

MOPAN
2017-18 ASSESSMENTS

**Asian Development Bank
(ADB)**

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MOPAN Assessments

Asian Development Bank (ADB)

2017-18 Performance Assessment

Preface

ABOUT MOPAN

The Multilateral Organisation Performance Assessment Network (MOPAN) comprises 18 countries¹ that share a common interest in assessing the effectiveness of the major multilateral organisations they fund. These include United Nations agencies, international financial institutions and global funds. The Network generates, collects, analyses and presents relevant and credible information on their organisational and development effectiveness. This knowledge base is intended to contribute to organisational learning within and among the organisations, their direct clients and partners, and other stakeholders. Network members use the reports for their own accountability needs and as a source of input for strategic decision-making.

MOPAN 3.0, first applied in 2015-16, is the latest operational and methodological iteration of how the Network assesses organisations. It builds on the former version, the *Common Approach*, which the Network implemented from 2009 through 2014.

In 2017-18, MOPAN assessed 14 organisations, including the Asian Development Bank (ADB). The other 13 are:

- Food and Agriculture Organization (FAO)
- Global Environment Facility (GEF)
- Global Partnership for Education (GPE)
- International Fund for Agricultural Development (IFAD)
- International Organization for Migration (IOM)
- Office of the United Nations High Commissioner for Human Rights (OHCHR)
- United Nations Educational, Scientific and Cultural Organization (UNESCO)
- United Nations Population Fund (UNFPA)
- Office of the United Nations High Commissioner for Refugees (UNHCR)
- United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)
- United Nations Entity for Gender Equality and the Empowerment of Women (UN Women)
- World Food Programme (WFP)
- World Health Organization (WHO).

Operating principles

MOPAN generates assessments that are credible, fair and accurate. Credibility is ensured through an impartial, systematic and rigorous approach. MOPAN seeks an appropriate balance between coverage and depth of information from a variety of sources and through multiple streams of evidence. The Network gives priority to quality of information over quantity and uses structured tools for enquiry and analysis. An audit trail of findings ensures transparency. MOPAN applies efficient measures of assessment practice through building layers of data, with a view to limiting the burden on organisations assessed. A focus on organisational learning aims to ensure utility of the findings by multiple stakeholders.

Objectives of the MOPAN methodology

MOPAN seeks to provide a diagnostic assessment, or snapshot, of an organisation. It tells the story of an organisation's current performance. MOPAN is guided by framing questions which serve to understand the relevance, efficiency and effectiveness of multilateral organisations, while also garnering a sense of the sustainability of their results. The empirical design of MOPAN is based on a theory of change.

1. Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States. MOPAN also has two observers, New Zealand and the United Arab Emirates.

The methodology's key elements include a set of five performance areas against which the assessment takes place. The first four cover strategic, operational, relationship and performance management. The fifth area englobes the organisation's contribution to development, humanitarian and normative results. These areas are captured in the MOPAN indicator framework against which performance is measured using three evidence streams – a document review, surveys, and interviews and consultations – brought together in a combined approach.

A MOPAN assessment is not an external audit of an organisation, nor is it an institutional evaluation. MOPAN does not comprehensively assess all operations or all processes of an organisation, nor can it provide a definitive picture of all the organisation's achievements and performance during the time period of the assessment. Neither does MOPAN offer comprehensive documentation or analysis of ongoing organisational reform processes.

Acknowledgements

The MOPAN assessment was finalised under the overall strategic guidance of Suzanne Steensen, Head of the MOPAN Secretariat. It was prepared under the responsibility of Katie Vanhala, Technical Adviser. We are very grateful to Glenn Kilimann from Australia, for championing this assessment of ADB on behalf of the MOPAN membership.

The assessment was conducted with support from IOD PARC, an independent consultancy specialised in assessing performance and managing change in the field of international development. Dorte Kabell served as Team Lead for the assessment of ADB, with support from Enrique Wedgwood Young and Richard Hopkins, under the overall leadership of Julian Gayfer. Ipsos MORI administered the partner survey.

The report benefited from a peer review conducted within the MOPAN Secretariat and from the comments of a senior independent advisor, Bruce Murray, former Head of Evaluation at the Asian Development Bank. David McDonald edited the report, and Andrew Esson provided layout and graphic design.

MOPAN is grateful to its Steering Committee representatives for supporting the assessment of ADB.

Finally, MOPAN would like to convey appreciation to ADB management and staff for their input and comments at various stages, in particular those staff members who internally co-ordinated the process and provided substantive feedback on the final draft report.

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Acronyms and abbreviations

ADB	Asian Development Bank	OHCHR	Office of the United Nations High Commissioner for Human Rights
ADF	Asian Development Fund	PCR	Project completion report
AER	Annual Evaluation Review	PBL	Policy-based lending
CAPE	Country Assistance Program Evaluation	PPER	Project performance evaluation report
CPS	Country Partnership Strategies	RBM	Results-based management
DefR	Development Effectiveness Review	SAPE	Sector Assistance Program Evaluation
DMC	Developing Member Country	SDG	Sustainable Development Goal
DMF	Design and Monitoring Framework	SEA	Sexual exploitation and abuse
FAO	Food and Agriculture Organization	TPER	Technical assistance performance evaluation report
GEF	Global Environment Facility	UN	United Nations
GPE	Global Partnership for Education	UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
HR	Human resources	UNESCO	United Nations Educational, Scientific and Cultural Organization
IATI	International Aid Transparency Initiative	UNFPA	United Nations Population Fund
IED	Independent Evaluation Department	UNHCR	Office of the United Nations High Commissioner for Refugees
IFAD	International Fund for Agricultural Development	UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
IOM	International Organization for Migration	WFP	World Food Programme
KPI	Key performance indicator	WHO	World Health Organization
M&E	Monitoring and evaluation		
MARS	Management Action Record System		
MDB	Multilateral development bank		
MI	Micro-indicator		
MIC	Middle-income country		
OCR	Ordinary Capital Resources		

Executive summary

In 2017-18, MOPAN, the Multilateral Organisation Performance Assessment Network, assessed the performance of the Asian Development Bank (ADB). The assessment looks at ADB's organisational effectiveness (strategic, operational, relationship and performance aspects) and the results it achieves against its objectives. This is the fourth MOPAN assessment of ADB; previous assessments were conducted in 2006, 2010 and 2013.

CONTEXT

Like other international financial institutions, ADB is engaged in an increasingly complex development landscape that requires it to address such global problems as poverty, climate change, gender inequality and fragility. ADB aims to facilitate transformational change, taking account of the consequences resulting from the rapid development of some of its major borrowing shareholders and the slower growth of others. It is expected to maintain the pace of progress, address emerging challenges and sustain effort in the face of persistent structural changes to the global economy. ADB must also operate in alignment with the Sustainable Development Goals and support global efforts for their achievement.

In Asia, ADB is a key financial player and remains a preferred partner for a diverse group of Asian governments seeking financing for infrastructure. As demand for such financing continues to escalate in Asia, ADB's resources may come under increasing strain, and its ability to leverage additional private sector resources for infrastructure investment is increasingly critical. Asia is a dynamic region, defined by extensive and evolving diversity. As a result, ADB clients have different and shifting needs. Its members consequently expect different types of support from "their" regional development bank, including knowledge and technical assistance as well as flexibility, agility and effectiveness.

KEY FINDINGS

Overall, the assessment finds that ADB has maintained a positive performance trajectory. Strengths identified in the 2013 MOPAN assessment are largely sustained, with particularly strong performance in several areas and scope for improvement in a few others. Recent assessments have shown that ADB's Developing Member Countries acknowledge its areas of comparative strength, which include (but are not limited to) its strategic and results frameworks, its control environment and the resilience of its financial framework.

Among the most significant positive and far-reaching developments since 2013 has been the merger of the Asian Development Fund (ADF) and Ordinary Capital Resources (OCR). This has significantly enhanced ADB's lending capacity, opening up a number of possibilities for increased engagement with Developing Member Countries. This also implies significant operational growth and will need to be carefully managed in terms of ADB's risk profile and staff workload, the quality of its operations, and the sustainability of its results.

The assessment identifies seven **strengths** of ADB:

1. ADB's strategic framework is strongly linked to its mandate, and clearly articulates its direction and approach.

This strength is based on ADB's well-recognised comparative advantage: its ability to provide a combination of financing and knowledge in five core operational areas (infrastructure, environment, regional co-operation and integration, finance sector development, and education).

- 2. Intensive consultation processes ensure that ADB remains responsive and relevant to a highly dynamic region.** These consultative processes include ADB replenishment processes, the consultations that preceded the merger of ADF and OCR, the Midterm Review of Strategy 2020 and the development of Strategy 2030, and the newly reformed approach to developing Country Partnership Strategies. These processes help ensure that ADB's work is demand-driven and relevant to the needs and priorities of its Developing Member Countries.
- 3. Incorporating the equity and concessional lending operations of ADF into the OCR balance sheet has significantly improved ADB's financial standing as well as its flexibility in lending.** Having come into force on 1 July 2017 thanks to firm trust earned from its Developing Member Countries, the merger tripled the equity of OCR. Under the new OCR lending scheme, borrowing countries eligible for ADF can continue to enjoy the terms and conditions of ADF.
- 4. ADB has a strong internal control environment** guaranteed by its "circle of assurance". This, combined with the Bank's approach to resource allocation and transparent reporting through its corporate results framework, ensures that resources remain tightly aligned to strategic priorities while addressing the diversity of needs in the region.
- 5. The decentralisation process has helped bring ADB closer to its clients,** improving the relevance and effectiveness of its operations. The project cycle is now increasingly managed from resident missions, where more than 50% of operational staff are based.
- 6. ADB has a well-developed results-based management system.** A corporate results framework, which cascades programmatically and organisationally, underpins the planning process and helps to track progress against targets. Results frameworks also guide Country Partnership Strategies, project design and other types of institutional partnerships.
- 7. ADB is open to assessment of what works and what does not, and welcomes change and improvement.** This reflective outlook is manifested in the publication of candid results and evaluations, as well as in numerous self-evaluation and review processes which have culminated in significant organisational reforms, including the approach to Country Partnership Strategies, procurement, technical assistance, decentralisation and so on.

The assessment also finds six major **areas for improvement**:

- 1. Improvements are needed in the area of catalysing and leveraging financing.** Targets with respect to co-financing from the private sector and donors, as well as non-sovereign private sector operations have not been met. Improvements are also necessary to strengthen third party financing and guarantees and syndication.
- 2. Knowledge is mission critical and would benefit from more attention.** Notwithstanding recent improvements in sharing and managing sector and country knowledge, ADB itself acknowledges weaknesses in terms of lesson learning, and there is growing pressure from middle-income countries for more knowledge-intensive products.
- 3. Gender equality needs ongoing attention as a strategic area.** Whilst ADB has been a pioneer among multilateral development banks in promoting gender mainstreaming to date it has not been able to raise the bar on increased delivery of specific / dedicated gender projects. This, in combination with continued progress on mainstreaming, will be pivotal in being able to reach the gender-related ambitions set out in Strategy 2030.
- 4. Disbursement and speed of implementation remain barriers to efficiency and are recognised weaknesses.** Implementation delays for sovereign investment projects averaged 18 months for the 2011-16 period. Evaluations by the ADB have stressed efficiency as an area of concern for the ADB, despite expectations that further

decentralisation would result in efficiency gains. Various reforms are underway to improve historically slow implementation and poor disbursement ratios, the effects of which may take some time to manifest.

5. Sustainability of results is an area of concern. Measures have been established between 2011 and 2017 to improve sustainability. As yet there have been no assessment of the outcomes of these improvement efforts. Improvements to lesson learning and diagnostic processes are also needed.

6. A strong and clear evaluation policy is necessary to allow ADB to fully benefit from lessons learned.

The current operational policy on evaluation contains only broad guidelines that are insufficient to ensure the organisational conditions through which the evaluation function can fulfil its role of providing high-quality and relevant development knowledge.

METHODS OF ANALYSIS

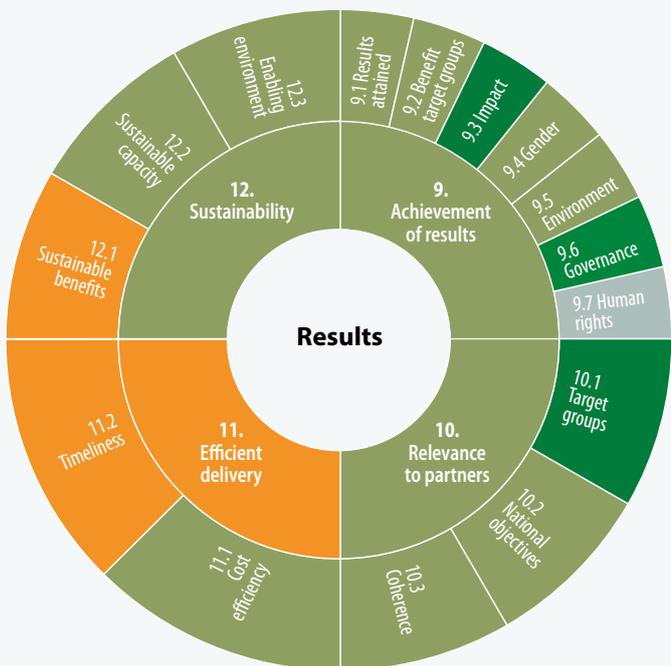
The assessment of performance covers ADB's headquarters and regional and country field presence. It addresses organisational systems, practices and behaviours, as well as results achieved during the period 2016 to mid-2018. It relies on three lines of evidence: a review of 90 documents, interviews with 72 staff members individually and in small groups, and an online survey conducted among partners in 4 countries.

The MOPAN 3.0 methodology entails a framework of 12 key performance indicators and associated micro-indicators. It comprises standards that characterise an effective multilateral organisation. MOPAN conducted the assessment with support from IOD PARC, a consulting company located in the United Kingdom that specialises in results-based performance assessment in international development. Australia acted as the institutional lead country, representing MOPAN members in this assessment process.

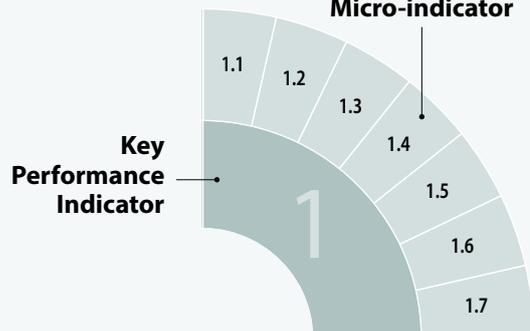
ADB PERFORMANCE RATING SUMMARY (2017-18)



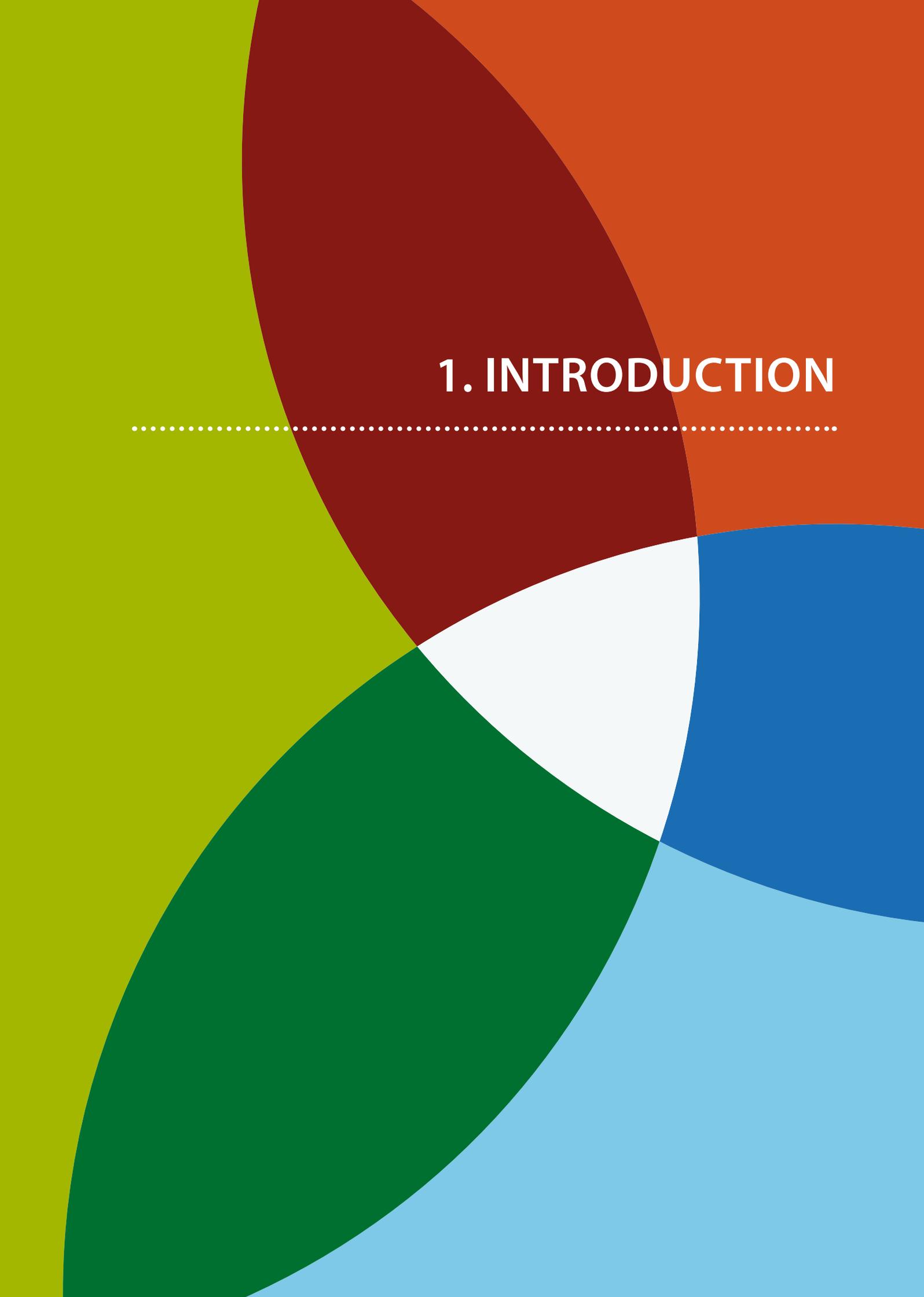
Key



Micro-indicator



1. INTRODUCTION



Chapter 1. Introduction

1.1 STRUCTURE OF THE REPORT

This report has three chapters and three annexes. Chapter 1 introduces the Asian Development Bank (ADB) and the MOPAN 3.0 assessment process. Chapter 2 presents the main findings of the assessment in relation to each performance area. Chapter 3 provides the conclusions of the assessment. Annex 1 summarises the evidence gathered against each indicator with the detailed scores. Annex 2 lists the documents used for the analysis. Finally, Annex 3 provides an overview of the results of MOPAN's partner survey.

1.2. ADB AT A GLANCE

Mission and mandate: ADB is a multilateral development finance institution established in 1966 with a mission to foster economic growth and co-operation in Asia and to contribute to the acceleration of economic development among Developing Member Countries in the region. It works towards this goal by providing a mixture of loans, technical assistance and grants to Developing Member Countries. In addition to these core functions, ADB facilitates policy dialogue, provides advisory services, and mobilises financial resources through co-financing operations that draw from official, commercial and export credit sources.

As of July 2018, ADB comprises 67 members: 48 of these are located in Asia and the Pacific and 19 are from other regions. 40 of the 67 members are classified as Developing Member Countries, and are eligible to access ADB's lending and grant resources. Developing Member Countries, in turn, are classified into three groups according to their gross national income and creditworthiness:

1. Group A countries can access grant assistance through the Asian Development Fund only
2. Group B or "blend" countries are eligible for both concessional assistance and Ordinary Capital Resources borrowing
3. Group C countries are eligible for Ordinary Capital Resources borrowing only.

ADB's graduation policy specifies the conditions under which countries "graduate" from one category to the next, and also the conditions for graduation from ADB assistance. Since 1996, four countries have graduated from regular ADB assistance: Brunei Darussalam; Hong Kong, China; Singapore; and Chinese Taipei.

Governance: ADB is governed by a Board of Governors made up of one representative from each member country of ADB. The Board of Governors meets formally once a year during ADB's Annual Meeting. All the powers of the Bank are vested in the Board of Governors.

ADB's Board of Governors delegates power to the Board of Directors, which is chaired by the President of ADB and based at ADB headquarters. The Board of Directors consists of 12 members elected by the Governors: 8 members represent territories within the Asia and Pacific region and 4 represent territories in other regions. The Board of Directors is responsible for supervising ADB's financial statements, approving its administrative budget, and reviewing and approving all policy documents and all loan, equity and technical assistance operations.

Six committees and an Administrative Tribunal provide support to the Board of Directors and help it fulfil its responsibilities:

- The **Audit Committee** helps ensure that ADB's financial reporting and internal controls, including audits, are adequate and undertaken efficiently.
- The **Compliance Review Committee** forms part of ADB's accountability mechanism and oversees the work of ADB's Compliance Review Panel, which reviews allegations of breaches of ADB safeguards.
- The **Budget Review Committee** reviews the annual ADB administrative budget proposed by management for the coming year.
- The **Development Effectiveness Committee** assists the Board in ensuring that ADB programmes and activities are achieving their desired development objectives and making efficient use of ADB resources.
- The **Ethics Committee** assists the Directors in addressing matters relating to the application of the Code of Conduct.
- The **Human Resources Committee** provides guidance on the human resources management of ADB, including through reviewing, monitoring and making recommendations to the Directors on the human resources strategy and policies.
- The **Administrative Tribunal** is an external mechanism composed of five judges who review personnel decisions taken by management.

Organisational structure: ADB is headquartered in Manila. The President (who also serves as the Chairperson of ADB's Board of Directors) and six Vice-Presidents oversee the work of ADB's operational, administrative and knowledge departments. There are 28 departments and offices encompassing regional operations departments; private sector operations; risk management and internal controls; budget, planning and human resources; procurement; and strategy and results, among others. There are also 26 resident missions in Developing Member Countries that hold varying degrees of responsibility in terms of designing and overseeing the implementation of operations.

As of 2017, ADB employs a total of 3 127 staff, 36% of whom are international staff. Some 56% of all staff in regional departments and 16% of ADB's international staff are based in resident missions. Women make up 35% of the ADB's international staff.

Strategy: ADB is currently undergoing a period of transition as the organisation progresses from Strategy 2020 to Strategy 2030. This assessment focuses on performance during the Strategy 2020 period only. Strategy 2020 commits ADB to concentrating its financial and knowledge resources on five core areas recognised by the organisation's members as the Bank's comparative strengths: infrastructure, environment, regional co-operation and integration, finance sector development, and education. Strategy 2020 also focuses on five drivers of change to guide operations: private sector development and private sector operations, good governance and capacity development, gender equity, knowledge solutions, and partnerships.

Strategy 2020 sets strategic targets relating to resource mobilisation and use and to organisational and operational effectiveness. The strategy is accompanied by a results framework with indicators and targets, while annual Development Effectiveness Reviews monitor and report on progress.

Strategy 2030 was approved in July 2018, following extensive consultations with stakeholders. It concentrates on seven key operational priorities: (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) tackling climate change, building climate and disaster resilience, and enhancing environmental

sustainability; (iv) making cities more liveable; (v) promoting rural development and food security; (vi) strengthening governance and institutional capacity; and (vii) fostering regional co-operation and integration.

ADB lends mainly to governments (sovereign lending), but also provides direct assistance to private enterprises in Developing Member Countries through equity investments and loans (non-sovereign lending). As of 2017, ADB had just over USD 20 billion in commitments in the form of loans, guarantees, grants and equity investments.

ADB supports development projects and policy reforms in nine sectors. In descending order of size (resources committed as of 2017), these sectors are energy (31%); transport (27%); finance (14%); water and other urban infrastructure and services (8%); agriculture, natural resources and rural development (8%); public sector management (6%); education (4%); industry and trade (2%); and health (1%).

Developing Member Countries are categorised into five regions. As of 2017 and in descending order of share of total commitments, these are South Asia (34%), Central and West Asia (28%), Southeast Asia (20%), East Asia (13%), and the Pacific (4%). ADB also makes regional investments which account for 1% of all commitments.

Finances: ADB is an AAA borrower (the highest rating available from international credit rating agencies) in international capital markets and regularly raises funds through bond issues. It also receives funding from member contributions. There are retained earnings accumulated from lending operations and loan repayments.

ADB's lending, technical assistance, grants, guarantees and equity investments are financed through Ordinary Capital Resources (OCR), special funds and trust funds. Until recently, the Asian Development Fund (ADF) served as a concessional lending window for category A and B groups. However, in January 2017, ADB transferred loans and equity worth over USD 30 billion from the ADF to OCR. The ADF ceased all lending operations but has been retained to provide grant-only assistance. Concessional lending continues using the same terms and conditions previously provided to category A and B countries, but is now financed through OCR. The merger of OCR and the ADF has significantly expanded ADB's lending capacity.

Organisational change initiatives: Aside from the merger of OCR and ADF and the transition from Strategy 2020 to Strategy 2030, several organisational change initiatives have been underway since the Midterm Review of Strategy 2020. These have included:

- an ongoing decentralisation initiative to devolve more functions to and empower resident missions
- the launch of a new procurement framework that devolves more decision-making power to resident missions and allows for the use of executing agency procurement systems if judged adequate
- the establishment of Sector and Thematic Groups to facilitate the integration of knowledge into operations
- reforms to Technical Assistance
- a new approach to the development of Country Partnership Strategies and the introduction of several human resources policies designed to encourage knowledge sharing and mobility across the organisation.

Progress in meeting these objectives is reported in annual Development Effectiveness Reviews.

Box 1: Preventing sexual exploitation, abuse and harassment²

ADB has a Code of Conduct which is applicable to all staff members. These include any individual who has signed an agreement to join ADB, former ADB staff, and anyone whose contract requires that he or she complies with the Code of Conduct. The Code supports the right of staff to work in an environment free from inappropriate behaviour, misconduct, harassment and bullying.

From July 2018, greater attention to gender-based violence and sexual harassment, abuse and exploitation has been introduced into safeguards and gender mainstreaming training. Inclusion hereof is also considered for the revised Security Awareness Training for ADB.

ADB's Office of the Ombudsperson provides staff with a confidential, impartial, off-the-record and independent setting to discuss and resolve work-related issues and concerns. It also alerts management to trends and concerns about the workplace that need to be addressed.

ADB's Office of the Special Project Facilitator responds to the concerns of people affected by ADB-assisted projects.

1.3. THE ASSESSMENT PROCESS

Assessment framework

This MOPAN 3.0 assessment covers the period from 2016 to mid-2018 in line with the MOPAN 3.0 methodology, which can be found on MOPAN's website.³ The assessment addresses organisational systems, practices and behaviours, as well as results achieved. It focuses on the five performance areas presented in Box 2. The first four relate to organisational effectiveness and each has two key performance indicators (KPIs). The fifth performance area relates to effectiveness of development, humanitarian and normative work and comprises four KPIs.

The MOPAN 3.0 indicator framework was developed by MOPAN's Technical Working Group, and draws on international standards and reference points, as described in Annex C of the Methodology Manual.

Applying the MOPAN methodology to ADB

The assessment of performance covers ADB's headquarters and field presence. It does not assess the performance of the ADB Institute. It coincides with the later years of ADB's Strategy 2020.

The MOPAN 3.0 methodology was applied with some adjustments in indicator application or interpretation to reflect the realities of ADB's mandate and operating systems (see Annex 1). Some of these adjustments are described as follows:

- No assessment was undertaken of human rights as a cross-cutting issue,⁴ as this does not form part of ADB's mandate.
- KPI 9 requires an assessment of results in relation to "target group" members. Unlike some United Nations (UN) organisations, ADB (along with most other multilateral development banks) does not identify specific target group members. Therefore, the decision was taken to interpret "target groups" more broadly in terms of the country groupings ADB engages with and targets its resources to.

2. The 2017-18 MOPAN assessment does not assess the organisation's performance with regard to preventing sexual exploitation and abuse and sexual harassment (SEAH). This topic may become an area of assessment in future cycles. In the meantime, the assessment team simply collected key facts related to SEAH safeguarding as self-reported by the organisation, but did not verify the actual implementation of the instruments outlined by the organisation.

3. MOPAN 3.0 Methodology Manual, 2017-18 Assessment Cycle, www.mopanonline.org/ourwork/ourapproachmopan30.

4. The 2013 MOPAN assessment of ADB noted that the organisation has no mandate for adopting human rights-based approaches and does not identify human rights as a priority or cross-cutting priority. However, it did note that ADB promotes the principles of human rights in many policies, including in its policy on safeguards and accountability mechanism.

- KPI 10 requires an assessment of the coherence of ADB's operations. As coherence does not form part of ADB's evaluation methodology and is not addressed by any evaluative product, it is interpreted in this MOPAN assessment in terms of ADB's success in working in partnerships to deliver development results.

Box 2: Performance areas and key performance indicators

Aspect	Performance area	Key performance indicator (KPI)
Organisational effectiveness	Strategic management	KPI 1: The organisational architecture and the financial framework enable mandate implementation and achievement of expected results
		KPI 2: Structures and mechanisms support the implementation of global frameworks for cross-cutting issues at all levels
	Operational management	KPI 3: The operating model and human and financial resources support relevance and agility
		KPI 4: Organisational systems are cost- and value-conscious and enable financial transparency and accountability
	Relationship management	KPI 5: Operational planning and intervention design tools support relevance and agility within partnerships
		KPI 6: Partnership working is coherent and directed at leveraging and/or ensuring relevance and the catalytic use of resources
	Performance management	KPI 7: The focus on results is strong, transparent and explicitly geared towards function
		KPI 8: The organisation applies evidence-based planning and programming
Development effectiveness	Results	KPI 9: Development and humanitarian objectives are achieved, and results contribute to normative and cross-cutting goals
		KPI 10: Interventions are relevant to the needs and priorities of partner countries and beneficiaries, and the organisation works towards results in areas within its mandate
		KPI 11: Results are delivered efficiently
		KPI 12: Results are sustainable

Lines of evidence

The MOPAN assessment of ADB was undertaken between May 2017 and July 2018. It covers ADB's headquarters operations, with insights on regional and country field presence. As part of the methodology, it relies on the following lines of evidence:

- Document review: 90 documents were utilised, though more than these were screened for inclusion. Results documentation included 11 independent evaluations and the linked management responses (available in Annex 2). Evidence of results was drawn from three sources:
 - **Annual Evaluation Reviews** are produced by ADB's Independent Evaluation Department. They provide a high-level view of ADB's performance at the project (sovereign and non-sovereign), sector, and country level. They also include an overall analysis of performance by modality (investment vs. policy-based lending) and country classification and performance by evaluation criteria (relevance, effectiveness, efficiency and sustainability for sovereign operations).

- Annual Evaluation Reviews are derived from a synthesis of project and country-level evaluations conducted by the Independent Evaluation Department and independently validated Project Completion Reports. In addition to providing a view of overall performance, they also summarise the findings of all thematic and corporate evaluations conducted by the Independent Evaluation Department each year, and include an update on management actions regarding recommendations from previous evaluations. For this assessment, evidence has been drawn from the 2017 and 2018 Annual Evaluation Reviews.
- **Corporate and thematic evaluations** are also produced by the Independent Evaluation Department. Recent documents include evaluations of ADB’s policy-based lending, support to environmentally sustainable growth, support to gender and development, the effectiveness of ADB partnerships, ADB’s mobilisation capacity, implementation of safeguards, and support to regional co-operation and integration, and a study of Asian Development Fund X and XI operations.
- **Development Effectiveness Reviews** are produced by ADB’s Strategy, Policy and Review Department. They provide a detailed overview of performance against indicators in the corporate results framework, and are used to inform ADB’s corporate planning process. For this assessment, evidence has been drawn from the 2016 and 2017 Development Effectiveness Reviews, which contain results for the 2016 and 2017 financial years.
- The MOPAN team analysed evidence from these three sources to assess performance against each of the KPIs under the “Results” performance area. A draft of the document review was shared with ADB, who provided feedback and additional documentation to update the review and address gaps before the review fed into the overall analysis.
- Online survey: there were 41 responses to the online partner survey, conducted in March and April 2018. They were drawn from partners in four countries: Bangladesh, Myanmar, Pakistan and Papua New Guinea. The survey was designed to gather both perception data and an understanding of practice from a diverse set of well-informed partners of ADB. Respondents included donor and national government representatives, UN agencies, international non-governmental organisations and other non-governmental organisations (see Annex 3).
- Interviews and consultations: with 72 staff members of ADB in April 2018. This process focused on face-to-face interviews at headquarters in Manila, covering all departments that were supplemented by remote interviews with individuals and teams from three resident missions.

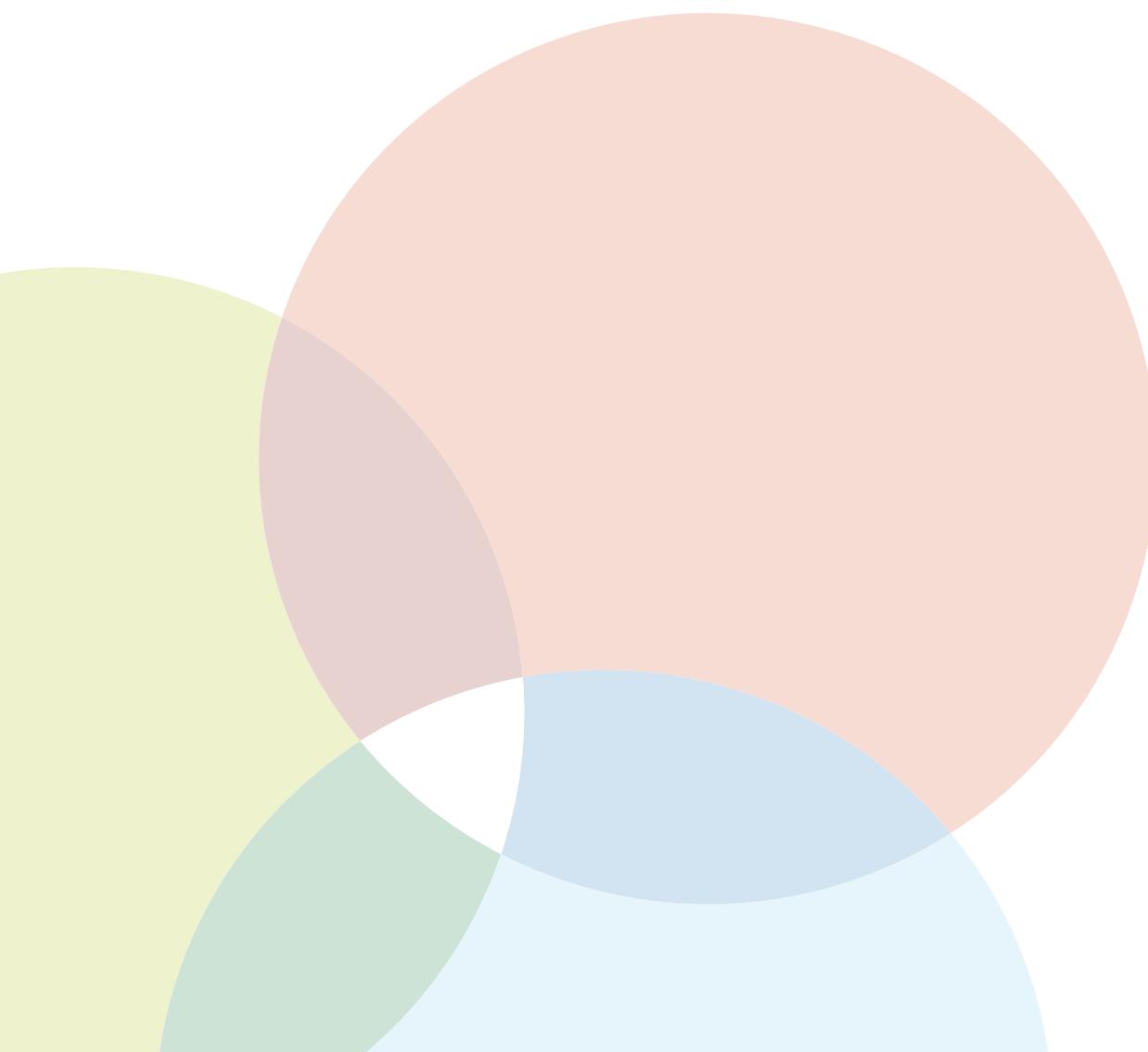
Discussions were held with the institutional lead of ADB assessment, as part of the analytical process. They served to gather insights on current priorities for the organisation from the perspective of MOPAN member countries.

General information about the sequence and details related to these evidence lines, the overall analysis, and scoring and rating process as applied to ADB can be found in the MOPAN 3.0 methodology.

Limitations

Some limitations should be borne in mind when reading the report. Chief among these is the fact that the assessment presents a static “snapshot” of a dynamic organisation. ADB has recently enacted several important reforms to its business processes. It is also currently transitioning from one ten-year strategy to the next, and is thus working with an interim results framework. The assessment cannot fully explore the impacts of these reforms on the organisation’s effectiveness as, in many cases, these are not yet apparent. Instead, it aims to focus on their underlying rationale, implementation and potential implications.

Evidence scarcity in some areas has also been a limitation, particularly in the areas of knowledge and knowledge management. Lastly, while the assessment process aims to make use of three distinct evidence streams (document review, survey and interviews), the survey administered to ADB partners achieved a very low response rate. It has therefore been used mainly to triangulate findings substantiated by the other evidence streams.





2. DETAILED ASSESSMENT OF ADB PERFORMANCE

Chapter 2. Detailed assessment of ADB performance

The performance is assessed on four dimensions of organisational effectiveness – strategic, operational, relationship and performance management – and on the results achieved by the organisation. These findings are constructed against the organisation’s own strategic plan and performance indicators.

In this way, organisational effectiveness relates to a blended assessment of intent, effort and response. Organisational intent is expressed through commitments, strategies, policies and plans. The organisational effort is that which the organisation puts behind a particular agenda for performance and improvement including guidance issued. The organisational response is its reaction to the effects of this effort in relation to changing organisational direction, practice and behaviour.

Organisational effectiveness is juxtaposed alongside development effectiveness. The latter refers to the extent to which the organisation is making a difference in ways that reflect its strategic objectives and mandate.

2.1. ORGANISATIONAL EFFECTIVENESS

PERFORMANCE AREA: STRATEGIC MANAGEMENT

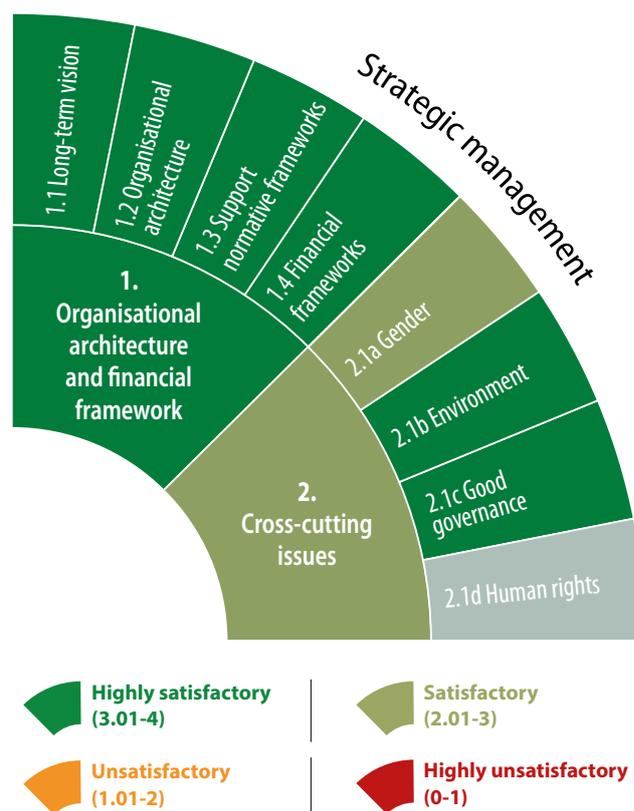
Clear strategic direction geared to key functions, intended results and integration of relevant cross-cutting priorities.

