

9 July 2013

BO SUNDSTROM

Head of the Regional Development Banks Team
Department for International Development
London

Dear Mr. Sundstrom,

Thank you for sharing the final report on the findings of DFID's Multilateral Aid Review (MAR) Update 2013 for the Asian Development Fund (ADF). We are happy to see that the assessment recognized ADB's progress in addressing the priority areas identified by DFID—attention to cross-cutting issues on gender and climate change; contribution to results; strategic performance management; and cost and value consciousness. In general, we agree with the assessment and find that it has reflected the inputs that ADB has provided to your Team for this review. As you know, we value exercises like this for validating our internal performance assessment processes and providing us with opportunities for reflection and learning. In this regard, we have some comments and suggestions on the report.

In "Strategic performance and management", we are unsure of the basis for the statements in paragraph 48: "On the other hand, other DFID country offices indicate poor or delayed evaluations of staff performance, with little done to challenge inadequacies found." The staff performance review for confirmed staff is done annually prior to the award of salary increases and is structured around 6 and 12 months for probationary staff. We are not aware of any "poor or delayed evaluation of staff performance." Could the evidence behind this statement be clarified?

In the summary text for the component "Contribution to results" we would like to correct the statement "Efforts made to redress falling project performance yet to bear fruit." As per the data published in the 2012 Development Effectiveness Review Report, project success rates have been rising over the past few years, although they remain below the desired target levels.

In the future, DFID may want to consider introducing an "on-track" rating that assesses progress on required reform actions, similar to the approach which ADB adopted in its Corporate Scorecard. The MAR progress rating focuses on the final *results* achieved in reform areas, rather than on progress made in undertaking reform *actions*. At the same time, the MAR recognizes that it can take a long time to achieve the final *results* and, consequently, it is unlikely that progress will happen within the 18 months elapsed since the 2011 MAR. Given this expectation, the use of "on-track" rating would be particularly useful in reform areas where there is a long time lag between *actions* and *results*. For example, the MAR Update rating for the "cost and value consciousness" component is "some progress—reforms achieved to date weakly addresses reform priorities and don't fully meet expectations". At the same time, the report (paragraphs 26-35) acknowledges a significant number of specific measures taken during the review period to promote cost and value consciousness, as well as gains achieved in cost effectiveness (paragraph 26). We feel that separating the rating for the final *result*, from the

progress being made on reform *actions* to achieve the long-term *result*, would increase the value of the periodic rating for the report's readers.

We hope you find these comments and suggestions useful. We would also like to take this opportunity to thank you and your colleagues for the highly consultative process undertaken by DFID for this review.

Sincerely,

Kazu Sakai
Director General
Strategy and Policy Department