
BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES



Independent Review And Evaluation At The Asian Development Bank

This report discusses what has so far been done at the Asian Development Bank toward establishing an effective review system. An expansion of Bank activities and the need for more current and independent reviews of Bank procedures call for more independent evaluation of completed projects than the present system.

A proposed Bank reorganization could provide for timely organization and procedural changes which would be closer to the Auditing and Reporting Standards of the Comptroller General and, therefore, would better meet the need of increased review and evaluation requirements under bank lending procedures.



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COMPTROLLER GENERAL OF THE UNITED STATES
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To the President of the Senate and the
Speaker of the House of Representatives

This report discusses the progress made by the Asian Development Bank in establishing an independent review and evaluation system of its programs and activities. The report recommends that the Secretary of the Treasury make a suggestion to the Bank's Board of Executive Directors and Bank management regarding the evaluation system.

Our review was conducted pursuant to section 301(e) of the Foreign Assistance Act of 1961, as amended.

Copies of the report are being sent to the Secretary of the Treasury. To fulfill the requirements of section 301(e) that the report be sent to the President, we are sending it to the Director, Office of Management and Budget, in his behalf.

A handwritten signature in black ink, reading "Thomas B. Staals".

Comptroller General
of the United States

D I G E S T

The Asian Development Bank has made some progress in improving its review and evaluation of projects assisted by Bank financing. But the expanding volume of Bank lending makes more independent and wider-range review and evaluation necessary and desirable. The purpose is to learn from experience so that improvements can be made in the future.

An impending reorganization of the Bank provides opportunity for adoption of changes in organization and procedure in line with the Auditing and Reporting Standards of the Comptroller General. This would help to meet increased requirements for review and evaluation in the years ahead.

GAO recommends that the Secretary of the Treasury suggest that the Bank recognize the principle of review and evaluation by an independent group which, over time, would perform selective reviews of all its important programs and activities.

An interim period is needed for the Audit Committee of the Board of Directors to define its review and evaluation role. In addition, evaluation personnel need to gain experience in conducting new types of reviews. GAO suggests this interim period be no longer than 2 years. In the meantime the review and evaluation group should be placed, temporarily for administration purposes, under the Bank's President, or the Vice President not having responsibility for the operating departments.

Bank management and the Audit Committee have recognized the need for improvements in

- review and evaluation activities, including
- strengthening followup procedures on report recommendations,
 - adopting a more simplified form of report, and
 - developing a plan of review and evaluation activities suitable to the composition of Bank lending.

BACKGROUND

The Asian Development Bank, situated in Manila, was founded by international agreement in 1965. At the beginning of 1978 it had approved 333 loans totaling \$4.2 billion. It has 42 member countries--28 regional and 14 developed nonregional countries. The U.S. subscription is \$771 million, entitling it to 8.77 percent of the voting power.

The U.S. Foreign Assistance Act of 1973 proposed the establishment of an independent and continuous review and evaluation system for the Bank with reports being submitted directly to its governing body. The law also required the Comptroller General to

- prepare auditing and reporting standards for consideration by the Bank;
- review periodically reports issued; and
- report to the Congress and the President suggestions concerning auditing and reporting standards, recommendations made, and actions taken.

GAO provided a statement of auditing and reporting standards for use by the U.S. Executive Director to the Bank in April 1975.

The Bank began evaluation of projects assisted by its loans in 1973. In August 1974, its Board of Directors adopted a program for a post-evaluation system. The Bank's Economic Office would do some reviews, and with qualified nonprofit organizations under contract would do others. As of the beginning of 1978, the Economic Office had prepared 17 post-evaluation reports--13 of its own and 4 by outside organizations.

The Economic Office is not directly responsible to the Board of Directors, nor independent of Bank management, as called for in the Comptroller General's Statement of Auditing and Reporting Standards. Moreover, its post-evaluation of completed projects occurs 5 to 8 years after loan approval and does not provide an assessment of current Bank practices and procedures.

PLANS AND PROSPECTS FOR THE FUTURE

With Bank lending expanding and the number of completed projects increasing, the Bank's President announced that a reorganization is under active consideration to increase the effectiveness in operations of projects assisted by Bank financing.

In addition, the Bank's Board of Directors, through the Audit Committee, has taken an increasing interest in the potential offered for the improvement of Bank operations by audit activities and evaluations of projects assisted by Bank loans.

The impending reorganization and heightened interest of the Board of Directors provides a timely opportunity for the adoption of a more independent and broader-based review and evaluation system than that provided by the Bank's Economic Office.

Through informal discussions Bank management officials agreed that, in principle, a fully independent and broader-based review and evaluation group within the Bank is desirable. For the near future, however, they felt strengthening management's administration and monitoring of loans would have to suffice.

AGENCY COMMENTS

The U.S. Treasury concurred in the basic GAO recommendations that the Bank move towards establishment of a truly independent evaluation unit, reporting--someday--directly to the Board of Executive Directors. The Treasury told GAO that the U.S. Executive Director of the Bank supports the objectives of the GAO recommendations.

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ABBREVIATIONS

ADB	Asian Development Bank
GAO	General Accounting Office

CHAPTER 1

INTRODUCTION

The Asian Development Bank (ADB) was established in Manila by international agreement in December 1965. The Bank opened for business in December 1966 and made its first loan in January 1968. The Asian Development Bank Act (22 U.S.C. 285), approved on March 16, 1966, authorized U.S. membership in ADB. ADB's purpose is to foster growth and cooperation in the region of Asia and the Far East and to contribute to the acceleration of the process of economic development of its developing member countries.

Membership in ADB is open to (1) members and associate members of the United Nations Economic and Social Commission for Asia and the Pacific and (2) other regional countries and nonregional developed countries which are members of the United Nations or of any of its specialized agencies.

As of the beginning of 1978 the Bank had 42 members-- 28 regional countries and 14 developed nonregional countries, including the United States, Canada, the United Kingdom, and 11 Western European countries.

Bank operations are financed from two main sources: ordinary capital resources and special funds. Ordinary capital resources are obtained through paid-in capital from member countries, borrowings in the world capital markets, and income from investments. Special funds are obtained from contributions from developed member countries, income from special funds loans and investments, and amounts transferred from ordinary capital resources by a special vote of the Board of Governors.

ADB's special funds constitute the "soft loan" window at low rates of interest to meet the needs of the smaller and poorer member countries. In 1973 the Asian Development Fund was established to consolidate special fund resources on an organized and regular basis. However, a separate fund is maintained to finance technical assistance operations.

As of January 1, 1978, ADB had about \$7 billion in subscribed ordinary capital resources--of which \$1.1 billion was in paid-in shares. In addition, special fund resources totaled about \$1.3 billion and the technical assistance special fund had contributions totaling about \$31 million.

Also, as of this date the Bank had approved some 333 loans, totaling \$4,246 million--\$3,079 million from ordinary capital resources and \$1,167 million in concessional loans from its special funds.

U.S. subscriptions to ADB as of March 31, 1978, totaled \$771.1 million, including \$209.8 million of paid-in capital which entitles it to 8.77 percent of the total voting power. Appendixes I and II fully describe ADB's resources, loan activity, and U.S. financial participation in the Bank.

The U.S. Executive Director of the Bank is the focal point through which the United States exercises its role in ADB. The Director receives his instructions from the Secretary of the Treasury, who has primary responsibility for managing U.S. interests in ADB, with the assistance and advice of the National Advisory Council on International Monetary and Financial Policies.