The strategic direction and management of the Asian Development Bank (ADB) were assessed as highly satisfactory. Strategy 2030, which builds on the previous ten-year strategy, reflects the dynamic environment and increasing diversity of the regional development context, strengthening the Bank’s focus and its capacity to work in partnerships. The Strategy also provides a strong architecture and direction to address cross-cutting issues.

However, maintaining a clear focus and set of core services presents a challenge, given the diversity and rapid development of ADB’s borrowing Developing Member Countries. Divergent views on how to ensure a strategic balance between ADB’s investment and development roles testify to the difficulties involved. The “One ADB” approach aims to address this issue by improving ADB’s knowledge management and the integration and balance of sovereign and non-sovereign

lending. While private sector engagement is a key area of strategic focus, the results of non-sovereign operations are not yet fully satisfactory, and instruments such as guarantees have been underused.

ADB’s financial position was strengthened by the merger of Asian Development Fund/Ordinary Capital Resources (ADF/OCR). Amid growing appetite for borrowing and yet facing the absence of additional administrative budgets, the ever-increasing need for effectiveness is clear. The ADF will continue to function as a grant-only facility over the short term, but discussions will take place in early 2019 to decide its future direction.



ADB's strategic architecture gives direction to work on cross-cutting issues, which are tracked by the corporate results framework and supported by Sector and Thematic Groups. Although improving, efforts to fully integrate gender considerations into lending and grant operations remain work in progress. One more urgent matter to address is the over-representation of female staff members in operational roles and their under-representation in managerial roles.

KPI 1: The organisational architecture and the financial framework enable mandate implementation and achievement of expected results.

This KPI focuses on the extent to which ADB has articulated a coherent and strategic vision of how and for what purpose it has organised its human activity and capital assets to deliver both long- and short-term results.

ADB is a regional institution able to deploy financial resources as well as knowledge across a core set of operational areas. This comparative advantage established in the organisation's mandate is operationalised through successive long-term strategies at the corporate level and Country Partnership Strategies in Developing Member Countries. ADB's architecture, with headquarters in Manila and an expanding network of resident missions throughout Asia, supports its poverty-focused mission to help Developing Member Countries to improve their living conditions and quality of life.

ADB's clear operating model involves the combined delivery of financial resources and technical knowledge, though discussions are ongoing about the relative weight given to each of these roles. These discussions are particularly pertinent given the rapidly changing development context in Asia. Countries are witnessing rapid improvements in standards of living, increased economic development and better access to international capital markets. As these changes take place and the needs of Developing Member Countries shift, the demand for knowledge-intensive products is increasing and the Bank may face challenges in sustaining its relevance in middle-income countries.

Strategy 2020 represents a strong and clear strategic framework integrating both the Bank's finance and knowledge roles. The framework articulates ADB's intended results in five core areas (infrastructure, environment, regional co-operation and integration, finance sector development, and education); three "strategic agendas" (inclusive growth, environmentally sustainable growth and regional integration); and five drivers of change (private sector development and private sector operations, good governance and capacity development, gender equity, knowledge solutions, and partnerships).

ADB sets targets for each of these areas and tracks progress through annual Development Effectiveness Reviews. Management and governing bodies regularly review performance, and conducted a Midterm Review in 2014. This led to the introduction of several reforms and laid the groundwork for the development of Strategy 2030. In implementing the strategic framework, ADB relies on a strong and well-established approach to work programming and budgeting which ensures that adequate funding is channelled to the strategic priority areas outlined in the strategic plan. This process is tracked in Development Effectiveness Reviews, which demonstrates strong alignment of resources with strategic priority areas.

The transition to a new strategic plan involves a greater role for the knowledge component of ADB's work and increased engagement with the private sector. Implementation of Strategy 2030 is due to commence in 2019, and is not anticipated to represent a radical departure from Strategy 2020. Rather, it updates Strategy 2020 by reflecting the increasing diversity and dynamics of the regional development context. Strategy 2030 will aim to strengthen the "One ADB" approach to better integrate sovereign and non-sovereign lending by identifying seven operational priorities in an effort to alleviate sector silos. It will also promote partnerships and better use of knowledge in lending operations.

A transitional results framework is in place to measure changes made since the 2014 Midterm Review of the strategy. A new results framework that is closely aligned with the 2030 Agenda, and commits the Bank to several wider normative frameworks, is being instituted.

ADB's financing role is widely recognised for its very strong financial framework underscored by a continuous AAA rating from credit rating agencies. The recent merger of the concessional ADF and OCR further testifies to the confidence of ADB's members and has significantly strengthened ADB's lending capacity. The balance of sovereign and non-sovereign operations is shifting as the Bank focuses increasingly on mobilising resources for Developing Member Countries through private sector engagement. In recent years, differentiated approaches have been developed to this end. However, ADB's utilisation of guarantees, loan syndications including A/B loans and risk transfer operations is not optimal, according to its own evaluations and assessment.

The overall performance ratings for completed operations in the sovereign portfolio have been higher than those for completed operations in the non-sovereign portfolio. Discussions on the future of the ADF and possible revisions to ADB's graduation policy will have implications for the scope of the Bank's support to Developing Member Countries in the future and remain areas of focus. The graduation policy sets the parameters for determining eligibility for borrowing from ADB and for applicable limits on the Bank's financing of project costs.

ADB has reformed its architecture and introduced processes to facilitate the generation, sharing and use of knowledge, but these remain work in progress. The organisation has established Sector and Thematic Groups and created a new department to facilitate the integration of knowledge work into operations. It was hoped that this initiative would also reduce sector "silos" and promote co-operation across the organisation. Other initiatives that support this endeavour include the Bank's decentralisation process, the "One ADB" initiative, a human resources mechanism to promote staff mobility throughout the organisation and the introduction of country knowledge plans.

The move from a centralised to a more decentralised model is working well and the flexibility granted to departments to shape their own approach is appreciated and effective. However, despite these reforms, issues persist with knowledge management, and measuring success in this area has proven difficult.

The corporate strategy is accompanied by a cascading corporate results framework. This tracks the alignment of operations with strategic priorities. The framework also consistently tracks key regional outcomes, results relating to ADB's contribution to country outcomes, and operational and organisational effectiveness. ADB's governing bodies review progress against expected results every four years, alongside assessment of financial needs as part of the ADF replenishment negotiations.

KPI 2: Structures and mechanisms support the implementation of global frameworks for cross-cutting issues at all levels.

This KPI looks at the articulation and positioning within ADB's structures and mechanisms of the cross-cutting priorities to which the organisation is committed, in pursuit of its strategic objectives.

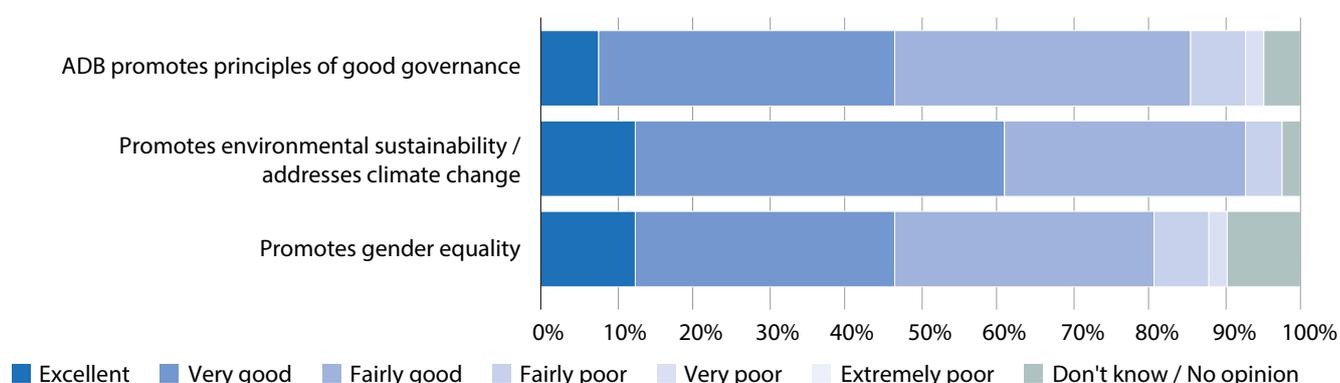
ADB is committed to supporting global normative frameworks in several cross-cutting areas, including gender equality, good governance, and environmental sustainability and climate change. Strategy 2020 provided a strong architecture and direction to address cross-cutting issues. These are integrated into strategic objectives and are tracked by the corporate results framework, and supported by Sector and Thematic Groups. Various instruments also exist which serve to ensure that cross-cutting priorities are integrated into lending operations in Developing Member Countries.

ADB has a dedicated policy framework and operational plan for gender equality, but fully integrating gender considerations into lending and grant operations remains work in progress. ADB adopts a stratified approach to integrating gender, with operations categorised according to the extent to which they address gender issues. Category 1 projects have an explicit gender theme, while Category 2 projects do not have gender outcomes as their main objective but have some gender-specific outputs. Category 3 projects may have some gender co-benefits,

and Category 4 projects do not integrate gender considerations. Category 1 and 2 projects are considered gender-mainstreaming by ADB. They currently account for 48% of all projects, each of which must produce a Gender Action Plan. The majority of these are Category 2 projects – that is, they have some gender-specific outputs but do not have gender outcomes as their main objective. Performance of gender-mainstreaming projects is generally strong. Between 2015 and 2017, the proportion of completed sovereign operations that successfully delivered on their intended gender results reached 77%, above the 70% target.

ADB’s staffing mix would benefit from a better gender balance. Gender equality within ADB’s own staffing is a key issue, as women are over-represented in operational roles and under-represented in managerial roles. ADB has recently revised its targets for women’s representation among international staff, aiming to ensure women comprise 40% of its international staff by 2020.

Figure 1: Survey response – CROSS-CUTTING ISSUES



Environmental sustainability and climate change targets are regularly surpassed and represent key aspects of ADB’s safeguard policy. ADB promotes environmental sustainability and climate change through various approaches, including “environmentally sustainable growth-tagged” projects, which aim to deliver environmental co-benefits. A Climate Change Operational Framework, developed in 2017, provides broad direction and guidance for enhancing resilience and strengthening climate actions in ADB operations and business processes. The corporate results framework tracks the overall share of operations supporting environmental sustainability, climate change and disaster risk management.

In 2017, 58% of committed operations supported environmental sustainability, and 49% of operations supported climate change mitigation and adaptation, surpassing targets of 55% and 45%, respectively. A significant share of ADB’s work on environmentally sustainable growth takes place through the implementation of its safeguard policy, which ensures that all projects are subjected to environmental impact assessments. However, a recent review identified outstanding capacity gaps pertaining to skills for safeguard implementation in resident missions.

ADB mainstreams good governance throughout its operations, with tools available to ensure a strong portfolio. These include required governance diagnostic studies in country and sector programmes, although a recent evaluation of ADF operations found these to be of varying quality. Governance risk assessments, which are not mandatory, represent a good example of mainstreaming governance considerations into lending and grant operations. Good governance is supported through policy-based lending, technical assistance, and governance risk assessments for lending and grant operations.

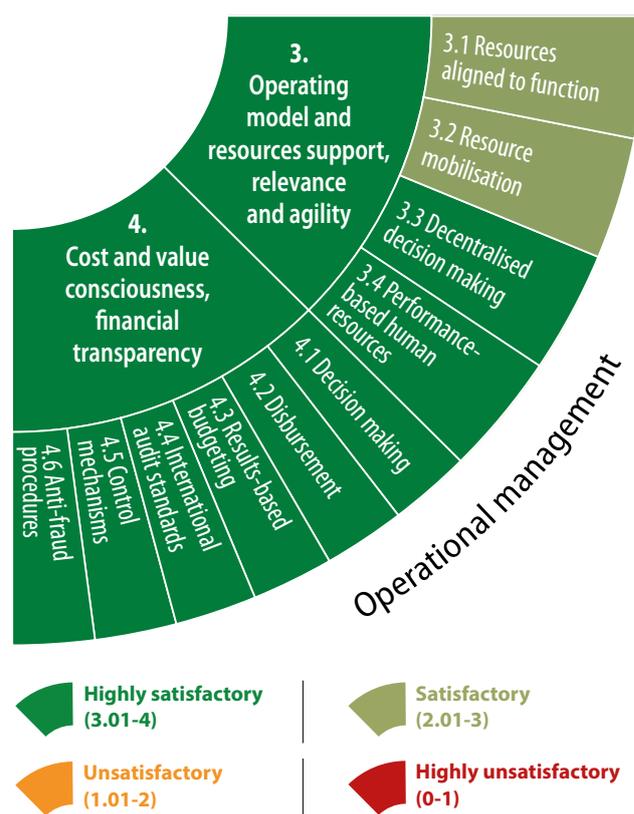
In 2017, 72% of operations supported governance and/or capacity development. Overall performance of policy-based lending operations showed improvement, with 74% rated as successful. There was some variation in performance across sectors. For example, policy-based lending performed less positively in health, financing, public sector

management, and water and urban sanitation relative to lending in other sectors. Programme designs of underperforming operations in these sectors were found to be overly ambitious, and institutional and staff capacity was not sufficiently strong to deliver the required reforms or outcomes in time. Capacity assessments are prerequisites for policy-based lending, and the 2017 Development Effectiveness Review found that successful operations provided technical assistance to deal with capacity gaps where applicable.

PERFORMANCE AREA: OPERATIONAL MANAGEMENT

Assets and capacities organised behind strategic direction and intended results, to ensure relevance, agility and accountability.

ADB's increasingly decentralised architecture and decision-making support its operating model. Performance in this area overall is highly satisfactory, notwithstanding challenges resulting from the ADF/OCR merger and those in meeting social sector targets. ADB's approach to resource allocation is transparent and consistent with strategic priorities, with the Work Programme and Budgeting process widely perceived by staff and partners to work well. ADB has a very strong control environment overseen by the "circle of assurance", comprising the Office of Anticorruption and Integrity, Risk Management, the Office of the Auditor General, the Ombudsperson and the Accountability Mechanism. Balancing control and speed of implementation poses a challenge in some circumstances. ADB reports disbursement rates to roughly indicate ADB's ability to implement projects at a rate commensurate to the rate at which new projects are approved.



New and innovative financing approaches and modalities are appreciated by Developing Member Countries. However, more work is needed to fully reap the benefits of some of ADB's financing modalities, such as credit enhancement products. Financing partnerships have led to substantial fund mobilisation in recent years, yet co-financing targets are unlikely to be met. Technical assistance remains a key but scarce resource. More effective management of resources including human resources and the administrative budget is critical following the ADF/OCR merger; ADB's staff management and performance system have been, on the other hand, put under pressure to support this process.

KPI 3: The operating model and human and financial resources support relevance and agility.

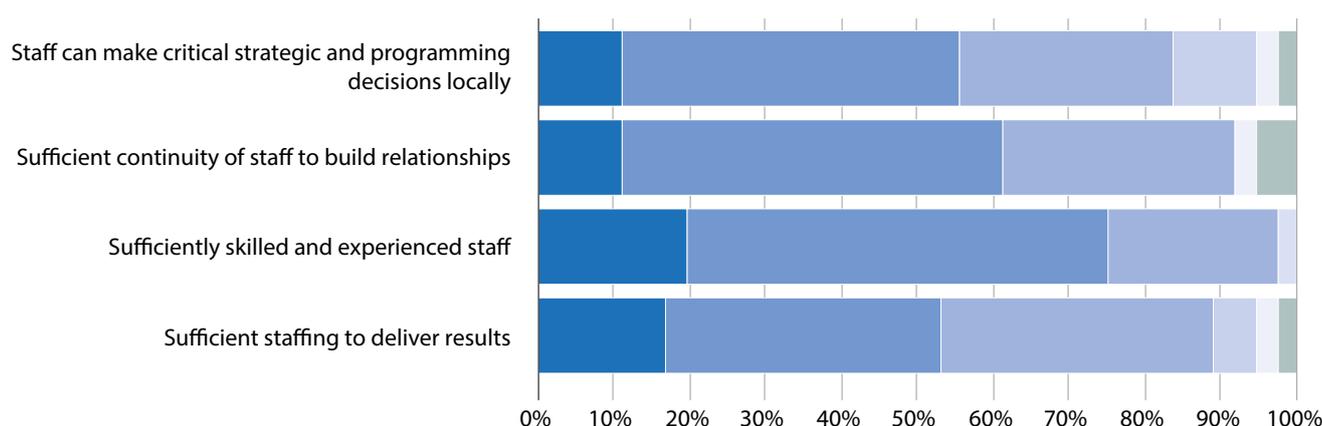
This KPI focuses on how key operational functions (e.g. human resources, resource generation and programming) are continuously geared to support strategic direction and deliver results.

ADB has a number of instruments at its disposal for resource mobilisation and has made good use of them, with some caveats. The recent merger of ADF and OCR has raised annual loan and grant approvals significantly. This has set ADB on an extended growth path, which will need prudent management. In addition to these resources, ADB has a significant number of trust funds and financing partnerships which also provide grant funding. An evaluation by the Independent Evaluation Department (IED) of ADB partnership effectiveness indicates that financing partnerships have led to substantial fund mobilisation in recent years; however, more could be done to mobilise funds of third party financing (for example guarantees, A/B loans, and risk transfer techniques).

Co-financing and non-sovereign private sector operations also constitute important sources of funding, yet targets for co-financing have not been met. A recent study of ADB’s mobilisation capacity concluded that the limited number of staff involved in guarantees and syndication affected operations and administration. This was further aggravated by the lack of a comprehensive information technology system to manage such operations. The study concluded that ADB’s organisational and incentive structures, capacity development, and strategy and policy all needed improvement for the Bank to play an effective role in the use of these instruments.

Staff may be stretched to deliver operational growth resulting from successful resource mobilisation, necessitating the use of innovative approaches. A significant proportion of the additional staffing needed may have to be met through the optimisation of existing staff resources – a view that was echoed in staff interviews and survey responses. Aligning resources to strategic priorities and ensuring their effective use therefore become particularly important, and several initiatives are underway in this respect. One recent innovation is the introduction of “convertibility” between national and international posts. This approach addresses to some extent the difficulty of attracting staff to certain posts and allows more flexibility in determining the workforce size at resident missions. ADB has a strong system in place for staff performance assessment and management, and the cascading results framework ensures a clear line of sight between staff workplans and organisational objectives.

Figure 2: Survey response – STAFF PERFORMANCE



ADB must ensure alignment of existing resources to strategic priorities, and adequate quality control of its interventions. Alignment is ensured through the results framework, which tracks the percentage of commitments in strategic and operational priority areas. The 2017 Development Effectiveness Review indicated that the share of ADB financing for core operational areas under Strategy 2020 stood at 93%, above the 90% target. This represents an increase from the 2014/16 baseline of 87%. The only areas below target in terms of strategic alignment are health and education. In terms of staffing, the 2018 Annual Evaluation Review found that several resident missions lack gender specialists as part of their staff or as long-term gender consultants, and also identified a need for greater decentralisation of staff in the Private Sector Operations Department.

Notwithstanding enhanced decentralisation, decisions relating to staff deployment to resident missions are taken mainly at headquarters. This process follows a workforce analysis during which resident missions are consulted. While ADB raised the share of total net internal administrative expenses allocated to resident missions from 20% in 2017 to 21.2% in 2018, the missions enjoy only limited autonomy in determining who will be posted to the field. Attracting staff to take up posts in resident missions has also proved challenging, in particular with respect to private sector expertise.

KPI 4: Organisational systems are cost- and value-conscious and enable financial transparency and accountability.

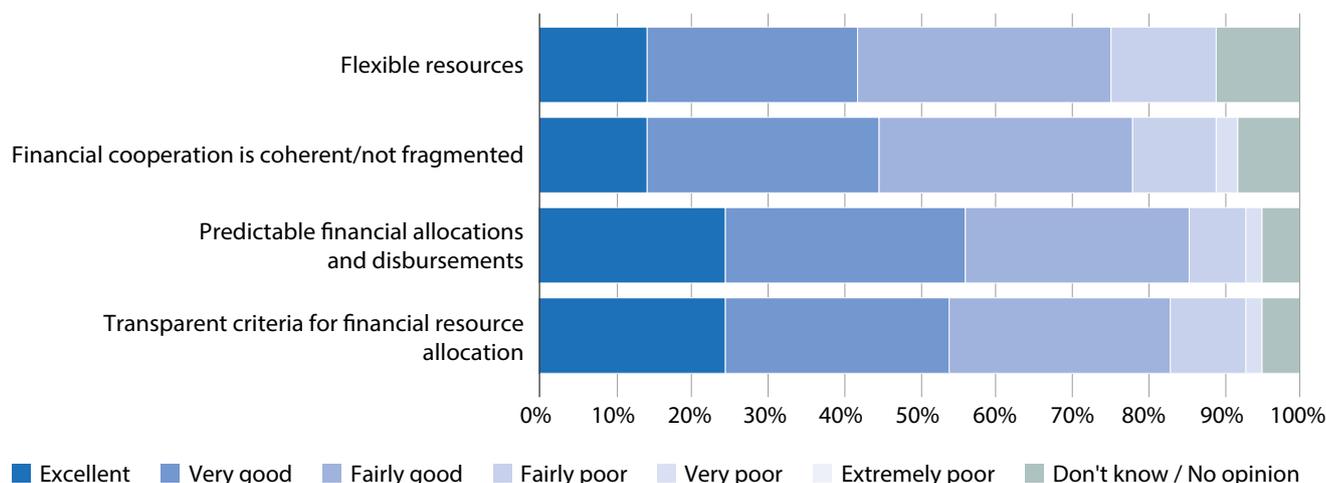
This KPI examines how ADB uses its external and internal control mechanisms to meet the standards it sets on financial management and transparency.

ADB has a strong and well-appreciated control environment, including clear policies, procedures and guidelines for implementation. The “circle of assurance” includes the Office of Anticorruption and Integrity, Risk Management, The Office of the Auditor General, Ombudsperson and the Accountability Mechanism. The Environmental and Safeguards Division is responsible for ensuring implementation of the Safeguards Policy Statement. The IED found that this statement is generally well regarded, but noted some areas need attention including gaps in local implementation capacity.

The effectiveness of the control framework is clear. For example, in 2017, the Office of Anticorruption and Integrity debarred a total of 52 entities for violating ADB’s anticorruption policy. The Accountability Mechanism also produces annual reports detailing the results of investigations into alleged incidents of non-compliance with social and environmental safeguards. In terms of external audit and assessments, the Audit Committee of the Board meets regularly with the external auditor to agree on an audit service plan, and a recent assessment by the Institute of Internal Auditors found that ADB’s internal audit department conforms to the Institute of Internal Auditors’ standards.

Disbursement performance is mixed, with a decline in the non-sovereign portfolio. The Development Effectiveness Reviews and the Annual Portfolio Performance Reviews track several indicators relating to disbursement against their targets. The 2017 Development Effectiveness Review points to mixed performance on disbursement. The 2020 target was met for sovereign and results-based lending operations, and the performance of the sovereign portfolio improved in 2017 in terms of both contract awards and disbursements. The disbursement ratio for non-sovereign operations, however, fell to 32% in 2017, failing to achieve the annual target. It noted that the significant rise in the total number of projects signed in 2017 increased the gross undisbursed amount, leading to a decline in the disbursement ratio. Examples of external factors influencing disbursement include the security situation in Afghanistan and, in the case of Vietnam, a self-imposed debt ceiling and the slow progress of large infrastructure projects.

Figure 3: Survey response – FINANCIAL RESOURCE MANAGEMENT



The 2017 Development Effectiveness Review also calls attention to the fact that ADB's disbursements in 2017 decreased from 2016. The Annual Review of Portfolio Performance also confirms relatively poorer performance, noting that projects rated "on track" in 2017 declined to 72.6%, compared with 80.3% the previous year, and that a higher percentage of projects were rated as having implementation risks (27.4%). For 20-30% of projects, contract awards and disbursements were associated with either potential problems or actual problems.

External and internal factors affect portfolio performance and disbursement, and reform initiatives are being implemented to address internal bottlenecks. The 2017 Annual Review of Portfolio Performance highlights recurring challenges that affect implementation and hence disbursement. These include changes to procurement arrangements, delays in the overall procurement cycle, safeguard compliance, capacity of the executing and implementing agencies, and changes and adjustments to project design. Factors underlying good performance include procurement readiness, good project design and stakeholder consultation, and safeguard clearance. Average end-to-end procurement time from receipt of draft bidding documents to signing of contracts for USD 10 million and above was 370 days in 2017, compared to 386 days in 2016. ADB took 135 days on average (down marginally from 136 days in 2016), while the executing agencies took 235 days (250 days in 2016).

Eligibility for ADB resources and subsequent allocation are guided by clear policies and are implemented in a transparent manner. Eligibility for ADB resources is governed by a graduation policy. This sets out which countries can borrow from Ordinary Capital Resources, which are eligible for concessional funding and which are eligible for grant-only funding (Asian Development Fund). Given the dynamic environment, the IED has suggested a need to review and update the graduation policy.

For the Asian Development Fund, a clear Performance-Based Allocation System, aligned with that of other multilateral development banks, is applied. Lending levels by country for Ordinary Capital Resources are demand-driven, and are also influenced by absorptive capacity, project readiness, debt sustainability, emergency situations and creditworthiness. Anticipated lending levels at the country level are set out in three-year Country Operations Business Plans, which detail project pipelines based on the strategic priorities laid out in Country Partnership Strategies.

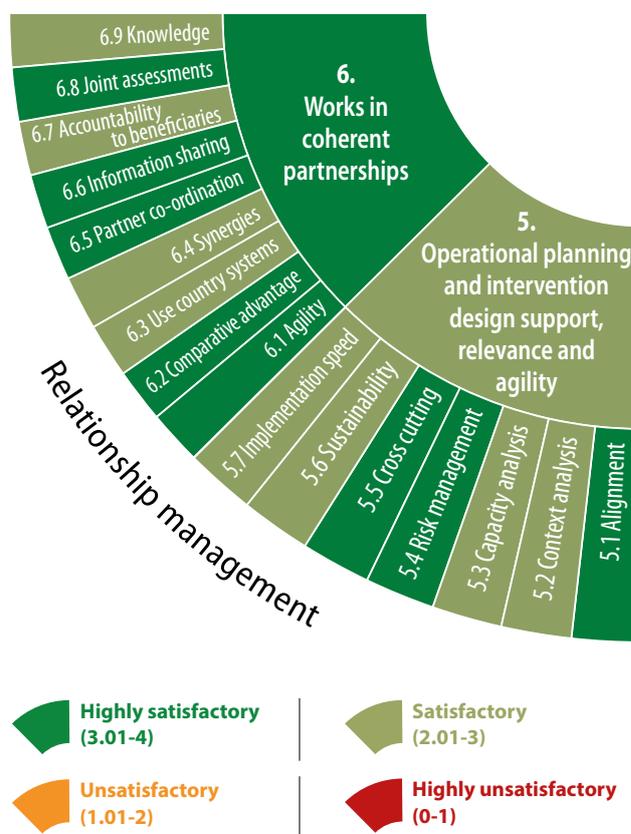
The Work Programme and Budget Framework allocates the budget for loan supervision, administration, capital and other expenditures anchored in strategic priorities. The internal budgeting process starts with the President's planning directions, which are informed by the findings of annual Development Effectiveness Reviews. Based on these, the Strategy, Policy, and Review Department and the Budget, Personnel and Management Systems Department jointly develop a Work Programme and Budget Framework which covers three years and operationalises the President's planning directions. The 2017 Development Effectiveness Review indicated that strategic alignment is strong except in the areas of health and education.

PERFORMANCE AREA: RELATIONSHIP MANAGEMENT

Engaging in inclusive partnerships to support relevance, to leverage effective solutions and to maximise results (in line with Busan Partnerships commitments).

Relationship management is a key strength of ADB. This is partly a result of a decentralisation process which has strengthened the organisation's country presence and facilitated engagement with partners, including in terms of effective procurement and faster business processes. Country systems are generally used for financial management but can also be employed for procurement and to monitor safeguards, following suitability assessments. A development co-ordination matrix embedded in Country Partnership Strategies (CPS) assists with the co-ordination of activities with other partners, based on comparative advantage. At the corporate level, interviews revealed very strong ADB engagement in multilateral development bank working groups across the organisation.

Knowledge is essential for the Bank's role and relevance as a development institution. The reorganisation at headquarters level of Sector and Thematic Groups and the introduction of knowledge partnerships and country knowledge plans have the potential to further strengthen this area. Tools such as context analysis and capacity analysis help to improve the quality of operations, although some work is required to reap the full benefits in terms of operational use. The operational policy on Country Partnership Strategies requires broad consideration of cross-cutting issues, while economic analyses, sector analyses and Design and Monitoring Frameworks at the project level should include analyses of cross-cutting issues. In terms of evaluative knowledge, evaluations have concentrated mainly on project-level results, at the expense of contributions to wider strategic focus areas including cross-cutting issues.



KPI 5: Operational planning and intervention design tools support relevance and agility within partnerships.

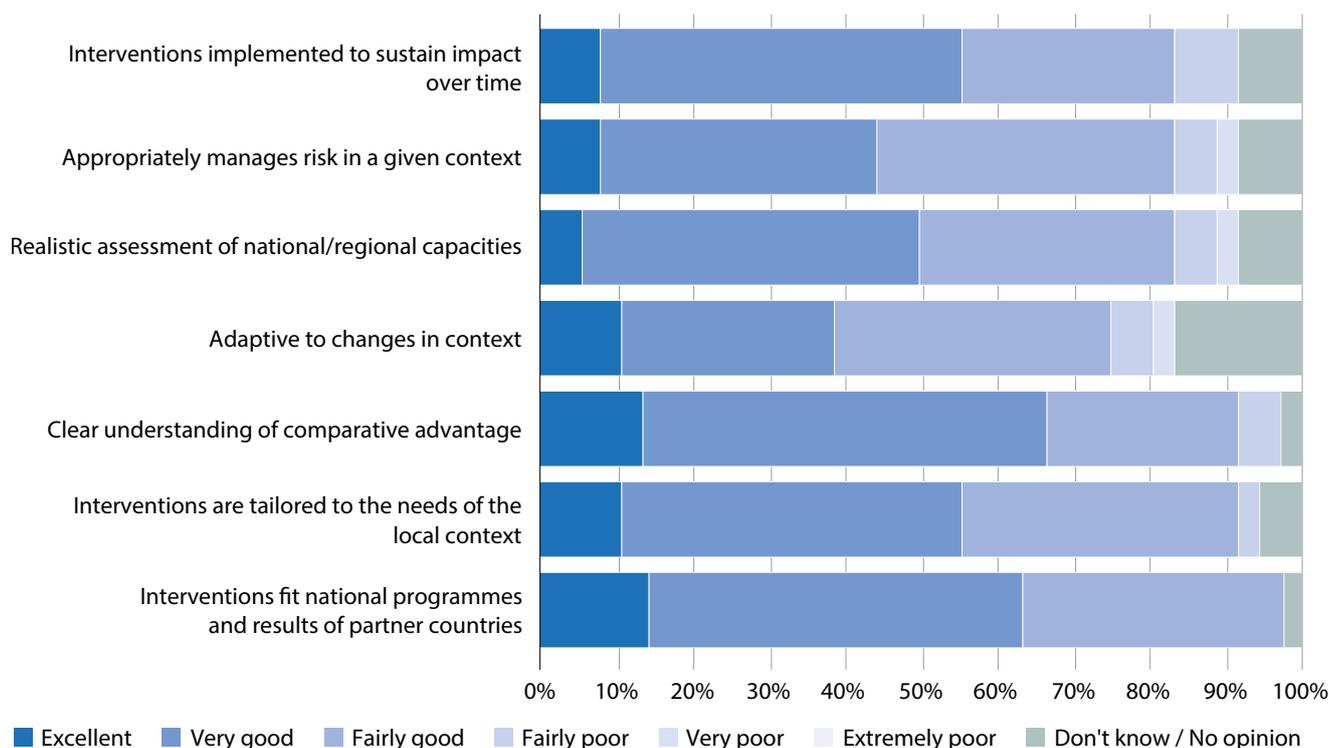
This KPI focuses on the scope and robustness of ADB's processes and practice to support timely, flexible and responsive planning and intervention design for partnerships.

ADB's close and trusted relationship with clients is mirrored in the strong alignment between national strategies and country partnership strategies. The IED's 2018 Annual Evaluation Review found that the alignment of project objectives with national and sector goals, as well as ADB corporate priorities for sovereign operations (referred to as relevance performance), has been consistently high, in particular for infrastructure projects. The same report found that six out of ten non-sovereign projects reviewed were successful in contributing to private sector development and ADB's Strategic Objectives.

Diagnostic context and capacity assessments which identify various constraints to economic growth are mandatory and precede CPS preparation. However, views from the survey and interviews are mixed in terms of how well ADB makes use of these assessments in project design and whether it includes appropriate capacity strengthening in projects. For example, evaluation of policy-based lending (PBL) support found that PBL design drew on available political economy analysis, but that such work was undertaken only rarely – to design PBL operations. At the country

level, CPS results framework guidelines ensure alignment with country needs through the use of country strategy documents and national indicators. However, the 2017 Annual Evaluation Review found that CPS results frameworks focused mainly on results at the project level, rather than higher-level corporate or national objectives.

Figure 4: Survey response – OPERATIONAL PLANNING AND INTERVENTION DESIGN



Speed of implementation is improving, but there remains room for further progress. The corporate results framework tracks the speed of implementation in terms of project preparation and procurement. It tracks processing time for various processes and types of resources, including both sovereign and non-sovereign operations, as well as OCR and ADF, and processing times for different types of contracts. Recently, it has highlighted reductions in processing time, but also the need for further improvement.

The 2017 Development Effectiveness Review indicated that project start-up time is improving, and that ADB is on track to achieve the ambitious 2020 target of nine months. The time to first contract has also been shortened across all types of contracts. The review indicated that most sovereign projects, however, do not finish on time due to procurement issues, particularly related to construction procurement, and scope and design changes. Between 2015 and 2017, only 36% of sovereign projects finished on time.

While understanding some project extensions are caused by external factors, ADB has reformed internal processes to speed up implementation. The 2017 Development Effectiveness Review found that 60% of extensions were caused by security risks, natural disasters, and government, institutional and policy changes. Indeed, capacity gaps in borrower governments have been a key obstacle to sustainability, while low levels of capacity among project management staff in project implementation units have been mainly responsible for start-up and implementation delays.

In terms of internal obstacles, action is being taken to address procurement bottlenecks. A new procurement framework has further delegated procurement authority to regional departments, which can now (with the endorsement of the Operations Services and Financial Management Department⁵) take decisions on contracts costing between USD 20 million and USD 40 million. Executing agencies can take decisions on contracts up to USD 5 million. The

threshold for Procurement Committee review has also been raised from USD 10 million to USD 40 million, which has significant potential to speed up implementation.

The decentralisation and empowerment of resident missions have greatly assisted operational planning and implementation. The generally accepted view is that this process has enabled the right people, based in the country, to develop necessary relationships and make quick decisions. Furthermore, the new Sector and Thematic Groups play an important role in operation design and review, and facilitate the timely sharing of technical and knowledge inputs.

KPI 6: Partnership working is coherent and directed at leveraging and/or ensuring relevance and the catalytic use of resources.

This KPI looks at how ADB engages in partnerships to maximise the effect of its investment resources and its wider engagement.

Reforms have promoted more flexible use of programming funds, and decentralisation has enabled resident missions to become more responsive to changing circumstances. Over half of ADB staff now work at the field level, where resident missions are involved in 90% of sovereign operations. Staff at the resident level generally have both the authority and the knowledge to approve changes, while local relationships help identify changes in context.

The 2018 Annual Evaluation Review, however, warned that flexibility should not be pursued at the expense of consistency or achieving a critical mass for development effectiveness. An evaluation of ADB's policy-based lending found numerous examples of the reform content of later operations in a programmatic series being altered from the initial design, often with little explanation. Furthermore, an analysis of factors affecting project extensions in the 2017 Annual Portfolio Performance Report found that 60% of analysed projects had been extended because of changes in project design.

The principle of country systems is generally accepted and decentralisation has broadened knowledge of their quality, however ADB has yet to develop a systematic approach to their use. The new procurement framework allows for the use of country systems, as did the 2009 safeguard policy statements. The 2017 Development Effectiveness Review found that 80% of ADB sovereign operations made use of country financial management systems, and that 40% of sovereign operations made use of country procurement systems. This proportion was lower for concessional lending at 77% and 35%, respectively.

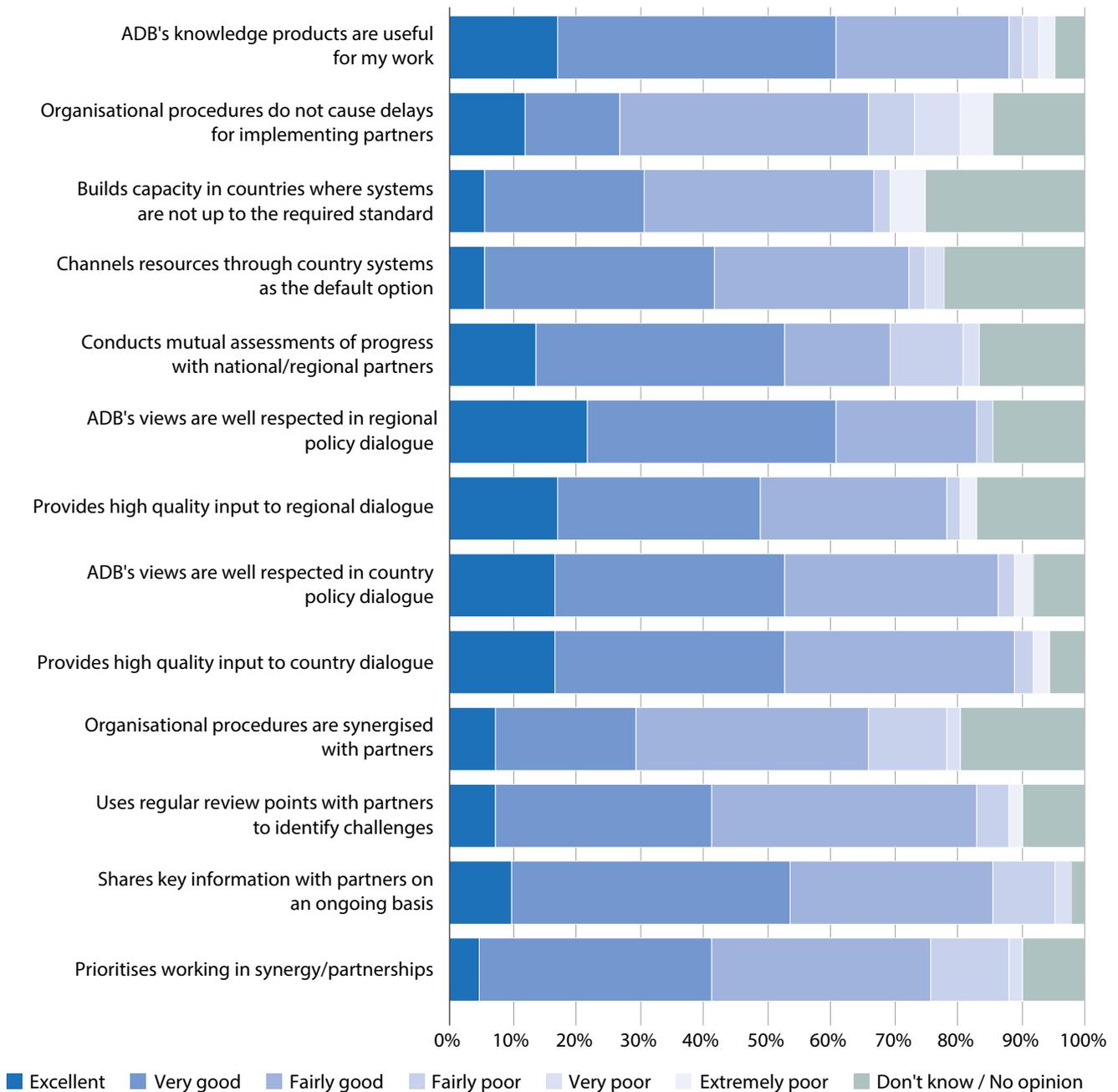
Several steps have been taken to increase the use of country procurement or public financial management systems, including procurement reform and the introduction of results-based lending operations. The latter allow the use of countries' own programme systems, following an assessment by ADB and any gap-filling measures required. An IED evaluation of the implementation of ADB safeguards found that the Sustainable Development and Climate Change Department had mapped out country safeguards systems for both the environment and involuntary resettlement. The corporate results framework monitors the use of country financial management systems, but the use of country systems for safeguard implementation and monitoring is not tracked.

