

**ENHANCING  
COUNTRY STRATEGY AND  
PROGRAM AND BUSINESS  
PROCESSES**

**Orientation Program for DMC  
Officials**

Strategy and Policy Department

5 September 2006

**ADB**

# Introduction

- In January 2002, Country Strategies and Programs were introduced to replace the previous Country Operational Strategies and Country Assistance Plans.
- In August 2006, certain modifications were proposed to enhance country strategy and program formulation and project processing.

# Presentation Outline

- I. Major stages in country strategy and program preparation and project processing (as introduced in 2002)
- II. Key changes to 2002 processes
- III. Objectives of enhancing CSP
- IV. Developing country strategy and business plan
- V. Modifications to project processing
- VI. Monitoring and evaluation
- VII. Disclosure and effectivity

## I (a). Major stages in CSP preparation (as of 2002)

- Pre-CSP analyses and assessments (macroeconomic, poverty, thematic, sector, and co-financing)
- CSP preparation
  - Stock-taking (rationale, status, CT and TOR, decision)
  - Updating pre-CSP analyses and assessments
  - CSP Initiating paper (CIP) preparation
  - Initial consultation on draft CIP with stakeholders
  - CSP initiating meeting
  - CSP mission (consultation; agreement on sectors/themes; co-financing; etc.)
- CSP finalization
  - Management review meeting (MRM)
  - CSP confirmation with the government including clearance for publication
  - Approval by Management and endorsement by the Board
  - CSP publication
- CSP is subject to annual updates

## I (a). Major stages in project processing

- Project identification – inclusion in CSP/CSP Update with a concept paper normally attached to these documents
- Project preparatory technical assistance (PPTA)
- Loan processing (MRM, appraisal, Staff review committee)
- Loan negotiations
- Approval by the Board

## II. Key changes to 2002 processes

- Emphasizing country development context and renaming CSP into Country Partnership Strategies (CPS) to ensure better country ownership
- Ensuring results orientation of CPS
- CPS as an integrated business platform
- Replacing CSP updates with a CPS mid-term review and introducing indicative country operations rolling business plans
- Subjecting project concept papers to management review to improve quality at entry and introducing project categorization to better define quality assurance entry points

### III. Objectives of Enhancing CSP

To make ADB programming more responsive, relevant and results-oriented, proposed changes target:

- *strategic clarity* at the country level, *sector focus* and *selectivity* in pipelines;
- *results-orientation*;
- operational *quality* at entry; and
- overall *efficiency improvement*.

## IV. Developing country strategy and business plan

1. Emphasizing country development context and ensuring strategic clarity
2. Mainstreaming results-based strategies
3. Enabling more rational approach to formulation of country strategy and operations program
4. Ensuring an integrated business platform approach to country strategy

## IV.1. Emphasizing country development context and ensuring strategic clarity

- Emphasizing country development context
  - Highlighting partnership in relations with DMCs to enhance country ownership. CSPs are renamed into Country Partnership Strategies.
  - Tailoring a strategy to country development needs

## IV.1. Emphasizing country development context and ensuring strategic clarity (cont.)

- Ensuring strategic clarity
  - Harmonizing and aligning selectivity based on ADB's strategy and comparative advantage with DMC's diverse needs
  - Modifying current assessments (supporting government diagnostics and analytical work; in-depth *priority* sector assessment and *integration of thematic issues*; risk assessment and risk management plan; and evaluation of cost sharing and expenditures eligibility criteria)
  - Use of recent diagnostics and analytical work of the government and assessments of development partners
  - Ensuring better coordination and encouraging joint assessments with development partners
  - Proper incorporation of past experience and lesson learned (e.g., CAPE, CPS completion reports)

## IV.2. Mainstreaming results-based strategies

- Country Partnership Strategies will be results-based.
- CPS will reflect a results chain from the strategy to sector/theme road maps to individual interventions.

## IV. 3. Enabling more rational approach to formulation of country strategy and operations program

- CPS is prepared as a concept document consisting of a country strategy to be endorsed by the Board and an attached country operations program.
- To enable flexibility with respect to DMC's planning and budget processes and preferences, the country operations program will be formulated as an indicative rolling country operations business plan to be approved by Management.
- Annual CSP Updates will be replaced by a CPS mid-term review that will be endorsed by the Board on a no-objection basis if strategy adjustment is required.
- The mid-term review does not preclude having a country strategy changed at any time if a situation substantially changes in a relevant country.

## **IV. 4. Ensuring an integrated business platform approach to country strategy**

- Covering both sovereign and non-sovereign operations in business plans;
- Clearly defining ADB's assistance for PSD in CPS;
- Ensuring synergies between public and private sector operations by incorporating PSD discussions in sector roadmaps;
- Pursuing private sector operations within agreed sector roadmaps on a broad sector basis; and
- Enabling mutual reinforcement of CPS and regional cooperation strategies.

## V. Modifications to project processing

- Unbundling sector analysis from project preparation activities
  - Bulk of in-depth priority sector analysis and policy dialogue to be undertaken at the CPS stage.
  - PPTAs focus primarily on project work including feasibility studies and preliminary project designs. Some specific project-related sector details may still be addressed if required.
- Subjecting concept papers to management reviews as the first step of project processing cycle instead of bundling in CSP/CSPUs
  - Ensures better quality and required level of upstream support and due diligence work consistent with project category of complexity (very complex/high-risk; medium complex/risk; repeat or less complex)

## VI. Monitoring and evaluation

- RB CPS provides greater opportunity to maintain constant monitoring and periodic reporting on CPS and ADB's performance along the way. Progress will be tracked according to a results-based framework defined in an individual country strategy.
- If necessary, a good results framework allows adjustment if the observable results permit reasonably to conclude that an assumption turns out to be flawed, or a risk begins to materialize.
- The country strategy to be subjected to mid-term review (rather than an annual CSPU) focusing on the continued rationale and validity of the strategy and provide for a mid-course adjustment if required.
- CPS monitoring and evaluation will also be conducted through CPS completion reports by RDs, CAPE by OED, biennial retrospective reviews of CPS quality at entry, and country portfolio reviews.
- Improved scrutiny of concept papers, better defined procedural steps and quality assurance entry points in project preparation and processing will have a positive impact on overall project quality monitoring.

## VII (a). Disclosure

- **Disclosure**
  - CPSs will be subject to consultation and disclosure requirements applicable to present CSPs and specified in ADB's Public Communications Policy (PCP).
  - The preparation process of the CPS mid-term review report will follow consultation procedures that are currently used for CSPUs, and the report will be disclosed in the manner required for CSPUs in conformity with ADB's PCP.
  - Information contained in concept papers will be made publicly available within 30 days of their approval by Management through incorporation in a project information document to be available online.

## VII (b). Effectivity

- **Effectivity**

- The proposals took effect from 4 August 2006.
- Ensuring smooth transition:
  - for CPSs at the finalization stage in 2006, it may not be possible to fully follow the proposed preparation procedures.
  - in the startup phase, risk assessments and risk management plans will be prepared for 2 priority sectors in 2007 CPSs or incorporated during the CPS mid-term reviews.

**Thank you**

**ADB**