BACKGROUND

This report discusses the progress being made toward the establishment of an effective independent review and evaluation system at ADB. It is one of a series of reports concerning the establishment of similar systems at other international financial institutions.

The Foreign Assistance Act of 1973 (Public Law 93-189) requires that the President, acting through the U.S. representative to ADB, propose and actively seek the establishment of an independent and continuous review and evaluation system for the Bank by its governing body.

The law also requires that

- a statement of auditing and reporting standards be prepared by the Comptroller General and be presented for the consideration of the Bank's governing body to assist in formulating terms of reference for this independent review system;
- reports received by the U.S. representative and related information on actions taken as a result of report recommendations be submitted to the President for transmittal to the Congress and to the Comptroller General; and
- the Comptroller General periodically review such reports and related information and report to the

Congress and to the President any suggestions deemed appropriate concerning auditing and reporting standards followed by such groups, the recommendations made, and actions taken as a result of such recommendations.

The Bank's Economic Office began post-evaluations of Bank projects in 1973. In August 1974, the Board of Directors accepted a proposal for a post-evaluation system, under which the Economic Office would do some reviews itself but would also contract with qualified academic or other nonprofit organizations to do others. The Board of Directors has the final say on both the projects selected for external review and the contractors.

We discussed this proposal in depth with Treasury officials as it was being developed at the Bank. We advised Treasury that our review showed the Bank's proposal contained most of the essential provisions for the type of independent review system that we envision. However, initially, it contained some provisions which we believed could preclude or inhibit independent, effective evaluation. Our objections were made known to Treasury officials, including the U.S. Executive Director to the Bank. In July 1975 we reported that subsequent changes and clarifications removed most of our reservations. 1/

SCOPE OF REVIEW

Our first report on the progress made in establishing an independent review and evaluation system at ADB was issued on July 30, 1975. Pursuant to the Foreign Assistance Act of 1973 (Public Law 93-189), the present report evaluates the effectiveness of that system. We did not conduct an examination of Bank operations since it is outside the scope of our audit authority. Our fieldwork was conducted in early 1978 in Manila with the assistance and cooperation of the U.S. Executive Director. Through him we received excellent cooperation from the management and staff of the Bank and from other executive directors.

Our fieldwork included interviews with various Bank officials and a review of pertinent Bank documents, including

1/"Establishment of Independent Review System for the World Bank Group and the Asian Development Bank," B-175281, dated July 30, 1975.

- evaluating the standards and procedures adopted by the Bank for conducting post-evaluations,
- reviewing all post-evaluation reports to measure their compliance with standards, and
- discussing the utility of these reports with various Bank officials.

CHAPTER 2

PROGRESS TOWARD ACHIEVING AN EFFECTIVE

INDEPENDENT REVIEW AND EVALUATION PROGRAM

ADB POST-EVALUATION SYSTEM

In March 1972, the Asian Development Bank organized an interdepartmental committee to prepare a program of post-evaluation for its projects. Due to the limited number of completed projects the committee proposed a relatively modest program for individual project reviews in 1973.

In September 1973, the Bank's Economic Office was given the responsibility for carrying out

"* * * independent post-evaluation of Bank-financed projects with a view to improving the methodology of project appraisal and providing objective assessments on the overall effectiveness of such projects."

In August 1974, the Board of Directors approved a document entitled "Post-Evaluation of ADB Projects: A Program for Action." This document set forth the basic aims and principles of an ADB post-evaluation system. The proposed program was to be a graduated approach which would initially concentrate on intensive studies of selected projects and eventually be expanded to include "sectoral" reviews ^{1/} and single-country reviews as well as general project performance audits.

Post-evaluations are conducted by the Post-Evaluation Unit of the Bank's Economic Office. The Unit is authorized a staff of five professional economists, assisted when necessary by short-term consultants. Staff from the operating departments do not participate in these studies.

Post-evaluation standards

The basic standards which emerge from the Bank's Action Program include the following:

^{1/}Reasonably large samples of Bank-assisted projects from the same sector such as power, transportation, or agriculture in different countries.

- The Economic Office, in carrying out post-evaluations, will, in making out its reports and in reaching its conclusions, act independently of the operational departments.
- Reputable academic or other non-profitmaking organizations or institutions will be engaged to conduct fully independent external post-evaluation studies in addition to those carried out by the Economic Office.
- The final selection of projects for external evaluation; the determination of the basic objectives of each study; and the approval of the external evaluating agency will be made by the Board of Directors from proposals submitted by management.
- Post-evaluation will be conducted after a project is completed and has been in operation for a period of time.
- Post-evaluation reports will, as far as practicable, compare the current economic costs and benefits with those originally projected for the project; determine whether the methods and approaches selected to attain the original objective have been effective; assess the soundness and suitability of the original design; and assess the economic and social impact of the project.
- Draft post-evaluation reports will be discussed with the borrower (and project authority) as well as with Bank staff concerned with the project. The Economic Office and/or the evaluating agency will give due consideration to comments received but will have complete freedom to maintain or change the contents of the draft report.
- The final report will be submitted to the Chairman of the Board of Directors who, in the case of externally prepared reports, shall forward the report without comment and delay to the members of the Board of Directors.
- All post-evaluation reports will be treated as confidential documents of the Bank.

- Subject to any directions that may be given by the Board of Directors, the management will seek the views of the borrower and the project authority on the report and submit them to the Board together with staff comments and management's recommendations thereon.

Plans and procedures

Post-evaluation planning encompasses internal and external reviews. An annual program is prepared by Bank management and submitted to the Board of Directors listing all projects completed and in operation. This plan contains management's proposals for the external evaluation of selected projects, the basic objectives to be achieved in each study, and the reasons for the selection as proposed. The final selection of projects for external evaluation and the determination of basic objectives for each study are made by the Board. Projects not chosen for external evaluation are then eligible for selection by management for internal post-evaluation.

The criteria for the selection of projects consist primarily of the following:

- The project must not only be physically completed but also in operation for some time before the post-evaluation can be carried out.
- The possible impact of the projects thus selected on the development of the country should be substantial.
- The project should have common features with other Bank-assisted projects in that sector so that the results of post-evaluation can be used for similar projects in the future.
- The projects selected for post-evaluation should represent a reasonable variety of sectors as well as of countries.

The first such plan covered the period November 1974 to December 1975 and presented four projects for external evaluation. The subsequent plans covering 1976-1977 and 1977-1978 each presented two projects for external evaluation.

Once a project has been chosen for review a post-evaluation mission or an external evaluating agency is selected. A detailed proposal of study is then developed. This study sets forth the scope and approach to be pursued in conducting the evaluation.

After the field visit the mission team or evaluating agency prepares the first draft of the post-evaluation report. This is submitted to the borrower/project authority and concerned Bank staff for comment or, when preparation of the draft report is delayed, the main findings are discussed with these same parties. The mission team or evaluating agency is free to maintain or change the report, as it sees fit, in the light of the comments.

The final post-evaluation report is then prepared. Internal reports are submitted for management approval for submission to the Board of Directors and to the borrower/project authority and concerned Bank staff. External reports are submitted directly to the Chairman of the Board of Directors who, in turn, forwards the report without delay or comment to the Board, the borrower/project authority, and concerned Bank staff.

Objectives of post-evaluation

Post-evaluation is an attempt to assess the results of a development project and the means employed to achieve them. In this direction, post-evaluation is to

- determine whether a development project achieved its intended objectives and
- reexamine the objectives themselves and the means to achieve them in order to improve current and future activities in light of the experience.