There is recognition that robust country systems assessments and more systematic road maps will require greater inputs during preparation. However, they are expected to reduce transaction costs during programme implementation and help build national capacity through the avoidance of parallel systems.

Strategy 2020 recognises the value of partnerships for delivering ADB's agenda, and different initiatives have strengthened ADB's approach to and ability to engage in partnering. ADB identifies four types of partnerships:

5. This Department has been renamed the Procurement, Portfolio and Financial Management Department.

Figure 5: Survey response – PARTNERSHIPS



country partnerships, which are the most important; interagency co-ordination partnerships; financing partnerships; and knowledge partnerships. A recent evaluation of the effectiveness of these types of partnerships concluded that they were generally successful in meeting their objectives.

Country partnership strategies and country operations business plans seek to operationalise ADB's comparative advantage and its approach to partnership. Creating synergies is critical for effectiveness and therefore all country partnerships have a development co-ordination matrix, which outlines how ADB will co-ordinate its strategic and operational support with other development partners. Financing partnerships include co-financing, which in 2017 accounted for 59% of total ADB financing (signed during the year), and an ambitious target of 100% has been set for 2020. Knowledge partnerships are considered increasingly important; however, some partners report insufficient staff resources assigned to supervision and a lack of harmonisation of ADB processes with partner's procurement and

disbursement procedures. Several IED country programme evaluations highlight the need for ADB to improve the embedding of knowledge solutions in country programmes.

ADB is often viewed as a preferred partner with many different strengths. Partners perceive strength in ADB's ability to combine financing with knowledge, and value its links with policy makers, strong regional character, and preparation and implementation experience. Case studies by the IED show that institutional partnerships with ADB have boosted policy dialogue and provided complementary expertise in addressing social and environmental dimensions and safeguard requirements. The reviews (i.e. the case studies) also highlighted cases where ADB offered project supervision services to compensate for a partner's lack of in-country presence.

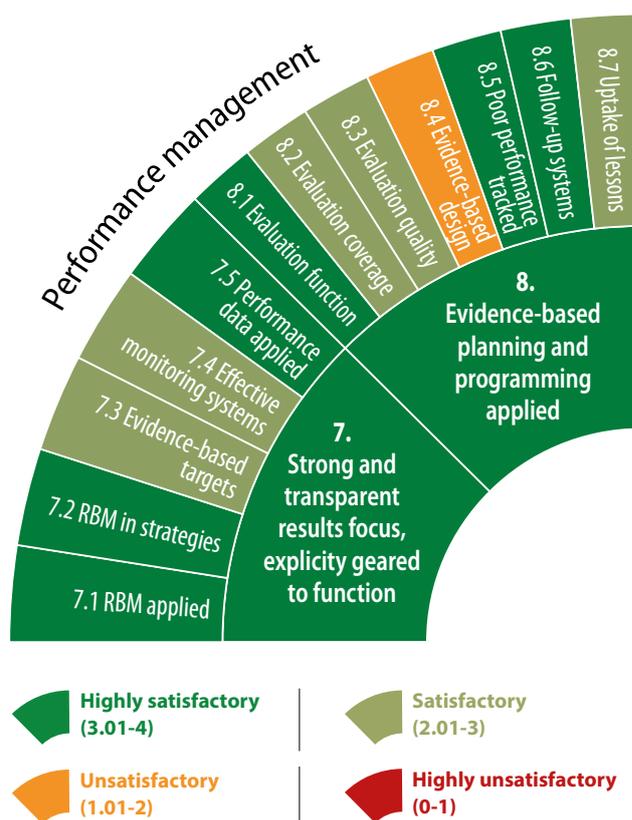
ADB ensures strong accountability through transparency of funds, joint reviews and a formal accountability mechanism. ADB is a signatory to the International Aid Transparency Initiative (IATI) and was assessed as the top performer in the 2018 Aid Transparency Index. It publishes information on analysis, budgeting and management in line with IATI guidance. Project and portfolio reviews are held jointly with governments on a regular basis and annual tripartite reviews of the country portfolio involve the Ministry of Finance, ADB and executing agencies. However, the 2018 Annual Evaluation Review stated that some partners noted inadequate reporting of project results and a lack of recognition of their contributions to such projects. Project completion reports do not include a requirement to assess an institutional partner's role in the design, implementation and financing of co-financed projects.

In terms of accountability to beneficiaries, ADB's Accountability Mechanism comprises the Compliance Review Panel and the Office of the Special Project Facilitator. Its purpose is to investigate alleged incidences of breach of environmental and social safeguards, which apply to all projects. In 2017, 12 complaints were received by the Office of the Special Project Facilitator, and two were deemed eligible for action. During the same year, the Compliance Review Panel received four complaints. In addition, all projects are required to have a Grievance Redress Mechanism. This, however, is a relatively new requirement and it is too early to assess its effectiveness.

PERFORMANCE AREA: PERFORMANCE MANAGEMENT

Systems geared to managing and accounting for development and humanitarian results and the use of performance information, including evaluation and lesson learning.

ADB is an organisation geared towards results, and the monitoring and evaluation functions and systems in place to support this are well developed. The cascading corporate results framework is comprehensive, and reporting is timely and complete. The foundation for planning – the annual Development Effectiveness Review – informs the President's planning directions. The evaluation function is geared to both accountability and learning. However, the 2017 Annual Evaluation Review concluded that lesson learning across ADB falls short of potential, a view widely echoed in interviews. Evaluation quality is also recognised as an area in need of attention, while improvements have been made to develop and track recommendations to ensure maximum utility.



KPI 7: The focus on results is strong, transparent and explicitly geared towards function.

This KPI looks at how ADB transparently interprets and delivers an organisation-wide focus on results.

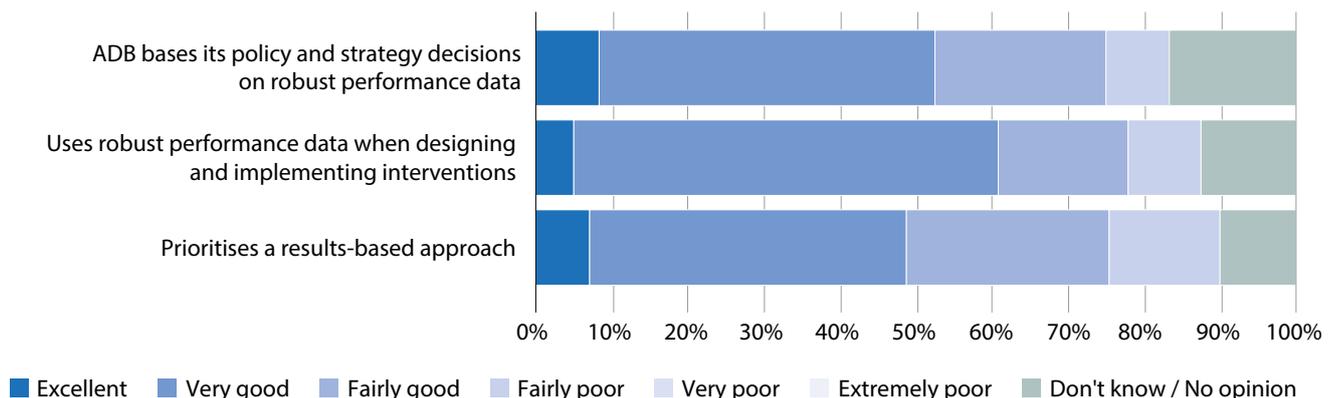
ADB has a longstanding commitment to results-based management. A four-tier, cascading results framework is used to track progress at various levels and to guide decision-making and planning. Individual sector, strategy, policy and project results frameworks, as well as work plans, are linked to the corporate results framework. The annual report on performance, known as the Development Effectiveness Review, is used as the foundation for the corporate planning cycle. Weaknesses highlighted in the Development Effectiveness Review are then used to inform the development of the President’s planning directions. The last comprehensive results framework expired at the end of 2016. In the interim, a provisional, transitional results framework is in place and will last until the approval of the Strategy 2030-aligned results framework in 2019.

A large volume of guidance is available for the preparation of results frameworks at all levels, and includes tools and methods for managing results. At the corporate level, the results framework measures progress in long-term development outcomes linked to ADB’s strategic priorities. At the country level, Country Partnership Strategies establish results framework to monitor development results in Developing Member Countries. At the project level, Design and Monitoring Frameworks (DMFs) provide logical structures for results-focused projects. All sector and thematic strategies have results frameworks.

Country Partnership Strategy results frameworks focus mainly on results at the project level rather than on success in delivering higher level corporate and country objectives. The corporate results framework enables ADB to measure progress against strategic objectives, and includes key indicators relating to operational and organisational effectiveness. Yet, the 2017 Annual Evaluation Review highlighted inadequate indicators and targets in country partnership strategy results frameworks, and noted that this has led to evaluations placing greater emphasis on understanding project-level performance, at the expense of understanding delivery of the corporate strategic agenda and the thematic drivers of change.

Systems, processes and tools are in place to support strong monitoring and reporting. ADB’s internal administrative budget allocates resources for the corporate monitoring system, and monitoring systems generate data at both the output and outcome level through DMFs. Reporting structures are clear and set out in the Project Performance Monitoring Instructions in the Project Administration Manual, and in the Operational Policy on the Project Performance Management System. The e-Operations digital platform enables real-time monitoring throughout the project cycle. The cascading nature of the corporate results framework also establishes a clear line of sight between operational departments and organisational results.

Figure 6: Survey response – RESULTS-BASED MANAGEMENT



Despite the high quality of monitoring systems, there is scope for improvement in some areas. Evaluations have found some flaws with the DMF design, which limits the possibility for attribution, either through the use of high-level outcomes subject to numerous exogenous influences or through output-oriented results. Additionally, an evaluation of ADB’s policy-based lending found frequent time lags between project completion and the submission of Project Completion Reports, resulting in the potential loss of a valuable feedback loop.

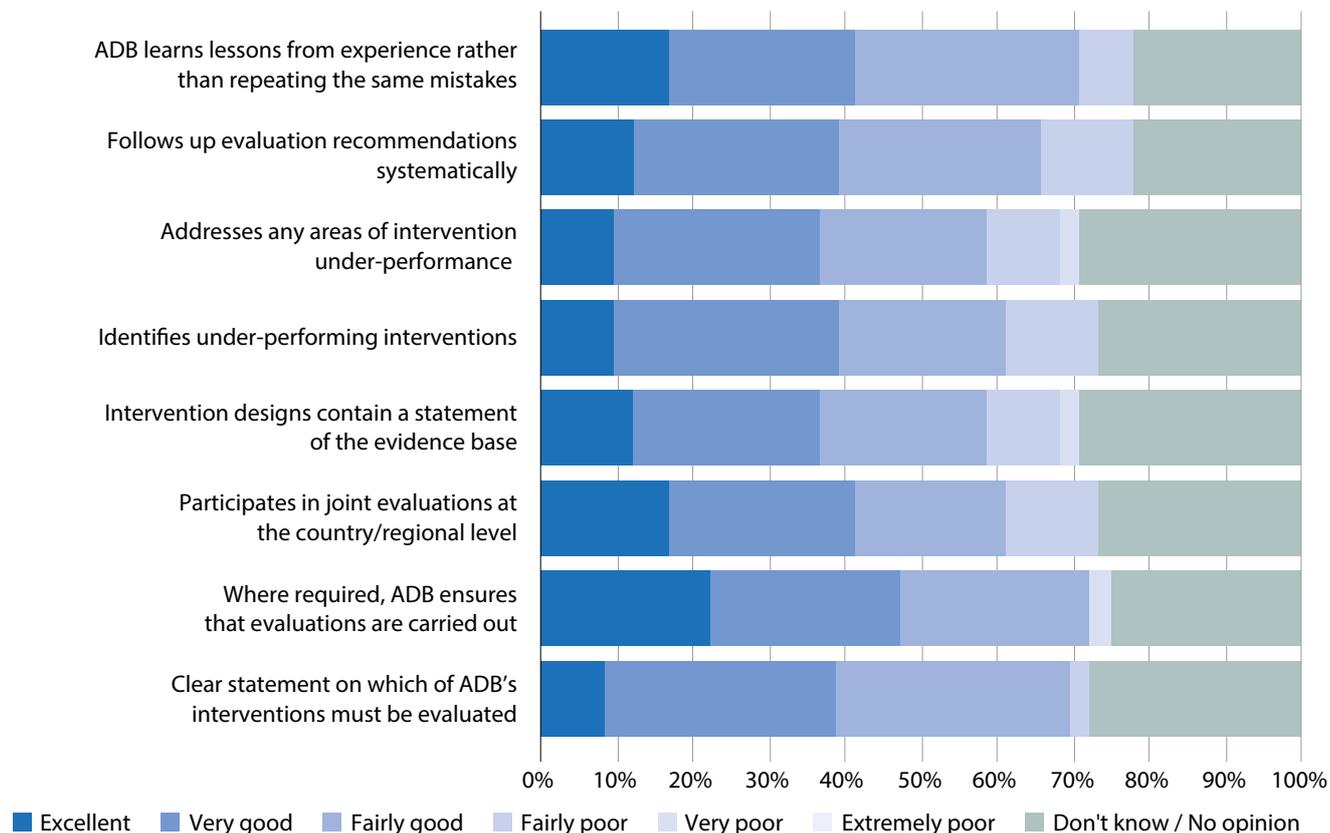
In general, pre- and post- validation ratings are converging, suggesting an increase in quality. However, evidence from interviews also suggests that the quality of data entered into e-Operations was not always consistent. In such cases, a number of steps, including post-entry data cleaning and locking, were necessary to ensure that data were of sufficient quality. An IED evaluation of ADB’s policy-based lending also found that the quality of analysis in Project Completion Reports was variable, with few reports addressing in detail the relevance of the design and the quality of the analysis underpinning the loan.

KPI 8: The organisation applies evidence-based planning and programming.

This KPI focuses on the evaluation function, its positioning within ADB structures, attention to quality, accountability and putting learning into practice.

The Independent Evaluation Department enjoys a high degree of independence, but the strategic purpose of evaluation in terms of accountability and learning remains an issue. The IED has a great degree of structural, operational and budgetary independence. The IED carried out a self-evaluation in 2017 which was published, while the report from an external assessment, carried out in 2017, was not made public.

Figure 7: Survey response – IMPLEMENTATION AND USE OF EVALUATIONS



As is the case for most evaluation functions, the balance between accountability and learning is an issue, as is coverage. The IED is seen to favour accountability over learning, something the self-evaluation confirms. Indeed, management has expressed concern that the IED in its scope and focus of work does not contribute sufficiently to improving ADB's operations. The self-evaluation also confirmed the existence of unrealised potential to mine the lessons in evaluations and disseminate them more effectively to operational staff and Developing Member Country clients.

The 2017 Annual Evaluation Review examined the process through which lessons from evaluations were used and found that lesson use was falling far short of its potential. A fifth of staff interviewed for the review said that they knew of projects financed by ADB that failed to deliver on intended results because lessons were ignored. The Country Partnership Strategy policy and guidelines for Design and Monitoring Frameworks indicate that lessons from past interventions should be considered in the design of new interventions. However, this is not mandatory, contrary to some other multilateral organisations, and is not tracked systematically.

The evaluation policy lacks clear guidance and procedures, and its improvement could clarify IED's work and improve quality. ADB's current evaluation policy is embedded within the 2008 Review of the Independence and Effectiveness of the Operations Evaluation Department, and the 2013 Independent Evaluation Section in the Operations Manual. The policy describes in broad terms some key principles and outputs. It does not, however, contain detailed guidance, for example on different types of evaluation products although it briefly outlines ADB's two-tier evaluation system, it does not include clear procedures on the links between the two tiers, either. The policy also fails to address the quality issue, something that was repeatedly raised in interviews, and which the self-evaluation also noted as a weakness. According to some interviewees, revising and updating the evaluation policy could help clarify the purpose and scope of the IED's work, and potentially improve quality.

ADB has a strong, electronically-based system in place to track projects at risk. Reasons for categorising a project as "at risk" in this system included slippages in awarding large contracts, capacity constraints in fragile and conflict-affected countries such as Papua New Guinea, the security situation in Afghanistan, and the self-imposed disbursement ceiling in Vietnam to manage public debt. The trend shows that more projects were at risk in 2017 than in 2016. As the portfolio increases, there is also a need to enhance the capacity of executing agencies and implementing agencies, particularly those that are new or have high staff turnovers. For 20% to 30% of projects, contract awards and disbursements were assessed as the two key performance indicators resulting in either potential problems or actual problems. These issues are also raised in KPI 4.

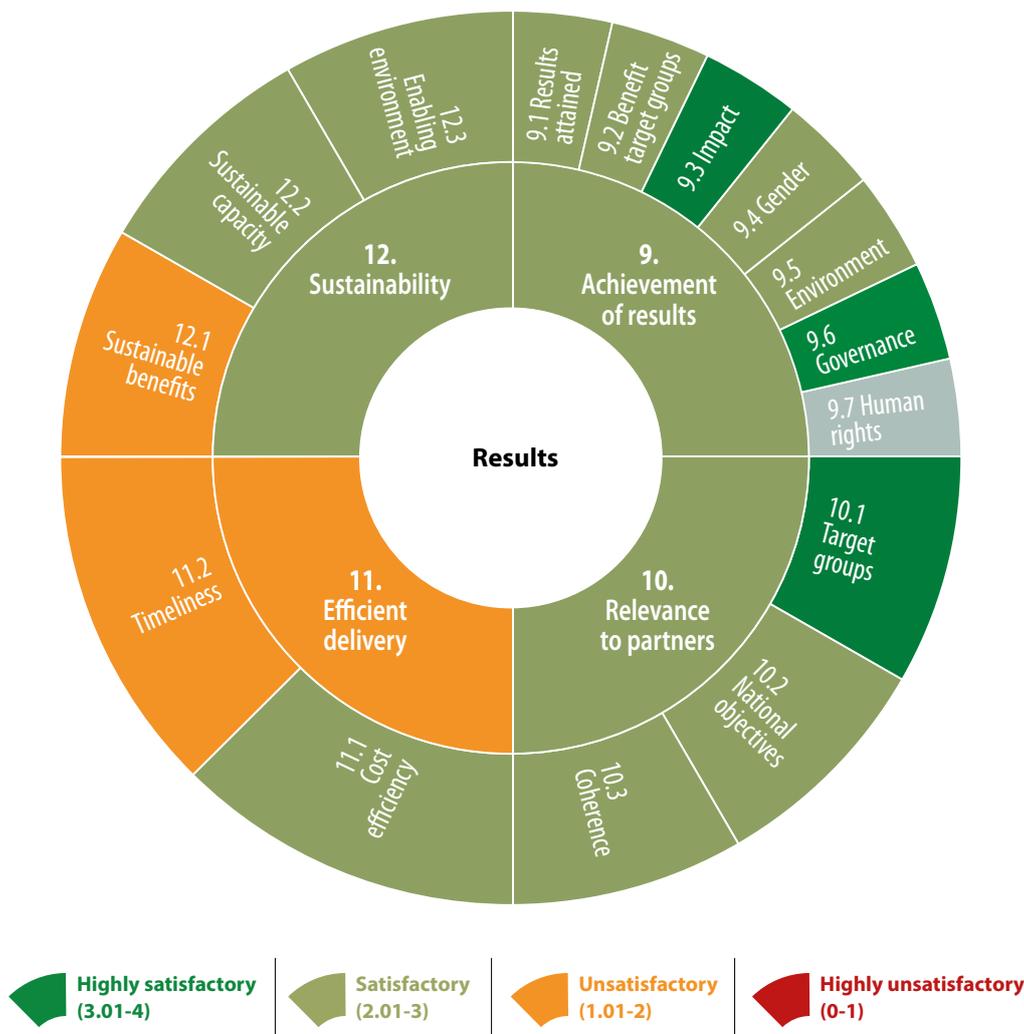
Improvements have been made in developing, drafting and tracking evaluation recommendations. Management responses are entered into the Management Action Record System (MARS) along with target completion dates. Twice a year, progress on implementation of recommendations is updated by management. Assessment of MARS implementation in the 2017 Annual Evaluation Review identified several findings that require attention, including decline in the acceptance of recommendations by ADB management from 95% in 2012-13 to 65% in 2014-15. Subsequently, several measures were taken to improve both the drafting and the process of discussion with management.

Interviewees explained that findings are now less prescriptive and focus on more systemic issues, which are discussed with management and technical experts prior to inclusion into the evaluation report. The consequence was significant improvement in 2016, with 100% acceptance of IED report recommendations issued during the year. In addition, the IED's validation of management's implementation of recommendations showed an 80% implementation success rate.

2.2. DEVELOPMENT EFFECTIVENESS

PERFORMANCE AREA: RESULTS

Achievement of relevant, inclusive and sustainable contributions to humanitarian and development results in an efficient way.



Overall, the evidence points to relatively strong performance in ADB operations. Sovereign investment project performance has improved, particularly in non-infrastructure sectors, which did better than infrastructure sectors over 2015-17. The performance of policy-based lending has also improved sharply over the past decade and has contributed to important reforms and advances in public sector management among Developing Member Countries. Middle-income countries, which now make up the majority of ADB’s client base, view the organisation as a reliable and trusted development partner.

Weaker areas include the performance of ADB’s non-sovereign portfolio and the efficiency and sustainability of ADB’s sovereign operations. The performance of the non-sovereign portfolio is below satisfactory and declining. This trend is driven primarily by poor performance against the “development results” criterion, one of four criteria used by ADB to assess non-sovereign performance.

KPI 9: Development and humanitarian objectives are achieved, and results contribute to normative and cross-cutting goals.

This KPI examines the nature and scale of the results ADB is achieving against the targets it sets and its expectations on making a difference.

Country programmes experienced a steady 75% success rate, but this performance masks country-specific variations and remains below the 80% target. This performance for 2015-17 was underpinned by strong ratings in the recent country assessment of India, and successful ratings for Kazakhstan, Philippines and Turkmenistan. In Afghanistan and Mongolia, however, challenges meeting the original programme targets resulted in weak development impact. Additionally, the three-year rolling average masks variations in year-on-year performance. For example, 69% of Country Partnership Strategies were rated as successful for the year 2017. Nevertheless, the trend is clearly positive, although average performance still falls below the 2020 target of 80%. The performance of Country Partnership Strategies also varies between types of countries, with the highest performance recorded for OCR-only countries.

Historically, operations funded through the Asian Development Fund have enjoyed relatively low success rates, but these have improved substantially in recent years. Success rates for Country Partnership Strategies in “blend” countries are also low. Poor performance in blend countries is believed to underscore difficulties often experienced by countries undergoing growth and economic transition, during which institutional capacity may not keep pace with growth in national income.

While ADB’s performance in middle-income countries has been assessed as strong, it may not meet expectations. Middle-income countries make up an increasingly large proportion of ADB’s client base. A recent evaluation by IED found that ADB’s performance in middle-income countries has been largely satisfactory, with 70% of Country Partnership Strategies assessed as successful between 2010 and 2016. However, middle-income countries themselves expect greater value-added knowledge from ADB and would like increased support for specific priority areas.

The IED found that stakeholders in middle-income countries required knowledge-intensive support from ADB to address the challenges associated with urbanisation and regional disparities, improving regional connectivity, expanding social and physical infrastructure, and diversifying their economies. Middle-income countries have expressed a desire for ADB to increase support to subnational governments and state-owned enterprises, and provide advisory services and financing for public-private partnerships as well as the use of guarantees to encourage private sector investments and financing in local currencies.

Performance of sovereign and non-sovereign operations differs at the project level. ADB’s sovereign operations are composed of project-based investment lending and policy-based lending. The performance ratings of the two modalities have converged at a satisfactory level in recent years, following historically weaker performance of policy-based lending. The year-on-year performance of non-sovereign operations, however, is volatile. For example, 2014 was a particularly positive year, with 88% of non-sovereign operations rated as successful or above. This fell sharply to 50% in 2015. Overall, the three-year rolling average success rates of non-sovereign operations reveal a downward trend.

Non-sovereign operations are not assessed by the same criteria as sovereign operations. Instead, they are assessed on the basis of development results, ADB additionality, ADB investment profitability and ADB work quality. The poor performance of the non-sovereign portfolio is driven mainly by low ratings in development results.

The performance of policy-based lending has improved significantly in recent years and has contributed to important reforms. Policy-based lending provides fungible finances to governments to help them to meet their budget and balance of payment needs. Provision of these resources is conditional upon an agreed set of policy actions set out in a policy matrix. In this way, the modality helps countries meet financing needs while supporting policy reforms. Policy-based lending comprises roughly a fifth of ADB's total yearly approvals.

A recent IED evaluation of ADB's policy-based lending found that success rates had improved sharply over the past decade. This modality has contributed to important changes in national development programmes and policies and improvements in good governance, and has facilitated the creation of an enabling environment for development. Specifically, policy-based lending has been used to support important reforms in public sector management in member countries, including through decentralisation, strengthening of service delivery at subnational levels, reforms of public financial management and state-owned enterprises, investment in climate reforms, civil service reforms, and poverty reduction programmes.

The picture is mixed in terms of gender-mainstreaming projects. ADB has met its targets for mainstreaming gender into operations, driven mainly by an increase in projects which do not have gender outcomes as their main objectives, but instead include gender-specific outputs in their Design and Monitoring Frameworks (also known as Category 2 projects). The share of projects that have gender equity as an explicit and principal theme has declined. Between 2011 and 2015, these projects (also known as Category 1 projects) made up only 8% of all gender-mainstreaming operations.

Conversely, the results of gender-mainstreaming projects have been satisfactory. A recent evaluation examined a sample of 72 gender-mainstreaming projects and found that just under two-thirds (65%) were successful in delivering their gender results. It also found that ADB support had been helpful in expanding women's access to education and health facilities. However, ADB efforts to address institutional constraints to women's participation in the labour force had been less successful.

Evidence of ADB's contribution to improving environmental sustainability and supporting efforts to adapt to and mitigate climate change is scarce. ADB has met its corporate targets relating to the share of operations supporting environmental sustainability and climate change adaptation and mitigation. The corporate results framework does not shed much light on the environmental benefits achieved by these operations, however, beyond a measure of greenhouse gas emission reduction.

The 2018 Annual Evaluation Review found that operations which were "environmentally sustainable growth-tagged" were more successful than those that were not tagged as such. However, the majority of "tagged" projects lacked environmentally sustainable growth as a primary objective. Rather, they were oriented towards promoting economic growth, but incorporated identified environmental co-benefits. These varied from minor efforts to climate-proof projects (i.e. integrating climate change adaptation measures into protect investments made in the project) to operations with significant environmental outcomes such as reduced pollution.

The relative lack of evidence related to the environmentally sustainable growth agenda may reflect the fact that a large part of ADB's support to environmental sustainability consists of the application of stringent environmental safeguards to all projects. The IED has produced a topical paper on ADB's environmentally sustainable growth agenda which concluded that environmental assessments were not always incorporated into sector plans.

KPI 10: Interventions are relevant to the needs and priorities of partner countries and beneficiaries, and the organisation works towards results in areas within its mandate.

This KPI centres on the relevance of ADB's engagement given the needs and priorities of its partner countries and its results focus.

Country partnership strategies have been assessed as relevant to Developing Member Countries' needs. The 2017 Annual Evaluation Review found that 83% of Country Partnership Strategies were relevant to the challenges faced by ADB's Developing Member Countries. Furthermore, over 90% of ADB operations were found to be aligned with national results frameworks, indicating that they are designed to support the realisation of national development goals and objectives. Recent revisions to the preparation process for Country Partnership Strategies are expected to further enhance alignment to national and strategic priorities.

ADB has worked effectively in partnership with other organisations to deliver results coherently. A recent evaluation of ADB's partnerships found that, based on self-evaluations, three-quarters of ADB's interagency co-ordination partnerships mostly or completely met their objectives. Partnerships with other agencies were found to have resulted in the use of streamlined and unified strategies, the mobilisation of additional development financing and partner expertise, and the harmonisation of development efforts in certain countries and sectors. Institutional partners themselves reported that their experience of partnership with ADB was broadly positive, and recent assessments from bilateral partners concluded that ADB provided very good value for development support.

This has not translated into significant fund mobilisation, as expected. The evaluation found that the total co-financing ratio grew from 6% in 2000-04 to 50% in 2009-14. However, this is still well below the 100% ratio set as a target in Strategy 2020.

ADB's sovereign operations are consistently assessed as relevant or highly relevant to its Developing Member Countries. The IED assesses the relevance of sovereign operations based on (i) the alignment of a project's objectives with national and sector objectives and ADB corporate priorities and (ii) the relevance of the project's design to its objectives, including an assessment of the plausibility and quality of its results chain. Between 2015 and 2017, the three-year average of operations rated relevant or highly relevant was 90%.

Non-sovereign operations are not assessed for relevance but are assessed for additionality. The latter considers the extent to which ADB finance was a necessary condition for the timely realisation of a project, either through the mobilisation of funds or indirectly by improving the risk perception of other financiers. Between 2015 and 2017, the three-year average of non-sovereign operations demonstrating additionality was 71%.

KPI 11: Results are delivered efficiently.

This KPI looks at the extent to which ADB is meeting its own aims and standards on delivering results efficiently.

IED assesses sovereign projects and country programmes for efficiency. Non-sovereign projects, however, are assessed by different criteria. The methodology used by the IED includes assessment of both economic and process efficiency – in other words, a measure of economic rate of return, and how well a project used its resources to achieve its outcome(s). The assessment methodology for non-sovereign projects uses four main criteria: (i) development results, (ii) ADB additionality, (iii) ADB investment profitability and (iv) ADB work quality.

Ratings for the efficiency and sustainability of sovereign operations are well below ADB's performance standard of 80%. The IED assessment shows that one in three completed projects are less than efficient, or less than likely sustainable, versus one in four projects that are less than effective and one in six projects that are less than relevant. The period 2015-17 shows that efficiency improved to 72%, while sustainability remained at 66%.

Evaluations have consistently found the efficiency of ADB sovereign operations to be weaker than their relevance and effectiveness. IED identified that key factors in this regard are weak preparation and design of projects. Management has contested IED's statistical analysis on the impact of the project design on efficiency and sustainability, citing its arbitrary separation of design and implementation and misinterpretation of correlation for causation. However, it generally agrees to IED's recommendations to improve operational efficiency in the 2018 Annual Evaluation Review in conjunction with modernised business processes expected from Strategy 2030.

Out of the four evaluation criteria applied to projects, efficiency has shown the largest improvement, giving hopes for sustained improvement. The three-year moving average shows a relatively unchanged performance for all evaluation criteria in 2015-17, except for efficiency. Efficiency has consistently trended up since 2013-15. The percentage of projects rated highly efficient or efficient improved from 63% in 2013-15 to 72% in 2015-17, and is now closer to the most recent three-year average of 74%.

Efficiency ratings are highly sector-dependent, with better performance in non-infrastructure sectors. A comparison of the performance of infrastructure and non-infrastructure portfolios by evaluation criteria indicates that in 2015-17, the infrastructure portfolio performed better on relevance and effectiveness, while the non-infrastructure portfolio fared better on efficiency and sustainability. The better-performing portfolios were energy, finance, transport, and water and urban sanitation. However, dips occurred in the education, health, public sector management, and agriculture and natural resources portfolios.

Country programme efficiency ratings are below the corporate target of 75%. Country programmes are rated against five criteria, of which performance on efficiency has been the lowest. However, there is also reason for optimism, as efficiency has been consistently improving since 2013, with the 2015-17 average reaching 44%.

Implementation delays are recognised as a key factor affecting the efficiency of ADB operations. Between 2015 and 2017, only 36% of sovereign projects were completed on time. While the average anticipated implementation time was 5.4 years, the actual average implementation time was 7.2 years. Several factors are responsible for implementation delays. These include slow consultant recruitment and mobilisation, slow establishment of project implementation units and inadequate capacity of project management staff, lack of familiarity with ADB procedures and lengthy domestic procedures, slow disbursement of funds, land acquisition and resettlement issues, changes in project design and scope, delays in procurement of construction works, poor performance of contractors and consultants, and other external factors including security and political conditions. An analysis of delayed projects revealed that projects that benefited from Technical Assistance (TA) during project preparation were likely to experience fewer implementation delays.

KPI 12: Results are sustainable.

This KPI looks at the degree to which ADB successfully delivers results that are sustainable in the longer term.

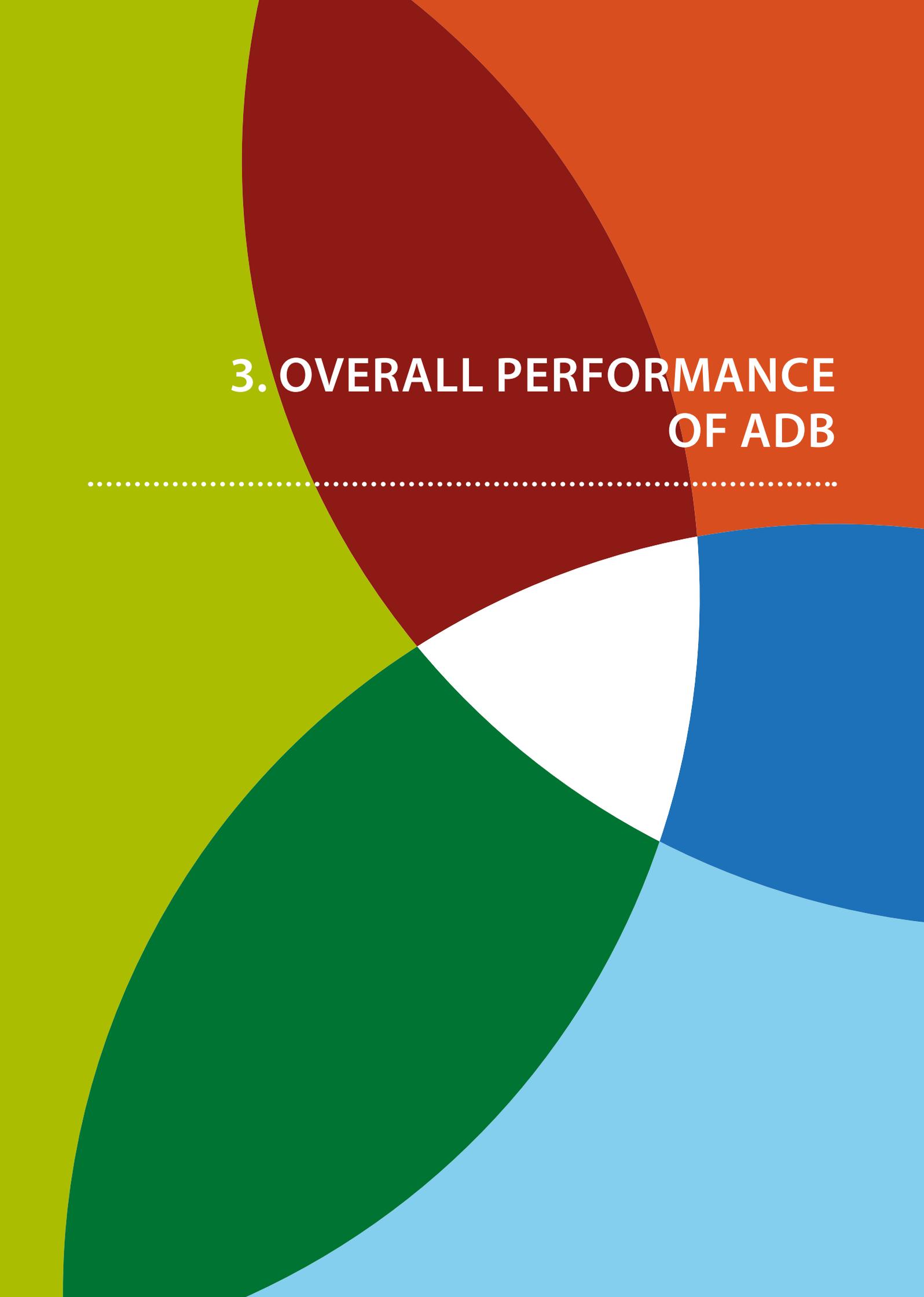
The IED guidelines identify three dimensions to assess sustainability. These are (i) financial sustainability through the provision of operation and the maintenance of project assets, (ii) institutional sustainability, and (iii) environmental and social sustainability. The assessment of sustainability at the post-completion stage is recognised by ADB as a judgement, expressed as the likelihood of sustainability.

Evaluations have consistently found the sustainability of ADB operations to be of concern. Sustainability remains the lowest-performing evaluation criterion of sovereign operations (66%). Between 2010 and 2017, just under half of ADB's Country Partnership Strategies were assessed as "likely sustainable". This suggests that more effort is required, particularly to boost the sustainability of sovereign project operations. Several factors influence sustainability, and management has suggested that the IED consider ways to better capture this dynamic. Both management and the IED, however, acknowledge the strong influence of design and project implementation on sustainability.

Sustainability is trending upwards, however, giving cause for optimism. It should be noted, though, that the performance of sustainability remains well below that of relevance and effectiveness. In 2015-17, the sustainability of the non-infrastructure portfolio (78%) was higher than that of the infrastructure portfolio (57%). This was driven by better performances from the industry and trade, finance, and health sector portfolios. Performance in the education sector was above average.

Country capacity was found to be a key factor influencing the sustainability of operations. An analysis conducted by the IED found that capacity gaps in borrower governments have been a major obstacle to both sustainability and efficiency. Low levels of capacity among project management staff in project implementation units have been one of the main factors leading to start-up and implementation delays. Furthermore, a key challenge to the sustainability of ADB public sector management operations relates to the commitment and capacity of governments to sustain reforms. Similarly, in infrastructure sectors, sustainability concerns have centred on the extent to which sufficient capacity and financing exist for long-term operation and maintenance of outputs. Successful technical assistance to strengthen country capacity is one means used by the Bank to enhance the likelihood of sustainability. TA projects overall have a high and increasing success rate.

ADB has been taking steps to address sustainability. The results of nine specific measures implemented during 2011-17 have not yet fully materialised, and the effect of these changes on sustainability rates remains to be assessed. Management will review possible options to integrate sustainability measures into project design documents and propose changes by the end of 2018.



3. OVERALL PERFORMANCE OF ADB

Chapter 3. Overall performance of ADB

The performance conclusions first consider four key attributes of an effective organisation: (i) whether it understands future needs and demands; (ii) whether it is organised and makes use of its assets and comparative advantages; (iii) whether it has mandate-oriented systems, planning and operations; and (iv) whether it makes consistent developments according to its resource level and operational context.

Then, the journey of the organisation is mapped against MOPAN's previous assessment of the Asian Development Bank (ADB).

Lastly, the assessment report presents the key findings: the observed strengths and areas for improvement.

3.1. CURRENT STANDING AGAINST THE REQUIREMENTS OF AN EFFECTIVE ORGANISATION

Is ADB future facing?

