluation Information System.

HISTORICAL PERFORMANCE OF EVALUATED PROJECTS/PROGRAMS FROM 1996 TO 2000^a
by Country Group and Sector

Country Group/ Sector	HS		S		PS		US		All	
	No.	%	No.	%	No.	%	No.	%	No.	%
Group A	3	11.5	10	38.5	9	34.6	4	15.4	26	100.0
Agriculture	0	0.0	2	28.6	4	57.1	1	14.3	7	100.0
Energy	0	0.0	3	75.0	0	0.0	1	25.0	4	100.0
Finance	0	0.0	0	0.0	1	100.0	0	0.0	1	100.0
Industry	0	0.0	1	50.0	1	50.0	0	0.0	2	100.0
Social Infrastructure	0	0.0	0	0.0	2	100.0	0	0.0	2	100.0
Transport and Communications	3	50.0	3	50.0	0	0.0	0	0.0	6	100.0
Multisector/Others	0	0.0	1	25.0	1	25.0	2	50.0	4	100.0
Group B	11	15.9	29	42.0	19	27.5	10	14.5	69	100.0
Group B1	2	6.1	13	39.4	14	42.4	4	12.1	33	100.0
Agriculture	1	7.1	5	35.7	8	57.1	0	0.0	14	100.0
Energy	1	25.0	3	75.0	0	0.0	0	0.0	4	100.0
Finance	0	0.0	2	50.0	2	50.0	0	0.0	4	100.0
Industry	0	0.0	0	0.0	0	0.0	1	100.0	1	100.0
Social Infrastructure	0	0.0	1	14.3	3	42.9	3	42.9	7	100.0
Transport and Communications	0	0.0	1	50.0	1	50.0	0	0.0	2	100.0
Multisector/Others	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Group B2^b	9	25.0	16	44.4	5	13.9	6	16.7	36	100.0
Agriculture	2	18.2	5	45.5	1	9.1	3	27.3	11	100.0
Energy	1	50.0	0	0.0	1	50.0	0	0.0	2	100.0
Finance	0	0.0	2	100.0	0	0.0	0	0.0	2	100.0
Social Infrastructure	1	16.7	3	50.0	2	33.3	0	0.0	6	100.0
Transport and Communications	5	35.7	5	35.7	1	7.1	3	21.4	14	100.0
Multisector/Others	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Group C	4	16.0	8	32.0	10	40.0	3	12.0	25	100.0
Agriculture	1	12.5	3	37.5	4	50.0	0	0.0	8	100.0
Energy	2	50.0	1	25.0	1	25.0	0	0.0	4	100.0
Finance	0	0.0	1	50.0	1	50.0	0	0.0	2	100.0
Social Infrastructure	0	0.0	2	22.2	4	44.4	3	33.3	9	100.0
Transport and Communications	1	100.0	0	0.0	0	0.0	0	0.0	1	100.0
Multisector/Others	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
All Groups	18	15.0	47	39.2	38	31.7	17	14.2	120	100.0
Agriculture	4	10.0	15	37.5	17	42.5	4	10.0	40	100.0
Energy	4	28.6	7	50.0	2	14.3	1	7.1	14	100.0
Finance	0	0.0	5	55.6	4	44.4	0	0.0	9	100.0
Industry	0	0.0	1	33.3	1	33.3	1	33.3	3	100.0
Social Infrastructure	1	4.2	6	25.0	11	45.8	6	25.0	24	100.0
Transport and Communications	9	39.1	9	39.1	2	8.7	3	13.0	23	100.0
Multisector/Others	0	0.0	4	57.1	1	14.3	2	28.6	7	100.0

HS= highly successful, PS= partly successful, S=successful, US= unsuccessful.

^a Includes four private sector operations from 1996-2000.

^b Includes Papua New Guinea, which was reclassified from Country Group C to Country Group B2.