The first objective is referred to as the "audit function." This aspect of post-evaluation requires special attention to a comparison of the economic costs and benefits of the project estimated at the time of appraisal with those observed at the time of post-evaluation. This may involve a reexamination of the economic rate of return (discussed below) and the quantification of costs and benefits that were not defined at the time of appraisal due to the lack of data or to developments not anticipated at the time of appraisal. In addition to providing information necessary for the assessment of the performance of the project, this phase of post-evaluation contributes to improvements in appraisal techniques. In addition, this phase involves an assessment of the social and economic impact of the project in the project area, and the country as a whole, where applicable. Currently, attempts are being made to incorporate a built-in baseline data collection system for selected Bank projects as part of

the design at the time of project formulation. This effort is primarily directed toward quantifying socio-economic benefits such as increased levels of education and improved health that may be realized from a project.

The second objective of post-evaluation is referred to as the "management function." This aspect attempts to determine whether the methods and approaches used to attain the objectives were effective. It involves an examination of the Bank's own operating principles and procedures as well as the performance of the Project Authority in implementing the project. The purpose is to learn from the experience so that improvements may be made in the future. It is this phase of post-evaluation that should result in recommendations aimed at increasing the efficiency and effectiveness of the Bank's operations. The soundness and suitability of the original design of the project are also examined, especially in terms of cost-effectiveness. Alternatives may be suggested for consideration in similar Bank-assisted projects in the future.

There are certain difficulties associated with assessing development projects. For instance,

- a project may have many objectives, some of which may be achieved to a greater extent than others;
- the benefits realized from a project may be intangible or not readily quantifiable; and
- the results of a project may be influenced by unanticipated events which are difficult to assess as to their impact on results.

Techniques of post-evaluation

Considering the above, the post-evaluation effort examines the following analytical techniques used during loan appraisal to assess project performance against objectives. The use of a particular technique depends on the nature and type of project and the economic and financial considerations that are relevant to the appraisal.

Economic appraisal

Economic appraisal is based on the desirability of a project from the country's point of view. Economic appraisals of Bank-assisted projects are carried out in terms of a traditional cost-benefit analysis. The economic benefits are

defined mainly in terms of gross domestic product--the impact of the project on goods and services produced or saved in the country. The effect of the project on employment and foreign exchange position is sometimes identified. The projected direct benefits from a project are used to estimate an "economic internal rate of return." Indirect benefits are addressed only in qualitative terms. The project is considered economically viable if the estimated economic rate of return exceeds the return that can be expected from alternative investments.

Financial appraisal

Financial appraisal is done for revenue-earning projects. Most public utilities and industrial projects, and some transportation and agriculture projects, are evaluated on this basis. The estimated rate of return is measured against an appropriate criterion, such as the return of capital employed in projects of a similar nature. If the rate of return is higher than the criterion selected, the project is considered viable.

At one time the Post-Evaluation Unit commented on appraisal techniques in its reports. However, we were told it no longer follows this practice in all cases because the comments may no longer be applicable due to changes in Bank practices. Comments are now included only if they reflect current Bank procedures.

The effect of post-evaluation on Bank practices and procedures

As of January 1, 1978, the Bank's Economic Office had prepared 13 post-evaluation reports of Bank projects, with another 2 under preparation. There were an additional four post-evaluation reports completed by external groups with another four under preparation.

We discussed with Bank officials responsible for appraisal of projects, administration of loans, supervision of project execution, and implementation of technical assistance projects the effect of the post-evaluation process on assessing project effectiveness and socio-economic benefits, and its contribution to improving loan appraisal techniques. We were told by one department head that post-evaluation reports were most useful when subsequently making the same type of loan. In three instances we noted that appraisal reports for subsequent loans to similar projects referred to previous

post-evaluation report recommendations. The appraisal reports commented on the adequacy of the actions taken in response to these recommendations. However, according to this official, there are limits to the usefulness of the reports when a project has been evaluated before it reached complete development. According to this individual, this is particularly true in agriculture projects. He also noted that a comprehensive socio-economic analysis is of use in evaluating agriculture projects, since traditional economic and financial appraisals do not adequately assess the impact of these types of loans.

An additional value of post-evaluations cited by another department head involved with project implementation is that it has strengthened the process of project preparation, because the project managers are more aware of problems that have been noted in past projects. In this sense, they are more alert for the same problems in future projects. Post-evaluation has forced project managers to continuously evaluate themselves.

An official directly responsible for developing plans and procedures for Bank loans, technical assistance, and related operations also commented on the post-evaluation process. We were told that the post-evaluation reports have been of limited value at this point in the evolution of Bank activities because of the limited number of projects reviewed and reports issued. However, it is expected that post-evaluation will play a more significant role in the operations of this department once sectoral reviews and single-country studies are initiated.

CHAPTER 3

PLANS AND PROSPECTS FOR THE FUTURE:

THE REVIEW AND EVALUATION FUNCTION

UNDER A REORGANIZED BANK

In late 1977 the President of the Asian Development Bank announced that a reorganization was under consideration in order to increase the institution's effectiveness because of expected expansion in the Bank's lending activities. At the time of our fieldwork in early 1978 the reorganization was still under study. One aspect under consideration is the degree of independence and scope of the review and evaluation function.

We believe that there is a need for the ADB to have a truly independent and broader approach to the review and evaluation of Bank activities, beyond the present scope of evaluating only completed projects. This reorganization provides a timely opportunity for changes which we believe would bring the review and evaluation system in line with the Auditing and Reporting Standards of the Comptroller General. This would also contribute to meeting the increased requirements for review and evaluation of Bank activities in the years ahead.

The Bank was established in 1966 and made its first loan in 1968. The 1974 proposal for the establishment of a relatively modest program of post-evaluation was in keeping with the time, since relatively few projects were complete and in operation long enough to be studied. Since then the volume of Bank lending and the number of completed projects have increased. As shown in the table on the following page, this expansion is expected to continue.

Asian Development Bank
Project Completion and Lending Activity 1977-1980

<u>Year</u>	<u>Completed projects</u>		<u>Loans</u>			
	<u>By year</u>	<u>Cumulative (note c)</u>	<u>Number</u>		<u>Amount</u>	
			<u>By year</u>	<u>Cumulative (note c)</u>	<u>By year</u>	<u>Cumulative (note c)</u>
						(U.S. \$, millions)
1977						
(note a)	26	90	45	333	\$ 882	\$4,246
1978						
(note b)	48	138	52	385	1,050	5,296
1979						
(note b)	46	184	55	440	1,190	6,486
1980						
(note .b)	30	214	58	498	1,340	7,826

a/ Estimated.

b/ Projected.

c/ Since inception.

INDEPENDENCE OF THE POST-EVALUATION UNIT

It was noted at the time of the formulation of the Bank's post-evaluation system that by a combination of internal and external review--

" * * * the Bank [ADB] can have the benefits [e.g., independence from management] of external post-evaluation of projects as intended by the Group of Controllers in the IDB [Inter-American Development Bank], and yet without the necessity of having any elaborate organization which may not be suitable for the Bank at the present stage."

The Bank's post-evaluation program is still governed by the 1974 document, and the majority of the reports are internally prepared and must first be approved by management before going to the Board.

Systematic review and approval
by the Board of Directors

Members of the Bank's post-evaluation staff have told us that Bank management has maintained a policy of non-interference in their work. However, an effective review and evaluation system should include, in addition to the concept of independence and a direct line of reporting to the Board, a definitive role for the Board in the review and approval of reports, recommendations, and forward work plans of the review group. Presently, forward work plans for internal post-evaluation are approved by management--not the Board of Directors.