ADB delivers highly relevant assistance in different forms to a very diverse member base, in line with its mandate and comparative advantage. It enjoys a high level of confidence from its member states and its relevance is assured through well-developed institutional structures that enable regular, substantive consultation, planning and monitoring, often undertaken jointly with the same member states.

Over the last five decades, ADB has witnessed tremendous change in Asia. The present dynamic environment is characterised by significant diversity, with large nations such as Mongolia and small Pacific island states all recognised as Developing Member Countries. Member states of ADB include strong economic performers, such as People's Republic of China and India, and countries facing low growth and conflict, such as Afghanistan and Kazakhstan. This diversity – along with country and sub-regional characteristics, lagging areas, and pockets of poverty and fragility – implies different needs as well as rapidly changing demands that necessitate exceptional agility and ability on the part of ADB.

ADB has an excellent understanding of this context. It produces a number of internationally recognised knowledge products and flagship publications, including the *Asian Development Outlook*, and key statistical indicators for Asia and the Pacific. Perhaps more important is the particularly close engagement it maintains with its members. For the period covered by this assessment, this engagement was strengthened by two major initiatives: the merger of Ordinary Capital Resources (OCR) and the Asian Development Fund (ADF) on the one hand, and the Midterm Review of Strategy 2020 and the development of Strategy 2030 on the other. Continued decentralisation has also led to closer engagement with countries and partners and therefore to better understanding of specific country needs and the most appropriate ways of addressing them.

As countries mature and gain access to international capital markets, demand for development knowledge, expertise and innovative technology increases. The Bank continues to develop new approaches and modalities to meet this demand, but may require more technical assistance resources, and stronger knowledge management, both vertically from headquarters to resident missions and horizontally across different departments and offices.

The increased emphasis on knowledge is reflected in the "One ADB" concept and in discussions on the Bank's identity. Questions have been raised, for example, as to whether the Bank, as a "development finance institution", should emphasise development or finance most and as to how best to balance the two. Strategy 2030 provides some answers in this regard and emphasises the Bank's continued close dialogue with its members to ensure its future relevance.

Is ADB making best use of what it has?

ADB's key assets are financing and knowledge. Its comparative advantage is the organisation's ability to deliver these assets in a targeted and packaged manner that addresses the specific needs of its Developing Member Countries. It enjoys a high level of trust among its membership, which has translated into strong financial backing.

The merger of the OCR and ADF testifies to this trust. The combination of ADF and OCR, which took effect on 1 January 2017, almost tripled OCR equity to more than USD 30 billion. At the time of approval, the reform was expected to raise annual loan and grant approvals by 50% to USD 20 billion in 2020, a target which was already met in 2017. Indeed, annual ADB operations reached a record USD 32.2 billion in 2017, representing a 26% increase from the previous year.

ADB also introduced a change in measuring financial performance, adopting the use of "commitments", or the amount of loans, grants and investments signed in a given year, in place of approvals. The change has helped to promote project readiness at the approval stage, expedite post-approval steps and move closer to project disbursement by placing greater emphasis on the moment when projects are signed, rather than approved by ADB's Board of Directors. This is another example of the Bank's ability to adapt to changing circumstances and its efforts to enhance effectiveness.

ADB's graduation policy ensures that eligibility to access ADB's resources is clear and transparent, while the Performance-based Allocation System guides the allocation of concessional resources. This is based on the principle that aid is most effective in accelerating economic growth and poverty reduction in countries where policy and institutional performance are strong. ADB gauges the relative performance of eligible borrowers by conducting annual country performance assessments (CPAs), harmonised with other multilateral development banks. The 2017-18 concessional resource country allocation was based on the 2016 CPA exercise outcome and an estimate of available concessional resources.

ADB has become increasingly systematic at deploying its knowledge assets, both vertically and horizontally, through the organisational matrix structure and its processes for the delegation of authority. Indeed, the Bank's comparative advantage rests in its ability to deliver knowledge and financing, separately and in combination, "packaged" in Country Partnership Strategies (CPS). Country Partnership Strategies have been recently revamped to better integrate knowledge management strategies, and thus address the increasing emphasis on and demand for knowledge in Developing Member Countries. At the corporate level, the Bank's strong participation in a large number of multilateral development bank working groups demonstrates its commitment to harmonise and continuously look for good practices, opportunities for joint work and common approaches.

At present, ADB has a very positive financial outlook, despite the fact that it is not meeting two important financial targets, namely those relating to co-financing and to private sector engagement. Regarding the latter area, the introduction of new modalities in 2018 may address some of the reasons for this relatively poorer performance.

Is ADB a well-oiled machine?

ADB's forward-facing and results-focused corporate culture and business processes ensure relevance and agility both in terms of what it delivers and how this is delivered. Accountability is strong, with transparent allocation and planning processes as well as results reporting. The area most in need of attention is disbursement, particularly in the non-sovereign portfolio.

ADB is a mature organisation with well-developed business and control systems. Strong accountability is ensured through transparency of funds, joint reviews and a formal accountability mechanism. The OCR/ADF merger, however, has put pressure on administrative and human resources; at the same time, concomitant stress to deliver on ambitious targets carries a risk of poorer-quality projects and initiatives. Effective use of – and aligning resources to – strategic priorities have assumed particular importance, and several initiatives are underway in this respect, including greater flexibility in the use of national and international posts. This addresses to some extent the difficulty of attracting staff to certain posts and allows more freedom to determine workforce size at resident missions.

On the positive side, the Bank also benefits from strong operational systems that support the effective design, delivery, supervision and monitoring of its work. These systems are supported by a well-developed results management infrastructure, with a cascading results measurement system, that underpins a comprehensive planning process. Effectiveness could, however, be improved further through formalising certain aspects of intervention-level design and delivery, most notably institutional capacity analysis, and through more systematically mainstreaming specific cross-cutting issues.

Enhanced decentralisation and the delegation of authority to resident missions have proven to be a strength for the Bank and enabled the increasing use of country systems. However, ADB has not yet developed a systematic approach to these systems. These changes have also facilitated the development of partnerships, an area of focus in Strategy 2030.

Disbursement ratios might be expected to improve as a result of decentralisation, but these remain work in progress and has resulted in mixed performance, with difficulties most evident in the non-sovereign portfolio. The Development Effectiveness Reviews and the Annual Portfolio Performance Reviews track several indicators relating to disbursement against their targets. The 2017 Development Effectiveness Review concluded that the 2020 target was met for sovereign and results-based lending operations, while the disbursement ratio for non-sovereign operations fell to 32% in 2017, failing to achieve the annual target. Both external and internal factors play a role in current portfolio performance and disbursement, and various reform initiatives are being put in place to deal with internal bottlenecks.

It should be reiterated that this MOPAN assessment was conducted during a period of transition from Strategy 2020 to Strategy 2030, and just one year after the OCR/ADF merger. As a result, some core operational processes and policies were being overhauled to match the enhanced financial capacity and better serve a more decentralised organisation. As yet, it is too early to assess the effectiveness of these changes.

Is ADB making a difference?

ADB continues to realise consistently clear results contributing positively towards its mandate. The results are highly relevant to member states' needs and priorities, notwithstanding their diversity. ADB's own assessments of cost efficiency and sustainability highlight a need for improvement in this area, and the performance of the non-sovereign portfolio would also benefit from attention.

ADB's monitoring and evaluation functions and systems help to capture, track and understand the results achieved. The cascading corporate results framework is comprehensive and constitutes the foundation for planning, and results are well tracked and reported. However, greater efforts are needed in terms of interpreting results and understanding the pathways that lead to these results. ADB's evaluation function is geared both to accountability and learning; however, the 2017 Annual Evaluation Review concluded that lesson learning across the organisation falls short of potential, a view widely echoed in interviews. Evaluation quality is also recognised as an area needing improvement, while improvements have been made to developing and tracking recommendations to ensure their maximum utility.

Overall, ADB country evaluations show a relatively high success rate in terms of meeting development outcomes. However, this masks large regional and country-level differences, consistent with the challenges raised by the diversity of contexts within which the Bank operates. Evaluations also highlight various challenges in terms of non-sovereign lending.

Performance also varies with the use of different funding instruments. In this regard, policy-based lending has improved significantly in recent years, contributing to important changes in national development programmes and policies, improving good governance, and facilitating the creation of an enabling environment for development.

According to the OECD's Development Assistance Committee (DAC), the Bank performs best in terms of relevance, while the two areas that would benefit most from improvement are efficiency and sustainability. Ratings for the efficiency and sustainability of sovereign operations are well below ADB's performance standard of 80%. However, efficiency improved to 72% over the 2015-17 period, while sustainability remained at 66%. Weak country capacity, implementation delays, and weak preparation and design of projects are seen as some of the main issues negatively affecting the efficiency of ADB interventions. Technical assistance (TA) to help develop country capacity is one way to address these issues, and overall the Bank's TA projects have a high success rate, giving reason for optimism.

Efficiency ratings are highly sector-dependent, with better performance in non-infrastructure sectors. This issue is one to be taken seriously by the Bank, as Strategy 2030 focuses strongly on infrastructure. A comparison of the performance of infrastructure and non-infrastructure portfolios by evaluation criteria indicates that, during 2015-17, the infrastructure portfolio performed better on relevance and effectiveness, while the non-infrastructure portfolio fared better on efficiency and sustainability.

Only sovereign projects and country programmes are assessed by the Independent Evaluation Department by DAC criteria; non-sovereign operations are assessed for additionality. Additionality considers the extent to which ADB finance was a necessary condition for the timely realisation of a project, either through the mobilisation of funds or indirectly by improving the risk perception of other financiers. Between 2015 and 2017, the three-year average of non-sovereign operations demonstrating additionality was 71%.

3.2. PERFORMANCE JOURNEY

The MOPAN methodology has evolved significantly since ADB's previous assessment in 2013. As a result, a direct comparison between the 2013 assessment and the present assessment is not feasible. However, it is instructive to revisit the main findings – strengths and areas for improvement – presented in the 2013 assessment.

The 2013 assessment highlighted many key areas that remain relevant and are considered strengths in the present assessment. These include, among other areas, engagement with member countries, the strategic and results frameworks, the control environment, and the strength of the financial framework. It is also noteworthy that ADB was perceived to provide strong inputs to policy dialogue and contribute to infrastructure, both of which remain consistent priorities for the Bank and lie at the core of Strategy 2020 and Strategy 2030.

Some well-performing areas came with a certain caveat. For example, the results systems and corporate results culture were considered strong, but the use of performance information and reporting at outcome level could benefit from improvement. Similarly, reporting on ADB's contribution to regional co-operation and integration, and monitoring and reporting on climate change, also could be improved.

Key areas for improvement and attention included the use of national procurement systems, better management of poorly performing projects, further delegation to resident missions and less centralised business processes. It should be noted, however, that the methodology used was more perception-based than the current methodology and therefore more prone to biases.

Comparison with the 2018 assessment indicates that these previously identified strengths have been largely sustained. ADB's clear Strategic Framework remains well-aligned with the mandate and the Sustainable Development Goals, the Bank's results culture and systems are strong and continue to improve, and accountability functions are very robust. More important for the purposes of this assessment, however, is the reform of OCR/ADF, which has significantly increased ADB's financial muscle and reinforced its role as a bank, particularly for infrastructure projects.

Box 3: Main strengths and areas for improvement from the MOPAN 2013 assessment**Strengths in 2013**

- ADB's strategy is clear; aligned with its mandate, which is reviewed regularly to ensure continued relevance; and operationalised at country level through Country Partnership Strategies. The format of Country Partnership Strategies has improved over recent years.
- Results orientation at the corporate and country level is strong. Recent revisions to the results framework demonstrate efforts to improve corporate reporting.
- The integration of cross-cutting themes into operations is adequate.
- The financial framework is transparent and accountable, and underpinned by a strong system of internal controls.
- Operations are designed in collaboration with national stakeholders, underpinned by sound context analysis and well aligned with national priorities. ADB was perceived as contributing valuable inputs to policy dialogues.
- Sharing of information and key documents with stakeholders and the wider public is very strong.
- Strong independent evaluations are in place.
- Harmonisation of procedures has been improved at the country level, alongside strong participation in joint missions and assessment of progress.
- ADB has a strong commitment to and performance in promoting regional co-operation and integration..
- ADB makes a strong contribution to infrastructure development.

Areas for improvement in 2013

- The use of performance information is strong overall, but there is room for improvement in the management of poorly performing operations.
- Views are mixed regarding ADB's staff promotion process, with concerns regarding transparency. MOPAN donors were unfamiliar with the processes underlying promotions and other key human resources decisions, and expressed concern about the extent to which promotion is based on merit.
- While continued efforts to decentralise were noted, survey respondents identified a need for further decentralisation and more streamlined administrative processes. Centralised processes remain an area of weakness.
- Room exists for improvement in reporting on programming adjustments based on performance information.
- ADB has made considerable progress in the use of country systems, but there is room for improvement in the use of national procurement systems.
- There are challenges to reporting on higher-level outcomes.
- Reporting on ADB's contribution to regional co-operation and integration is limited.
- There are gaps in monitoring and reporting on climate change, despite its status as a key strategic agenda.

The Bank has demonstrated an agility and readiness to change that are exemplary, and many significant reforms have been introduced and completed since the last assessment. Areas previously identified as in need of attention have been scrutinised, with significant improvement visible, for example, in the use of country systems for procurement as a result of the Bank's procurement reform. Similarly, systems for monitoring and reporting on climate change also show improvement. Decentralisation has accelerated and is recognised today as one of the Bank's strengths, with a corresponding trend towards less centralised business processes.

Box 4: Main strengths identified in the MOPAN 2017-18 assessment

- **ADB's strategic framework is strongly linked to its mandate, and clearly articulates its direction and approach.** This strength is based on ADB's well-recognised comparative advantage: its ability to provide a combination of financing and knowledge in five core operational areas.
- **Intensive consultation processes ensure that ADB remains responsive and relevant to a highly dynamic region.** These consultative processes include ADB replenishment processes, the consultations that preceded the merger of the ADF and OCR, the Midterm Review of Strategy 2020 and the development of Strategy 2030, and the newly reformed approach to developing Country Partnership Strategies. These processes help ensure that ADB's work is demand-driven and relevant to the needs and priorities of its Developing Member Countries.
- **Incorporating the equity and concessional lending operations of ADF into the OCR balance sheet has significantly improved ADB's financial standing as well as its flexibility in lending.** Having come into force on 1 July 2017 thanks to firm trust earned from its Developing Member Countries, the merger tripled the equity of OCR. Under the new OCR lending scheme, borrowing countries eligible for ADF can continue to enjoy the terms and conditions of ADF.
- **ADB has a strong internal control environment** guaranteed by its "circle of assurance". This, combined with the Bank's approach to resource allocation and transparent reporting through its corporate results framework, ensures that resources remain tightly aligned to strategic priorities while addressing the diversity of needs in the region.
- **The decentralisation process has helped bring ADB closer to its clients,** improving the relevance and effectiveness of its operations. The project cycle is now increasingly managed from resident missions, where more than 50% of operational staff are based.
- **ADB has a well-developed results-based management system.** A corporate results framework, which cascades programmatically and organisationally, underpins the planning process and helps to track progress against targets. Results frameworks also guide Country Partnership Strategies, project design and other types of institutional partnerships.
- **ADB is open to assessment of what works and what does not, and welcomes change and improvement.** This reflective outlook is manifested in the publication of candid results and evaluations, as well as in numerous self-evaluation and review processes which have culminated in significant organisational reforms, including the approach to Country Partnership Strategies, procurement, technical assistance, decentralisation and so on.

Human resources management received mixed views in 2013. In the current assessment, it gains attention primarily in terms of the low number of women at management level. The need for flexibility between international and national positions, an issue highlighted in 2013, seems to have been adequately addressed.

Some new areas of concern have emerged, partly sparked by the rapid economic development of the region, which place new demands on ADB. In this respect, the issue of knowledge generation, packaging and management may be key, as the future relevance of the Bank in rapidly Developing Member Countries may be at stake. ADB is beginning to address this issue at the organisational level through the introduction of Sector and Thematic Groups to share technical and country knowledge and at the operational level through the introduction of knowledge management plans, which are developed with input from resident missions. However, more emphasis in evaluation should be placed on sharing lessons learned, an area acknowledged by the Bank as in need of improvement.

With regard to the Bank's own targets, some of these have not been met in important areas relating to catalysing and leveraging financing. The success rate in non-sovereign operations is below target, which may to some extent be explained by the performance of older projects. Co-financing is also below target, although the target itself may have been over-optimistic. The key issue, however, is not so much meeting targets as recognising that catalysing and leveraging funds are fundamental for the Bank's comparative advantage and for remaining relevant. It is, therefore, critical to understand and address reasons for poor performance.

Notwithstanding improvements following the recent accelerated decentralisation, the Bank is still perceived as somewhat bureaucratic and centralised, and disbursement and implementation rates indicate that more could be done to improve performance in this area. This issue also impacts the assessment of efficiency, an area where evaluations have consistently shown a need for improvement.

Two other areas where the Bank could improve performance, and which were considered somewhat weak in previous MOPAN assessments, are sustainability and gender equality. Both of these issues have received some focused attention, but there is room for further improvement.

Box 5: Main areas for improvement identified in the MOPAN 2017-18 assessment

- **Improvements are needed in the area of catalysing and leveraging financing.** Targets with respect to co-financing from the private sector and donors, as well as non-sovereign private sector operations have not been met. Improvements are also necessary to strengthen third party financing and guarantees and syndication.
- **Knowledge is mission critical and would benefit from more attention.** Notwithstanding recent improvements in sharing and managing sector and country knowledge, ADB itself acknowledges weaknesses in terms of lesson learning, and there is growing pressure from middle-income countries for more knowledge-intensive products.
- **Gender equality needs ongoing attention as a strategic area.** Whilst ADB has been a pioneer among multilateral development banks in promoting gender mainstreaming to date it has not been able to raise the bar on increased delivery of specific / dedicated gender projects. This, in combination with continued progress on mainstreaming, will be pivotal in being able to reach the gender-related ambitions set out in Strategy 2030.
- **Disbursement and speed of implementation remain barriers to efficiency and are recognised weaknesses.** Implementation delays for sovereign investment projects averaged 18 months for the 2011-16 period. Evaluations by the ADB have stressed efficiency as an area of concern for the ADB, despite expectations that further decentralisation would result in efficiency gains. Various reforms are underway to improve historically slow implementation and poor disbursement ratios, the effects of which may take some time to manifest.
- **Sustainability of results is an area of concern.** Measures have been established between 2011 and 2017 to improve sustainability. As yet there have been no assessment of the outcomes of these improvement efforts. Improvements to lesson learning and diagnostic processes are also needed.
- **A strong and clear evaluation policy is necessary to allow ADB to fully benefit from lessons learned.** The current operational policy on evaluation contains only broad guidelines that are insufficient to ensure the organisational conditions through which the evaluation function can fulfil its role of providing high-quality and relevant development knowledge.

ANNEXES



Annex 1. Evidence table

Methodology for scoring and rating

The approach to scoring and rating under MOPAN 3.0 draws from the OECD *Handbook on Constructing Composite Indicators: Methodology and User Guide* (OECD/EU/JRC, 2008). Each of the MOPAN 3.0 key performance indicators (KPIs) contains a number of micro-indicators (MIs) which vary in number. The MIs, in turn, contain elements representing international best practice; their numbers also vary.

The approach is as follows:

a) Micro-indicator level

Scores ranging from 0 to 4 are assigned per **element**, according to the extent to which an organisation implements the element.

For **KPIs 1-8**, the following criteria frame the scores:

- 4 = Element is fully implemented/implemented in all cases
- 3 = Element is substantially implemented/implemented in the majority of cases
- 2 = Element is partially implemented/implemented in some cases
- 1 = Element is present, but not implemented/implemented in zero cases
- 0 = Element is not present

Taking the average of the constituent elements' scores, a rating is then calculated per MI. The rating scale applied is as follows:

3.01-4	Highly satisfactory
2.01-3	Satisfactory
1.01-2	Unsatisfactory
0.00-1	Highly unsatisfactory

The ratings scale for **KPIs 9-12** applies the same thresholds as for KPIs 1-8, for consistency, but pitches scores to the middle of the threshold value (to guard against skewing in favour of higher ratings).

3.01-4	Highly satisfactory
2.01-3	Satisfactory
1.01-2	Unsatisfactory
0.00-1	Highly unsatisfactory

A score of zero (0) for an element means the assessment team had expected to find evidence but did not find any. A score of zero counts towards the MI score.

A score of “N/E” means “no evidence” indicates that the assessment team could not find any evidence but was not confident of whether or not there was evidence to be found. The team assumes that “no evidence” does not necessarily equal a zero score. Elements rated N/E are excluded from any calculation of the average. A significant number of N/E scores in a report indicates an assessment limitation (see the Limitations section at the beginning of the report).

A note indicating “N/A” means that an element is considered to be “not applicable”. This usually owes to the organisation’s specific nature.

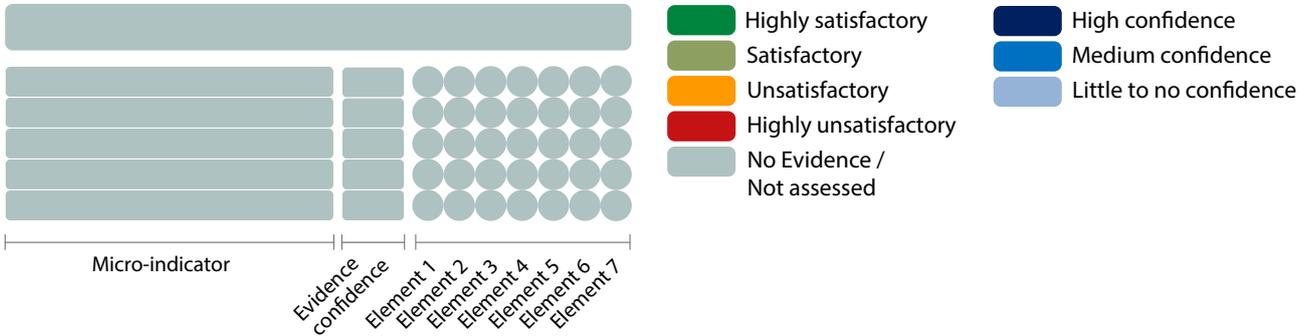
b) Aggregation to the KPI level

The same logic is pursued at aggregation to the KPI level to ensure a consistent approach. Taking the average of the constituent scores per MI, a rating is then calculated per KPI.

The calculation for KPIs is the same as for the MIs above, namely:

3.01-4	Highly satisfactory
2.01-3	Satisfactory
1.01-2	Unsatisfactory
0.00-1	Highly unsatisfactory

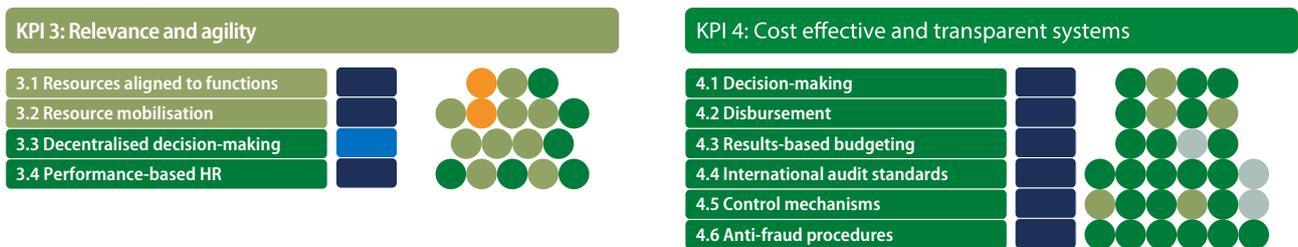
Key



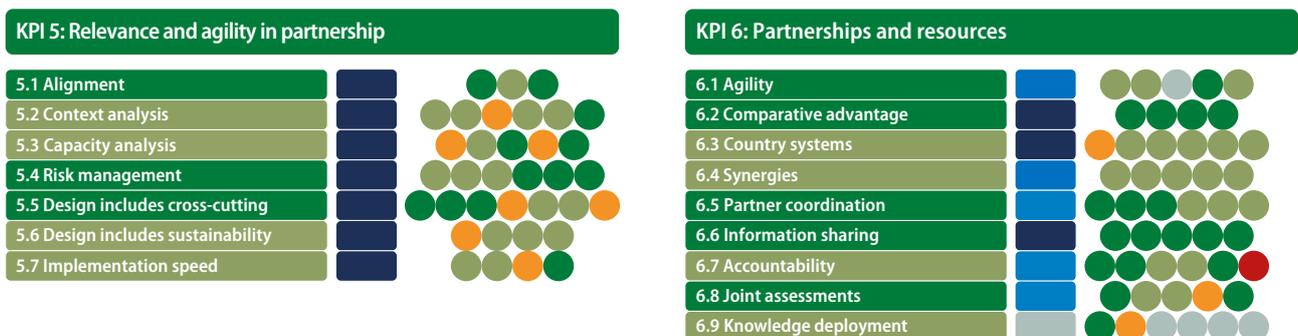
Strategic management



Operational management



Relationship management



Performance management

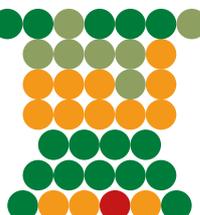
KPI 7: Results focus

7.1 BRM applied	■	●
7.2 RBM in strategies	■	●
7.3 Evidence-based targets	■	●
7.4 Effective monitoring systems	■	●
7.5 Performance data applied	■	●



KPI 8: Evidence-based planning

8.1 Evaluation function	■	●
8.2 Evaluation coverage	■	●
8.3 Evaluation quality	■	●
8.4 Evidence-based design	■	●
8.5 Poor performance tracked	■	●
8.6 Follow-up systems	■	●
8.7 Uptake of lessons	■	●



Results

KPI 9: Achievement of results

9.1 Results deemed attained	■
9.2 Benefits for target groups	■
9.3 Policy/capacity impact	■
9.4 Gender equity results	■
9.5 Environment results	■
9.6 Governance results	■
9.7 Human rights results	■

KPI 10: Relevance to partners

10.1 Target groups	■
10.2 National objectives	■
10.3 Coherence	■

KPI 11: Results delivered efficiently

11.1 Cost efficiency	■
11.2 Timeliness	■

KPI 12: Sustainability of results

12.1 Sustainable benefits	■
12.2 Sustainable capacity	■
12.3 Enabling environment	■

STRATEGIC MANAGEMENT

Clear strategic direction geared to key functions, intended results and integration of relevant cross-cutting priorities.

KPI 1: Organisational architecture and financial framework enable mandate implementation and achievement of expected results	KPI score
Highly satisfactory	3.41
<p>Strategy 2020 clearly establishes ADB's long-term vision and mission and operationalises this by setting targets for channelling resources towards five core areas, three strategic agendas, and five cross-cutting drivers of change. It is built upon a clear understanding of ADB's comparative advantage as consisting of the deployment of knowledge alongside financial resources. The strategy is accompanied by an exceptionally strong corporate results framework which sets targets for the core operational areas, strategic agendas, and drivers of change. Progress is tracked annually through Development Effectiveness Reviews.</p> <p>Strategy 2020 and the accompanying results framework strongly support wider normative frameworks, and the results framework is being updated to reflect contribution to the 2030 Agenda. ADB's strategic orientation is reviewed regularly. A mid-term review of Strategy 2020 was conducted in 2014, which led to a series of organisational reforms, and paved the way for consultations that would inform the development of Strategy 2030, which is anticipated to take effect from 2019.</p> <p>Historically, ADB has been a highly centralised institution, with decision making power concentrated largely at its headquarters in Manila. This was recognised as an obstacle to organisational effectiveness, and ADB is implementing a long-standing decentralisation process, which involves delegating functions and decision-making power to Resident Missions in Developing Member Countries, as well as posting more staff to the field. A differentiated approach to delegation has been adopted, whereby different regional departments delegate to different extents, based on their own operating contexts. The process of decentralisation has been welcomed by both ADB staff and Developing Member Countries but remains a work in progress.</p> <p>The strength of ADB's financial framework is widely acknowledged. It is underpinned by a transparent approach to operational planning and budgeting, and a strong system of internal controls. The recent merger of the ADF and Ordinary Capital Resources has substantially increased headroom for lending.</p> <p>Two key strategic areas under discussion are ADB's Graduation Policy, which governs eligibility to lending and grant resources, and the future of the ADF, which at present continues to function as a grant only facility. Recent evaluations have suggested a need to fine-tune the Graduation Policy to ensure that it is relevant to the needs of middle income countries. It is understood that the future of the ADF following the merger will be discussed in 2019.</p>	
MI 1.1: Strategic plan and intended results based on a clear long-term vision and analysis of comparative advantage	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.25
Element 1: A publicly available Strategic Plan (or equivalent) contains a long-term vision	4
Element 2: The vision is based on a clear analysis and articulation of comparative advantage	3
Element 3: A strategic plan operationalises the vision, including defining intended results	3
Element 4: The Strategic Plan is reviewed regularly to ensure continued relevance	3

MI 1.1 Analysis	Source document
<p>ADB is currently undergoing a transition from Strategy 2020 to Strategy 2030. Strategy 2020 clearly establishes a long-term vision and mission, and articulates intended results. It orients resources to five core areas (infrastructure, environment, regional cooperation and integration, finance sector development, and education), three 'strategic agendas' (inclusive growth, environmentally sustainable growth, and regional integration), and five "drivers of change" (private sector development and private sector operations, good governance and capacity development, gender equity, knowledge solutions, and partnerships). Targets are set in each of these areas, and progress is tracked through annual Development Effectiveness Reviews.</p> <p>In 2014, a Midterm Review was conducted of Strategy 2020, which led to several organisational reforms, and paved the way for the development of Strategy 2030. Strategy 2030 is due to commence implementation in 2019 and is not anticipated to represent a radical departure from Strategy 2020. Key differences are that Strategy 2030 will identify seven operational priorities in an effort to alleviate sector silos, aim to strengthen the "One ADB" approach to better integrate sovereign and non-sovereign lending, and promote the better use of knowledge in lending operations.</p> <p>Strategy 2020 is based on a clear analysis of comparative advantage and focus, which is seen to include the capacity to deploy knowledge alongside financial resources, including technical know-how regarding project management, procurement, safeguards, sound financial and risk management, etc. The Strategy 2020 operationalises ADB's perceived comparative advantage through its focus on five core operational areas where financial and institutional resources will be deployed; a target is set for 80% of resources to be deployed in these areas.</p> <p>While knowledge is defined as a key area of comparative advantage, there is broad acknowledgement that there is a need to ensure that knowledge is better managed and deployed alongside financial resources. The corporate results framework does not contain any indicators to capture the extent to which this is occurring, and there are recognised issues with lesson-learning within ADB. A number of reforms have been implemented recently in a bid to facilitate knowledge exchange within ADB, including the creation of Sector and Thematic Groups.</p> <p>Strategy 2020 clearly defines key intended corporate results, relating largely to the share of resources allocated to each core operational area. The Strategy is accompanied by a corporate results framework, which tracks the alignment of operations with Strategic Priorities and also consistently tracks key regional outcomes, results relating to ADB's contribution to country outcomes, operational effectiveness and organisational effectiveness. These are presented in detail in annual Development Effectiveness Reviews. Strategy 2030 is anticipated to incorporate a shift in focus from sectors to themes, each with associated high-level strategic targets. Currently, a transitional results framework is in place to reflect changes made since the 2014 Midterm Review of the Strategy, and it will be updated to align with Strategy 2030 when this becomes operational.</p> <p>Annual Development Effectiveness Reviews provide an overall summary of progress towards the Strategic Vision outlined in Strategy 2020. Generally, these show strong performance in most areas. However, there are some notable areas of weakness; perhaps most prominent among these is the low and declining performance of ADB's non-sovereign portfolio (i.e. private-sector lending operations). There is no strategy for non-sovereign lending, although the Board does provide guidance in the form of targets.</p>	<p>1, 2, 3, 5, 6, 7, 8, 11, 12, 13, 15, 16, 17, 19, 30, 33, 47, 87</p>

<p>While the results framework provides a good view of progress towards strategic agendas, evaluations have tended to focus more on understanding project-level performance than on delivering corporate strategic agendas and thematic drivers of change. The 2017 Annual Evaluation Review puts this down to Country Partnership Strategies not fully working out the implications of strategic agendas and drivers of change for the country programmes, and the Country Partnership Strategy results frameworks not having measurable indicators and targets on these agendas and drivers of change. The results framework also lacks any meaningful indicators on knowledge deployment and lesson learning.</p> <p>The strategic plan and progress towards its targets are reviewed regularly with the aid of the results framework. The Strategic Planning Department functions to review the strategic direction of ADB to ensure its continued relevance. A key area of ADB's strategic framework that is acknowledged to be in need of revision is its graduation policy, which governs eligibility for lending and grant resources. A recent evaluation of ADB's engagement with middle income countries has found that the graduation policy in its current state is insufficient to meet the emerging development challenges that they face.</p> <p>Evidence from interviews and the survey indicate that there is diverging views and discussion about the relative emphasis given and to be given to ADB's role as a development institution, versus its role as a bank. Despite the identification of knowledge as a key area of comparative advantage, evidence points to challenges in effective knowledge management and use of knowledge alongside financial resources. These challenges are covered in subsequent sections of this report. Furthermore, while ADB aims to mobilise financial resources for the region through various private sector instruments, this remains work in progress.</p>	<p>1, 2, 3, 5, 6, 7, 8, 11, 12, 13, 15, 16, 17, 19, 30, 33, 47, 87</p>
MI 1.1 Evidence confidence	High confidence
MI 1.2: Organisational architecture congruent with a clear long-term vision and associated operating model	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.2
Element 1: The organisational architecture is congruent with the strategic plan	3
Element 2: The operating model supports implementation of the strategic plan	3
Element 3: The operating model is reviewed regularly to ensure continued relevance	4
Element 4: The operating model allows for strong cooperation across the organisation and with other agencies	3
Element 5: The operating model clearly delineates responsibilities for results	3
MI 1.2 Analysis	Source document
<p>ADB's operating model requires close partnership with governments and other stakeholders in its Developing Member Countries. Evidence suggests that historically ADB's organisational architecture has been highly centralised, with functions concentrated at headquarters in Manila. This was not considered an optimum configuration for relationship building and interaction with Developing Member Countries. This shortcoming has been acknowledged, and in recent years, there has been a strong drive to empower resident missions, through the devolution of functions and out-posting of staff and transfer of positions to the field.</p>	<p>1, 2, 3, 4, 5, 6, 7, 8, 11, 13, 16, 17, 18, 21, 29, 87</p>

The 2017 Development Effectiveness Review indicates that there was substantial involvement from resident missions in 90% of sovereign operations in 2017, well above the 80% target for 2020. Evidence from interviews largely corroborates this assessment, with respondents indicating that role of resident missions has substantially expanded, and that they are now largely responsible for the development and implementation of Country Partnership Strategies.

Despite the clear corporate drive towards decentralisation, there does not appear to be a coherent organisation-wide approach, with different regional departments deploying differing approaches to delegation and decentralisation. In general, however, this differentiated approach is seen to work well, as it allows different departments to cater the degree of decentralisation to a particular context of the region. Results obtained from the survey indicate that decentralisation to date has been a positive experience, but that there is a continuing need to post more staff to the field to ensure the most appropriate skills and knowledge are accessible to Developing Member Countries.

ADB's operating model is regularly reviewed, and several changes have recently been made to ensure that it is relevant and supports the implementation of the strategic plan. This has included the establishment of Sector and Thematic Groups, which provide strategic and operational support to lending operations in their respective sectors/themes. One of their key roles is to facilitate the deployment of sectoral/thematic knowledge in lending operations, although there are no reliable indicators to track the extent to which this is happening, and the view from operational staff about the actual sharing of knowledge is mixed (although there is wide acknowledgement of its importance).

Efforts have also been made to reduce sector 'siloeing' and promote cooperation across the organisation through the introduction of the "One ADB" initiative – this has included efforts to bridge the divide between sovereign and non-sovereign operations, and the introduction of a human resources mechanism to promote staff mobility throughout ADB.

ADB's operating model also encourages partnership with other agencies, for instance through interagency coordination partnerships, knowledge partnerships, and financing partnerships. Statements supporting partnerships are included in ADB's Operations Manual, Financing Partnership Strategy, and the Finance ++ approach. ADB also participates in a number of multilateral development bank working groups. A recent Independent Evaluation Department (IED) report on the effectiveness of ADB partnerships found that 75% of all partnerships were assessed as mostly or completely achieving their objectives. However, the same report also pointed to some weakness reported by partners, including relatively cumbersome and inflexible ADB procedures, insufficient staff resources assigned to project supervision, and a lack of harmonisation of ADB procedures with partners' procurement and disbursement procedures.

ADB also aims to address the diversity of the needs of its borrowers through differentiated products and approaches including Policy Based Lending and various approaches to engaging private sector financing. However, evaluations show that more work is needed in these areas for ADB to show significant results, for example in terms of its utilisation of guarantees, A/B loans, and risk transfer operations.

The operating model clearly delineates responsibility for results. Organisationally, department heads and individual staff all have results-based work plans, and these contribute directly to indicators in the corporate results framework. In this sense, the indicators in the results framework "cascade" down to departmental and individual commitments. In line with ongoing decentralisation efforts, resident missions are being given increased responsibility for results. However, the 2017 Annual Evaluation Review indicated that Country Partnership Strategy Results Frameworks (i.e. those at the country level) tend to focus on results at the project level rather than successes in delivering on higher level country or corporate commitments.