AVERAGE IMPLEMENTATION PERIOD OF PROJECTS EVALUATED IN 2000

Table A7.1: By Sector/Subsector

Sector/Subsector	No. of Projects	Average Implementation Period (Years)		Average Delay (Years)
		Estimate	Actual	
Agriculture and Natural Resources				
Irrigation and Rural Development	2	6.3	12.6	6.3
Energy				
Electric Power	1	2.5	4.4	1.9
Transport and Communications				
Roads and Road Transport	4	3.5	4.5	0.9
Ports and Shipping	1	2.7	3.7	1.0
Telecommunications	2	3.3	8.8	5.5
Social Infrastructure				
Water Supply and Sanitation	1	3.8	5.3	1.5
Education	3	5.1	6.5	1.3
Urban Development and Housing	3	5.1	5.7	0.6
Financial				
Development Finance Institution	1	4.0	4.5	0.5
Multisector/Others				
Multisector	2	2.5	3.8	1.3
Others	1	4.5	5.5	1.0
Total/Average	21	4.1	6.1	2.0

Source: Postevaluation Information System.

Table A7.2: By Country Group/Country

Country Group/Country	No. of Projects	Average Implementation Period		Average Delay
		Estimate	Actual	
Group A	6	3.2	4.5	1.2
Bhutan	1	3.2	3.7	0.5
Cambodia	1	2.7	4.2	1.5
Lao, People's Dem. of	1	3.8	5.3	1.5
Maldives	2	2.6	4.1	1.5
Nepal	1	4.5	5.5	1.0
Group B1	4	4.9	9.0	4.2
Bangladesh	1	4.9	6.0	1.1
Pakistan	1	4.8	6.6	1.8
Sri Lanka	2	4.9	11.7	7.0
Group B2	10	4.2	5.6	1.6
China, People's Republic of	3	3.9	3.6	0.3
India	2	3.3	8.8	5.5
Indonesia	5	4.7	5.5	0.8
Group C	1	5.9	9.3	3.3
Philippines	1	5.9	9.3	3.3
Total/Average	21	4.1	6.1	2.0

Source: Postevaluation Information System.

**AVERAGE COST UNDERRUN/OVERRUN OF PROJECTS
EVALUATED IN 2000**

Table A8.1: By Sector/Subsector

Sector/Subsector	Projects with Cost Underrun		Projects with Cost Overrun	
	Number	Average (%)	Number	Average (%)
Agriculture and Natural Resources				
Irrigation and Rural Development	1	-0.7	1	15.5
Energy				
Electric Power	0	0.0	1	2.3
Transport and Communications				
Roads and Road Transport	1	-31.3	3	14.8
Ports and Shipping	1	-2.1	0	0.0
Telecommunications	2	-49.1	0	0.0
Social Infrastructure				
Water Supply and Sanitation	1	-8.0	0	0.0
Education	3	-25.1	0	0.0
Urban Development and Housing	1	-8.7	2	8.6
Financial				
Capital Market Development	1	-12.8	0	0.0
Multisector/Others				
Multisector	1	-13.5	1	3.9
Others	1	-38.8	0	0.0
Total/Average	13	-22.3	8	10.4

Table A8.2 : By Country Group/Country

Country Group/Country	Projects with Cost Underrun		Projects with Cost Overrun	
	Number	Average (%)	Number	Average (%)
Group A (ADF only)	3	-16.3	3	2.1
Bhutan	0	0.0	1	0.1
Cambodia	0	0.0	1	3.9
Lao, People's Dem. of	1	-8.0	0	0.0
Maldives	1	-2.0	1	2.3
Nepal	1	-38.8	0	0.0
Group B1 (ADF-OCR blend)	2	-29.0	2	19.3
Bangladesh	1	-23.5	0	0.0
Pakistan	1	-34.4	0	0.0
Sri Lanka	0	0.0	2	19.3
Group B2 (ADF-OCR blend)	7	-26.0	3	12.8
China, People's Republic of	2	-22.1	1	21.3
India	2	-49.1	0	0.0
Indonesia	3	-13.2	2	8.6
Group C (OCR only)	1	-0.7	0	0.0
Philippines	1	-0.7	0	0.0
Total/Average	13	-22.3	8	10.4

ADF = Asian Development Fund, OCR = ordinary capital resources.