Management's proposals to the Board for projects to be externally evaluated contain a list of all projects ready for post-evaluation. However, detailed information is presented only on those projects which management proposes for external evaluation. The role of the Board is confined to the approval of projects to be externally evaluated and to the approval of the choice of external evaluations groups. The Board, therefore, has little basis for making any selection different from that proposed to them.

Both externally and internally prepared reports are circulated to the Board for information only. To date, there has been little or no review or discussion of post-evaluation reports by the Board. However, the Board, through its newly formed Audit Committee, is now taking an increased interest in the audit and post-evaluation activities of the Bank. The Board agreed to establish the Committee in July of 1977. It is composed of three executive directors appointed for 2-year terms by the President of ADB in consultation with the Board. Part of the Committee's terms of reference state that it is "* * *" to satisfy itself that the Bank's internal audit and post-evaluation activities are adequate and efficient."

At the time of our review the Committee was still formulating the role it would play in review and evaluation activities. As such it was not yet prepared to assume administrative control of an independent review and evaluation group. It was still learning about the areas over which it has oversight responsibilities.

According to members of the Committee, its value is in the overall role it has elected to play, i.e., to take a deeper interest in the work of the audit and post-evaluation functions. It has already urged action on the formulation of more systematic followup procedures to post-evaluation reports; the development of project completion reports; consideration of conducting selective project performance audits as well as intensive post-evaluations, and a general review of post-evaluation thus far undertaken by the Bank.

NEED TO BROADEN THE SCOPE OF
REVIEW AND EVALUATION ACTIVITIES

According to the Audit Standards of the Comptroller General an independent review system should provide the governing body, over time, with a program of selective reviews of all major programs and activities of the Bank, including the economy, efficiency, and effectiveness of the administration and implementation of lending actions.

However, post-evaluation by definition focuses only on completed projects. Moreover, the work of the Internal Auditor of the Bank has been limited to reviews of financial controls. As such, there have been no independent reviews of the administration and implementation of lending actions on a current basis.

The considerable period of time between project approval and the issuance of a post-evaluation report weakens the impact on current decisionmaking. Generally, projects are not evaluated until 5 to 8 years after the loans have been approved by the Board. As such the post-evaluation report findings may not present a timely picture of current problems affecting the implementation of Bank-financed projects or may not be relevant to the appraisal and administrative procedures currently followed by the Bank.

The staff of the Office of the Internal Auditor is being enlarged with a view towards increasing the types and number of audits conducted including operational audits of Bank operations. The loan administration function is also being strengthened in order to provide a constant overview and feedback on project implementation.

These, and other actions contemplated under the pending reorganization, are being considered by Bank management in order to achieve a more expeditious implementation of Bank-assisted projects. However, this still does not provide the

Board of Directors with a means to independently assess problems affecting Bank operational practices and procedures.

We understand that the assessment of project impact through post-evaluation is important. It is Bank management's responsibility and prerogative, moreover, to direct the major efforts to improve the Bank's operational efficiency. However, we also believe that independent evaluations of current planning and implementation practices and procedures offer additional assurance to the Board of Directors and, thereby, to member countries that projects are being economically, efficiently, and effectively administered.

Bank management officials in informal discussions with us noted that they wish to take a gradual approach in this area as a means of affording time for a review and for evaluation staff to gain the needed experience in conducting such broader-based reviews.

CONCLUSIONS

The management of ADB has, since the establishment of the post-evaluation system, recognized the merits of independent review. The post-evaluation staff was placed in the Bank's Economic Office, which is separate and distinct from its operating departments. In addition, the principle was adopted that outside groups would also conduct post-evaluations. At that time--1974--few projects had been completed and the establishment of a relatively modest program was in keeping with the time.

We believe this period of reorganization is an appropriate time for the Bank to form a review and evaluation group independent of Bank management that is in line with the Auditing and Reporting Standards recommended by the Comptroller General. This group should be responsible to the Board of Directors and develop a continuous program for selective reviews which would over a period of time cover all major programs and activities of the Bank.

We recognize that the current situation in the Bank makes it advisable to have interim steps towards arriving at a truly independent review and evaluation group. The Audit Committee of the Board of Directors is newly established and is not now in a position to assume administrative control of the review and evaluation group. We also recognize that a reasonable period of time is required for persons assigned to the review and evaluation group to gain experience

necessary to perform these broader-based reviews. Consequently, we believe that the review and evaluation group should temporarily be placed under a Vice President in charge of the non-operational departments or under the President of ADB for administrative purposes until the Audit Committee and the review and evaluation group are in a position to assume these additional responsibilities.

RECOMMENDATIONS

We therefore recommend that the Secretary of the Treasury instruct the U.S. Executive Director to suggest to Bank management the need to set a timetable for the formulation of a truly independent review and evaluation group. This group would perform selective reviews of all major programs and activities of the Bank. Until such a group can be formed and placed under the Board of Directors, interim measures should be taken to have the group placed for administrative purposes under the President of ADB or under the Vice President in charge of the non-operational departments. We believe that a reasonable interim period should be no longer than 2 years.

AGENCY COMMENTS

The Department of the Treasury advised us that it found our review of the evaluation of ADB's post-evaluation and audit activities very useful and observed that both the merits and shortcomings of the system as it presently exists are clearly set forth. Treasury concurred in our recommendation and advised us that the U.S. Executive Director, during discussions of the reorganization plan, has already expressed views supporting the objectives of our recommendations.

CHAPTER 4

OPPORTUNITIES FOR FURTHER IMPROVEMENT

OF THE ADB INDEPENDENT REVIEW

AND EVALUATION PROCESS

Our review of the reports issued by the Post-Evaluation Unit showed that they have generally met the reporting standards suggested by the Comptroller General. Our review also showed that the majority of the recommendations made in the reports have been carried out. In our opinion, this is considerable progress for a system which was first proposed in 1974. However, we believe that special attention should be given to improvement in the areas of followup procedures, report format, and time-phased planning.

FOLLOWUP PROCEDURES

Reporting standards issued by the Comptroller General suggest that

"Followup reporting should be made to the Board of Directors and through it to the Board of Governors on corrective actions taken by Bank management on all report recommendations accepted by the Board of Directors."

We found that the Asian Development Bank needs an effective system to track action taken in response to recommendations made in the post-evaluation reports. The number of followup reports has been limited and the Board of Directors has not been adequately informed of corrective action taken in response to the recommendations.

We discussed with appropriate responsible officials the extent to which recommendations had been taken up by each activity. As of the date of our review, 17 post-evaluation reports have been circulated to the Board. We found that the 17 reports contained a total of 123 recommendations. Of the recommendations, 96 had been carried out. We were told that most of the recommendations not carried out were unacceptable to responsible officials within the Bank, the host government, or the executing agency. We believe that it is important for the Board of Directors to be informed of these results.

The Bank's present followup system does not assign responsibility for monitoring the implementation of post-evaluation recommendations to a specific activity within the Bank. An ADB official stated that a system has evolved whereby some interested individuals have taken the initiative to follow up on recommendations they consider significant. However, this is limited to the availability of the staff member's time and the amount of cooperation given by the borrower or executing agency. This approach has a major shortcoming, because recommendations that the concerned individual does not consider acceptable or significant may be ignored. Followup by the Post-Evaluation Unit has also been incomplete. This is usually limited to report recommendations in which individuals involved with the post-evaluation have a direct interest.