1, 2, 3, 4, 5, 6, 7, 8, 11,
13, 16, 17, 18, 21, 29,
87

<p>High-level results from the 2017 Development Effectiveness Review permit inference that ADB's operating model has largely supported the implementation of the Strategic Plan. While anticipated development results in core operational areas are being realised on the whole, performance in non-sovereign operations has weakened, and sustainability of operations remains a challenge.</p> <p>There is a dedicated Vice Presidency and department for non-Sovereign private sector operations, which has grown considerably since its establishment and now has over 220 staff members. Recruitment and retention, however, remain a challenge, and there are few private sector staff at the resident mission level.</p>	1, 2, 3, 4, 5, 6, 7, 8, 11, 13, 16, 17, 18, 21, 29, 87
MI 1.2 Evidence confidence	High confidence
MI 1.3: The strategic plan supports the implementation of wider normative frameworks and associated results, including Agenda 2030 and others where applicable (e.g. the quadrennial comprehensive policy review (QCPR), Grand Bargain, replenishment commitments, or other resource and results reviews)	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.6
Element 1: The strategic plan is aligned to wider normative frameworks and associated results, including Agenda 2030, and others, such as the QCPR and the Grand Bargain (where applicable)	4
Element 2: The strategic plan includes clear results for normative frameworks, including Agenda 2030, and others, such as the QCPR and the Grand Bargain (where applicable)	3
Element 3: A system to track normative results is in place for Agenda 2030, and any other relevant frameworks, such as the QCPR and the Grand Bargain (where applicable)	4
Element 4: The organisation's accountability for achieving normative results, including those of Agenda 2030, and any other relevant frameworks, such as the SDGs and their targets and indicators, the QCPR and the Grand Bargain (where applicable), is clearly established	3
Element 5: Progress on implementation on an aggregated level is published at least annually	4
MI 1.3 Analysis	Source document
<p>Strategy 2020 highlights commitments to the Paris Declaration, the Sustainable Development Goals, and to monitoring ADB's contribution to wider normative frameworks. Asian Development Fund replenishment meetings also provide the opportunity for commitments to be made to the support of wider normative frameworks.</p> <p>The current corporate results framework expired at the end of 2016, and currently a provisional, transitional results framework is in place that will last until the commencement of Strategy 2030, due in 2019, upon which a new results framework will be developed, within which the sustainable development goals will be fully integrated.</p> <p>Progress in support to wider normative frameworks is published each year in the Development Effectiveness Review and the Annual Evaluation Review. ADB also contributes to the Global monitoring Report.</p>	1, 6, 5, 8, 12, 14, 15, 16, 17, 18, 19
MI 1.3 Evidence confidence	High confidence

MI 1.4: Financial Framework (e.g. division between core and non-core resources) supports mandate implementation	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.6
Element 1: Financial and budgetary planning ensures that all priority areas have adequate funding in the short term or are at least given clear priority in cases where funding is very limited	3
Element 2: A single integrated budgetary framework ensures transparency	4
Element 3: The financial framework is reviewed regularly by the governing bodies	3
Element 4: Funding windows or other incentives in place to encourage donors to provide more flexible/un-earmarked funding at global and country levels	4
Element 5: Policies/measures are in place to ensure that earmarked funds are targeted at priority areas	4
MI 1.4 Analysis	Source document
<p>ADB is widely recognised as having a very strong financial framework and internal controls architecture, underscored by its continuous AAA rating from credit rating agencies.</p> <p>Priorities outlined in Strategy 2020 channel institutional and lending resources to key strategic areas. This is operationalised by the Work Programme and Budget Framework, which aligns resources to key strategic areas, and which constitutes the basis of the planning cycle. The corporate-level operational planning process is based on the findings of the annual Development Effectiveness Reviews, which highlight areas of weakness. A Presidential Planning Directive is then issued by the President of ADB, which informs the development of the Work Programme and Budget Framework, which in turn provides the basis for annual internal budgets. The Work Programme and Budget Framework serves as a single, integrated budgetary framework.</p> <p>The strategic alignment of operations is tracked in the results framework as the percentage of commitments in strategic and operational priority areas. The 2016 Development Effectiveness Review indicates that the share of financing for core operational areas remained above the annual target of 80% for the 2013-2016 period. The 2017 Development Effectiveness Review indicates that the share of 2017 financing in the core operational areas stood at 93%. However, education and health financing were both below target.</p> <p>Resources for Technical Assistance also play a pivotal role in supporting lending and grant activities, by financing project preparation and knowledge work. Evidence from interviews indicates that there is a perception that funding for Technical Assistance is scarce, despite its importance. Funding comes from different sources, including trust funds and co-financing, through the internal budget also provides some funding. A set of Technical Assistance reforms in 2017 aimed to improve the strategic alignment of Technical Assistance with country programming, promote more widespread use of programmatic approaches to delivering Technical Assistance, streamline business processes, and enhance learning from Technical Assistance.</p> <p>The financial framework of ADB is regularly reviewed by senior management, and several major reforms have recently taken place. This has included a recent merger of Ordinary Capital Resources and Asian Development Fund Resources to increase overall lending capacity. The merger has meant in effect that ADB is entering a growth phase that will need to be managed carefully. The 2017 Annual Report indicates that the risks associated with the merger led to a comprehensive review of ADB's prudential risk management policies, necessary for maintaining the institution's AAA credit rating. Following the merger, the Asian Development Fund continues to operate as a grant-only facility, but evidence from interviews suggest that the its long-term future remains to be discussed.</p>	1, 5, 6, 8, 16, 17, 19, 20, 21, 87

<p>ADB's Graduation Policy (which governs eligibility for accessing its resources, concessional and non-concessional) is another component of the financial framework which is regularly reviewed by governing bodies. An IED review of ADB's engagement with middle income countries indicated that the current graduation policy is not flexible enough to address the emerging development challenges of middle income countries, who make up an increasing proportion of ADB's borrowers. Discussions regarding the graduation policy look set to continue, as larger, important borrowers approach the graduation threshold.</p> <p>ADB continues to maintain windows for earmarked funding to which donors may contribute. These include the Asian Development Fund, which now functions as a grant only facility, and Trust Funds, which been assessed by the IED as well aligned to ADB's sector and thematic priorities.</p>	1, 5, 6, 8, 16, 17, 19, 20, 21, 87
MI 1.4 Evidence confidence	High confidence
KPI 2: Structures and mechanisms in place and applied to support the implementation of global frameworks for cross-cutting issues at all levels	KPI score
Highly satisfactory	3.48
<p>Gender, environmental sustainability and climate change, and good governance are mainstreamed throughout ADB's operations in a generally satisfactory manner. The Development Effectiveness review tracks support to cross-cutting issues, largely in terms of the proportion of operations supporting them. Evaluative products, including Annual Evaluation Reviews, assess results in these areas.</p> <p>Gender equality is identified as a key strategic agenda, and a dedicated gender policy, supported by successive operational plans, have aimed to guide the mainstreaming of gender considerations into lending and grant operations. Reporting indicates that corporate targets have been met in this regard, though there are some outstanding concerns pertaining to the monitoring and reporting of gender results, and the extent to which Gender Action Plans at the project level are suitably tailored to context and needs. There are also concerns about whether a sufficient level of staffing and expertise exists to ensure effective gender mainstreaming. Strategy 2020 identifies 'gender equity' as one of five drivers of change – areas where the ADB aims to concentrate resources in pursuit of its strategic agenda.</p> <p>Environmentally sustainable growth is also defined as a key strategic agenda, and a policy framework is in place for addressing climate change. Environmental safeguards play a key role in the ADB's environmentally sustainable growth agenda. These ensure that all ADB projects undergo a prior environmental impact assessment. Evidence suggests that Country Partnership Strategies have generally sought to address environmental sustainability and climate change issues. At the project level, environmentally-sustainable growth 'tagged' projects have often been successful, but the degree of associated environment benefits is variable.</p> <p>Good governance is treated as both a sector and a theme and is supported through Policy Based Lending which finances reforms in public sector management. Governance considerations are mainstreamed throughout operations using governance risk analyses.</p>	
MI 2.1a: Gender equality and the empowerment of women	Score
Overall MI rating	Satisfactory
Overall MI score	3.0
Element 1: Dedicated policy statement on gender equality available and showing evidence of use	4
Element 2: Gender equality indicators and targets fully integrated into the organisation's strategic plan and corporate objectives	3
Element 3: Accountability systems (including corporate reporting and evaluation) reflect gender equality indicators and targets	3
Element 4: Gender screening checklists or similar tools used for all new Interventions	3
Element 5: Human and financial resources (exceeding benchmarks) are available to address gender issues	2
Element 6: Capacity development of staff on gender is underway or has been conducted	3

MI 2.1a Analysis	Source document
<p>Both a dedicated policy framework and operational plan for Gender Equality exist. The latest operational plan on Gender involves approaching the issues through relationships in country with sector line ministries so that gender issues are integrated into sector lending. The focus on gender is also articulated at the strategic level; gender equality is one of the key strategic agenda for Strategy 2020, and targets are established which are tracked in the corporate results framework.</p> <p>Accountability systems are in place to track gender results. This includes the corporate results framework, as covered above. The latest gender action plan also has its own results framework and sets targets for gender results at project completion. Performance is measured using three criteria; 1) whether the project's Gender Action Plan was successful (numerical targets); 2) the completion or not of gender actions; 3) the presence or absence of sex-disaggregated data. Gender reporting is done along with regular project performance reviews, every six months.</p> <p>Strategy 2020 commits to promoting gender equity through mainstreaming – ‘designing gender inclusive projects and paying careful attention to gender issues across the full range of its operations’ and also by ‘supporting operations that deliver specific gender outcomes’. There is no evidence of a significant increase being achieved in operations with a Gender Equity Theme. Performance overall on gender equity is therefore falling short of the mark. There is no specific target in the Gender Equality and Women's Empowerment Operational Plan (2013-2020) for the share of operations with a specific gender theme. This is surprising given the recognition within the ADB that an approach based on mainstreaming alone may not be adequate to realising the gender ambitions set out in Strategy 2020. Gender analyses are required to be conducted as part of the Inclusive and Sustainable Growth Assessments which precede the development of Country Partnership Strategies.</p> <p>At the project level, a gender mainstreaming approach is employed. A gender categorisation system is used to assess the extent to which projects integrate gender issues. The different categories are:</p> <ul style="list-style-type: none"> • Category 1: projects with a gender equity theme (i.e. those that aim for outcomes directly addressing gender equality). • Category 2: projects that do not have gender outcomes as their main objective, but have outputs designed to improve women's access/enhance voices and opportunities. • Category 3: projects which may have some gender benefits, but with little gender analysis or gender specific outputs. • Category 4: projects with no gender elements. <p>During project design, the category of project is determined through a consultative process between operational departments and ADB's gender unit. All category 1 and category 2 projects require Gender Action Plans, which identify targets for women's participation and benefits.</p> <p>A 2017 IED evaluation of ADB's support to Gender and Development found that ADB had achieved its corporate targets regarding gender mainstreaming, with the number of gender-mainstreaming projects having risen significantly since 2009. It also found that this increase was driven mainly by an increase in category 2 projects – i.e. those that do not have gender outcomes as their main objective, but which instead have some gender-specific outputs. The share of category 1 projects – those with an explicit gender equity theme – had declined. The 2018 Annual Evaluation Review reinforces this assessment, finding that the share of projects focused on gender equity (Category 1) was about 8% between 2011 and 2015.</p>	<p>1, 2, 5, 6, 10, 11, 15, 17, 19, 22, 50</p>

<p>However, the IED's review of Gender and Development did find some shortcomings in the articulation of gender results at the country level, however. It found that ADB did not have a clear arrangement for monitoring the achievement of gender indicators and targets in the CPS results frameworks. It also found that the need to process projects quickly presented challenges for the design, implementation, and monitoring of Gender Action Plans, and that gender or social development specialists were not always recruited to oversee the design of these. The IED has assessed Gender Action Plans as crucial tools for gender mainstreaming, but found that they needed improvement, as they are not always tailored to the circumstances specific to sector and project conditions, and to the needs and demands of women in Developing Member Countries.</p> <p>An IED review found that there were gaps in staffing and skills for gender, and that resources were often limited for gender consultants in project preparation Technical Assistance. In addition, the 2018 Annual Evaluation Review found that although ADB has been a pioneer among the multilateral development banks in promoting gender equality, it has gaps in staffing and skills available for gender work. This assessment was largely corroborated by evidence gathered during interviews. In a related finding, workplace gender equality at ADB has also been highlighted by the IED as an area of concern, with women overrepresented in operational positions, and underrepresented in all management positions. To address this, ADB has revised its targets for women's representation among international staff, aiming now to have women comprise 40% of its international staff by 2020.</p> <p>While staff training on gender equality does occur, in a perception survey administered by the IED, one third of staff indicated that more resources, time and training would help them to improve the integration of gender into their work.</p>	1, 2, 5, 6, 10, 11, 15, 17, 19, 22, 50
MI 2.1a Evidence confidence	High confidence
MI 2.1b: Environmental Sustainability and Climate Change	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.83
Element 1: Dedicated policy statement on environmental sustainability and climate change available and showing evidence of use	4
Element 2: Environmental sustainability/ climate change indicators and targets are fully integrated into the organisation's strategic plan and corporate objectives	4
Element 3: Accountability systems (including corporate reporting and evaluation) reflect environmental sustainability and climate change indicators and targets	4
Element 4: Environmental screening checklists/impact assessments used for all new Interventions	4
Element 5: Human and financial resources (exceeding benchmarks) are available to address environmental sustainability and climate change issues	3
Element 6: Capacity development of staff on environmental sustainability and climate change is underway or has taken place	4
MI 2.1b Analysis	Source document
Environmentally sustainable growth is identified by Strategy 2020 as a key strategic agenda, and a policy framework exists for climate change. This includes a document "Focus Action – Priorities for Addressing Climate Change in Asia and the Pacific", and a "Climate Change Operational Framework", developed in 2017, which provides broad direction and guidance for enhancing resilience and strengthening climate actions in ADB's operations and business processes.	1, 3, 5, 9, 11, 17, 23, 38, 87, 90

<p>An IED evaluation of ADB's environmentally sustainable growth agenda pointed out that a significant amount of ADB's work on the environment takes place through activities to implement its safeguard work – in many ways the foundation of ADB's environmental work, as all projects are covered by the Safeguard Policy Statement.</p> <p>The corporate results framework tracks the overall share of operations supporting environmental sustainability, climate change, and disaster risk management. In 2017, the Development Effectiveness Review highlighted strong performance in the share of overall committed ADB operations supporting environmental sustainability, which stood at 58% in 2015-17 (surpassing the target of 55%). The Review also showed that 49% of operations in 2015-2017 supported climate change mitigations and/or adaptation, exceeding the 2020 target of 45%. The Climate Change Operational Framework also includes its own dedicated results framework.</p> <p>A major component of ADB's approach to environmental sustainability is delivered through its approach to safeguards. ADB's Safeguard Policy Statement requires environmental screening for all projects, with the extent of screening dependent on their categorisation in terms of risk of having adverse environmental risks. The Climate Change Operational Framework requires all Country Partnership Strategies to include a solid diagnostic of climate risks, and adaptation and mitigation priorities for targeting ADB assistance. The Climate Change and Disaster Risk Management Thematic Group is tasked with developing a review process to provide feedback to operational departments about climate risks and opportunities.</p> <p>In terms of human and financial resources, the Work Programme and Budget Framework allocates funding for implementing the environmentally sustainable growth objectives, and the 2017 Development Effectiveness Review indicates that financing targets for operations supporting environmentally sustainable growth have been met. There are annual staff orientation meetings on safeguards for all staff, and an audit of climate change-related skills and their distribution across ADB is being carried out to identify existing capacity gaps. An IED review of ADB's safeguards implementation found that there were some shortcomings of skills for safeguard implementation in resident missions.</p>	1, 3, 5, 9, 11, 17, 23, 38, 87, 90
MI 2.1b Evidence confidence	High confidence
MI 2.1c: Good governance	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.6
Element 1: Dedicated policy statement on the principles of good governance and effective institutions available and showing evidence of use	4
Element 2: Indicators and targets related to the principles of good governance and effective institutions are integrated into the organisation's strategic plan and corporate objectives	4
Element 3: Accountability systems (including corporate reporting and evaluation) reflect the principles of good governance and effective institutions	3
Element 4: New interventions are assessed for relevant governance/institutional effectiveness issues	3
Element 5: Human and financial resources are available to address the principles of good governance and issues related to effective institutions	4
Element 6: Capacity development of staff on the principles of good governance and effective institutions is underway or has taken place	N/A

MI 2.1c Analysis	Source document
<p>A dedicated operational policy on good governance exists, and ADB's second governance and anticorruption plan, approved in 2006, provides strategic guidance for this policy. Governance is viewed by ADB as both a sector and a theme, and is mainstreamed throughout operations. ADB provides support to governance through policy-based lending, technical assistance, and governance risk assessments for lending and grant operations.</p> <p>ADB's corporate results framework has indicators and targets which track progress on support to good governance. The 2017 Development Effectiveness Review indicates that the majority of these have been met; the share of operations supporting governance and/or capacity development rose to 73% in 2015-2017, exceeding the target of 72%. In terms of Policy Based Lending operations, the 2017 Review indicates that 74% of all sovereign policy-based operations were rated successful. In 2014-2017, success rates in Policy based Lending were lowest (below target) in health, financing, public sector management, and water and urban sanitation. Programme designs of underperforming operations in these sectors were said to be overly-ambitious, and institutional and staff capacity was not strong enough to deliver the required reforms or outcomes on time.</p> <p>Technical assistance constitutes another means through which ADB provides support to good governance. ADB's operational policy on technical assistance indicates that it may be used to assist Developing Member Countries in the coordination of their development policies and plans with a view to achieving better use of their resources, making their economies more complementary, and promoting the orderly expansion of their foreign trade. The 2017 Development Effectiveness Review indicates that targets for the share of technical assistance projects rated successful were consistently exceeded in the 2014-2017 period. Following a finding from the Midterm Review of Strategy 2020 that there was a need to strengthen ADB's technical assistance, ADB approved a number of reforms in 2017. These aim to enhance the speed, quality, and relevance of ADB's technical assistance</p> <p>In terms of accountability, an IED evaluation of ADB's Policy Based Lending also found that operations often contained many process-oriented policy actions, which had unclear intended outcomes. It also found other issues relating to Design and Monitoring Frameworks in Policy Based Lending, including the use of very high-level intended outcomes, limiting the possibilities for attribution to ADB supported policy actions and outputs. It was also found that Programme Completion Reports were often delayed and suffered from quality issues.</p> <p>Governance diagnostic studies in country and sector programmes are required, but an IED evaluation of ADF operations found that these were sometimes weak. The evaluation of ADB's Policy Based Lending also found that while comprehensive sector analyses were prerequisites, it was sometimes difficult to find clear references to the work that had been undertaken, and it was unclear how some policy actions were derived from analytical work.</p> <p>Governance risk assessments, which are not mandatory, do present a good example of mainstreaming of governance considerations into lending and grant operations. Policy Based Lending is required to be preceded by assessments of capacity, and the 2017 Development Effectiveness Review found that successful operations provided technical assistance to deal with capacity gaps where these existed.</p> <p>The Work Programme and Budget Framework allocates resources for support to good governance. The 2017 Development Effectiveness Review indicates that financing for good governance operations (public sector management operations) reached USD 2 billion in 2016. It is expected that the proportion of operations supporting governance and capacity development during the period are expected to exceed the target set in the corporate results framework.</p>	<p>1, 2, 5, 4, 15, 17, 19, 49, 87</p>
MI 2.1c Evidence confidence	High confidence

MI 2.1d: Human Rights	Score
Overall MI rating	
Overall MI score	N/A
Element 1: Dedicated policy statement on human rights issues available and showing evidence of use	N/A
Element 2: Human rights indicators and targets fully integrated into the organisation's strategic plan and corporate objectives	N/A
Element 3: Accountability systems (including corporate reporting and evaluation) reflect human rights indicators and targets	N/A
Element 4: Human rights screening checklists or similar tools used for all new interventions	N/A
Element 5: Human and financial resources (exceeding benchmarks) are available to address human rights issues	N/A
Element 6: Capacity development of staff on human rights is underway or has been conducted	N/A
MI 2.1d Analysis	Source document
Human rights is not defined as a cross-cutting issue by ADB, and performance against this indicator is therefore not assessed	
MI 2.1d Evidence confidence	

OPERATIONAL MANAGEMENT

Assets and capacities organised behind strategic direction and intended results, to ensure relevance agility and accountability.

KPI 3: Operating model and human/financial resources support relevance and agility	KPI score
Highly satisfactory	3.21
<p>One implication of the merger of the ADF and OCR is operational growth. While this has been predicted to result in the need for additional staff, it is anticipated that a significant proportion of additional staffing requirements will need to be met through optimizing the use of existing staff resources. The consequent stretch on staff is a risk that requires careful management.</p> <p>Several human resource initiatives are underway to align staffing to the strategic plan. This has included grouping staff into Sector and Thematic Groups to support the integration of knowledge into lending activities, efforts to encourage staff mobility throughout the bank to further the "One ADB" agenda, and the posting of more staff to resident missions as part of the ongoing decentralisation effort.</p> <p>ADB's human resource policies and procedures are performance based, and are clearly related to the corporate results framework, which cascades organisationally to departmental and individual work plans.</p> <p>Internal financial resources are allocated across functions using the three-year Work Programme and Budget Framework, and Annual Budgets. These align resources with priorities set out in the Strategic Plan.</p> <p>There have been a number of recent developments in terms of resource mobilisation. The merger of the ADF and OCR is the most prominent among these, and has increased lending capacity significantly. The need to diversify ADB's resource base has also been identified, and ADB has set an ambitious target for achieving a 100% rate of co-financing by 2020. It seems unlikely, however, that this target will be met. Despite ADB's aim to enhance its role as a catalyst of financing from third parties, there are no concrete targets for third party financing through guarantees, A/B loans, and risk transfer techniques.</p> <p>While changes to projects require approval from headquarters, ADB continues to pursue a process of decentralisation which has resulted in increased responsibility for resident missions in negotiating and implementing Country Partnership Strategies. Development Effectiveness Reviews now indicate that the majority of projects are implemented with substantial Resident Mission involvement.</p>	

MI 3.1: Organisational structures and staffing ensure that human and financial resources are continuously aligned and adjusted to key functions	Score
Overall MI rating	Satisfactory
Overall MI score	3
Element 1: Staffing is aligned with, or being reorganised to, requirements set out in the current Strategic Plan	2
Element 2: Resource allocations across functions are aligned to current organisational priorities and goals, as set out in the current Strategic Plan	3
Element 3: Internal restructuring exercises have a clear purpose and intent, aligned to the priorities of the current Strategic Plan	4
MI 3.1 Analysis	Source document
<p>The 2016 Development Effectiveness Review indicates that more staff will be needed to accommodate the operational growth expected following the merger of the Ordinary Capital Resources and Asian Development Fund. It is anticipated, however, that a significant proportion of the additional staffing requirements will have to be met through optimizing the use of existing staff resources. The 2018 Annual Evaluation Review points to similar concerns about staff resources being stretched, as do survey responses.</p> <p>Several initiatives are underway to ensure that staffing is aligned with the Strategic Plan, and that staff are deployed appropriately across departments and between headquarters and resident missions. One recent innovation has been that ‘convertibility’ has been introduced between national and international posts. This gives more flexibility in determining the workforce size at resident missions. However, evidence from interviews suggests that resident missions enjoy only limited autonomy in determining who will be posted to the field, and that sometimes it is challenging to attract people to take up posts in resident missions. Decisions relating to the deployment of staff to resident missions are taken mainly at headquarters, following a workforce analysis during which resident missions are consulted. Attracting technical experts to the field remains a challenge.</p> <p>Another recent HR feature to support delivery of the Strategic Plan – and specifically the “One ADB” aspiration, has been a mobility exercise designed to facilitate the accumulation of lateral experience among staff by redeploying them across departments for temporary periods. This innovation, which is still at a pilot stage, is expected to facilitate the sharing of knowledge across ADB.</p> <p>The Budget, Personnel, and Management Systems Department is currently trying to attract the staff that will be needed to deliver on the priority areas outlined in the draft of Strategy 2030, and a skills inventory has been completed based on Sector and Thematic Group priorities. Particular efforts will be needed to attract staff in areas considered ‘non-core’ by Strategy 2020, including health and education, as when these were classified as such, a number of technical staff left.</p> <p>The 2018 Annual Evaluation Review also found a need for more decentralisation of staff in the Private Sector Operations Department and found that several resident missions do not have gender specialists as part of their staff or as long-term gender consultants.</p>	1, 2, 3, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 28, 30, 36, 37, 39, 47, 87

<p>In terms of resource allocation, the Work Programme and Budgeting Process allocates resources across different functions and ensures alignment with strategic priorities. These are compiled for three-yearly periods, and lay the groundwork for annual institutional budgets. The operational planning process is based on the annual findings of the Development Effectiveness Reviews, which highlight areas of weakness in operations. In this sense, the Work Programme and Budget Framework represents the corporate operationalisation of the strategy. Each department then compiles its own operational plan with its own results framework, and each country has five-yearly Country Partnership Strategies which set out the broad strategic directions for engagement, aligned both ADB and national priorities.</p> <p>The strategic alignment of resources is tracked in the results framework as the percentage of commitments in strategic and operational priority areas. The 2017 Development Effectiveness Review indicates that the share of ADB financing for Strategy 2020 core operational areas stood at 93%, well above the 90% target, and representing an increase from the 2014/2016 baseline of 87%. The only areas that are below target in terms of strategic alignment are health, and education. In line with the ongoing effort to further empower resident missions, ADB has raised the resident missions' 20% share of total allocated net internal administrative expenses in 2017 to 21.2% for 2018.</p> <p>There are still questions pertaining to the funding of Technical Assistance, which interviews suggest is viewed as a scarce resource. There are some indications that positive steps are being taken in this regard. The 2018 Annual Evaluation Review found that all project approval documents between 2016 and 2017 included human and institutional capacity support to executing and implementing agencies in the form of Technical Assistance, compared with only 75% in 2009. It also found that 70% of newly approved projects in 2016-2017 included support for capacity via a loan component, compared with 51% in 2009.</p> <p>The Midterm Review of Strategy 2020 led to a comprehensive reform agenda involving several structural and process reforms, guided by a mid-term review action plan. Most of these have now been fully implemented. They have included the introduction of Sector and Thematic Groups to promote knowledge sharing and transfer, human resource reforms including the introduction of outposting, convertibility, and the mobility exercise, and ongoing efforts to increase decentralisation and delegation to resident missions, including procurement authority.</p>	<p>1, 2, 3, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 28, 30, 36, 37, 39, 47, 87</p>
MI 3.1 Evidence confidence	High confidence
MI 3.2: Resource mobilisation efforts consistent with the core mandate and strategic priorities	Score
Overall MI rating	Satisfactory
Overall MI score	3
Element 1: Resource mobilisation strategy/case for support explicitly aligned to current strategic plan	3
Element 2: Resource mobilisation strategy/case for support reflects recognition of need to diversify the funding base, particularly in relation to the private sector	2
Element 3: Resource mobilisation strategy/case for support seeks multi-year funding within mandate and strategic priorities	3
Element 4: Resource mobilisation strategy/case for support prioritises the raising of domestic resources from partner countries/institutions, aligned to goals and objectives of the Strategic Plan/ relevant country plan	3
Element 5: Resource mobilisation strategy/case for support contains clear targets, monitoring and reporting mechanisms geared to the Strategic Plan or equivalent	4

MI 3.2 Analysis	Source document
<p>The recent merger of the Ordinary Capital Resources and Asian Development Fund has raised annual loan and grant approvals significantly. Effectively, this has meant that ADB is entering a growth phase that is anticipated to continue for some time, and which will need to be managed prudently. Interviews have suggested that the merger of the two funds has strengthened ADB's financial framework considerably, and will allow it to respond to increasing demand, but that the future of the Asian Development Fund, which for now continues to function as a grant-only facility, is still under discussion. For now, ADF replenishments provide the opportunity for donors to provide multi-year funding for earmarked grant support. Trust funds and financing partnerships also provide this opportunity.</p> <p>The Treasury Department of ADB holds overall responsibility for mobilisation and managing ADB's financial resources. The 2017 Annual Report indicates that in 2017, ADB raised a record USD 28.5 billion in medium and long-term borrowings. Thematic bonds are also issued, including in health and gender, in response to demand for socially responsible investments.</p> <p>The need to diversify ADB's funding base was identified in the Midterm Review of Strategy 2020. This included the need for resource mobilisation through co-financing from the private sector and donors, as well as increasing non-sovereign private sector operations. Targets in each respect have not been met; the target of 100% is largely considered to be unrealistic, and private sector lending levels are lower than expected. It is understood that hard targets for private sector lending volumes may be dropped in Strategy 2030. In terms of domestic resource mobilisation, loan agreements set out the borrower's obligation to provide counterpart funds, in either monetary or non-monetary form (in kind). The 2017 Annual Review of Portfolio Performance indicates that delays in counterpart funding have led to challenges to the performance of contract awards and disbursements.</p> <p>On the other hand, the 2018 Annual Evaluation Review found that while ADB aims to enhance its role as a catalyst of financing provided by third parties, it lacks concrete targets for the mobilisation of third-party financing through guarantees, A/B loans, and risk transfer techniques. Furthermore, the IED's paper on "Boosting ADB's Mobilisation Capacity" concluded that the limited number of staff involved in guarantees and syndication affected operations and administration, which was aggravated by the lack of a comprehensive IT system to manage such operations. It found that for ADB to play an effective role in the use of these instruments, organisational and incentive structures, capacity development, and strategy and policy needed improvement.</p> <p>An IED evaluation of the effectiveness of ADB's partnerships indicates that financing partnerships have led to substantial fund mobilisation in recent years.</p>	1, 2, 3, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 28, 30, 36, 37, 39, 47
MI 3.2 Evidence confidence	High confidence
MI 3.3: Aid reallocation/programming decisions responsive to need can be made at a decentralised level	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.25
Element 1: An organisation-wide policy or guidelines exist which describe the delegation of decision-making authorities at different levels within the organisation	3
Element 2: (If the first criterion is met) The policy/guidelines or other documents provide evidence of a sufficient level of decision-making autonomy available at the country level (or other decentralised level as appropriate) regarding aid reallocation/programming	3

Element 3: Evaluations or other reports contain evidence that reallocation/programming decisions have been made to positive effect at country or other local level, as appropriate	3
Element 4: The organisation has made efforts to improve or sustain the delegation of decision-making on aid allocation/programming to the country or other relevant levels	4
MI 3.3 Analysis	Source document
<p>The delegation of decision-making authority to different levels within the organisation is set out in Project Administration Instructions and in Operational Policies. Historically, project preparation and administration were highly centralised. There has been a recent drive, however, to decentralise functions. There is no organisation-wide approach to decentralisation, however; different departments have different approaches, based on their own contexts. Results to date show that the role of resident missions in designing and implementing lending and grant operations has grown significantly.</p> <p>The 2017 Development Effectiveness Review, for example, highlights that there was substantial resident mission involvement in 90% of all sovereign operations. In 2017, international and national staff in field offices represented 56% of all staff. Interviews confirmed that large strides had been made in terms of decentralisation, and that it is now almost universally the case that Country Partnership Strategies are negotiated and implemented by resident missions. There are ongoing concerns, however, about the autonomy that resident missions have in determining who is posted to the field, and difficulties faced in attracting the most qualified/appropriate staff to the field offices.</p> <p>In terms of the delegation of functions, recent reforms to procurement have seen a delegation of authority to regional department to speed up response time. As of 2017, senior procurement staff had been posted to resident missions in Afghanistan, Bangladesh, the PRC, India, Pakistan, Sri Lanka, Uzbekistan, and Vietnam, as well as to the Pacific Sub regional Office. They have delegated authority to sign off on transactions of up to \$40 million on behalf of the central Procurement, Portfolio and Financial Management Department.</p> <p>While minor changes to projects require approval from the director of the relevant department/office, major changes require approval of the Board or President, depending on the type of project and the magnitude of the change. Interviews suggest that changes to Country Partnership Strategies and Country Operations Business Plans can be made at the country level, in discussion with the country director and government during annual portfolio reviews. Savings and cancellations can also be re-allocated at the country level.</p> <p>Evidence on the extent and relevance of changes is limited. An evaluation of ADB's Policy based Lending found that there were numerous examples of changes from initial design, often with limited explanation. It found that while flexibility and adaptability is important for programmatic Policy Based Lending, these need to be clearly explained. The 2017 Annual Portfolio Performance Review indicates that 45% of projects were affected by changes in project design and scope of implementation.</p> <p>Evidence from the survey points to perceptions that ADB remains a largely centralised organisation, but that there is an awareness that a move towards decentralisation is ongoing.</p>	5, 11, 16, 17, 47, 52, 87
MI 3.3 Evidence confidence	Medium confidence

MI 3.4: HR systems and policies performance based and geared to the achievement of results	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.6
Element 1: A system is in place which requires the performance assessment of all staff, including senior staff	4
Element 2: There is evidence that the performance assessment system is systematically and implemented by the organisation across all staff and to the required frequency	3
Element 3: The performance assessment system is clearly linked to organisational improvement, particularly the achievement of corporate objectives, and to demonstrate ability to work with other agencies	4
Element 4: The performance assessment of staff is applied in decision making relating to promotion, incentives, rewards, sanctions, etc.	3
Element 5: A clear process is in place to manage disagreement and complaints relating to staff performance assessments	4
MI 3.4 Analysis	Source document
<p>A performance assessment system exists and is applied to staff at all levels. Staff are rewarded and promoted for attainment of the goals set out in their workplans, which are directly linked to departmental and corporate objectives set out in the corporate results framework, primarily at levels 3 and 4. In this sense, there is a directly 'line of sight' between individual performance and departmental/organisational results.</p> <p>Recently, a 360-degree feedback system has been introduced, an operational skills audit has been conducted, and a new talent review methodology has been developed in response to the Midterm Review of Strategy 2020.</p> <p>Some concerns were raised in the most recent (2015) staff engagement survey, raising questions about the effectiveness and the implementation of the staff performance management system. This has included concerns relating to performance management, career development and recognition, and work-life balance. ADB responded by carrying out several post-survey workshops to discuss the issues highlighted, which have led to initiatives to carry out institutional change. These have included a diversity and inclusion action plan, leadership development programmes, and a review of performance management and career development.</p> <p>The Office of the Ombudsman provides ADB staff with a confidential, impartial, off-the-record, and independent setting to discuss and resolve work related concerns. ADB also has an Administrative Tribunal, established by the Board of Directors, which acts as an external mechanism to review personnel decisions made by Management. The purpose of the Tribunal is to hear and pass judgement on allegations by individual staff members of ADB having not observed the contract or terms of appointment of the staff member. ADB also has an Appeals Panel, established by the 2012 Public Communications policy, which serves as a recourse for parties who believe that ADB has incorrectly denied requests for information.</p>	2, 5, 29, 54
MI 3.4 Evidence confidence	High confidence

KPI 4: Organisational systems are cost- and value-conscious and enable financial transparency/accountability	KPI score
Highly satisfactory	3.81
<p>ADB's approach to the allocation of both internal administrative resources, and external lending and grant resources is transparent and aligned with corporate priorities and those of its Developing Member Countries. Internal administrative resources are allocated using a corporate planning cycle that is based on previous performance reported in the Development Effectiveness Reviews. Grant resources are allocated to eligible Member Countries using a transparent Performance Based Allocation policy, which is harmonised with other Multilateral Development Banks. Ordinary Capital Resources are allocated based on demand, and assessments of absorptive capacity, project readiness, debt sustainability, and creditworthiness.</p> <p>At the country level, Country Partnership Strategies set out the broad contours of engagement, and anticipated project pipelines are set out in three-yearly Country Operations Business Plans.</p> <p>One key issue regarding resource allocation relates to ADB's graduation policy. Evaluations have suggested that this needs to be fine-tuned to the needs of middle-income countries.</p> <p>ADB sets targets for and tracks for disbursement at the corporate, country, and project level. Results show mixed performance, with disbursements for non-sovereign operations lagging behind those for sovereign operations. Delays in disbursement were attributed to a mix of both internal and external factors.</p> <p>ADB does not apply Results Based Budgeting as the term is understood in a United Nations context, but aligns its internal expenditures with strategic priorities using the Work Programme and Budget Framework. In addition, ADB has implemented several measures to increase budget efficiency, which have led to notable savings.</p> <p>ADB's internal controls architecture is extremely strong and underpins the AAA rating that enables it to borrow on international capital markets. The internal controls architecture (known as the "circle of assurance") is made up of the Office of the Auditor General, the Office of Anti-Corruption and Integrity, the Safeguards Division, the Accountability Mechanism, and the Office of Risk Management. Available evidence indicates that issues once raised are dealt with swiftly. Internal Audit Reports are not disclosed publicly due to perceived credit risk.</p>	
MI 4.1: Transparent decision-making for resource allocation, consistent with strategic priorities	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.75
Element 1: An explicit organisational statement or policy exists which clearly defines criteria for allocating resources to partners	4
Element 2: The criteria reflect targeting to the highest priority themes/countries/areas of intervention as set out in the current Strategic Plan	3
Element 3: The organisational policy or statement is regularly reviewed and updated	4
Element 4: The organisational statement or policy is publicly available	4

MI 4.1 Analysis	Source document
<p>Access to ADB's lending and grant resources is governed by a graduation policy, setting out which countries can borrow from Ordinary Capital Resources, which countries are eligible for concessional lending, and which countries are eligible for grant-only funding (Asian Development Fund). For the Asian Development Fund, a clear Performance Based Allocation Policy, aligned with that of other multilateral development banks, is applied to determine grant allocation.</p> <p>Lending levels by country for Ordinary Capital Resources are demand driven, and is also influenced by absorptive capacity, project readiness, debt sustainability, emergency situations, and creditworthiness. Anticipated lending levels at the country level are set out in three-yearly Country Operations Business Plans, which detail project pipelines, based on the strategic priorities laid out in Country Partnership Strategies.</p> <p>The Work Programme and Budget Framework allocates the institutional budget for loan supervision, administration, capital and other expenditures. This is anchored in strategic priorities, and the 2017 Development Effectiveness Review indicates that strategic alignment is strong, except in the areas of health and education. The internal budgeting process involves three main steps; 1)the President issues planning directions, within the context of the overall strategy, and informed by the findings of the annual Development Effectiveness Reviews; 2) the Strategic Planning Department and the Budget, Personnel, and Management Systems Department compile a Work Programme and Budget Framework which covers three years, and which operationalises the President' planning directions; 3) this forms the basis for annual institutional budgets.</p> <p>One key issue regarding resource allocation pertains to the graduation policy, which the IED has suggested needs to be attuned to meet the emerging development challenges of middle income countries, who make up an increasing proportion of the ADB's client base.</p>	<p>2, 5, 6, 8, 12, 14, 15, 16, 17, 19, 35, 36, 39, 47, 48, 55, 87</p>
MI 4.1 Evidence confidence	High confidence
MI 4.2: Allocated resources disbursed as planned	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.5
Element 1: The institution sets clear targets for disbursement	4
Element 2: Financial information indicates that planned disbursements were met within institutionally agreed margins	3
Element 3 Clear explanations are available in relation to any variances	4
Element 4: Variances relate to external factors rather than internal procedural blockages	3
MI 4.2 Analysis	Source document
<p>ADB sets targets for disbursement at the institutional, country, and project level. At the institutional level, targets are set for financing projects in core operational areas, and for disbursement ratios. At the country and project level, disbursements are monitored systematically through the e-Operations system. At the corporate level, disbursement ratio indicators and targets are being refined to and aligned to those used by the World Bank. The Development Effectiveness Reviews and the Annual Portfolio Performance Reviews track several indicators relating to disbursement against their targets.</p>	<p>3, 5, 13, 16, 18, 76, 85, 87</p>

<p>The 2017 Development Effectiveness Review points to mixed performance on disbursement: for sovereign and results-based lending operations, the disbursement ratio rose to 22.0% in 2017 (from 20.4% in 2016), meeting the 2020 target. The 2017 Annual Portfolio Performance Review also indicates that the performance of the sovereign portfolio in 2017 improved in terms of both contract awards and disbursements. The disbursement ratio for non-sovereign operations, however, fell to 32.0% in 2017, failing to achieve the annual target. The 2017 DeFR also calls attention to the fact that ADB's disbursements in 2017 decreased from 2016.</p> <p>The Annual Review of Portfolio Performance also noted that projects rated "on track" in 2017 declined to 72.6%, compared with 80.3% a year earlier, and a higher percentage of projects were rated as having implementation risks (27.4%). For 20-30% of projects, contract awards and disbursements were assessed as the two key indicators leading overall project ratings to either potential problem or actual problem.</p> <p>Both the Development Effectiveness Review and the Annual Review of Portfolio Performance provide clear explanations of variance in relation to performance against disbursement targets. The 2017 Annual Review of Portfolio Performance cites being procurement-ready, good project design with satisfactory stakeholder consultation, and having safeguard clearance as key factors enabling timely disbursement. The 2017 Development Effectiveness Review indicates that procurement readiness targets have been met. A key factor cited by the 2017 Development Effectiveness Review for low disbursement ratios in non-sovereign projects was a significant rise in the number of projects signed in 2017, which greatly increased the gross undisbursed amount, leading to a depression of the ratio.</p> <p>External factors influencing disbursement are also included. For example, Afghanistan's disbursement ratio was low because of a worsening security situation that affected all development partners. In Vietnam, disbursements declined because of a self-imposed debt ceiling, and the slow progress of some large infrastructure projects.</p>	3, 5, 13, 16, 18, 76, 85, 87	
MI 4.2 Evidence confidence		High confidence
MI 4.3: Principles of results based budgeting applied		Score
Overall MI rating		Highly satisfactory
Overall MI score	4	
Element 1: The most recent organisational budget clearly aligns financial resources with strategic objectives/intended results of the current Strategic Plan	4	
Element 2: A budget document is available which provides clear costings for the achievement of each management result	4	
Element 3: Systems are available and used to track costs from activity through to result (outcome)	N/A	
Element 4: There is evidence of improved costing of management and development results in budget documents reviewed over time (evidence of building a better system)	4	

MI 4.3 Analysis	Source document
<p>ADB's Work Programme and Budget Framework and annual budgets support the delivery of its work programme, which is anchored in strategic priorities. The 2018 Budget contains costings for the achievement of five programme categories.</p> <p>ADB does not apply results-based budgeting. This has been a conscious decision based on assessment of the merits of the approach. However, ADB has taken several steps to quantify efficiency and seek opportunities for cost savings. The 2018 budget estimates a total of USD 17.9 million estimated savings from staff optimisation and efficiency measures.</p> <p>The Development Effectiveness Review also tracks budget efficiency. The 2017 Review indicates that ADB's 3-year average ratio of internal administrative expenses per USD 1 million disbursed remained within the target range, and that the portfolio management share of the budget was on target.</p>	16, 87
MI 4.3 Evidence confidence	High confidence
MI 4.4: External audit or other external reviews certifies the meeting of international standards at all levels, including with respect to internal audit	Score
Overall MI rating	Highly satisfactory
Overall MI score	4
Element 1: External audit conducted which complies with international standards	4
Element 2: Most recent external audit confirms compliance with international standards across functions	4
Element 3: Management response is available to external audit	4
Element 4: Management response provides clear action plan for addressing any gaps or weaknesses identified by external audit	4
Element 5: Internal audit functions meet international standards, including for independence	4
Element 6: Internal audit reports are publicly available	N/A
MI 4.4 Analysis	Source document
<p>ADB's external audit is conducted in accordance with auditing standards generally accepted in the United States. At the project level, all borrowers are required to submit audited financial statements prepared in accordance with International Financial Reporting Standards and Audited in line with International Standards on Auditing.</p> <p>Audited financial statements are presented alongside a management discussion and analysis. The management discussion and analysis does not include an action plan, but includes a detailed discussion of operations, financing resources, liquidity profile, risk management and internal controls. The Audit Committee of the Board regularly meets with the external auditor to agree on an audit service plan.</p> <p>An assessment by the Institute of Internal Auditors found that ADB's internal audit department conforms to the Institute of Internal Auditors' standards. ADB's public communications policy excludes the disclosure of internal audit reports. This is due to the credit risk that ADB would be exposed to if reports were shared.</p>	6, 18, 28, 45, 55
MI 4.4 Evidence confidence	High confidence

MI 4.5: Issues or concerns raised by internal control mechanisms (operational and financial risk management, internal audit, safeguards etc.) adequately addressed	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.6
Element 1: A clear policy or organisational statement exists on how any issues identified through internal control mechanisms will be addressed	3
Element 2: Management guidelines or rules provide clear guidance on the procedures for addressing any identified issues, including timelines	4
Element 3: Clear guidelines are available for staff on reporting any issues identified	4
Element 4: A tracking system is available which records responses and actions taken to address any identified issues	3
Element 5: Governing Body or management documents indicate that relevant procedures have been followed/action taken in response to identified issues, including recommendations from audits (internal and external)	4
Element 6: Timelines for taking action follow guidelines/ensure the addressing of the issue within twelve months following its reporting	N/E
MI 4.5 Analysis	Source document
<p>ADB's internal control architecture includes the Auditor General, the Environmental and Safeguards Division, the Office of Risk Management, and the Office of Anticorruption and Integrity. Relevant policies include; the Safeguards Policy Statement; Internal Audit; Accountability Mechanism; and Anticorruption. An Ombudsperson also exists to handle staff work-related complaints. These and other management guidelines and rules provide clear guidance on the procedures that staff take for addressing identified issues.</p> <p>ADB's safeguards framework has been found by the IED to be generally well regarded, but that there are some areas in need of strengthening in terms of design and implementation. This includes the need to address gaps in local implementation capacity.</p> <p>In terms of tracking, the Office of the Auditor General tracks responses to actions taken to address identified by the internal audit. Internal audit reports, however, are not made public, due to perceived credit risk. Evidence from interviews indicate that recommendations from audits are principle-based as opposed to prescriptive, and that there is a 95% implementation rate. The Office of Anticorruption and Integrity produces an annual report which tracks actions/sanctions taken. In 2017, a total of 52 entities were debarred for violating the ADB's Anticorruption Policy. The Accountability Mechanism also produces annual reports detailing the result of investigations into alleged incidents of non-compliance with social and environmental safeguards.</p> <p>The Annual Report of the Audit Committee includes a review of the Auditor General's Biannual Report, and a record of the issues discussed with the external auditor. Annual reports of the Audit Committee of the board cover: internal audit, engagement with the external auditor, financial statements, anticorruption and integrity quarterly updates and annual report, risk management overview.</p>	5, 6, 18, 28, 38, 85
MI 4.5 Evidence confidence	High confidence

MI 4.6: Policies and procedures effectively prevent, detect, investigate and sanction cases of fraud, corruption and other financial irregularities	Score
Overall MI rating	Highly satisfactory
Overall MI score	4
Element 1: A clear policy/guidelines on fraud, corruption and any other financial irregularities is available and made public	4
Element 2: The policy/guidelines clearly define the roles of management and staff in implementing/complying with the guidelines	4
Element 3: Staff training/awareness-raising has been conducted in relation to the policy/guidelines	4
Element 4: There is evidence of policy/guidelines implementation, e.g. through regular monitoring and reporting to the Governing Body	4
Element 5: There are channels/mechanisms in place for reporting suspicion of misuse of funds (e.g. anonymous reporting channels and “whistle-blower” protection policy)	4
Element 6: Annual reporting on cases of fraud, corruption and other irregularities, including actions taken, ensures that they are made public	4
MI 4.6 Analysis	Source document
<p>ADB has a strong anti-corruption system in place and was one of the first multilateral development banks to establish a separate unit, that is both reactive to complaints and proactive through risk assessment, training, awareness-raising, and capacity building.</p> <p>ADB’s Anticorruption Policy outlines guidelines on corruption and fraud and is public. The Office of Anticorruption and Integrity conducts investigations, due diligence, and outreach activities to ensure that ADB funds are used for their intended purposes. The Anticorruption Policy also defines the different roles of management and staff in complying with the guidelines.</p> <p>The Office of Anticorruption and Integrity conducts regular training sessions for staff. According to the 2017 Annual Report, in 2017 the Office conducted 119 seminars and workshops for over 3,900 participants. The Audit Committee of the Board reviews quarterly updates and annual reports on anticorruption and integrity.</p> <p>Clear mechanisms for reporting fraud are set out in the Anticorruption Policy, and an administrative order exists to protect witnesses and whistle-blowers.</p> <p>Annual reports are produced summarizing action taken to prevent and punish corrupt and fraudulent practices, and these are public. In 2017, 52 entities were debarred for violating ADB’s Anticorruption Policy.</p>	6, 25, 26, 51, 57
MI 4.6 Evidence confidence	High confidence

RELATIONSHIP MANAGEMENT

Engaging in inclusive partnerships to support relevance, to leverage effective solutions and to maximise results (in line with Busan Partnerships commitments).

KPI 5: Operational planning and intervention design tools support relevance and agility (within partnerships)	KPI score
Highly satisfactory	3.15
<p>ADB's strategic plan is operationalised in its Developing Member Countries through Country Partnership Strategies, which outline the broad contours of engagement. The Country Partnership Strategy design process was reformed recently in a bid to enhance quality and relevance and to reduce preparation time.</p> <p>Under the new approach, Country Partnership Strategies must align with national development plans as well as ADB's own strategic priorities. Alignment has been assessed as consistently strong, through there are concerns that Country Partnership Strategy Results Frameworks focus mainly on outputs at the project level, as opposed to higher level national and corporate outcomes.</p> <p>All Country Partnership Strategies are required to be underpinned by an Inclusive and Sustainable Growth Assessment, which serve a diagnostic context analyses which orient the direction of ADB support. These are conducted in collaboration with national partners, and include analyses of cross-cutting issues. Cross-cutting issues are also integrated at the project level, in the form of Gender Action Plans, Environmental Safeguards, and Governance Risk Assessments. There are acknowledged issues with monitoring and reporting on cross-cutting results, particularly in gender and environmental sustainability.</p> <p>Capacity assessments of national executing agencies are done at the project level. This is an area of concern, as evidence from multiple sources points to shortcomings in executing agency capacity as a key cause of implementation delays and weak project sustainability.</p> <p>Delays are a frequent occurrence in ADB operations, and a great deal of effort has gone into designing reforms to speed up implementation. Project start up time does appear to be improving as a result, but projects still rarely finish on time. This is due to numerous reasons, the majority of which are beyond ADB's immediate control, including security risks, natural disasters, and government institutional and policy changes.</p>	
MI 5.1: Interventions aligned with national/regional priorities and intended national/regional results	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.67
Element 1: Reviewed country or regional strategies make reference to national/regional strategies or objectives	4
Element 2: Reviewed country strategies or regional strategies link the results statements to national or regional goals	3
Element 3: Structures and incentives in place for technical staff that allow investment of time and effort in alignment process	4
MI 5.1 Analysis	Source document
<p>ADB's operational Policy on Country Partnership Strategies require them to demonstrate how ADB's engagement is aligned with the government's development plan and its own corporate strategy. At the project level, Design and Monitoring Frameworks (DMF) include results chains which are aligned to higher-level country or sector results. In each of the Country Partnership Strategies reviewed, clear references were made to national strategies and objectives. Interview evidence suggests that Country Partnership Strategies are done jointly with partners, and are aligned to country planning cycles.</p>	3, 4, 5, 7, 12, 30, 31, 33, 47, 58, 59, 60, 61, 62

<p>At the country level, CPS results framework guidelines were reformed in 2015. This was to ensure that they would be aligned with country needs through the use of country strategy documents and the use of national indicators. However, the 2017 Annual Evaluation Review did find that Country Partnership Strategy results frameworks focused mainly on results at the project level rather than higher level corporate or national objectives.</p> <p>The IED's 2018 Annual Evaluation Review (AER) found that for Sovereign operations, relevance performance (which is based on the alignment of projects' objectives with national and sector objectives, as well as ADB corporate priorities) has been consistently high. It indicates that Alignment with country needs and with ADB corporate and country strategies has often been positively assessed. It found that for Sovereign operations, infrastructure projects were more often rated "highly relevant" than non-infrastructure projects.</p> <p>The IED does not assess non-Sovereign (including private sector) operations using conventional evaluation criteria. Rather, it rates non-sovereign operations using four criteria: i) development results; ii) ADB additionality; iii) ADB investment profitability; and iv) ADB work quality. Within the "development results" criteria, the IED looks at "contribution to Private Sector Development and ADB Strategic Development Objectives" (from Guidelines for the Preparation of Project Performance Evaluations for Non-Sovereign Operations). The 2018 Annual Evaluation Review found that 6 of 10 non-sovereign projects reviewed were successful in contributing to private sector development and ADB's Strategic Objectives.</p> <p>The IED's 2018 Annual Evaluation review found that country programmes have been responsive to countries' development needs and sector priorities.</p> <p>Structures and incentives in place to encourage investment of time in alignment include; Country Partnership Strategy and Design and Monitoring Framework guidelines, which require alignment for project approval; the fact that alignment is considered in assessments of Quality at Entry for all projects; ADB's demand-driven business model, which ensures a degree of de-facto alignment for all loans.</p>	<p>3, 4, 5, 7, 12, 30, 31, 33, 47, 58, 59, 60, 61, 62</p>
MI 5.1 Evidence confidence	High confidence
MI 5.2: Contextual analysis (shared where possible) applied to shape the intervention designs and implementation	Score
Overall MI rating	Satisfactory
Overall MI score	3
Element 1: Intervention designs contain a clear statement that positions the intervention within the operating context	3
Element 2: Context statement has been developed jointly with partners	3
Element 3: Context analysis contains reference to gender issues, where relevant	2
Element 4: Context analysis contains reference to environmental sustainability and climate change issues, where relevant	3
Element 5: Context analysis contains reference to governance issues, including conflict and fragility, where relevant	3
Element 6: Evidence of reflection points with partner(s) that take note of any significant changes in context	4

MI 5.2 Analysis	Source document
<p>Inclusive and Sustainable Growth Assessments are required to precede Country Partnership Strategy preparation. These are diagnostic context and capacity assessments which identify binding constraints to economic growth. Country Partnership Strategy Guidelines also require a context analysis, which includes:</p> <ul style="list-style-type: none"> a) Summary economic analysis b) Summary poverty analysis c) Summary gender analysis d) Summary environment analysis e) Summary private sector analysis. <p>Each of the Country Partnership Strategies reviewed contained the above. The level of detail varied, but was in general high.</p> <p>At the project level, ADB's Economic Research Department assists in the preparation of sector analyses which aim to ensure that projects are relevant and responsive to context.</p> <p>A recent IED evaluation of ADB's Policy Based Lending indicated that comprehensive intersectoral analysis is a prerequisite. It found that although the majority of Policy Based Lending had been informed by analytical work, it was difficult to find clear references to the work that had been undertaken (i.e. it was often unclear how policy actions were derived from analytical work). It also found that while Policy Based Lending design drew on available political economy analysis, such work was rarely undertaken specifically in designing Policy Based Lending operations.</p> <p>Reforms to the Country Partnership Strategy approach indicate that in the past, the use of country knowledge was weak. They also indicate that in the past, background assessment was not driven by DMC demand, but was done mainly to meet internal ADB requirements. However, new guidelines on the preparation of Country Partnership Strategy indicate that consultations with governments are mandatory. An IED evaluation of ADB's Policy Based Lending found that counterpart engagement in PBL varied across countries.</p> <p>Each of the Country Partnership Strategy reviewed contained reference to gender issues. Gender Action Plans are required for all projects. These have been assessed by the IED as crucial tools for gender mainstreaming, but in need of improvement. It was noted that they were not always tailored to the circumstances specific to sector and project conditions, and to the needs and demands of women in DMCs. The 2017 Development Effectiveness Review indicates that 48% of operations are supporting gender mainstreaming, slightly below the 2020 target of 50%.</p> <p>Each of the Country Partnership Strategy reviewed contained reference to climate change and environmental sustainability issues. Environmental safeguards are applied to all projects. An IED evaluation of safeguards evaluation found progress and gaps in safeguard implementation by executing agencies and ADB staff. However, it found that environmental safeguards assessments were in the main part procedurally compliant.</p>	<p>7, 8, 15, 30, 59, 60, 61, 62, 87</p>

<p>The IED's evaluative perspective on Strategy 2030 found that operational departments had made significant efforts to promote environmentally sustainable growth through their Country Partnership Strategies, and that recent Strategies paid considerable attention to environmentally sustainable growth in their operations. The Development Effectiveness Review tracks the percentage of operations supporting environmental sustainability, and the percentage of operations supporting climate change mitigation/adaptation. Results for both these indicators were above target. The 2018 Annual Evaluation Review indicates that ADB has made significant efforts to promote environmentally sustainable growth. It found that significant efforts had been made to promote environmentally sustainable growth through country strategies and operations. It also found, however, that most projects that were "environmentally sustainable growth-tagged" were mainly oriented toward economic growth, with varying degrees of environmental co-benefits.</p> <p>Each of the Country Partnership Strategies reviewed contained reference to governance issues in their context sections, including an analysis of conflict and fragility where relevant. A recent IED evaluation of ADB's Policy Based Lending indicated that comprehensive intersectoral analysis is a prerequisite. It found that although the majority of PBL had been informed by analytical work, it was difficult to find clear references to the work that had been undertaken (i.e. it was often unclear how policy actions were derived from analytical work. It also found that while Policy Based Lending design drew on available political economy analysis, such work was rarely undertaken specifically in designing Policy Based Lending operations. An IED review of ADF operations found that fragility and conflict analyses were sometimes insufficient.</p> <p>Project Performance Reviews are updated periodically during project review missions. These are prepared in consultation with executing agencies. Project Performance Management systems, which are established for all projects, are developed jointly.</p> <p>During Country Portfolio Review Missions high level discussions are held with senior government officials on broad institutional, financial, and procedural issues related to ongoing projects in a country. These involve a tripartite approach involving ADB, executing agencies, and the ministry of finance. They result in time-bound action plans.</p>	<p>7, 8, 15, 30, 59, 60, 61, 62, 87</p>
<p>MI 5.2 Evidence confidence</p>	<p>High confidence</p>
<p>MI 5.3: Capacity analysis informs intervention design and implementation, and strategies to address any weakness found are employed</p>	<p>Score</p>
<p>Overall MI rating</p>	<p>Satisfactory</p>
<p>Overall MI score</p>	<p>3</p>
<p>Element 1: Intervention designs contain a clear statement of capacities of key national implementing partners</p>	<p>2</p>
<p>Element 2: Capacity analysis considers resources, strategy, culture, staff, systems and processes, structure and performance</p>	<p>3</p>
<p>Element 3: Capacity analysis statement has been developed jointly where feasible</p>	<p>4</p>
<p>Element 4: Capacity analysis statement includes clear strategies for addressing any weaknesses, with a view to sustainability</p>	<p>2</p>
<p>Element 5: Evidence of regular and resourced reflection points with partner(s) that take note of any significant changes in the wider institutional setting that affect capacity</p>	<p>4</p>

MI 5.3 Analysis	Source document
<p>Lending policies require that all loans are preceded by a capacity analysis, and financial management assessments assess the capacity of implementing agencies. At the country level capacity analyses and development are inherent in Country Partnership Strategies in the form of Technical Assistance design and implementation. Capacity analysis at the country level is also done during the Inclusive Economic Growth Assessment. At the project level, financial capacity assessments are required for all projects, and are required to include: an overview of the executing agencies financial management system and institutional context; strengths; weaknesses; personnel, accounting policies and procedures, internal and external audit; financial reporting systems including use of IT.</p> <p>For Policy Based lending, sector analyses are conducted which identify structural constraints to sector development and determine the means to address these constraints. The 2017 Development Effectiveness Review found that Policy Based programs provided technical assistance to deal with capacity weakness whenever they existed. Country Partnership Strategies, and project preparation activities including capacity analysis are done jointly with Developing Member Countries. Survey responses point to mixed views regarding ADB's support to the capacity of implementing partners.</p> <p>The evidence also points to several issues regarding the capacity of national partners. The 2017 Annual Portfolio Performance Review pointed to recurring challenges affecting implementation, including the capacity of the executing and implementing agencies. It found that executing agencies' capacity has improved but needs further strengthening, since overall project implementation still incurs delays. Another evaluation the implementation of ADB safeguards found that there were often gaps in local implementation capacity.</p> <p>The 2018 Annual Evaluation Review found that persisting institutional capacity weaknesses and a lack of government commitment to bring about essential reforms were key factors negatively influencing the sustainability of ADB operations. The Review also found, however, that in 2016-2017, all projects included human and institutional capacity support to implementing agencies, and that this had improved their implementation. Seventy percent of this was provided by a loan component, which implies that capacity development is being increasingly funded by loans, rather than by ADB grants through Technical Assistance. This compares favourably with the previous assessment (in 2009), where only three quarters of projects included such support.</p>	4, 7, 8, 9, 11, 15, 16, 18, 19, 36, 39, 63, 64, 65, 87
MI 5.3 Evidence confidence	High confidence
MI 5.4: Detailed risk (strategic, political, reputational, operational) management strategies ensure the identification, mitigation, monitoring and reporting of risks	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.5
Element 1: Intervention designs include detailed analysis of and mitigation strategies for operational risk	3
Element 2: Intervention designs include detailed analysis of and mitigation strategies for strategic risk	3
Element 3: Intervention designs include detailed analysis of and mitigation strategies for political risk	3
Element 4: Intervention designs include detailed analysis of and mitigation strategies for reputational risk	4
Element 5: Risks are routinely monitored and reflected upon by the partnership	4
Element 6: Risk mitigation actions taken by the partnership are documented and communicated	4

MI 5.4 Analysis	Source document
<p>Risk assessments are produced to inform all Country Partnership Strategies and Projects. ADB's second Governance and Anticorruption Plan outlines an approach to risk assessment which cascades from country, to sector, to programme project level. Risk assessment encompasses operational, strategic, political and reputational risk. Risk management plans are developed to mitigate against identified risks.</p> <p>At the project level, Design and Monitoring Frameworks integrate risk assessment, and risk assessment is a pre-condition for project approval.</p> <p>The Office of Anticorruption and Integrity assists operational departments in identifying and mitigating reputational risk areas.</p> <p>The 2018 Annual Evaluation review found that appropriate safeguards and risk mitigation measures contributed to successful performance. Conversely found that inadequate risk mitigation was a factor that hindered the effectiveness of operations. It also recommended that sustainability risks and measures be made a mandatory part of risk assessment and management documents. The Review found that ADB's consideration of implementation risks in project design was improving. Between 2016 and 2017, 86% of projects included a risk to smooth implementation on their Design and Monitoring Frameworks. These included delays in procurement and the availability of counterpart funds, and capacity weaknesses of implementing units. It also found, however, that projects did not always adequately recognise risks to economic efficiency caused by lower than forecast demand and the potential for cost overruns. Furthermore, an evaluation of ADB's Policy Based Lending found that assessments of the social and environmental impact of Policy Based Lending, rarely addressed the adverse effects of loans, and were often categorised as not triggering the associated safeguards. However, this was considered justified in many cases.</p> <p>The same evaluation of ADB's Policy Based Lending found that the quality of fiduciary risk and mitigation assessments was inconsistent across countries and Policy Based Lending operations.</p> <p>Risk identification and management plans are available to the public on ADB's website.</p>	6, 13, 17, 18, 19, 30, 33, 38, 40, 60, 66
MI 5.4 Evidence confidence	High confidence
MI 5.5: Intervention designs include the analysis of cross-cutting issues (as defined in KPI 2)	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.14
Element 1: Intervention design documentation includes the requirement to analyses cross-cutting issues	4
Element 2: Guidelines are available for staff on the implementation of the relevant guidelines	4
Element 3: Approval procedures require the assessment of the extent to which cross-cutting issues have been integrated in the design	4
Element 4: Intervention designs include the analysis of gender issues	2
Element 5: Intervention designs include the analysis of environmental sustainability and climate change issues	3
Element 6: Intervention designs include the analysis of good governance issues	3
Element 7: Plans for intervention monitoring and evaluation include attention to cross-cutting issues	2

MI 5.5 Analysis	Source document
<p>The operational policy on Country Partnership Strategies requires the full consideration of cross-cutting issues, and at the project level, economic analyses, sector analyses, and Design and Monitoring frameworks include analyses of cross-cutting issues. Each of the CPS reviewed contained analysis of cross-cutting issues.</p> <p>A range of other tools support the integration of cross-cutting issues into intervention design, including Inclusive and Sustainable Growth Assessments, Environmental and Social Safeguards, Gender Action Plans, Country Gender Assessments, and Governance Risk Assessments.</p> <p>Guidelines are available to staff for the integration of cross-cutting issues into intervention design. Although the Poverty and Social Analysis operational policy is still under preparation, a number of documents are available, including the Poverty Handbook and the Social Development Handbook. Guidelines for the implementation of the second Governance and Anticorruption Plan also include guides on governance analyses. Evidence from interviews suggests that Sector and Thematic Groups assist in the integration of cross-cutting issues into intervention design.</p> <p>In terms of gender, Country Gender Analyses are required for Country Partnership Strategies, and Gender Action Plans are required for all category 1 and 2 (gender-mainstreaming) projects. The mid-term review of Strategy 2020 found that the quality of gender strategies and their integration into results frameworks required more work, and an IED assessment of ADB's support to Gender and Development found that Gender Action Plans were not always fully tailored to conditions on the ground. The 2017 Development Effectiveness Review indicates that 48% of operations are supporting gender mainstream, slightly below the 2020 target of 50%.</p> <p>The Mid Term Review of Strategy 2020 found that environmentally sustainable growth was firmly rooted in Country Partnership Strategies. An evaluation of ADB's Environmentally Sustainable Growth Agenda found that while Country Partnership Strategies paid considerable attention to environmental issues, in many instances these considerations were not integrated into sector plans.</p> <p>Environmental safeguards are applied to all projects. An IED evaluation of safeguards evaluation found progress and gaps in safeguard implementation by executing agencies and ADB staff. It found that environmental safeguards assessments were in the main part procedurally compliant. The IED's evaluative perspective on Strategy 2030 found that operational departments had made significant efforts to promote environmentally sustainable growth through their CPS, and that recent CPS paid considerable attention to environmentally sustainable growth in their operations.</p> <p>The Development Effectiveness Review tracks the percentage of operations supporting environmental sustainability, and the percentage of operations supporting climate change mitigation/adaptation. Results for both these indicators were above target in 2017. However, the 2018 Annual Evaluation Review noted that although significant efforts had been made to promote environmentally sustainable growth through operations, most projects that were "environmentally sustainable growth-tagged" were mainly oriented toward economic growth, with varying degrees of environmental co-benefits.</p> <p>The Second Governance and Anticorruption plan requires a governance assessment, though in the form of a risk assessment. Each of the CPS reviewed contained reference to governance issues in their context sections, including an analysis of conflict and fragility where relevant. A recent IED evaluation of ADB's Policy Based Lending found that it was sometimes unclear how policy actions were derived from analytical work. It also found that while Policy Based Lending design drew on available political economy analysis, such work was rarely undertaken specifically for designing Policy Based Lending operations. An IED review of ADF operations also found that fragility and conflict analyses were sometimes insufficient.</p>	<p>2, 10, 33, 47, 49, 67, 87</p>

<p>In terms of monitoring cross-cutting issues, this is done at the project level by Design and Monitoring Frameworks. Progress on cross-cutting issues is also measures in routine project performance reporting, the Development Effectiveness Review, and the Annual Evaluation Review. However, an evaluation of ADB's support to gender and development found that there were no clear arrangements for monitoring the achievement of gender indicators and targets in CPS results frameworks. The 2017 Annual Evaluation Review also found that evaluations had concentrated mainly on project level results, at the expense of contribution to wider strategic focus areas, including cross-cutting issues such as gender and environmental sustainability and climate change.</p> <p>IED guidelines do not explicitly require assessment of cross-cutting issues but do require the assessment of Gender Action Plans and Safeguard Implementation when assessing effectiveness.</p>	2, 10, 33, 47, 49, 67, 87
MI 5.5 Evidence confidence	High confidence
MI 5.6: Intervention designs include detailed and realistic measures to ensure sustainability (as defined in KPI 12)	Score
Overall MI rating	Satisfactory
Overall MI score	2.75
Element 1: Intervention designs include statement of critical aspects of sustainability, including; institutional framework, resources and human capacity, social behaviour, technical developments and trade, as appropriate	2
Element 2: Key elements of the enabling policy and legal environment that are required to sustain expected benefits from a successful intervention are defined in the design	3
Element 3: The critical assumptions that underpin sustainability form part of the approved monitoring and evaluation plan	3
Element 4: Where shifts in policy and legislation will be required these reform processes are addressed (within the intervention plan) directly and in a time sensitive manner	3
MI 5.6 Analysis	Source document
<p>While all projects are required to undergo a sustainability analysis as part of the Economic Assessment, sustainability has been identified as a recurring problem in the 2017 Annual Evaluation review. The 2017 DEFR indicates that of all sovereign operations completed in 2015-2017, 66% were rated as likely sustainable, and transport and water operations had the lowest sustainability ratings.</p> <p>The 2018 AER found that project design documents contained a thorough assessment of sustainability risks. The continuing poor sustainability of performance was considered most likely to be influenced by difficulties faced by clients in meeting the requirements of the projects, including raising recurrent budgets, ensuring sufficient capacity etc. It also found that while the analysis of sustainability in projects was generally comprehensive, the actions and components to improve the likelihood of sustainable results were scattered across various parts of the loan or project agreements, reducing the likelihood of their follow up.</p>	2, 5, 7, 11, 17, 33, 39, 40, 67

<p>Elements of a country's legislative and policy environment considered essential for sustainability are often addressed by Policy Based Lending, provides budget support in conjunction with structural reforms and development expenditure programmes of a country. Sector analysis, which consider the enabling policy and legal environment, are required for all Policy Based Lending. An IED evaluation of PBL found that while comprehensive sector analysis is a prerequisite for PBL, and that the majority of PBL was informed by analytical work, it was often unclear how policy actions were derived from analytical work. It found also that PBL operations contained many process-oriented actions, with sometimes unclear outcomes, and that there was a lack of assessment of policy actions to the achievement of development outcomes.</p> <p>Design and Monitoring frameworks are not explicitly required to monitor the assumptions that underpin sustainability but are required to align with the economic analysis of projects. Project Completion Reports, validated by the IED, contain an assessment of sustainability, but this is largely a post-hoc assessment of sustainability, as opposed to an assessment of sustainability considerations into project design.</p>	2, 5, 7, 11, 17, 33, 39, 40, 67
MI 5.6 Evidence confidence	High confidence
MI 5.7: Institutional procedures (including systems for engaging staff, procuring project inputs, disbursing payment, logistical arrangements etc.) positively support speed of implementation	Score
Overall MI rating	Satisfactory
Overall MI score	3
Element 1: Internal standards are set to track the speed of implementation	3
Element 2: Organisation benchmarks (internally and externally) its performance on speed of implementation across different operating contexts	3
Element 3: Evidence that procedural delays have not hindered speed of implementation across interventions reviewed	2
Element 4: Evidence that any common institutional bottlenecks in speed of implementation identified and actions taken leading to an improvement	4
MI 5.7 Analysis	Source document
<p>The corporate results framework tracks the speed of implementation. This points to recent improvements in processing time, but a further need to improve. The Annual Portfolio Performance Review and the Annual Evaluation Review also consider speed of implementation.</p> <p>The results framework tracks processing time for both sovereign and non-sovereign operations, as well as for Ordinary Capital Resources and ADF. Processing times for different types of contracts are also tracked.</p> <p>The 2017 Development Effectiveness Review indicates that project start up time is improving, and that ADB is on track to achieve the ambitious 2020 target of nine months. The time to first contract has also been shortened across all types of contracts. The Review indicates that most sovereign projects do not finish on time, due to procurement issues and scope and design changes. In 2015-2017, 36% of sovereign projects were finished on time. The most common problem was delays in procuring construction works. It also took long to recruit and mobilise consultants establish project implementation units. Additional delays were found to be caused when a project's implementation staff lacked capacity and familiarity with ADB and government procedures. The 2018 Annual Evaluation Review also indicated that implementation delays for sovereign investment projects averaged 20 months in 2001-2009, and 18 months between 2011 and 2016. Slow procurement and a lack of 'project readiness' are identified as key factors hindering speedy implementation.</p>	2, 3, 4, 5, 6, 8, 9, 11, 16, 17, 30

<p>The 2017 APPR contains an analysis of the causes of project extensions. It found that 60% of extensions were caused by security risks, natural disasters, and government institutional and policy changes.</p> <p>Action is being taken to address procurement bottlenecks. A new procurement framework has further delegated procurement authority to regional departments, which can now (with the endorsement of the Operations Services and Financial Management Department) decide for contracts between \$20 million and \$40 million, and with the endorsement of a qualified staff can now decide for contracts up to USD 20 million. Executing agencies can now decide for contracts up to \$5 million. The threshold for Procurement Committee review has been raised from USD 10 million to USD 40 million.</p> <p>The 2017 Development Effectiveness Review highlights actions that have been taken to reduce start up delays. This has included:</p> <ul style="list-style-type: none"> • Monitoring of design readiness and procurement readiness. • Refinement of e-Operations to meet operational needs. This has led to an increase of productivity by 70%. • The launch of a procurement review system for transactions amounting to USD 10 million above. • The introduction of a policy on enhancing operational efficiency. • A TA reform which streamlined the types of TA from four to two. • Introduction of a new procurement policy in March 2017. • Out posting of procurement staff to resident missions. • Introduction of simplified internal procedures to provide faster procurement approvals. • The establishment of a consulting Service Unit to streamline the recruitment of consulting services and improve their quality. 	<p>2, 3, 4, 5, 6, 8, 9, 11, 16, 17, 30</p>
<p>MI 5.7 Evidence confidence</p>	<p>High confidence</p>
<p>KPI 6: Works in coherent partnerships directed at leveraging and/or ensuring relevance and catalytic use of resources</p>	<p>KPI score</p>
<p>Highly satisfactory</p>	<p>3.31</p>
<p>ADB's ongoing decentralisation reforms have enhanced flexibility in partnerships by allowing for decisions to be taken rapidly at the country level in response to changing conditions. Changes projects however require approval from management or governance structures at headquarters.</p> <p>In general, ADB has engaged in partnerships with countries and institutions which are based on its comparative advantages, which are recognised by partners. Institutional partnerships, including interagency coordination partnerships, knowledge partnerships, and financial partnerships, have been assessed as generally effective, though some partners have voiced frustrations with ADB procedures which they perceive as cumbersome and inflexible.</p> <p>While there is no systematic approach to the use of country systems, this is generally accepted as a principle. ADB can make use of country financial management systems, country safeguard systems, and – under the new procurement framework – country procurement systems. In 2017, 80% of sovereign operations were making use of country financial management systems, and 40% were making use of country procurement systems.</p> <p>ADB aims to catalyse resources through financial partnerships, including official co-financing. ADB's co-financing target of 100% co-financing by 2020 is ambitious and is unlikely to be met. However, co-financing amounts are still substantial, reaching 59% of total financing signed in 2017. An evaluation of ADB's partnerships found that projects which benefited from co-financing were generally more successful than those that were not.</p>	

Information is shared routinely with partners, and ADB is among the top performing members of the International Aid Transparency Initiative. Provision is made for the joint assessment of progress, and this is done frequently through mid-term reviews, and country portfolio reviews. However, there is no formal requirement for Project Completion Reports to assess the role of partner contributions.

ADB has a strong and well-functioning accountability architecture for accountability to its beneficiaries. All projects incorporate a Grievance Redress Mechanism, and allegations of breach of safeguards or other issues can be raised with ADB's accountability mechanism.

Knowledge provision alongside financial resources is key to ADB's operating model. However, the results framework has no indicators to track the extent to which knowledge is integrated into operations, and there have been no surveys of partners since 2012, which could potentially gauge the perceptions regarding ADB's knowledge products (as is done periodically by the World Bank, for example).