Bank procedures do require followup action. Appraisal reports for follow-on loans to previous Bank-financed projects must address the status of previous recommendations if the project was post-evaluated. We were informed that this procedure has helped in getting recommendations implemented. Also, there are provisions for followup reporting to the Board. However, only three reports on followup of the post-evaluation reports have been completed. The main reason for this has been the lack of response from some of the governments and project authorities to whom the post-evaluation reports have been referred for comment. The Audit Committee of the Board of Directors has recently expressed interest in this area and suggested that if a particular government or project authority does not respond within a reasonable time, the Bank should form its own conclusions for followup action.

REPORT FORMAT

As previously mentioned, most of the reporting standards were met. As may be expected, individual reports varied in clarity and conciseness. In many reports it was difficult to interrelate conclusions, findings, and recommendations. This may be due to the highly technical nature of the subject matter.

We believe that an executive brief at the beginning of each report would increase its usefulness. It should include limited information on the background of the project and sufficient information about findings, conclusions, and recommendations to allow an adequate understanding and proper perspective of the matters being discussed.

Both management and the professional staff of the Bank agreed that an executive brief would increase the utility of the post-evaluation reports.

TIME-PHASED PLAN FOR POST-EVALUATION

The degree to which the Post-Evaluation Unit can contribute toward attaining the Bank's overall objectives depends on how well it can react to changes in the volume and direction of Bank lending activities and the increasing rate of project completions. The productivity of the Post-Evaluation Unit will be determined by how well the size and composition of the staff keep pace with these changes. Basic to this relationship is a time-phased plan for both programming of work and staffing and the future use of external groups in response to post-evaluation requirements.

At present, there is no time-phased plan relating completed projects or projects planned to be completed with the capabilities of the Post-Evaluation Unit to review the projects. In the past, projects have been intensely evaluated. However, as the number of completed projects increases, it will be more difficult to provide the same degree of coverage.

The value of single-country studies and sectoral reviews has been recognized for several years. This approach to post-evaluation has not taken place because there has not been a sufficient number of projects completed in a sector or country. However, there has not been a determination as to what a significant number of projects represents, nor when this level will be reached, nor how the single-country studies and sectoral reviews will affect the mix of staff capabilities needed in the Post-Evaluation Unit. We believe the time-phased plan should address these areas.

EXTERNAL POST-EVALUATION GROUPS

In addition to post-evaluations conducted by Bank staff, the Bank contracts with reputable academic or other nonprofit organizations to conduct fully independent external post-evaluation studies. In selecting a particular agency, the Bank considers the agency's ability to

- address whether or not Bank activities attain the intended financial and economic development objectives in an economic, efficient, and effective manner;
- assess the contribution of Bank projects to countries' social and economic progress in the project area to

help assess the Bank's effectiveness as a development institution; and

- acquire and promote knowledge of the processes of socio-economic development and the assessment of project impact in developing countries.

According to the procedure outlined in the Bank's 1974 Action Program, after the external post-evaluation team has been engaged it begins by studying the background of the project and the country. A proposal of study is submitted to management for approval and arrangements are made for further research, study, and field visits. The external evaluation team should then discuss the draft report with all parties concerned with the project. The Chairman of the Board of Directors forwards the final report to the other members of the Board and management, who in turn submit it for comment to the executing agency, the borrower, and the Bank staff. Comments and recommendations then are submitted to the Board.

Our review of the external post-evaluation reports shows that, prior to field visits, two of the four teams spent only 3 days at the Bank to become familiar with Bank policies, review documents related to the project, and discuss the project with the Bank staff. After the field visits one team was not brought back to the Bank at all to discuss its findings with the Bank staff. This may indicate that external evaluation groups are not gaining a sufficient background or understanding of Bank policies and procedures concerning projects they review.

We spoke with members of the Bank's professional staff about external post-evaluations. Several agreed that the approach is valuable in that it provides an independent evaluation and exposes them to new techniques of project review. However, they also commented that external post-evaluation teams

- occasionally tend to place too much emphasis on the socio-economic aspects of a project;
- overemphasize a particular weakness in an area;
- generally do not spend sufficient time becoming familiar with Bank procedures; and
- do not always discuss findings with people directly involved in the project.

We also spoke with members of one of the external post-evaluation teams. They commented that the Bank did not provide enough time to become adequately prepared in the background of the project they evaluated. Therefore, much of the time during the field visit was spent collecting basic data at the expense of analyzing the information. The team agreed that a more thorough analysis of the project would have been possible if

--the Bank and executing agency had provided more background information,

--more time had been allowed by the Bank for the team to prepare and discuss the project before doing the fieldwork, and

--more time had been allowed for the field visit.

However, they also noted that they did have adequate information on the Bank's operating and appraisal procedures and were allowed sufficient time to obtain comments from the cognizant Bank staff and the executing agency.

The Audit Committee expressed the opinion that it would be a proper function of the Committee to decide which projects would be externally or internally evaluated rather than have Bank management decide. At least, the Committee should be informed in advance of the selection and the reason a particular project should be evaluated. It also expressed concern that as more projects become candidates for evaluation, the Bank may have difficulty in identifying groups qualified to do the external studies.

In reference to the issue cited of inadequate exchange of information, the Committee expressed the opinion that this problem should be alleviated once project completion reports become a standard procedure of the Bank.

Both the management of the Bank and the professional staff responsible for post-evaluation generally agreed with our observations as they apply to external teams. However, they also commented that most of their experience has been with academic groups. Because of other commitments, it is sometimes difficult to get these individuals to spend sufficient time at the Bank before and after field visits. Bank officials are now making provisions in the budget for the external groups for the team leader to return to the Bank after the field visit.

PROPOSED BANK ACTIONS

The U.S. Director and the management of the Bank and the professional staff generally agree with the issues raised during this review. They are either taking action or plan to take action on many of the points discussed below.

Followup procedures

The Audit Committee of the Board of Directors has recognized that followup reporting on post-evaluation recommendations is an area where the Bank's activities can be usefully strengthened. Furthermore, to derive the best possible benefit from post-evaluation activities and insure that the objectives are realized, followup procedures should not stop with the circulation of followup reports.

The Committee suggested a systematic, coordinated procedure for communicating the conclusions drawn from the post-evaluation studies, with appropriate implementing instructions, to all concerned staff and for seeing that such instructions are indeed followed by the staff, as appropriate, in the Bank's subsequent operations.

Management has recognized the lack of adequate followup procedures. The Economic Office has been given the responsibility of monitoring the status of all post-evaluation report recommendations.

Report format

It was agreed that the usefulness of the post-evaluation reports would be increased with the adoption of an executive brief. Also, it would be helpful if the conclusions and recommendations were clearly identified. This will be done in future reports.

Time-phased plan

It is generally recognized by the Bank that there is a need for a time-phased plan as it relates to the scope and staffing of post-evaluation activities.

CONCLUSIONS

Bank management and the Audit Committee have recognized the need for improvements in the procedures for review and evaluation activities, including

- strengthening followup procedures on report recommendations,
- adopting a more simplified report format, and
- developing a time-phased plan relating review and evaluation plans to the goals and composition of Bank lending activities.



DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

AUG 21 1978

Dear Mr. Fasick:

On behalf of the Secretary, I wish to thank you for the opportunity of commenting on the draft GAO report entitled "Opportunities to Strengthen Independent Review and Evaluation at the Asian Development Bank" (ADB). Treasury staff have reviewed this draft and discussed it informally with your office. In addition, cabled comments have been received from the U.S. Executive Director's (USED) office in Manila.