MI 6.1: Planning, programming and approval procedures enable agility in partnerships when conditions change	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.25
Element 1: Mechanisms in place to allow programmatic changes and adjustments when conditions change	3
Element 2: Mechanisms in place to allow the flexible use of programming funds as conditions change (budget revision or similar)	3
Element 3: Institutional procedures for revisions permit changes to be made at country/regional/HQ level within a limited timeframe (less than three months)	N/A
Element 4: Evidence that regular review points between partners support joint identification and interpretation of changes in conditions	4
Element 5: Evidence that any common institutional bottlenecks in procedures identified and action taken leading to an improvement	3
MI 6.1 Analysis	Source document
<p>Changes to loans and projects can be made. These are classified as either minor or major and require approvals from different authority levels, depending on the magnitude of the change. Greater flexibility is provided for Fragile and Conflict Affected states and emergencies. Changes are required to be approved by central structures at present, but more autonomy is being delegated to resident missions.</p> <p>Evidence from interviews suggests that decentralisation has allowed resident missions to become a lot more responsive to changing circumstances. Staff at the resident level generally have both the authority and the knowledge to do this, as well as the relationships to identify changes in context.</p> <p>The 2018 Annual Evaluation Review found that while ADB's country programmes had been flexible able to cater to specific country needs, flexibility should not be pursued at the expense of consistency or achieving a critical mass for development effectiveness. An evaluation of the ADB's Policy Based Lending found numerous examples of the reform content of later operations in a programmatic series being altered from the initial design, often with little explanation. An analysis of factors affecting project extensions in the 2017 APPPR found that 60% of analysed projects had been extended because of changes in project design.</p>	5, 8, 16, 17, 53, 70, 71, 85, 87

<p>A number of reforms have been implemented to promote the flexible use of programming funds. This has included delegating authority to transfer budget funds between and across select expense items, and delegating authority for procurement to regional departments. Since 2014, ADB has been encouraging the posting of headquarters staff to resident missions. The 2017 Development Effectiveness Review indicates that new positions and postings to ADB's resident missions raised their share of overall staff from 54% in 2016 to 56% in 2017, and that there is now substantial resident mission involvement in 90% of sovereign operations.</p>	5, 8, 16, 17, 53, 70, 71, 85, 87
MI 6.1 Evidence confidence	Medium confidence
MI 6.2: Partnerships based on an explicit statement of comparative advantage e.g. technical knowledge, convening power/partnerships, policy dialogue/advocacy	Score
Overall MI rating	Highly satisfactory
Overall MI score	4
Element 1: Corporate documentation contains clear and explicit statement on the comparative advantage that the organisation is intending to bring to a given partnership	4
Element 2: Statement of comparative advantage is linked to clear evidence of organisational capacities and competencies as it relates to the partnership	4
Element 3: The organisation aligns its resources/competencies to its perceived comparative advantage	4
Element 4: Evidence that comparative advantage is deployed in partnerships to positive effect	4
MI 6.2 Analysis	Source document
<p>Strategy 2020 recognises the value of partnerships in delivering ADB's agenda, and Country Partnership Strategies seek to deploy the comparative advantage of ADB, expressed in terms the deployment of a mixture of knowledge and financial resources in the Bank's core operational areas.</p> <p>Interagency partnerships are also based on ADB's areas of comparative advantage. An IED review has pointed to the strengths that development partners seek in ADB, which include its links with policy makers, its strong connection to the region, and its preparation and implementation experience. Institutional partners also seek out ADB as a partner for financing opportunities, project development capabilities, and sector knowledge. Strategy 2030 also identifies areas of comparative advantage.</p> <p>Country Partnership Strategies, and Country Operations Business Plans clearly specify where lending resources will be concentrated. This is demand based and aligned to corporate and national priorities. Case studies by the IED have shown that institutional partnerships with ADB have boosted policy dialogue and have provided complementary expertise in addressing social and environmental dimensions and safeguard requirements. The review also pointed to ADB offering project supervision services where partners do not have an in-country presence.</p> <p>An IED evaluation of ADB's engagement in middle income countries found that Government and private sector representatives indicated that they considered ADB a reliable development partner offering wide-ranging support to address specific development priorities. They appreciated ADB's guidance and inputs in project design, safeguards, and project management, coupled with its support for capacity development.</p> <p>The 2018 Annual Evaluation found that three quarters of ADB's interagency partnerships had been successful in meeting their objectives. In the case of interagency partnerships, the IED was of the view that complementarity in the strengths of the respective partners and contingent factors such as shifts in bilateral aid policies were important elements that influenced the effectiveness of the partnerships.</p>	1, 8, 11, 37, 47, 87

The Work Programme and Budget framework explicitly aligns ADB's resources to its perceived comparative advantage. Strategy 2020 includes a target of ensuring that 80% of projects are within core operational areas. This is tracked by the corporate results framework. The 2017 Development Effectiveness Review indicates that targets for spending in core operational areas have been met, except for health and education. An evaluation of ADB's also partnerships found strong alignment between trust funds and sector priorities.	1, 8, 11, 37, 47, 87
MI 6.2 Evidence confidence	High confidence
MI 6.3: Clear adherence to the commitment in the Busan Partnership for Effective Development Cooperation on use of country systems	Score
Overall MI rating	Satisfactory
Overall MI score	2.83
Element 1: Clear statement on set of expectations for how the organisation will seek to deliver on the Busan commitment/QCPR statement (as appropriate) on use of country systems within a given time period	2
Element 2: Internal processes (in collaboration with partners) to diagnose the condition of country systems	3
Element 3: Clear procedures for how organisation to respond to address (with partners) concerns identified in country systems	3
Element 4: Reasons for non-use of country systems clearly and transparently communicated	3
Element 5: Internal structures and incentives supportive of greater use of country systems	3
Element 6: Monitoring of the organisation trend on use of country systems and the associated scale of investments being made in strengthening country systems	3
MI 6.3 Analysis	Source document
The principle of the use of country systems is generally accepted. To date however, ADB has had no systematic approach to using country systems in investment lending operations. The new procurement framework allows for the use of country systems, as does the 2009 safeguards policy statements. The 2017 Development Effectiveness Review found that 80% of ADB sovereign operations made use of country financial management systems, and that 40% of sovereign operations made use of country procurement systems. This was lower in the concessional assistance arm, at 77% and 35% respectively. Financial Management Assessments, carried out in consultation with partners, are carried out for all projects to diagnose the condition of country systems. The guidelines for Financial Management Assessments detail procedures to be followed in responding to concerns about country systems. The Safeguards Policy Statement provides guidelines for the assessment and use of country safeguard systems, and the new procurement framework will set out procedures for the use of executing agency systems. The results of Financial Management Assessments are publicly available.	5, 9, 39, 85

<p>Several steps have been taken that may result in the increased use of country procurement or public financial management systems. This has included the introduction of modalities such as results-based lending operations, and the imminent introduction of a new procurement framework that will permit the use of executing agency procurement systems if assessed as acceptable and equivalent. Results Based Lending allows the use of countries' own programme systems, following an assessment by ADB and any gap filling measures required. An IED evaluation of ADB's safeguards implementation found that the SDCC department had mapped out country safeguards systems for both the environment and involuntary resettlement.</p> <p>There is recognition that both ADB staff and developing country institutions will need to work on a new framework based on country systems that will be different from their knowledge and experience of working with ADB procedures. It is acknowledged that undertaking robust country systems assessments and more systematic country systems road maps will require greater inputs in preparation. However, the payoff is anticipated to be a reduction in transaction cost during programme implementation for both ADB and DMCs, through a reduction in procedural requirements and avoidance of parallel systems.</p> <p>The corporate results framework monitors the use of country financial management systems, but the use of country systems for safeguards implementation and monitoring is not tracked.</p>	5, 9, 39, 85
MI 6.3 Evidence confidence	High confidence
MI 6.4: Strategies or designs identify synergies, to encourage leverage/catalytic use of resources and avoid fragmentation	Score
Overall MI rating	Satisfactory
Overall MI score	3
Element 1: Strategies or designs clearly recognise the importance of synergies and leverage	3
Element 2: Strategies or designs contain clear statements of how duplication/fragmentation will be avoided based on realistic assessment of comparative advantages	3
Element 3: Strategies or designs contain clear statement of where an intervention will add the most value to a wider change	3
Element 4: Strategies or designs contain a clear statement of how leverage will be ensured	3
Element 5: Strategies or designs contain a clear statement of how resources will be used catalytically to stimulate wider change	3
MI 6.4 Analysis	Source document
<p>ADB places a strong emphasis complementarity, identifying synergies, and leveraging resources in operations. Country Partnership Strategies aim to set out how a combination of modalities and partnerships will be used in a complementary way, and how these will lead to wider changes. All Country Partnerships also have a development coordination matrix, outlining how ADB will coordinate its strategic and operational support with other development partners.</p> <p>ADB aims to leverage additional resources through financing partnerships. These include; i) project-specific co-financing; ii) framework arrangements; iii) trust funds; and iv) financing partnership facilities.</p> <p>Project-specific co-financing mobilises financing from one or more development partners to be deployed alongside ADB financing for a specific project or programme. ADB has set an ambitious target of achieving 100% co-financing by 2020. The 2017 Development Effectiveness Review found that in 2017, co-financing represented 59% of total ADB financing signed during the year. Evidence from interviews suggests a perception that the target for co-financing is over-ambitious and may not be met.</p>	8, 11, 30, 31, 37, 87

<p>Furthermore, an IED evaluation on the effectiveness of ADB's partnerships also raised questions about whether ADB's role in co-financing arrangements is truly catalytic and highlighted that it was not always the case that co-financing committed to a project in a particular country or sector is truly additional, or that it would not have been allocated without ADB involvement.</p> <p>The 2018 Annual Evaluation Review also found that while ADB aims to enhance its role as a catalyst of financing provided by third parties, it lacks concrete targets for the mobilisation of third-party financing through guarantees, A/B loans, and risk-transfer techniques.</p> <p>An evaluation of the effectiveness of ADB's partnerships found that a number ADB interagency partnerships were creating synergies for positive results. For example, development institutions have partnered with ADB to enhance their access to policy makers and thereby increase policy dialogue. Institutions have also partnered with ADB to make use of its project preparation, implementation, and safeguard services, especially where partners do not have in-country experience or expertise.</p> <p>Examples of financing partnerships that ADB has engaged in which have created operational synergies and catalysed additional resources include:</p> <ul style="list-style-type: none"> • The Clean Energy Financing Partnership Facility: this was seen as an effective mechanism that has helped to catalyse dramatic growth in ADB's clean energy investments, from less than USD 700 million annually in 2007 to more than USD 2.4 billion in 2014. • The Water Financing Partnership Facility funded over 240 projects over its lifetime, amounting to about 28% of ADB's water financing programme. <p>The evaluation of ADB's partnership also found that projects which benefitted from co-financing were generally more successful than non-co-financed projects. The analysis covered 442 investment projects and found that 81% of co-financed projects were rated successful, whereas 67% of non-co-financed projects were successful.</p>	8, 11, 30, 31, 37, 87
MI 6.4 Evidence confidence	Medium confidence
MI 6.5: Key business practices (planning, design, implementation, monitoring and reporting) co-ordinated with other relevant partners (donors, UN agencies, etc.)	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.5
Element 1: Evidence that the organisation has participated in joint planning exercises, such as the UNDAF	4
Element 2: Evidence that the organisation has aligned its programme activities with joint planning instruments, such as UNDAF	4
Element 3: Evidence that the organisation has participated in opportunities for joint programming where these exist	4
Element 4: Evidence that the organisation has participated in joint monitoring and reporting processes with key partners (donor, UN, etc.)	3
Element 5: Evidence of the identification of shared information gaps with partners and strategies developed to address these	3
Element 6: Evidence of participation in the joint planning, management and delivery of evaluation activities	3
MI 6.5 Analysis	Source document

ADB coordinates with other donors and national partners in the development of Country Partnership Strategies and Knowledge Plans and it is also a member of several MDB working groups. The economic analysis underpinning intervention design is also done in collaboration with other partners. ADB does not participate in joint planning exercises such as the UNDAF, as it is not part of the UN system.

At the country level, during the preparation of the Country Partnership Strategy, other development partners and their priorities/programmes are identified using a tool called the Development Coordination Matrix. Country Partnership Strategies, and Country Operations Business Plans are aligned to national planning cycles, not to joint programming instruments such as the UNDAF.

In addition to country partnerships, ADB engages in three other types of partnership:

- a) Interagency coordination partnerships.
- b) Knowledge Partnerships.
- c) Financing partnerships.

A recent evaluation of the effectiveness of these types of partnerships concluded that they were generally successful in meeting their objectives.

At the country level, annual reviews of progress against the goals outlined in the CPS are conducted jointly with partners, including government and development partners. For other types of partnerships, various departments and offices in ADB produce a variety of reports. This includes an annual donor report, annual reports from trust funds, and regular information on ADB-CSO cooperation. However, Project Completion Reports do not include any requirements to assess a partner's role in the design, implementation, and financing of financed projects.

According to the 2017 Development Effectiveness Review, ADB aims for a rate of civil society organisation participation in sovereign operations of 90%. In 2017, CSOs participated in 96 of the 102 Sovereign operations. They often take part in an operation's design through information exchange, public consultations, and focus group discussions. They are also frequently contacted to mobilise communities and prepare participatory socioeconomic assessments in project areas. They sometimes also help carry out resettlement plans during project implementation and play a role in the grievance redress mechanism. In 2017, CSOs participated in 100% of the projects in all sectors except energy and Public Sector Management. CSOs provided design support in 84% of sovereign operations in 2017 and played a part in implementing 83% of the operations.

In terms of the identification of shared knowledge gaps, the 2018 AER found that knowledge partnerships were expanding but experienced some problems. This has included ADB business processes, which require CSOs to be engaged as consultants, constraining their engagement as knowledge partners. Some partners also reported cumbersome and inflexible ADB procedures, insufficient staff resources assigned to supervision, and lack of harmonisation of ADB procedures with partner's procurement and disbursement procedures. Country Knowledge Plans are also developed for Country Partnership Strategies, which specify the knowledge work that needs to be done to support lending operations, and how this will be funded. However, as noted in the 2018 AER, several IED country programme evaluations point to the need for ADB to improve the embedding of knowledge solutions in country programmes.

8, 30, 32, 87

MI 6.5 Evidence confidence**Medium confidence**

MI 6.6: Key information (analysis, budgeting, management, results etc.) shared with strategic/ implementation partners on an ongoing basis	Score
Overall MI rating	Highly satisfactory
Overall MI score	4
Element 1: Information on the organisation's website is easily accessible and current	4
Element 2: The organisation has signed up to the International Aid Transparency Initiative or reports through the OECD-DAC systems	4
Element 3: Accurate information is available on analysis, budgeting, management and is in line with IATI or OECD-DAC (CRS) guidelines	4
Element 4: Evidence that partner queries on analysis, budgeting, management and results are responded to in a timely fashion	4
Element 5: Evidence that information shared is accurate and of good quality	4
MI 6.6 Analysis	Source document
<p>ADB's Public Communications Policy (linked) allows for early disclosure of most Board documents and offers an effective framework for proactively disclosing information and responding to information requests on a timely basis. Information on ADB's website is easily accessible and current.</p> <p>ADB is signed up to the IATI. The Asian Development Bank publishes information on analysis, budgeting and management in line with the guidance provided by the International Aid Transparency Initiative, which has found no issues regarding data quality. ADB received 3,028 official requests for documents and 95% of requests were responded to within 20 days. In July, ADB began a review of the PCP to assess policy implementation and maintain a high standard of disclosure practices.</p> <p>ADB has been assessed as the top performer in the 2018 Transparency index.</p>	6
MI 6.6 Evidence confidence	High confidence
MI 6.7: Clear standards and procedures for accountability to beneficiaries implemented	Score
Overall MI rating	Satisfactory
Overall MI score	3
Element 1: Explicit statement available on standards and procedures for accountability to beneficiary populations e.g. Accountability to Affected Populations	4
Element 2: Guidance for staff is available on the implementation of the procedures for accountability to beneficiaries	4
Element 3: Training has been conducted on the implementation of procedures for accountability to beneficiaries	3
Element 4: Programming tools explicitly contain the requirement to implement procedures for accountability to beneficiaries	3
Element 5: Approval mechanisms explicitly include the requirement to assess the extent to which procedures for accountability to beneficiaries will be addressed within the intervention	4
Element 6: Monitoring and evaluation procedures explicitly include the requirement to assess the extent to which procedures for accountability to beneficiaries have been addressed within the intervention	0

<p>ADB's Accountability Mechanism serves as ADB's mechanism for accountability to beneficiary populations. The Accountability Mechanism comprises the Compliance Review Panel and the Office of the Special Project Facilitator. Its purpose is to investigate alleged incidences of breach of environmental and social safeguards, which apply to all projects. In 2017, 12 complaints were received by the Office of the Special Project Facilitator, and two were eligible for problem solving. During the same year, the Compliance Review Panel received four complaints. Guidelines exist for staff regarding the accountability mechanism and the compliance review panel.</p> <p>In addition, all projects are required to have a Grievance Redress Mechanism. This is a relatively new requirement, and evidence suggests it has yet to be fully embedded. For example, the annual report of the Accountability Mechanism indicates that some problems could have been avoided if there were more effective Grievance Redress Mechanisms available at the country level.</p> <p>While PCR templates do not include a specific, discrete assessment of the extent to which procedures for accountability to beneficiaries have been addressed within the intervention, this aspect is instead subsumed within the assessment of the implementation of safeguards and safeguard action plans. Annual project safeguards monitoring reports provide in-depth description and assessment of safeguard implementation progress and the safe guards action plan, which integrates an assessment of the extent to which procedures for accountability to beneficiaries are being assessed.</p>	6, 8, 9, 16, 24, 38
MI 6.7 Evidence confidence	Medium confidence
MI 6.8: Participation with national and other partners in mutual assessments of progress in implementing agreed commitments	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.2
Element 1: Evidence of participation in joint performance reviews of interventions e.g. joint assessments	4
Element 2: Evidence of participation in multi-stakeholder dialogue around joint sectoral or normative commitments	3
Element 3: Evidence of engagement in the production of joint progress statements in the implementation of commitments e.g. joint assessment reports	3
Element 4: Documentation arising from mutual progress assessments contains clear statement of the organisation's contribution, agreed by all partners	2
Element 5: Surveys or other methods applied to assess partner perception of progress	4
MI 6.8 Analysis	Source document
<p>Project Performance Reviews are updated periodically during project review missions. These are prepared in consultation with executing agencies. Project Performance Management systems, which are established for all projects, are developed jointly.</p> <p>In addition, portfolio reviews are held every three months, and these are done jointly with governments. They consider progress in terms of projections, disbursements, contract awards, safeguards, and financial management. Every year, tripartite reviews of the country portfolio take place involving the Ministry of Finance, ADB, and Executing Agencies. These consider progress and result in time bound action plans to resolve any issues.</p> <p>In terms of institutional partnerships, these are managed at the corporate level. Meetings take place to review progress with institutional partners, though not frequently.</p>	8, 32, 47, 74, 75

Project Completion Reports are produced following the end of all projects. These aim to learn from the experiences of borrowers, executing agencies and ADB in implementing projects. The 2018 Annual Evaluation Review indicate that some partners noted inadequate reporting of project results and a lack of recognition of the partner's contribution to such projects. PCRs indeed do not include a requirement to assess an institutional partner's role in the design, implementation, and financing of co-financed projects. Executing Agencies Prepare their own PCR and Progress Reports.	8, 32, 47, 74, 75
MI 6.8 Evidence confidence	Medium confidence
MI 6.9: Deployment of knowledge base to support programming adjustments, policy dialogue and/or advocacy	Score
Overall MI rating	Satisfactory
Overall MI score	3
Element 1: Statement in corporate documentation explicitly recognises the organisation's role in knowledge production	4
Element 2: Evidence of knowledge products produced and utilised by partners to inform action	2
Element 3: Knowledge products generated and applied to inform advocacy at country, regional or global level	N/A
Element 4: Evidence that knowledge products generated are timely/perceived as timely by partners	N/E
Element 5: Evidence that knowledge products are perceived as high quality by partners	N/E
Element 6: Evidence that knowledge products are produced in a format that supports their utility to partners	N/E
MI 6.9 Analysis	Source document
<p>Strategy 2020 and the draft Strategy 2030 clearly indicate a strategic recognition of the organisation's role in Knowledge Production. Knowledge is identified as a key component of ADB's comparative advantage, but the 2018 Annual Evaluation Review, and several IED Country Programme Evaluations point to the need for ADB improve the embedding of knowledge solutions in country programmes and projects. There is also a recognised need for stronger institutional coordination on knowledge solutions.</p> <p>Country Knowledge Plans are produced alongside Country Partnership Strategies to specify what knowledge products will be produced, and how these will be funded. Knowledge is injected from the Economic Research and Cooperation Department into operations in three key ways: 1) through the assessments of the economic viability of investment lending; 2) through the analysis of policy constraints for policy-based lending; 3) through country diagnostic studies used for the preparation of Country Partnership Strategies.</p> <p>The only indicator in the corporate results framework relating to knowledge is the number of knowledge downloads from ADB's website.</p> <p>ADB does not engage in advocacy. Partner views on the utility and accessibility of ADB's knowledge work are not available, as ADB has not conducted a partner survey since 2012. However, an IED evaluation of ADB's support to MICs indicated that MIC clients suggest that ADB could improve internal coordination, empower resident missions, and strengthen capacity so it is able to offer knowledge-intensive support that can be translated into practice through policy or investment. Evidence from interviews also suggests that MIC clients increasingly demand knowledge support.</p>	1, 11, 2, 5, 17
MI 6.9 Evidence confidence	Little to no confidence

PERFORMANCE MANAGEMENT

Systems geared to managing and accounting for development and humanitarian results and the use of performance information, including evaluation and lesson-learning.

KPI 7: Strong and transparent results focus, explicitly geared to function	KPI score
Highly satisfactory	3.38

ADB demonstrates a very strong corporate commitment to Results Based Management, epitomised by its corporate results framework, which cascades programmatically and organisationally. It provides a clear overview of progress towards strategic targets, key organisational results, and measures of operational effectiveness. The framework's indicators cascade to departmental and individual workplans, providing a clear line of sight for results. Development Effectiveness Reviews, which summarise annual progress against the results framework, are the foundation of ADB's corporate planning cycle.

There are some areas of concern however regarding the measurement of higher-level results. Country Partnership Strategy Results Frameworks tend to focus on results at the project level as opposed to country level outcomes or contribution to ADB corporate priorities. Design and Monitoring Frameworks at the project level occasionally identify high level outcomes influenced by numerous external factors, raising the problem of measuring attribution (though this is an issue faced by all development actors).

The quality of performance data appears to be generally high, although there are concerns that Project Completion Reports are sometimes delayed, leading to the loss of vital feedback loops.

MI 7.1: Leadership ensures application of an organisation-wide RBM approach	Score
Overall MI rating	Highly satisfactory
Overall MI score	4
Element 1: Corporate commitment to a results culture is made clear in strategic planning documents	4
Element 2: Clear requirements/incentives in place for the use of an RBM approach in planning and programming	4
Element 3: Guidance for setting results targets and developing indicators is clear and accessible to all staff	4
Element 4: Tools and methods for measuring and managing results are available	4
Element 5: Adequate resources are allocated to the RBM system	N/E
Element 6: All relevant staff are trained in RBM approaches and methods	4
MI 7.1 Analysis	Source document
<p>The strategy outlines a clear corporate commitment to RBM, and a dedicated, cascading results framework is used to track progress and guide decision making. The Strategy, Policy and Review Department is responsible for ensuring a culture of results across the entire organisation, using the corporate results framework. Programmatically, the results framework cascades to sectors, themes, countries, and projects, each of which have their own results framework that feed into it. Organisationally department heads and individual staff all have results-based work plans which link directly to indicators in levels three and four of the results frameworks.</p> <p>The current results framework expired at the end of 2016, and there is a provisional, transitional results framework in place that will last until the commencement of strategy 2030. This will come out in January of 2019.</p>	1, 2, 3, 4, 6, 7, 10, 11, 15, 16, 31, 33, 47, 76

<p>A large volume of guidance is available for the preparation of results frameworks at all levels. A large volume of tools and methods for managing results are available. These include:</p> <ul style="list-style-type: none"> (i) Guidelines for Preparing a Design and Monitoring Framework. (ii) Guidelines for preparing results frameworks and monitoring results at country and sector levels. (iii) Results Framework Indicator Definitions. (iv) Standard Explanatory Data Indicator Definitions. <p>ADB new staff induction programme contains training on RBM approaches and methods.</p>	<p>1, 2, 3, 4, 6, 7, 10, 11, 15, 16, 31, 33, 47, 76</p>
MI 7.1 Evidence confidence	High confidence
MI 7.2: Corporate strategies, including country strategies, based on a sound RBM focus and logic	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.4
Element 1: Organisation-wide plans and strategies include results frameworks	3
Element 2: Clear linkages exist between the different layers of the results framework, from project through to country and corporate level	2
Element 3: An annual report on performance is discussed with the governing bodies	4
Element 4: Corporate strategies are updated regularly	4
Element 5: The annual corporate reports show progress over time and note areas of strong performance as well as deviations between planned and actual results	4
MI 7.2 Analysis	Source document
<p>Results frameworks are included at all levels, for all strategies and plans. At the corporate level, the results framework measures progress in long term development outcomes as well as in specific activities and outputs in relation to achieving ADB's strategic priorities. At the country level, CPS establish results framework for monitoring development results in DMCs. At the project level, DMFs provide logical structures for results-focused projects. All sector and thematic strategies have results frameworks.</p> <p>The results framework cascades programmatically clearly from the corporate to the country level. The results framework also cascades organisationally to departmental and individual work plans.</p> <p>Evaluations have identified some issues the county/project level. For example, current guidelines on the CPS results framework orient CPS strategy formulation to focus on broad national and sector outcomes, but do not propose a clear mechanism for monitoring alignment to these objectives. CPS results frameworks focus mainly on results at the project level rather than the success in delivering on higher level corporate and country objectives. As the 2017 Annual Evaluation Review has pointed out, evaluation has put more emphasis on understanding project-level performance than on delivering on the corporate strategic agenda and the thematic drivers of change. This was because Country Partnership Results Frameworks did not have good measurable indicators and targets on these agendas and drivers of change.</p>	<p>31, 46, 58, 59, 60, 61, 62, 71, 77</p>

<p>The DeFR is the annual report on performance and is structured using the corporate results framework. It is discussed at annual meetings and forms the basis of the work planning cycle. The corporate-level operational planning process is based on the findings of annual Development Effectiveness Reviews (DeFR) – these highlight weaknesses in operations. The president then issues a Presidential Planning Directive, which informs the development of the Work Plan and Budget Framework, which in turn sets the basis for annual internal budgets. Operational review meetings are held on a quarterly basis with all departmental/divisional directors to review progress.</p> <p>A mid-term review was conducted of Strategy 2020 in 2014. The Midterm Review led to an organisation-wide reform agenda. A new strategy is now under development and operational plans and results frameworks will be developed for each thematic area under strategy 2030. DeFRs show progress over time and highlight areas of strong and weak performance.</p>	31, 46, 58, 59, 60, 61, 62, 71, 77
MI 7.2 Evidence confidence	High confidence
MI 7.3: Results targets set based on a sound evidence base and logic	Score
Overall MI rating	Satisfactory
Overall MI score	3
Element 1: Targets and indicators are adequate to capture causal pathways between interventions and the outcomes that contribute to higher order objectives	2
Element 2: Indicators are relevant to the expected result to enable measurement of the degree of goal achievement	2
Element 3: Development of baselines are mandatory for new interventions	4
Element 4: Results targets are regularly reviewed and adjusted when needed	4
MI 7.3 Analysis	Source document
<p>DMFs at the project level have results chains which specify indicators and targets for outputs, outcomes, and impacts. Detailed guidance is available to staff for developing results chains. Country Partnership results frameworks include targets at the country, cross-sector, and sector levels.</p> <p>An evaluation of ADB's Policy Based Lending found some issues with the application of Design and Monitoring Framework guidelines. Some of these issues related to basic attribution problems, which is a challenge for all Multilateral Development Banks. For example, the use of high-level outcomes in Design and Monitoring Frameworks that are influenced by numerous exogenous factors, such as GDP growth, investment levels, and employment reduction, limits any possibility of attributing changes to ADB supported policy actions.</p> <p>Evaluations have also found that performance evaluation at the higher strategic level remains a challenge. Results frameworks are required to be supported by indicators which enable measurement of ADB's contribution to strategic and thematic priorities, county, national, and sector results. Evaluations have found that Country Partnership Strategy results frameworks focus primarily on results at the project level rather than the success in delivering on higher level corporate and country objectives. A review of a subset of Country Partnership Strategies carried out before the 2015 reforms to the Country Partnership Strategy process indicated that not all closely addressed ADB's strategic corporate or thematic objectives.</p> <p>Design and Monitoring Frameworks require both baselines and targets. The corporate results framework has both baselines and targets. Guidelines allow changes to be made to DMFs. Country Partnership Strategy results frameworks can be altered in portfolio reviews.</p>	31, 33, 41, 76, 77
MI 7.3 Evidence confidence	Medium confidence

MI 7.4: Monitoring systems generate high quality and useful performance data	Score
Overall MI rating	Satisfactory
Overall MI score	2.83
Element 1: The corporate monitoring system is adequately resourced	4
Element 2: Monitoring systems generate data at output and outcome level of the results chain	2
Element 3: Reporting structures are clear	4
Element 4: Reporting processes ensure timely data for key corporate reporting, and planning	2
Element 5: A system for ensuring data quality exists	3
Element 6: Data adequately captures key corporate results	2
Element 7: Adequate resources are allocated to the monitoring system	N/E
MI 7.4 Analysis	Source document
<p>The corporate monitoring system is resourced through ADB's internal administrative budget.</p> <p>Monitoring systems generate data at both the output and outcome level through Design and Monitoring Frameworks. However, as indicated above, evaluations have found some flaws with Design and Monitoring Framework design, which limit the possibility for attribution, either through the use of high-level outcomes subject to numerous exogenous influences, or through output-oriented results. Evaluations have also found that Country Partnership Strategies tend to focus on project level results rather than higher level corporate or country objectives. The corporate results framework also tracks indicators at both the output and outcome level. However, evaluations have found that Country Partnership Strategy results frameworks, which feed into the corporate results framework, focus primarily on results at the project level rather than the success in delivering on higher level corporate and country objectives. The corporate results framework also does not have any indicators to track the extent of knowledge integration into operations, perceived as a shortcoming, given that this is a key area of comparative advantage.</p> <p>Reporting structures are clear and set out in the Project Performance Monitoring Instruction in the Project Administration Manual, and in the Operational Policy on the Project Performance Management System. The cascading nature of the corporate results framework also establishes a clear line of sight between operational departments and organisational results.</p> <p>In terms of the timeliness of reporting, the eOperations Module Facilitates real-time monitoring throughout the project cycle. This is a digital performance management system used to support operations and manage performance. Design and Monitoring Frameworks are built-in to e-Operations, and operational performance data is captured and displayed to managers through a dashboard traffic light system which can aid in the quick identification of problem projects. Project Performance Reviews are updated quarterly and must be submitted in time for Operational Review Meetings. The Development Effectiveness Review provides the foundation for organisation-wide work planning. However, an evaluation of ADB's PBL found that there were frequent time lags between project completion and Project Completion Report completion, meaning that a valuable feedback loop was potentially lost.</p>	7, 17, 41, 76, 77

In terms of quality assurance, the IED validates all Project Completion Reviews, and a sample of Project Performance Reviews. Evidence from interviews indicates that pre-and-post validation ratings are converging, suggesting an increase in quality. However, evidence from interviews also suggests that the quality of data entered into e-Operations was not always consistent, necessitating a number of steps, including post-entry data cleaning and locking to improve this. An IED evaluation of ADB's Policy Based lending also found that the quality of analysis in Project Completion Reports was variable, with few of them addressing in detail the relevance of the design and the quality of the analysis underpinning the loan.	7, 17, 41, 76, 77
MI 7.4 Evidence confidence	High confidence
MI 7.5: Performance data transparently applied in planning and decision-making	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.67
Element 1: Planning documents are clearly based on performance data	4
Element 2: Proposed adjustments to interventions are clearly informed by performance data	3
Element 3: At corporate level, management regularly reviews corporate performance data and makes adjustments as appropriate	4
Element 4: Performance data support dialogue in partnerships at global, regional and country level	N/E
MI 7.5 Analysis	Source document
<p>ADB's corporate planning process is clearly based on performance data contained in annual Development Effectiveness Reviews, which highlight both strengths and weaknesses in performance. These inform the development of a Presidential Planning Directive, which in turn feeds into the development of the Work Programme and Budget Framework. At the country and project level, Country Partnership Strategies and Design and Monitoring Frameworks are required to reflect on past lessons. eOperations provides a digital dashboard to managers for displaying project-level performance data from Design and Monitoring Frameworks, providing a means for identifying problem projects requiring adjustment.</p> <p>There are several reflection points during Country Partnership Strategy and project cycles where adjustments can be made to interventions. These include operational review meetings, mid-term review missions, country portfolio reviews etc. An evaluation of ADB's Policy Based Lending found that on several occasions, design had been altered with little explanation.</p> <p>Evidence from interviews indicate that at the corporate level there are frequent operational review meetings where directors review the entire portfolio and make adjustments as necessary. The corporate results framework is also discussed at annual meetings.</p>	19, 31, 46, 58, 59, 60, 61, 62, 71, 77
MI 7.5 Evidence confidence	Medium confidence

KPI 8: Evidence-based planning and programming applied	KPI score
Highly satisfactory	3.01
<p>The Independent Evaluation Department produces a range of evaluative products and serves an important validation role for ADB's system of self-evaluation. This includes a blend of thematic, country and project evaluations in an independent manner, although the Board does play a role in shaping the workplan. ADB's operational policy on evaluation applies to the IED only and does not provide guidance for the implementation of different types of evaluation, nor does it explicitly identify the role of evaluation in ADB.</p> <p>There is a clear issue with the perceived quality and utility of IED evaluations among ADB staff however. Many operational staff view evaluation as an accountability function, and do not find the IED's evaluative products useful from a learning perspective. There is a view that many IED staff lack the operational experience that would make evaluations relevant to their intended audiences. The IED's own self-evaluation identified several shortcomings relating to the quality of its products. Until recently, there were also issues with the formulation of recommendations, though these appear to have now been resolved. The uptake and implementation of recommendations is tracked transparently using the MARS. Poorly performing interventions are tracked using the project performance management system.</p> <p>ADB does not have a systematic approach to lesson learning, and the IED has concluded that lesson learning across ADB falls short of potential. Demonstration of evidence base and lessons is mandatory in the design of new operations, though the extent to which this is occurring is not tracked.</p>	
MI 8.1: A corporate independent evaluation function exists	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.71
Element 1: The evaluation function is independent from other management functions such as planning and managing development assistance (operational independence)	4
Element 2: The Head of evaluation reports directly to the Governing Body of the organisation (Structural independence)	4
Element 3: The evaluation office has full discretion in deciding the evaluation programme	3
Element 4: A separate budget line (approved by the Governing Body) ensures budgetary independence	4
Element 5: The central evaluation programme is fully funded by core funds	4
Element 6: Evaluations are submitted directly for consideration at the appropriate level of decision-making pertaining to the subject of evaluation	4
Element 7: Evaluators are able to conduct their work throughout the evaluation without undue interference by those involved in implementing the unit of analysis being evaluated (Behavioural independence)	3
MI 8.1 Analysis	Source document
<p>The evaluation function is a full department, headed by a Director General and with two divisions- a thematic and country division and a sector and project division.</p> <p>The IED's work programme and budget are prepared independently but involve a high level of consultation with the Board and Management. The Development Effectiveness Committee of the Board reviews the proposed work programme, which is developed following consultations with operational departments and offices. Evidence from interviews suggests that extensive discussions are held before the work programme is finalised.</p> <p>Evaluation reports are submitted to the Board of Directors. Technical meetings have been introduced at the Head of Department level to discuss recommendations and ensure that management agree.</p>	16, 24, 46, 78, 79
MI 8.1 Evidence confidence	High confidence

MI 8.2: Consistent, independent evaluation of results (coverage)	Score
Overall MI score	2.8
Element 1: An evaluation policy describes the principles to ensure coverage, quality and use of findings, including in decentralised evaluations	3
Element 2: The policy/an evaluation manual guides the implementation of the different categories of evaluations, such as strategic, thematic, corporate level evaluations, as well as decentralised evaluations	3
Element 3: A prioritised and funded evaluation plan covering the organisation's planning and budgeting cycle is available	3
Element 4: The annual evaluation plan presents a systematic and periodic coverage of the organisation's Interventions, reflecting key priorities	3
Element 5: Evidence from sample countries demonstrate that the policy is being implemented	2
MI 8.2 Analysis	Source document
<p>ADB has an operational policy on independent evaluation which dates from 2013. It describes in broad terms some key principles and outputs. It does not however have detailed guidance for example for different types of evaluation products and although it briefly outlines ADB's two-tier evaluation system, does not contain clear procedures on the links between the two tiers.</p> <p>A three-year work programme (2017-18) is available. This states that the number of complex evaluations undertaken annually is on the higher side compared to IED resources and ADB absorptive capacity, and that there are grounds to be more selective as much evaluation has already taken place. The current work program of IED is anchored on priorities arising from the ADF-OCR merger and preparation of Strategy 2030., and (iii) keeping the number of high-level evaluations at manageable levels to ensure the optimum use of limited human resources.</p> <p>A self-evaluation of the IED found that the DEC Chair and members, as well as the few Board members interviewed found that the evaluations enhanced ADB's focus on the key strategic themes—inclusive growth, environmentally sustainable growth, regional cooperation and integration as well as disaster risk management—which are strongly embedded in ADB's corporate strategy. However, it also stated that while ADB Management recognised IED's contribution to these strategic themes, most ADB management interlocutors felt these were responding more to the concern of shareholders than to operational needs and expressed a desire to see a rebalancing of priorities towards evaluation products targeted at operations. This view was echoed in interviews. The self-evaluation also stressed that there is unrealised potential to mine the lessons in evaluations and disseminate them more effectively to operational staff and DMC clients, thus echoing management concerns.</p> <p>The 2017 self-evaluation of the IED indicates that the evaluation policy is being implemented and finds that "IED's product mix has been fairly stable over the past five years. In 2012-16, IED completed a total of 506 evaluation and validation products. These included an annual average of 7-8 high-level evaluations, which comprise 5-7 corporate and thematic evaluations (including the Annual Evaluation Review and large topical papers) and 1 country assistance program evaluation (CAPE). Other IED products include 1 impact evaluation, 8 project performance evaluation reports (PPERs) and one TA performance evaluation report (TPER), as well as 78 project-level and 3 country-level validation reports.</p>	7, 16, 32, 46, 73, 78, 80, 81, 82, 83

The self-evaluation however recommends that: “the product mix could be rebalanced from corporate and thematic evaluations towards more operational products, with an increase in the number of sector wide evaluations, simplification (reduced intensity) of CPSFRVs, and of reinstating Sector Assistance Program Evaluations (SAPes) for field-based sector reviews at the country level”.	7, 16, 32, 46, 73, 78, 80, 81, 82, 83
MI 8.2 Evidence confidence	High confidence
MI 8.3: Systems are applied to ensure the quality of evaluations	Score
Overall MI rating	Satisfactory
Overall MI score	2.2
Element 1: Evaluations are based on design, planning and implementation processes that are inherently quality oriented	2
Element 2: Evaluations use appropriate methodologies for data-collection, analysis and interpretation	2
Element 3: Evaluation reports present in a complete and balanced way the evidence, findings, conclusions, and where relevant, recommendations	2
Element 4: The methodology presented includes the methodological limitations and concerns	3
Element 5: A process exists to ensure the quality of all evaluations, including decentralised evaluations	2
MI 8.3 Analysis	Source document
<p>The IED has a process in place to review the quality of all evaluation reports, which involves internal vetting, and external peer review. In addition, the IED validates 100% of all Project Completion Reviews, and interview evidence indicates that pre and post-validation ratings are converging.</p> <p>However, a 2017 self-evaluation of the IED revealed several concerns regarding quality assurance, including problems with guidelines, insufficient specialisation among staff, and gaps in Quality Assurance (especially for validation products) including a lack of technical Quality Assurance for country-level and project outputs. It recommended inter alia that ADB institutionalise a quality assurance system that would provide early and continuing support to evaluation teams on methodology, with high-level technical advice on corporate, thematic and sector evaluations, and that ADB introduces reviews of project-level validations by designated quality assurers in the division focusing on sectors and projects.</p> <p>More broadly, the assessment found that staff in ADB shared several concerns about the quality of the IED’s evaluations, including; variability in the quality of evaluation products, evaluation methodologies not always being robust or transparent, and poor quality recommendations. Evidence from interviews tends to corroborate this finding, and there is a perception that IED staff often lack the operational experience necessary to ensure that evaluation products are as relevant as they could be to ADB staff.</p>	32, 78
MI 8.3 Evidence confidence	High confidence

MI 8.4: Mandatory demonstration of the evidence base to design new interventions	Score
Overall MI rating	Unsatisfactory
Overall MI score	2
Element 1: A formal requirement exists to demonstrate how lessons from past interventions have been taken into account in the design of new interventions	2
Element 2: Clear feedback loops exist to feed lessons into new interventions design	2
Element 3: There is evidence that lessons from past interventions have informed new interventions	2
Element 4: Incentives exist to apply lessons learnt to new interventions	2
Element 5: The number/share of new operations designs that draw on lessons from evaluative approaches is made public	2
MI 8.4 Analysis	Source document
<p>The Country Partnership Strategy policy, and guidelines for Design and Monitoring Frameworks indicate that lessons from past interventions should be considered in the design of new interventions. Operational Policies on Project Concept Papers and the quality review checklist of the Review and Recommendations of the President specifically require reference to IED lessons for guidance, or to other lessons from similar operations.</p> <p>Feedback loops exist in the form of performance and portfolio review meetings held with governments and executing agencies, which take stock of performance. eOperations also provides a real time view of project performance to managers. Furthermore, when Project Concept Notes are developed, they are reviewed by Headquarters, which results in a “Review and Recommendations of the President” document being issued, which points to lessons from several sources. The corporate planning process, based on the findings of the Development Effectiveness Review, also constitutes a feedback loop.</p> <p>A recent IED evaluation of Policy Based Lending found that Project Completion Reports were sometimes completed too late place for feedback loops to function properly, however. Evidence from interviews also suggested that while project design documents did often reference lessons from previous experience, this is not mandatory.</p> <p>The 2017 Annual Evaluation Review examined the process through which lessons from evaluations were used and found that lesson use was falling far short of its potential. A fifth of staff interviewed for the review said that they knew of projects financed by ADB that failed to deliver on intended results because lessons were ignored.</p> <p>There are no indicators in the results framework to track the number/share of new operations that draw on lessons from evaluative approaches. However, project documents do include information on lessons drawn from previous evaluations and operations, and management responses and action plans to evaluations are made public.</p>	7, 46, 47, 58, 59, 60, 61, 62, 88
MI 8.4 Evidence confidence	High confidence

MI 8.5: Poorly performing interventions proactively identified, tracked and addressed	Score
Overall MI rating	Highly satisfactory
Overall MI score	4
Element 1: A system exists to identify poorly performing interventions	4
Element 2: Regular reporting tracks the status and evolution of poorly performing interventions	4
Element 3: A process for addressing the poor performance exists, with evidence of its use	4
Element 4: The process clearly delineates the responsibility to take action	4
MI 8.5 Analysis	Source document
<p>eOperations presents the results of project performance reviews which identify poorly performing interventions.</p> <p>The Annual Portfolio Performance Review tracks “at risk projects” using Project Performance Reviews. The 2017 indicates that as of the end of 2017, projects rated “on track” had declined to 72.6%, compared with 80.3% as of the end of 2016. Projects with implementation risks accounted for 27.4%, their highest share since 2013. Overall project performance fell from 2016 level, because more projects fell into the categories “potential problem” and “actual problem” with respect to contract awards, disbursements, financial reporting, and safeguard criteria.</p> <p>Reasons for being categorised as “at risk” included slippages in awarding of large contracts, capacity constraints in fragile and conflict-affected countries such as Papua New Guinea, the security situation in Afghanistan, and the self-imposed disbursement ceiling in Vietnam to manage public debt. As the portfolio increases, there is also a need to enhance the capacity of executing agencies and implementing agencies, particularly those which are new or have high staff-turnovers. For 20%–30% of projects, contract awards and disbursements were assessed as the two key indicators leading overall project ratings to either potential problem or actual problem, it is imperative to also review the impact of the other criteria—technical, financial management, and safeguards—when assessing the project performance.</p> <p>Operational Review Meetings focus on the management information papers prepared and circulated by SPD on loan and TA processing, and on loan and TA implementation. The loan and TA implementation paper for the overall portfolio focuses on projects “at risk”. Regional departments hold Project Performance Review meetings at least quarterly to review the performance of projects for which they are responsible, and to discuss specific project implementation issues. Operations review meetings, held quarterly or more frequently, are a mechanism for operations vice presidents to review the status of the ongoing region-wide and countrywide operations program and portfolio. The findings of the operations review meetings are discussed by the Management Committee each quarter. The Management Committee reviews ADB-wide operations program and portfolio in these quarterly meetings.</p> <p>Using the project-at-risk concept and identification of potential problem projects, attention is drawn to projects where task managers need to take corrective actions.</p>	41, 71, 74, 77, 89
MI 8.5 Evidence confidence	High confidence

MI 8.6: Clear accountability system ensures responses and follow-up to and use of evaluation recommendations	Score
Overall MI rating	Highly satisfactory
Overall MI score	4
Element 1: Evaluation reports include a management response (or has one attached or associated with it)	4
Element 2: Management responses include an action plan and/or agreement clearly stating responsibilities and accountabilities	4
Element 3: A timeline for implementation of key recommendations is proposed	4
Element 4: A system exists to regularly track status of implementation	4
Element 5: An annual report on the status of use and implementation of evaluation recommendations is made public	4
MI 8.6 Analysis	Source document
<p>Individual evaluation reports generally contain a management response, as does the Annual Evaluation Review. Management responses do not necessarily include action plans, but generally do clearly state responsibilities.</p> <p>Management responses are entered into the Management Action Record System along with target completion dates, and Management updates implementation on progress twice a year. The IED validates annually the actions taken by management. The Management Action Record System (MARS) is used to regularly track the status of implementation of recommendations. The assessment of MARS implementation in the 2017 AER identified several findings that needed attention. First, there has been a decline in acceptance of recommendations by ADB Management from 95% in 2012–13 to 65% in 2014–15, with many in the later period only partly accepted. Second, reporting and tracking is focused more on individual actions proposed in response to sub-recommendations, rather than for the recommendations themselves. Third, the MARS process currently consists of one-time reporting on each action on the date when the action is due, regardless of whether the action has been completed or not. Incomplete actions are not tracked beyond the due date. Fourth, the reported effect of one action can be limited if implementation of complementary actions has not been completed. The year 2016 however showed significant improvement in that there was 100% acceptance of the recommendations of IED's reports issued during 2016. In addition, IED's validation of Management's implementation of recommendations in 2016 showed an 80% implementation success rate.</p> <p>Evidence from interviews point to the need to improve the recommendations from the IED, to ensure that they are clearer, actionable, and linked directly to findings.</p>	7, 17, 46, 56, 78, 84, 86
MI 8.6 Evidence confidence	High confidence

MI 8.7: Uptake of lessons learned and best practices from evaluations	Score
Overall MI rating	Satisfactory
Overall MI score	2.33
Element 1: A complete and current repository of evaluations and their recommendations is available for use ⁷	4
Element 2: A mechanism for distilling and disseminating lessons learned internally exists	2
Element 3: A dissemination mechanism to partners, peers and other stakeholders is available and employed	2
Element 4: A system is available and used to track the uptake of lessons learned	0
Element 5: Evidence is available that lessons learned and good practices are being applied	2
Element 6: A corporate policy for Disclosure of information exists and is also applied to evaluations	4
MI 8.7 Analysis	Source document
<p>All independent evaluation reports (including Management responses when available) are disclosed on IED's website in conformity with the requirements of the Public Communications Policy.</p> <p>There are no explicit mechanisms for disseminating lessons learned, either internally, or to external stakeholders. However there are structures in place to facilitate this, including the Evaluation Information System, sector and thematic groups, requirements for inclusion of past performance data, and the review and recommendations of the President to new projects.</p> <p>The 2017 AER raised several concerns regarding learning. The key finding has been that the learning from documented lessons within project evaluation reports falls far short of its potential. Key findings included:</p> <ul style="list-style-type: none"> • 20% of staff surveyed knew of projects that did not deliver on intended results because lessons were ignored. • 20% of staff surveyed thought that the current lessons were of top quality. • 30% of staff surveyed felt that there was a process of updating guidance documents from lessons learned. • 60% of staff surveyed found retrieving lessons difficult. <p>No system exists to track the uptake of lessons learned.</p>	7, 46
MI 8.7 Evidence confidence	High confidence

RESULTS

Achievement of relevant, inclusive and sustainable contributions to humanitarian and development results in an efficient way.