I find very useful the GAO's review of the evolution of the ADB's post-evaluation and audit activities. Both the merits and shortcomings of the system as it presently exists are clearly set forth.

The GAO makes one basic recommendation to the effect that the ADB move toward the establishment of a truly independent evaluation unit eventually reporting directly to the Board. It recognizes, however, that the Bank is relatively new and also that it presently is undergoing a reorganization that includes moves now toward greater independence of the evaluation unit as presently constituted, and the report accepts these interim measures. It nevertheless recommends that a definite time schedule be adopted by the Bank and suggests two years for the achievement of the ultimate goal.

I concur in this recommendation and wish to advise you that the USED, during discussions of the reorganization plan, has already expressed views supporting the objectives of the GAO's recommendation.

I find particularly pertinent the GAO's exposition of the steps the Bank has taken to ensure that the results and conclusions of individual evaluation reports are put to use by its operating staff in its on-going work of developing and appraising new projects.

The report contains several conclusions, in addition to the recommendation, which the GAO has discussed with Bank staff and on which basic agreement has been reached.

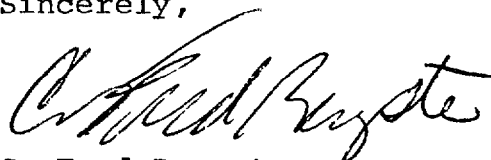
For example, at present the Board has the opportunity of examining in detail and approving only those proposals for project evaluations to be conducted by external contractors. The GAO suggests that the Board be given the responsibility of reviewing all evaluation proposals, both external and internal.

The report also stresses the need for more thorough procedures for following up on the conclusions and recommendations which emerge from individual evaluation reports.

It is also pointed out that, till now, only project evaluations have been conducted and that, if the Comptroller General's work plan for the evaluation of the activities of banks such as the ADB is to be carried out, there should be evaluations of all phases of their internal operating procedures.

I concur in these conclusions and note with satisfaction that the Bank has recently established an Audit Committee composed of three members of the Board which is addressing these questions and developing ways in which it can, on behalf of the Board, effectively bring about further improvements in present procedures.

Sincerely,



C. Fred Bergsten

Mr. J. K. Fasick
Director
International Division
General Accounting Office
Washington, D.C. 20548

RESOURCES OF THE ASIAN DEVELOPMENT BANK
(As of January 1, 1978)

<u>Resources</u>	<u>Amount</u>
	(U.S. \$, millions)
Ordinary capital:	
Authorized capital	\$8,710.5
Subscribed capital	6,960.9
Capital paid in (subscription installments matured)	1,118.4
Total borrowings outstanding	1,204.8
Ordinary reserve	142.2
Special funds:	
Multipurpose special funds	7.4
Asian development funds	1,248.4
Technical Assistance Special Fund (note a)	16.1

a/There is \$31.1 million committed to this fund, of which \$15.0 million has been utilized.

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

31 MARCH 1978

(Expressed in U.S. dollars)

Members	Subscribed			Par value of callable shares Subject to call	Par value of paid-in shares		Voting power		
	Shares	Percent of total	Par value		Sub- scription not due	Install- ments matured	Number of votes	Percent of total	Percent of regional
Regional:									
Afghanistan	1,195	0.194	\$ 14,415,882	\$ 9,807,625	\$ -	\$ 4,608,257	4,776	0.620	0.884
Australia	49,937	8.106	602,414,999	485,773,018	25,957,636	90,684,345	53,518	6.950	9.904
Bangladesh	8,812	1.430	106,303,562	85,723,231	4,578,098	16,002,233	12,393	1.609	2.294
Burma	4,700	0.763	56,698,450	45,720,665	3,257,145	7,720,640	8,281	1.075	1.533
Cambodia	875	0.142	10,555,563	7,177,783	-	3,377,780	4,456	0.579	0.825
China, Re- public of	9,400	1.526	113,396,900	91,441,330	4,885,717	17,069,853	12,981	1.686	2.402
Cook Islands (note a)	10	0.002	120,635	84,445	18,095	18,095	3,591	0.466	0.665
Fiji	587	0.095	7,081,275	5,706,036	307,619	1,067,620	4,168	0.541	0.771
Gilbert Islands (note a)	15	0.002	180,952	120,635	-	60,317	3,596	0.467	0.665
Hong Kong	4,700	0.763	56,698,450	45,720,665	2,442,859	8,534,926	8,281	1.075	1.533
India	54,637	8.868	659,113,449	531,493,683	28,400,495	99,219,271	58,218	7.560	10.774
Indonesia	47,000	7.629	566,984,500	457,206,650	37,698,437	72,079,413	50,581	6.569	9.361
Japan	117,500	19.072	1,417,461,250	1,143,016,625	61,071,469	213,373,156	121,081	15.724	22.408
Korea, Re- public of	43,475	7.057	524,460,662	422,922,183	29,347,480	72,190,999	47,056	6.111	8.709
Laos	246	0.040	2,967,621	2,388,573	126,667	452,381	3,827	0.497	0.708
Malaysia	23,500	3.814	283,492,250	228,603,325	17,039,694	37,849,231	27,081	3.517	5.012
Maldives	35	0.006	422,223	337,778	63,334	21,111	3,616	0.470	0.669
Nepal	1,269	0.206	15,308,582	12,340,961	660,477	2,307,144	4,850	0.630	0.898
New Zealand (note a)	5,640	0.915	68,038,140	46,263,522	-	21,774,618	9,221	1.198	1.707
Pakistan	18,800	3.051	226,793,800	182,882,660	9,771,435	34,139,705	22,381	2.906	4.142
Papua New Guinea	810	0.131	9,771,435	7,889,529	416,191	1,465,715	4,391	0.570	0.813
Philippines	20,562	3.337	248,049,687	200,024,894	10,685,245	37,339,548	24,143	3.135	4.468
Singapore	2,937	0.477	35,430,500	28,566,368	1,529,049	5,335,083	6,518	0.846	1.206
Solomon Islands	58	0.009	699,683	566,984	27,142	105,557	3,639	0.473	0.673
Sri Lanka	5,005	0.812	60,377,817	48,688,286	2,596,668	9,092,863	8,586	1.115	1.589
Thailand	11,750	1.907	141,746,125	114,301,662	6,107,147	21,337,316	15,331	1.991	2.837
Tonga (notes a,b)	15	0.002	180,952	120,635	-	60,317	3,596	0.467	0.665
Viet Nam (notes a,c)	3,000	0.487	36,190,500	24,609,540	-	11,580,960	6,581	0.855	1.218
Western Samoa (note a)	25	0.004	301,588	205,080	43,228	53,280	3,606	0.468	0.667
Total regional	<u>436,495</u>	<u>70.847</u>	<u>\$5,265,657,432</u>	<u>\$4,229,704,371</u>	<u>\$247,031,327</u>	<u>\$788,921,734</u>	<u>540,344</u>	<u>70.170</u>	<u>100.000</u>

APPENDIX II

APPENDIX II

Members	Subscribed		Par value of callable shares Subject to call	Par value of paid-in shares		Voting power			
	Shares	Percent of total		Sub- scription not due	Install- ments matured	Number of votes	Percent of total	Percent of non- regional	
Non-regional:									
Austria	2,937	0.477	\$ 35,430,500	\$ 28,566,368	\$ 1,529,049	\$ 5,335,083	6,518	0.846	2.837
Belgium (note a)	1,250	0.203	15,079,375	10,253,975	-	4,825,400	4,831	0.627	2.103
Canada (notes a,b)	19,210	3.118	231,739,835	157,585,500	25,013,667	49,140,668	22,791	2.960	9.921
Denmark	2,937	0.477	35,430,500	28,566,368	1,529,049	5,335,083	6,518	0.846	2.837
Finland	1,175	0.191	14,174,612	10,350,483	687,016	3,137,113	4,756	0.618	2.071
France	14,687	2.384	177,176,624	142,868,030	7,636,195	26,672,399	18,268	2.372	7.952
Germany, Federal Republic of	37,334	6.060	450,378,709	363,171,668	37,547,644	49,659,397	40,915	5.313	17.811
Italy (note a)	5,000	0.812	60,317,500	41,015,900	-	19,301,600	8,581	1.114	3.735
Netherlands	6,462	1.049	77,954,337	62,862,898	3,356,669	11,734,770	10,043	1.304	4.372
Norway	2,937	0.477	35,430,500	28,566,368	1,529,049	5,335,083	6,518	0.846	2.837
Sweden	1,175	0.191	14,174,612	10,350,483	606,190	3,217,939	4,756	0.618	2.071
Switzerland (note a)	2,937	0.477	35,430,500	28,566,368	2,038,732	4,825,400	6,518	0.846	2.837
United Kingdom	17,625	2.861	212,619,187	171,458,525	9,156,196	32,004,466	21,206	2.754	9.231
United States (note d)	<u>63,924</u>	<u>10.376</u>	<u>771,147,174</u>	<u>561,338,782</u>	<u>-</u>	<u>209,808,392</u>	<u>67,505</u>	<u>8.766</u>	<u>29.385</u>
Total non- regional	<u>179,590</u>	<u>29.153</u>	<u>\$2,166,483,965</u>	<u>\$1,645,521,716</u>	<u>\$ 90,629,456</u>	<u>\$ 430,332,793</u>	<u>229,724</u>	<u>29.830</u>	<u>100.000</u>
Grand total	<u>616,085</u>	<u>100.000</u>	<u>\$7,432,141,397</u>	<u>\$5,875,226,087</u>	<u>\$337,660,783</u>	<u>\$1,219,254,527</u>	<u>770,068</u>	<u>100.000</u>	

a/As of March 31, 1978, these members have not yet subscribed to the additional shares under the second general capital increase in capital stock authorized by Resolution No. 104 of the Board of Governors. Such additional shares are equal to 135 percent of each such member's existing subscribed shares.

b/Subsequent to the date of this statement, Canada and Tonga have subscribed to 25,933 shares and 20 shares, respectively, under the second general capital increase while Switzerland has subscribed to a special capital increase of 1,100 shares.

c/Since July 2, 1976, the Socialist Republic of Viet Nam has been substituted for the former Republic of South Vietnam as a member.

d/As of March 31, 1978, the United States has subscribed to 13,924 shares out of the 67,500 shares to which it is entitled to subscribe under Resolution No. 104 of the Board of Governors.

STATEMENT OF BORROWING BY SOURCE (AS OF JANUARY 1, 1978) (note a)

Sources	No. of borrowings		Amount		Total
			In currency of borrowing	Dollar equivalent (note b)	
Austria	2	AS	280,000,000	\$ 11,060,606	\$ -
Austria	1	\$	10,525,734	10,525,734	21,586,340
Belgium	1	BF	400,000,000	8,000,000	8,000,000
Germany, Fed. Rep. of	6	DM	460,000,000	187,856,030	187,856,030
Italy	1	Lit	10,000,000,000	17,196,905	17,196,905
Japan	6	Yen	<u>c/78,500,000,000</u>	253,848,011	253,848,011
Kuwait	1	KD	5,000,000	16,888,868	16,888,868
Luxembourg	1	Lux F	400,000,000	8,925,404	8,925,404
Netherlands	4	f	225,000,000	89,499,925	89,499,925
Saudi Arabia	1	SRls.	50,000,000	14,388,489	-
Saudi Arabia	1	SwF	50,000,000	32,401,782	46,790,271
Switzerland	4	SwF	190,000,000	68,913,418	68,913,418
United Arab Emirates	1	\$	10,000,000	10,000,000	10,000,000
U.S.	5	\$	300,000,000	300,000,000	300,000,000
Central banks/ monetary authority of member coun- tries	<u>5</u>	\$	230,000,000	<u>230,000,000</u>	<u>230,000,000</u>
Total	<u>40</u>			<u>\$1,259,505,172</u>	<u>\$1,259,505,172</u>

a/Gross borrowings including redemptions made.

b/Dollar equivalents of borrowings are based on the exchange rates prevailing at the end of the year of issue, i.e., equivalents shown in the respective Annual Reports of the Bank.

c/Includes a loan from Bank of Japan of Y30 billion contracted for in April 1975 of which the unwithdrawn amount was cancelled on 12 April 1977.

PROJECTS RECEIVING ADB LOANS AND
TECHNICAL ASSISTANCE AS OF JANUARY 1, 1978

<u>Sector</u>	<u>Number of projects</u>			<u>Amount</u>		
	<u>Conven- tional and conces- sional loans</u>	<u>Techn- ical assis- tance</u>	<u>Total</u>	<u>Conven- tional and conces- sional loans</u>	<u>Techn- ical assis- tance</u>	<u>Total</u>
	(U.S.\$, millions)					
Agriculture and Agro- industry	92	105	197	\$1,049.5	\$16.8	\$1,066.3
Industry (including Development Banks)	56	28	84	910.1	3.5	913.6
Power	66	25	91	994.4	4.5	998.9
Water supply and urban development	27	14	41	440.0	2.8	442.8
Transporta- tion and communica- tions	62	35	97	804.2	6.1	810.3
Education	6	7	13	47.8	0.9	48.7
Other	0	6	6	0	0.9	0.9
Total	<u>309</u>	<u>220</u>	<u>529</u>	<u>\$4,246.0</u>	<u>\$35.5</u>	<u>\$4,281.5</u>

SECTORAL AND SUB-SECTORAL CLASSIFICATION OF LENDING ACTIVITIES
(As of 1 January 1978)

<u>SECTOR/SUB-SECTOR</u>	<u>NO. OF PROJECTS</u>	<u>AMOUNT</u>	<u>PERCENT</u>
		(US\$, Millions)	
I. AGRICULTURE AND AGRO-INDUSTRY			
a) Irrigation and Rural Development	45	\$ 568.073	13.38
b) Fisheries	15	146.830	3.46
c) Agricultural Credit	6	26.930	0.63
d) Livestock	2	3.900	0.09
e) Seed Production	2	23.550	0.55
f) Forestry	2	30.000	0.71
g) Fertilizer	7	155.200	3.66
h) Agro-Processing	<u>13</u>	<u>94.970</u>	<u>2.24</u>
	<u>92</u>	<u>1,049.453</u>	<u>24.72</u>
II. INDUSTRY (Other than Agro-industry) including Development Banks			
a) Industry	17	225.490	5.31
b) Development Banks	<u>39</u>	<u>684.600</u>	<u>16.12</u>
	<u>56</u>	<u>910.090</u>	<u>21.43</u>
III. POWER			
a) Electric Power	63	929.038	21.88
b) Gas	<u>3</u>	<u>65.370</u>	<u>1.54</u>
	<u>66</u>	<u>994.408</u>	<u>23.42</u>
IV. WATER SUPPLY & URBAN DEVELOPMENT			
a) Water Supply & Sewerage	25	418.360	9.85
b) Urban Development	<u>2</u>	<u>21.650</u>	<u>0.51</u>
	<u>27</u>	<u>440.010</u>	<u>10.36</u>
V. TRANSPORT AND COMMUNICATIONS			
a) Roads	29	459.310	10.82
b) Ports	19	202.480	4.77
c) Airports	7	79.965	1.88
d) Railways	2	47.200	1.11
e) Telecommunications	<u>5</u>	<u>15.200</u>	<u>0.36</u>
	<u>62</u>	<u>804.155</u>	<u>18.94</u>
VI. EDUCATION	<u>6</u>	<u>47.800</u>	<u>1.13</u>
Total	<u>309</u>	<u>\$4,245.916</u>	<u>100.00</u>

SECTORAL AND SUB-SECTORAL CLASSIFICATION OF
TECHNICAL ASSISTANCE ACTIVITIES
 (As of 1 January 1978)

<u>SECTOR/SUB-SECTOR</u>	<u>NO. OF PROJECTS</u>	<u>AMOUNT IN US\$</u>	<u>PERCENT</u>
I. AGRICULTURE AND AGRO-INDUSTRY			
a) Irrigation and Rural Development	58	\$10,717,318	30.24
b) Fisheries	8	1,036,000	2.92
c) Agricultural Credit	12	1,451,000	4.10
d) Livestock	4	295,600	0.83
e) Seed Production	3	1,055,500	2.98
f) Forestry	6	518,700	1.46
g) Fertilizer	1	165,000	0.47
h) Agro-Processing	<u>13</u>	<u>1,551,200</u>	<u>4.38</u>
	<u>105</u>	<u>16,790,318</u>	<u>47.38</u>
II. INDUSTRY (Other than Agro-industry) including Development Banks			
a) Industry	7	821,300	2.32
b) Development Banks	<u>21</u>	<u>2,627,600</u>	<u>7.41</u>
	<u>28</u>	<u>3,448,900</u>	<u>9.73</u>
III. POWER			
a) Electric Power	24	4,304,500	12.15
b) Gas	<u>1</u>	<u>200,000</u>	<u>0.56</u>
	<u>25</u>	<u>4,504,500</u>	<u>12.71</u>
IV. WATER SUPPLY & URBAN DEVELOPMENT			
a) Water Supply & Sewerage	13	2,735,500	7.72
b) Urban Development	<u>1</u>	<u>100,000</u>	<u>0.28</u>
	<u>14</u>	<u>2,835,500</u>	<u>8.00</u>
V. TRANSPORT AND COMMUNICATIONS			
a) Roads	14	2,061,300	5.81
b) Ports	14	2,423,000	6.84
c) Airports	4	716,000	2.02
d) Railways	3	899,500	2.54
e) Telecommunications	-	-	-
	<u>35</u>	<u>6,099,800</u>	<u>17.21</u>
VI. EDUCATION			
	<u>7</u>	<u>910,000</u>	<u>2.57</u>
VII. OTHERS			
	<u>6</u>	<u>850,700</u>	<u>2.40</u>
Total	<u>220</u>	<u>\$35,439,718</u>	<u>100.00</u>

LOAN APPROVALS BY SECTOR AND SOURCE OF FUNDS
(From January 1968 to 1 January 1978)

<u>SECTOR</u>	<u>ORDINARY CAPITAL RESOURCES</u>		<u>SPECIAL FUNDS RESOURCES</u>		<u>TOTAL</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
				(US\$, Millions)		
Agriculture & Agro-Industry	36	\$479.945	65	\$ 571.758	101	\$1,051.703
Industry (including Development Banks)	46	795.470	11	112.370	57	907.840
Power	44	769.068	29	225.340	73	994.408
Water Supply & Urban Development	22	335.860	7	104.150	29	440.010
Transport & Communications	44	665.290	22	138.865	66	804.155
Education	<u>3</u>	<u>33.800</u>	<u>4</u>	<u>14.000</u>	<u>7</u>	<u>47.800</u>
	<u>195</u>	<u>\$3,079.433</u>	<u>138</u>	<u>\$1,166.483</u>	<u>333</u>	<u>\$4,245.916</u>

REGIONAL ACTIVITIES BY SECTOR (note a)

<u>Sector</u>	<u>No. of projects</u>	<u>Amount</u>
Agriculture (other than agro-industry)	13	\$2,655,000
Agro-industry	1	50,000
Industry (other than agro-industry) including development banks	11	859,270
Power	1	(b)
Water supply and urban development	1	22,000
Transport and communications	6	3,178,500
Others	<u>10</u>	<u>580,000</u>
Total	<u>43</u>	<u>\$7,344,770</u>

a/Includes surveys, conferences, seminars, evaluation and feasibility studies, research projects, training courses, regional workshops, outreach programs, etc.

b/The Bank has agreed to assist in the mobilization of bilateral contributions and implementation of the Nam Ngum Hydropower Project in Laos (Phase II), which will increase the generation capacity of Phase I and enable the Lao People's Democratic Republic to earn significant amounts of foreign exchange through sales of power to Thailand.

ASIAN DEVELOPMENT BANK
POST-EVALUATION REPORTS

<u>Title</u>	<u>Date</u>
<u>Internal</u>	
Post-Evaluation of First Tea Factory Modernization Project in Sri Lanka	Sept. 1973
Post-Evaluation of the Seoul-Incheon Expressway Project in the Republic of Korea	Feb. 1974
Post-Evaluation of the First Loan to Industrial Finance Corporation of Thailand	Aug. 1974
Post-Evaluation of the Tajum Irrigation Project in the Republic of Indonesia	Sept. 1974
Post-Evaluation of the Faleolo Airport and Road Project in Western Samoa	July 1975
Post-Evaluation of the First Sarawak Electricity Supply Project in Malaysia	Sept. 1975
Post-Evaluation of the First Loan to the Development Bank of Singapore Limited	Dec. 1975
Post-Evaluation of the First Loan to the Private Development Corporation of the Philippines	Dec. 1975
Post-Evaluation of the Water Supply Project in Singapore	Dec. 1976
Post-Evaluation of the Bukit Mendi and Bukit Goh Palm Oil Mills Project in Malaysia	Dec. 1976
Post-Evaluation of the Caprolactam Project in the Republic of Korea	Mar. 1977
Post-Evaluation of the Fisheries Development Project in Pakistan	Sept. 1977
Post-Evaluation of the Agriculture Credit Project in Nepal	Oct. 1977

<u>Title</u>	<u>Date</u>
<u>Internal</u>	
Post-Evaluation of the Kuching Port Expansion Project in Malaysia	To be released in Feb. 1978
Post-Evaluation of the Power Development Project in Fiji	To be finalized in Feb. 1978
<u>External</u>	
Post-Evaluation of the First Loan to Medium Industry Bank in the Republic of Korea	Feb. 1976
Post-Evaluation of Sawit Sebarang Oil Palm Estate Project in Indonesia	June 1976
Post-Evaluation of the Penang Water Supply Project in Malaysia	Dec. 1976
Post-Evaluation of the Catubato Irrigation in the Philippines	Dec. 1976
Post-Evaluation of the Industrial Development Bank of Pakistan	Draft report received by ADB. Expected to be released Mar.-Apr. 1978
Post-Evaluation of the Riau Fisheries Project in Indonesia	Field work to start May 1978
Post-Evaluation of the Fisheries Development Project in the Republic of Korea	Team to be selected
Post-Evaluation of the West Zone Power Project in Bangladesh	Team to be selected

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