KPI 9: Achievement of development and humanitarian objectives and results e.g. at the institutional/corporate wide level and regional/country level, with results contributing to normative and cross-cutting goals	KPI score														
Satisfactory	2.83														
<p>Despite year on year variation, the performance of ADB's sovereign operations – in terms of both country programmes and project success rates – is on an upward trend. Performance has been strongest in countries borrowing from Ordinary Capital Resources, followed by those eligible for ADF support only. Performance is weakest in blend countries eligible for both ADF support and Ordinary Capital Resources.</p> <p>The performance of policy based lending operations as improved, and this modality has supported several policy reforms in Developing Member Countries, contributing to improved governance. Results in the other cross-cutting areas of environmental sustainability and climate change and gender equality are less clear, but evidence suggests that performance in both areas is largely on track.</p> <p>The weakest area of performance is that of non-sovereign operations, for which success rates are low and declining.</p>															
MI 9.1: Interventions assessed as having achieved their stated development and/or humanitarian objectives and attain expected results	Score														
MI rating	Satisfactory														
MI score	2.5														
MI 9.1 Analysis	Source document														
<p>Annual Evaluation Reviews are prepared by the IED, and these synthesise evaluation findings regarding performance at both the country and the project level. The following analysis is based on results contained within Annual Evaluation Reviews published in the years 2017 and 2018. Overall, results point to largely satisfactory performance at the country and project level, which is improving, but in an occasionally volatile manner.</p> <p>Based on 3-year moving averages over the 2010-16 period, performance at the country level shows clear signs of improvement:</p> <table border="1"> <thead> <tr> <th>3-year period</th> <th>Average country partnership strategy success rate</th> </tr> </thead> <tbody> <tr> <td>2010-2012</td> <td>58%</td> </tr> <tr> <td>2011-2013</td> <td>60%</td> </tr> <tr> <td>2012-2014</td> <td>64%</td> </tr> <tr> <td>2013-2015</td> <td>67%</td> </tr> <tr> <td>2014-2016</td> <td>75%</td> </tr> <tr> <td>2015-2017</td> <td>75%</td> </tr> </tbody> </table> <p>At the <i>project level</i> success rates are monitored for both sovereign and non-sovereign operations. For <i>sovereign</i> operations, the review found that 3-year average success rates were improving. <i>Non-sovereign</i> operations, however, appear far more volatile, with 3-year average success rates having declined from 67% in 2014-16 to 58% in 2015-17:</p>		3-year period	Average country partnership strategy success rate	2010-2012	58%	2011-2013	60%	2012-2014	64%	2013-2015	67%	2014-2016	75%	2015-2017	75%
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2010-2012	58%														
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2014-2016	75%														
2015-2017	75%														
	7, 86, 87														

3-year period	Average sovereign project success rates	Average non-sovereign project success rates
2010-2012	58%	52%
2011-2013	66%	59%
2012-2014	71%	67%
2013-2015	70%	67%
2014-2016	76%	67%
2015-2017	74%	58%

This three year average trends mask volatility in annual success rates for both sovereign and non-sovereign however:

Year	Annual sovereign project success rates	Annual non-sovereign project success rates
2014	78%	88%
2015	66%	50%
2016	86%	67%
2017	71%	67%

7, 86, 87

MI 9.1 Evidence confidence	High confidence								
MI 9.2: Interventions assessed as having realised the expected positive benefits for target group members	Score								
MI rating	Satisfactory								
MI score	2.5								
MI 9.2 Analysis	Source document								
<p>ADB does not focus on discrete “target groups” in the same way that a United Nations organisation might. However, ADB does lend to different categories of countries, classified in terms of their eligibility to borrow, as defined by the graduation policy. For the purposes of this assessment, these country categories are interpreted to be ADB’s “target groups”. The categories of country to which ADB lends are:</p> <p>Group A: countries eligible for ADF (grant) assistance only.</p> <p>Group B: countries eligible for both ADF assistance and Ordinary Capital Resources (also known as “blend” countries).</p> <p>Group C: countries eligible for Ordinary Capital Resources only.</p> <p>The Annual Evaluation Reviews assess performance by county, looking at both sovereign and non-sovereign operations. Results from the 2017 and 2018 Reviews are summarised in the table below. This points to strong performance in Group C countries; slightly weaker, though still satisfactory performance in Group A only countries; and substantially weaker performance in Group B countries. The 2017 Review suggests that poor performance in Group B countries highlights the institutional challenges that they face despite strong GDP growth. The 2018 review indicates that weaker performance in “blend” countries has been the case for some time.</p>	7, 12, 86, 87								
<table border="1"> <thead> <tr> <th>Country Category</th> <th>Average Country Partnership Strategy Success Rate 2010-2016</th> </tr> </thead> <tbody> <tr> <td>ADF only</td> <td>77%</td> </tr> <tr> <td>Blend</td> <td>55%</td> </tr> <tr> <td>Ordinary Capital Resources only</td> <td>83%</td> </tr> </tbody> </table>	Country Category	Average Country Partnership Strategy Success Rate 2010-2016	ADF only	77%	Blend	55%	Ordinary Capital Resources only	83%	
Country Category	Average Country Partnership Strategy Success Rate 2010-2016								
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<p>Two other recent thematic evaluations by the IED shed further light on ADB's performance in different country categories. Key findings from a 2016 evaluation of ADB's engagement with Middle Income Countries included:</p> <ul style="list-style-type: none"> • That while Country Partnership Strategies in Middle Income Countries have average success rates of over 70%, evaluations have stressed the need for greater thematic orientation to address new development challenges. • That many Middle Income Countries expect more knowledge-intensive support from ADB as well as greater value-added knowledge. <p>An Evaluation of the ADF 10 and AF 11 operations that was completed found that ADF financed operations had historically low success rates, but that these were improving.</p>	7, 12, 86, 87
MI 9.2 Evidence confidence	High confidence
MI 9.3: Interventions assessed as having contributed to significant changes in national development policies and programmes (policy and capacity impacts), or needed system reforms	Score
MI rating	Highly satisfactory
MI score	3.5
MI 9.3 Analysis	Source document
<p>ADB's main modality for supporting national development policies and programmes is Policy Based Lending, which provides fungible financial resource to governments to meet budget and balance of payment needs. These resources are provided against a set of agreed policy actions set out in a policy matrix; this is known as policy conditionality. The aim of Policy Based Lending is therefore to help countries meet financing needs while supporting policy reforms. It is often combined with Technical Assistance for the loan design and the implementation of reforms.</p> <p>Since the mid 1990s, ADB has used Policy Based Lending to support reforms in public sector management in its Developing Member Countries. This has encompassed a wide range of reforms in borrowing countries, including; decentralisation, strengthening service delivery at subnational levels, reform of public financial management, state-owned enterprise reforms, investment climate reforms, civil service reforms, and poverty reduction programmes. An evaluation of ADB's performance in Policy Based Lending found that it has improved sharply, with success rates having doubled to nearly 80% for Policy Based loans approved after 2008. It also found that 88% of Policy Based Lending which supported Public Sector Management reforms was successful between 2008 and 2017. These had supported reforms in areas such as debt management, audit, fiscal consolidation, and budget management. Selected examples of results highlighted by the evaluation include:</p> <ul style="list-style-type: none"> • In the Philippines, ADB's Policy Based Lending programme contributed directly to major policy and institutional reforms, improved Public Sector Management, and laid the foundations for more business investment. • In Indonesia, Policy Based Lending from ADB supported the strengthening of audit functions, decentralisation, public financial management, and public service delivery. • In Vietnam, Policy Based Lending which aimed to support the restructuring of state-owned enterprises and the improvement of the business environment were found to have been largely successful. • However, in Nepal, Policy Based Lending for Public Sector Management had only a modest effect, and it was also found that there were few lasting or major results from Policy Based Lending to Pakistan. 	7, 86, 87, 88

<p>Annual evaluation reviews also analyse project performance by lending modality. The 2017 Review indicates that between 2008 and 2016, Policy Based Lending accounted for approximately 20% of ADB's annual approvals, and that performance had improved considerably over time. The 2016 Development Effectiveness Review has suggested that the growing success of Policy Based Lending operations implies that ADB is succeeding in helping its Developing Member Countries to strengthen government institutions and develop staff capacity for better public financial management, budgeting of public resources, and macroeconomic planning.</p> <p>Governance and Capacity Development is considered one of ADB's "drivers of change" by Strategy 2020 and is therefore included as a specific results area in the IDR. The 2017 Development Effectiveness Review notes a number of positive contributions in this area. Firstly, the share of operations supporting governance and or capacity development was 73% in the 2015-17 period – above the target. It also highlights that the Governance Thematic Group collaborated extensively with operations departments to incorporate design elements in the early stages of project processing to strengthen policy, regulatory, and governance reforms.</p> <p>ADB also contributes to good governance through the provision of technical assistance. In results year 2017, 86% of technical assistance projects were rated as successful, exceeding the 80% target.</p>	7, 86, 87, 88
MI 9.3 Evidence confidence	High confidence
MI 9.4: Interventions assessed as having helped improve gender equality and the empowerment of women	Score
MI rating	Satisfactory
MI score	2.5
MI 9.4 Analysis	Source document
<p>ADB uses gender mainstreaming as the key strategy for promoting gender equity throughout operations. A gender categorisation system is used to assess the extent to which projects integrate gender issues. The different categories are:</p> <ul style="list-style-type: none"> • Category 1: projects with a gender equity theme (i.e. those that aim for outcomes directly addressing gender equality). • Category 2: projects that do not have gender outcomes as their main objective, but have outputs designed to improve women's access/enhance voices and opportunities. • Category 3: projects which may have some gender benefits, but with little gender analysis or gender specific outputs. • Category 4: projects with no gender elements. <p>During project design, the category of project is determined through a consultative process between operational departments and ADB's gender unit. All category 1 and category 2 projects require Gender Action Plans, which identify targets for women's participation and benefits.</p> <p>The 2017 DeFR indicates that the proportion of completed sovereign operations delivering intended gender equality results rose to 77% during 2015-17, above the 70% target. There has been a decrease, however, in annual success rates for operations delivering gender equality, falling from 81% in 2015 to 73% in 2017.</p>	10, 86, 87

<p>A 2017 IED evaluation of ADB's support to Gender and Development found that ADB had achieved its corporate targets regarding gender mainstreaming, with the number of gender-mainstreaming projects having risen significantly since 2009. It also found that this increase was driven mainly by an increase in category 2 projects – i.e. those that do not have gender outcomes as their main objective, but which instead have some gender-specific outputs. The share of category 1 projects – those with an explicit gender equity theme – had declined. The 2018 Annual Evaluation Review reinforces this assessment, finding that the share of projects focused on gender equity (Category 1) was about 8% between 2011 and 2015.</p> <p>The Gender and Development evaluation found that Gender Action Plans, which are considered crucial tools for gender mainstreaming, were not always tailored to circumstances specific to project and sector conditions. Instead, generic indicators were often used uniformly across all ADB projects, with low levels of diversification in response to project and sector-specific circumstances.</p> <p>In terms of gender results, the evaluation examined 72 projects between 2005-15 that had been completed and had a gender success rating; of these, 47 were judged to have successfully delivered gender results. Other key findings included:</p> <ul style="list-style-type: none"> • ADB supported projects in education, health, transport and water and urban sanitation, helped reduce gender gaps in human development by increasing women's access to education and health services. • Several ADB supported transport projects were instrumental in expanding women's access to education and health facilities. • ADB's contribution to women's economic empowerment was mainly achieved through rural transport and skills development, and that much remains to be desired in ADB's efforts to address institutional constraints on women's participation in the labour force. 	<p>10, 86, 87</p>
MI 9.4 Evidence confidence	High confidence
MI 9.5: Interventions assessed as having helped improve environmental sustainability/helped tackle the effects of climate change	Score
MI rating	Satisfactory
MI score	2.5
MI 9.5 Analysis	Source document
<p>There is comparatively little evidence available on the results of ADB's efforts to promote environmentally sustainable growth and mitigate the effects of climate change.</p> <p>ADB's Development Effectiveness Review tracks the share of committed operations supporting environmental sustainability, and the share of committed operations supporting climate change mitigation and/or adaptation. Both these figures are above target, at 55% and 49% respectively. The Development Effectiveness Review also highlights core operational results relating to environmentally sustainable growth and climate change adaptation/mitigation, including greenhouse gas emission reduction, which is currently exceeding its target.</p>	<p>86, 87, 90</p>

<p>In terms of actual results, the 2018 Annual Evaluation Review includes a summary of some findings regarding ADB's contribution to the environmentally sustainable growth agenda. These included:</p> <ul style="list-style-type: none"> • Operations which included environmentally sustainable growth objectives were more successful than projects without them. There are four "predominant environmentally sustainable growth-related sectors: agriculture and natural resources; energy; transport; and water supply. Within these sectors, higher evaluation success rates were found for environmentally sustainable growth-tagged projects than those that were not tagged as such. • Despite the above finding, projects that were "environmentally sustainable growth-tagged" were mainly oriented towards economic growth, with varying degrees of environmental co-benefits, and there few purely environmental projects. Most projects that were "environmentally sustainable growth-tagged" did indeed have environmental benefits, but these were sometimes limited; "there are projects along a broad continuum from those involving only minor (in overall project cost terms) climate-proofing to projects with significant environmental objectives and/or components" (e.g. reduced pollution). <p>In 2016, the IED produced a topical review of ADB's support to environmentally sustainable growth. This did not focus on results, but rather ADB's operational approach to supporting the agenda. It did find, however, that while most Country Partnership Strategies paid considerable attention to environmentally sustainable growth issues, environmental assessments were not always integrated into sector plans.</p>	86, 87, 90
MI 9.5 Evidence confidence	Little to no confidence
MI 9.6: Interventions assessed as having helped improve good governance (as defined in 2.1.c)	Score
MI rating	Highly satisfactory
MI score	3.5
MI 9.6 Analysis	Source document
<p>Assessing ADB's support to good governance is best done through examining the success of Policy Based Lending, as well as the success rates of projects supporting public sector management.</p> <p>As detailed in analysis of indicator 9.3, the performance of ADB's Policy Based Lending operations has been increasing steadily over the past decade. Policy Based Lending has been used to successfully contribute to good governance through supporting reforms in areas including decentralisation, strengthening service delivery at subnational levels, reforming financial management, state-owned enterprise reforms, investment climate reforms, civil service reforms, and poverty reduction programmes.</p> <p>ADB's Development Effectiveness Review tracks the share of ADB operations supporting governance and/or capacity development. The 2017 Review indicates that this share has risen to 73% of operations in 2015-17.</p> <p>The 2017 Review also indicates that between 2014 and 2017 each of the four sovereign projects specifically supporting Public Sector Management were rated successful by the IED.</p> <p>Governance and Capacity Development is considered one of ADB's "drivers of change" by Strategy 2020 and is therefore included as a specific results area in the IDR. The 2017 Development Effectiveness Review notes a number of positive contributions in this area. Firstly, the share of operations supporting governance and or capacity development was 73% in the 2015-2017 period – above the target. It also highlights that the Governance Thematic Group collaborated extensively with operations departments to incorporate design elements in the early stages of project processing to strengthen policy, regulatory, and governance reforms.</p>	7, 86, 87, 89

ADB also contributes to good governance through the provision of technical assistance. In results year 2017, 86% of technical assistance projects were rated as successful, exceeding the 80% target.	7, 86, 87, 89
MI 9.6 Evidence confidence	High confidence
KPI 10: Relevance of interventions to the needs and priorities of partner countries and beneficiaries, and extent to which the organisation works towards results in areas within its mandate	KPI score
Satisfactory	2.83
<p>Relevance ratings, which examine the alignment of a project's objectives with national and sector objectives as well as ADB priorities, have been consistently high for ADB's sovereign operations. Between 2015 and 2017, 93% of all sovereign projects were rated as 'relevant' or 'highly relevant'. Country Programme Strategies are also well-aligned to national development objectives.</p> <p>The 2017 Annual Evaluation Review did find, however, that alignment between ADB's corporate priorities and country national and sectoral priorities was weak. Management has noted though that Country Partnership Strategies were increasingly demonstrating alignment to strategic agendas, but that indicators for measuring contributions to country priorities required more analysis and discussions.</p> <p>In delivering results, ADB has worked effectively in partnership with other development actors.</p>	
MI 10.1: Interventions assessed as having responded to the needs/priorities of target groups	Score
MI rating	Highly satisfactory
MI score	3.5
MI 10.1 Analysis	Source document
<p>As indicated in the analysis for indicator 9.2 above, ADB (along with other multilateral development banks) does not use the language of target groups. The needs of countries and sectors are identified during the Country Partnership Strategy process through a combined inclusive growth and sustainability assessment, which includes an economic, poverty, gender, private, sector, and environmental analyses. Sector assessments are then conducted to identify the needs of specific sectors.</p> <p>ADB also aims to include civil society organisation in the project design process to ensure that projects are more responsive to community needs. According to the 2017 Development Effectiveness Review, in 2017, civil society organisations were involved in the design of 84% of sovereign operations, and in the implementation of 83% of operations (often contributing to carry out resettlement plans, operate grievance redress mechanism, and monitoring intended results).</p> <p>The IED assesses "relevance" in all evaluations of projects and country strategies. Relevance is evaluated based on; a) the alignment of the project's objectives with national and sector objectives as well as ADB corporate priorities, and b) the relevance of the design to the project's objectives, considering how well the results chain between project activity, outputs, and outcome is embedded in a proper case analysis, whether indicators have targets and baselines.</p> <p>The 2018 Annual Evaluation Review found that performance on "relevance" had been consistently high, with an overall 3-year average of 93% of projects rated as relevant or highly relevant between 2015 and 2017. The 2017 Annual Evaluation Review indicated that relevance ratings are consistently high for all sector portfolios and have minimal year-on-year fluctuations.</p>	86, 87
MI 10.1 Evidence confidence	High confidence

MI 10.2: Interventions assessed as having helped contribute to the realisation of national development goals and objectives	Score
MI rating	Satisfactory
MI score	2.5
MI 10.2 Analysis	Source document
<p>The overall trend in this respect is positive.</p> <p>When assessing relevance, the IED considers the relevance of projects to national and sector objectives, as well as ADB's corporate priorities. As indicated above, the performance of ADB operations in terms of relevance has been consistently high between 2015 and 2017. In particular, the 2017 Annual Evaluation Review noted that at the country level, 83% of ADB' Country Partnership Strategies were assessed as relevant in addressing country development challenges. The review did, however, note some areas for improvement. In particular, this included the need to monitor country programmes more effectively with a view to assessing the extent to which they contribute to both country and ADB strategic objectives.</p> <p>In assessing relevance across country programmes, the 2017 Review found that alignment between ADB's corporate priorities and country national and sectoral priorities was weak. In its response to the review, Management indicated that Country Partnership Strategies were increasingly demonstrating strong alignment to strategic agendas, but that indicators to measure contributions of programmes to these agendas and country priorities required more analysis and discussion. This was considered particularly challenging because of ADB's relatively modest contributions to broader macro-economic indicators, and the large time lag between inputs through country programmes and outcomes related to corporate and country priorities. It was also noted in the 2017 review that the 2010 and 2015 guidelines were not yet in effect for the CPSs reviewed during the 2010-16 period, which focused (among other things) on ensuring enhanced alignment to national priorities.</p> <p>The 2016 Development Effectiveness Review reported that the share of ADB operations aligned with country results frameworks had consistently surpassed the annual target 90%.</p> <p>Policy Based Lending is also viewed as a key modality through which national development goals and objectives are supported. A 2018 Evaluation of ADB's Policy Based Lending highlighted several examples where ADB support had been instrumental to facilitating government reforms in public service delivery and public financial management.</p>	5, 7, 88
MI 10.2 Evidence confidence	High confidence
MI 10.3: Results assessed as having been delivered as part of a coherent response to an identified problem	Score
MI rating	Satisfactory
MI score	2.5

MI 10.3 Analysis	Source document
<p>For the purposes of the MOPAN assessment, and in accordance with the MOPAN 3.0 methodology manual, <i>coherence</i> is understood as the extent to which results have been delivered in successful partnership with other organisations.</p> <p>Coherence per se is not a criterion that ADB typically assesses in its evaluations and self-evaluations. However, in 2016, the IED conducted a thematic evaluation study on the effectiveness of ADB partnerships. This looked at the effectiveness of three types of partnerships in which ADB most frequently engaged (apart from Country Partnerships); i) interagency partnerships; ii) knowledge partnerships; and iii) financing partnerships.</p> <p>The evaluation found that, based on self-evaluations, three quarters of ADB interagency coordination partnerships were considered to have mostly or completely met their objectives. It was found therefore that interagency coordination was generally effective, and had resulted in positive relationships with development partners, the use of streamlined and unified strategies, mobilisation of development financing and partner expertise, and harmonisation of development efforts in certain countries and sectors or on certain themes or approaches. Importantly, the evaluation found that partner evaluations of their partnerships with ADB were generally positive, with recent assessments from bilateral partners concluding that ADB provided very good value for development support.</p> <p>Findings relating to knowledge partnerships were generally less positive, though the evaluation did find that ADB staff felt that knowledge partnerships were adding value in terms of financing knowledge activities, providing technical inputs during project design, and providing access to partners' data. However, it also found that the experience of cooperation with external knowledge hubs had been less than satisfactory, and that a number of knowledge partnerships had not delivered intended results. However, the evaluation still found that ADB staff perceived that the majority (73%) of knowledge partnerships had completely or mostly achieved their objectives.</p> <p>The evaluation found that financing partnerships had led to substantial fund mobilisation in recent years, with the total co-financing ratio having grown from 6% in 2000-04 to 50% in 2009-2014. However, this is still well below the 100% ratio set as a target in Strategy 2020. The evaluation found that ADB's existing trust fund portfolio was well aligned to sector priorities.</p>	8
MI 10.3 Evidence confidence	Medium confidence
KPI 11: Results delivered efficiently	KPI score
Unsatisfactory	2
<p>While efficiency ratings have steadily improved, they remain low. Overall low ratings in the area of efficiency have been driven in part by low ratings in large borrowing countries including India, Pakistan, the Philippines, and Sri Lanka. A number of external and internal factors were found to have hampered efficiency, including delays at start-up, lack of familiarity among executing agencies with ADB procurement procedures, procurement delays, cost escalation, and weak project implementation unit capacity.</p> <p>There are some signs that efficiency may be improving over the long term. For example, between 2001 and 2009, only 58% of sovereign operations were assessed as efficient. Between 2010 and 2017, this reached 68%.</p> <p>Start up and implementation delays are an acknowledged area of weakness. Between 2015 and 2017, only 36% of sovereign projects were completed in time. The most frequent causes of delays were procurement delays and changes to project scope. Start-up delays were also caused by slow consultant recruitment and mobilisation; slow establishment of project management units and inadequate capacity of project management staff; lack of familiarity with ADB procedures and lengthy domestic procedures among others.</p>	

Corporate measures of efficiency for on-going operations are on target; the Development Effectiveness Review tracks internal administrative expenses per USD 1 million of disbursement and during FY2017 this figure stood well within its target range at USD 47,300. It also tracks the share of operational expenses for portfolio management, which was also within its target range at 52%.

MI 11.1: Interventions assessed as resource/cost efficient	Score														
MI rating	Satisfactory														
MI score	2.5														
MI 11.1 Analysis	Source document														
<p>The 2017 Annual Evaluation Review indicates that while efficiency ratings have steadily improved, they remain relatively low. Large borrowers including India, Pakistan, the Philippines and Sri Lanka have had a large proportion of projects rated as less than efficient, meaning a substantial proportion of ADB investment fails to perform as expected.</p> <p>The Review found that many of the projects assessed as “less than efficient” or “inefficient” were assessed as such because their Project Completion Reviews had failed to do a proper recalculation of the economic costs and benefits of the project. Sectors with lagging efficiency ratings included finance, transport, water and urban infrastructure – each core areas of ADB business.</p> <p>The 2018 Annual Evaluation Review did find some improvements, but that dips had occurred in the education, health, public sector management, and agriculture and natural resource portfolios. The review also found several external and internal factors that hampered efficiency, including delays at start-up, lack of familiarity with ADB procurement procedures, other procurement delays, slow disbursement of funds, cost escalation, inefficient contractor performance, and weak project implementation capacity.</p> <p>Nevertheless, the 2018 Review could point to a long term improvement in efficiency; in 2001-09, only 58% of projects were assessed as efficient, while in 2010-17 this had reached 68%. However, at the country level, the 2018 Review found that efficiency ratings on average remained low and well below target, as indicated in the table below.</p> <table border="1"> <thead> <tr> <th>Period</th> <th>Average Efficiency Rating</th> </tr> </thead> <tbody> <tr> <td>2010-2012</td> <td>33%</td> </tr> <tr> <td>2011-2013</td> <td>27%</td> </tr> <tr> <td>2012-2014</td> <td>27%</td> </tr> <tr> <td>2013-2015</td> <td>33%</td> </tr> <tr> <td>2014-2016</td> <td>42%</td> </tr> <tr> <td>2015-2017</td> <td>42%</td> </tr> </tbody> </table>	Period	Average Efficiency Rating	2010-2012	33%	2011-2013	27%	2012-2014	27%	2013-2015	33%	2014-2016	42%	2015-2017	42%	7, 86
Period	Average Efficiency Rating														
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2015-2017	42%														
MI 11.1 Evidence confidence	High confidence														

MI 11.2: Implementation and results assessed as having been achieved on time (given the context, in the case of humanitarian programming)	Score
MI rating	Unsatisfactory
MI score	1.5
MI 11.2 Analysis	Source document
<p>Implementation delays are recognised as an ongoing issue facing ADB. The 2017 Development Effectiveness Review reported that only 36% of sovereign projects reviewed between 2015 and 2017 were finished on time. Whereas the average planned implementation period was 5.4 years, the actual average implementation period was 7.2 years. The most common cause attributed to project delays were procurement delays and changes to project scope. Start-up delays were caused by, among other factors; a) slow consultant recruitment and mobilisation; b) slow establishment of project implementation units and inadequate capacity of project management staff; c) lack of familiarity with ADB procedures and lengthy domestic procedures; d) slow disbursement of funds. Implementation delays, on the other hand, were caused by; a) Delays in the procurement of construction works; b) changes in project design and scope of implementation; c) land acquisition and resettlement issues; d) poor performance of contractors and consultants; and e) other factors, including security and political conditions.</p> <p>The 2018 Annual Evaluation Review also identified a number of factors that affected project delays:</p> <ul style="list-style-type: none"> • It found that projects with project preparation Technical Assistance were likely to experience fewer implementation delays. • Projects with more components were more likely to experience delays. • Projects with low environmental risks were less likely to experience delays. • Projects in politically unstable countries were more likely to be delayed. 	86, 87, 89
MI 11.2 Evidence confidence	High confidence
KPI 12: Sustainability of results	KPI score
Satisfactory	2.17
<p>With 66% of completed sovereign operations rated as likely sustainably between 2015 and 2017, against the bank's target of 80%, sustainability is recognised as an area of weakness. Country Programme Strategies have also scored low in terms of sustainability. There is awareness of this and various initiatives are being implemented to address it.</p> <p>A key cause of poor sustainability has been weak capacity of project implementation units and executing agencies. For infrastructure projects, sustainability was hampered by inadequate resources and institutional capacity after project completion, and no firm assurances of resources for the operation and maintenance of facilities after completion.</p> <p>ADB has recognized this issue and is taking steps to address it. Between 2016 and 2017 for example, all project approval documents included human and institutional capacity support to executing agencies in the form of Technical Assistance. This compared with only 75% in 2009. Successful TA has the potential to address key issues hampering sustainability.</p>	
MI 12.1: Benefits assessed as continuing or likely to continue after project or program completion or there are effective measures to link the humanitarian relief operations to recovery, to resilience and eventually to longer-term development results	Score
MI rating	Unsatisfactory
MI score	1.5

MI 12.1 Analysis	Source document
<p>The sustainability of ADB's operations is recognised as an ongoing challenge. The 2017 Development Effectiveness Review found that between 2015 and 2017, 66% of completed sovereign operations were rated as likely sustainable, well below the 2020 target of 80%. The 2018 Annual Evaluation Review corroborates this finding and indicates that although there are signs that sustainability is trending upwards, it still remains well below relevance and effectiveness. The Review also found that the sustainability of the non-infrastructure portfolio was assessed as higher than that of the infrastructure portfolio.</p> <p>The 2018 Annual Evaluation Review analysed the factors influencing project-level sustainability. Findings include:</p> <ul style="list-style-type: none"> • Projects with midterm reviews were more likely to be sustainable. • Projects with more components were less likely to be sustainable. • Projects with low or no environmental risks were more likely to be sustainable. • Rural projects were more likely to be sustainable. • Projects in countries with high GDP were more likely to be sustainable. <p>That said, the ADB has acknowledged that sustainability is an issue and has taken steps to address this. Between 2013 and 2017, the IED rated 72% of Country Partnership Strategies as likely sustainable, representing a significant improvement from the 2010-2017 average of 49%.</p>	7, 86, 87
MI 12.1 Evidence confidence	High confidence
MI 12.2: Interventions assessed as having built sufficient institutional and/or community capacity for sustainability, or have been absorbed by government	Score
MI rating	Satisfactory
MI score	2.5
MI 12.2 Analysis	Source document
<p>Successive Annual Evaluation Reviews have pointed to sustainability as a major, ongoing challenge, with the sustainability ratings of projects consistently falling below target. The 2018 Review contains an in-depth analysis of the various factors influencing the sustainability and efficiency of operations. With regard to sustainability, the Review finds that several staff are of the view that local capacity should never be taken for granted, even where executing agencies have prior experience with ADB.</p> <p>An analysis of projects has indicated that capacity gaps in government have constituted a key obstacle to both sustainability and efficiency. For example, the 2017 Development Effectiveness Review indicates that inadequate capacity of project management staff in project implementation units was one of the main factors responsible for start-up delays. The Review also points out that the main challenges to sustainability in ADB's public sector management operations were uncertainties relating to government commitments and capacity to sustain reforms. In the transport, water and urban infrastructure, agriculture, and natural resources sectors, sustainability concerns included the extent to which sufficient capacity and financing exists for long term operation and maintenance of the delivered outputs.</p> <p>Similarly, two of the key negative factors found by the 2017 Annual Evaluation Review to reduce sustainability were persistently inadequate resources and institutional capacity after project completion, and no firm assurance of resources for operation and maintenance of facilities after project completion.</p>	7, 86, 87

<p>However, there are indications that ADB is taking positive steps to address the issues. The 2018 Annual Evaluation Review found that all project approval documents in 2016-17 included human and institutional capacity support to executing and implementing agencies in the form of Technical Assistance, compared with only 75% in 2009. The Review also found that 70% of newly approved projects in 2016-17 included support for capacity via a loan component, compared with 51% in 2009. The 2017 Development Effectiveness Review also indicates that Technical Assistance operations are performing predominately as expected, with 86% rated successful in FY 2017. This has potential to address the issues of weakness in executing agencies.</p>	7, 86, 87
MI 12.2 Evidence confidence	High confidence
MI 12.3: Interventions assessed as having strengthened the enabling environment for development	Score
MI rating	Satisfactory
MI score	2.5
MI 12.3 Analysis	Source document
<p>The MOPAN assessment framework’s definition of “enabling environment” includes support to “the overall framework and process for national development planning; systems and processes for public consultation and for participation by civil society in development planning; governance structures and the rule of law; national and local mechanisms for accountability and public expenditures, service delivery and quality; and necessary improvements to supporting structures such as capital and labour markets”.</p> <p>ADB’s contribution to supporting an “enabling environment” for development in its Developing Member Countries is best measured by assessment of its Policy Based Lending, which aims to help countries meet their financing needs while supporting policy and public sector reforms. As indicated earlier in this assessment, ADB’s performance in Policy Based Lending has improved considerably over the past decade and has contributed to several crucial reforms in public sector management in several Developing Member Countries.</p> <p>ADB also provides support to an “enabling environment” through operations explicitly targeting the finance sector (including finance sector and capital market development, microfinance, small and medium-sized enterprises, and regulatory reforms). The 2017 Development Effectiveness Review indicates that two out of three indicators in this focus area are below target.</p> <p>ADB’s non-sovereign operations also aim to enhance the business environment for private sector development. The 2018 Annual Evaluation Review found that between 2015 and 2017, an average of 55% of Non-sovereign operations were successful in contributing to private sector development.</p>	86, 87, 88
MI 12.3 Evidence confidence	High confidence

Annex 2. List of documents

1. ADB (2008), *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank*, Asian Development Bank
2. ADB (2014), *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*, Asian Development Bank
3. ADB (2014), *ADB's Results Framework: Interim Update to Align with the Midterm Review of Strategy 2020*, Asian Development Bank
4. ADB (2017), *Results Framework Indicator Definitions*, Asian Development Bank
5. ADB (2017), *2016 Development Effectiveness Review*, Asian Development Bank
6. ADB (2017), *50 Years of ADB: Improving Lives for a Better Future: Asian Development Bank 2016 Annual Report*, Asian Development Bank
7. ADB (2017), *Annual Evaluation Review 2017*, Asian Development Bank
8. ADB (2016), *Effectiveness of Asian Development Bank Partnerships*, Asian Development Bank
9. ADB (2016), *Real Time Evaluation of ADB's Safeguard Implementation Experience Based on Selected Case Studies*, Asian Development Bank
10. ADB (2017), *Asian Development Bank Support for Gender and Development (2005-15)*, Asian Development Bank
11. ADB (2017), *Knowledge, Finance, and the Quality of Growth: An Evaluative Perspective on Strategy 2030*, Asian Development Bank
12. ADB (2016), *The Asian Development Bank's Engagement with Middle-Income Countries*, Asian Development Bank
13. ADB (2016), *Comparative Institutional Review of ADB's Private Sector Operations*, Asian Development Bank
14. ADB (2015), *Asian Development Bank Support for Regional Cooperation and Integration*, Asian Development Bank
15. ADB (2015), *Asian Development Fund X and XI Operations: Opportunity Amid Growing Challenges*, Asian Development Bank
16. ADB (2016), *Budget of the Asian Development Bank for 2017*, Asian Development Bank
17. ADB (2015), *Work Program and Budget Framework, 2016-18*, Asian Development Bank
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19. ADB (2016), *Asian Development Fund 12 Donors' Report: Scaling Up for Inclusive and Sustainable Development in Asia and the Pacific*, Asian Development Bank
20. ADB (2017), *Statement of ADB's Operations in 2016*, Asian Development Bank
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22. ADB (2013), *Gender Equality and Women's Empowerment Operational Plan, 2013-20*, Asian Development Bank
23. ADB (2010), *Focused Action: Priorities for Addressing Climate Change in Asia and the Pacific*, Asian Development Bank
24. ADB (2012), *Accountability Mechanism Policy 2012*, Asian Development Bank
25. ADB (2006), *Anticorruption Policy: Harmonized Definitions of Corrupt and Fraudulent Practices*, Asian Development Bank
26. ADB (2017), *Fighting Corruption is my Responsibility: Office of Anticorruption and Integrity 2016 Annual Report*, Asian Development Bank
27. ADB (2015), *Chair's Summary of Meeting of the Board of Directors: Enhancing ADB's Financial Capacity for Reducing Poverty in Asia and the Pacific*, Asian Development Bank
28. ADB (2017), *Annual Report of the Audit Committee of the Board (2015-16)*, Asian Development Bank
29. ADB (2016), *Annual Report of the Human Resources Committee (2015 – 2016)*, Asian Development Bank
30. ADB (2015), *Reforming the Country Partnership Strategy*, Asian Development Bank
31. ADB (2016), *Revised Guidelines for Country Partnership Strategy Results Frameworks*, Asian Development Bank
32. ADB (2015), *2015 Guidelines for the Preparation of Country Assistance Program Evaluations and Country Partnership Strategy Final Review Validations*, Asian Development Bank
33. ADB (2016), *Guidelines for Preparing a Design and Monitoring Framework*, Asian Development Bank

34. ADB (2014), *Operational Policy: Lending Policies for Sovereign and Sovereign Guaranteed Borrowers (Ordinary Capital Resources) OM D1/BP*, Asian Development Bank
35. ADB (2013), *Operational Policy: Lending and Grant Policies (Asian Development Fund) OM D2/BP*, Asian Development Bank
36. ADB (2013), *Operational Policy: Technical Assistance OM D12/BP*, Asian Development Bank
37. ADB (2014), *Operational Policy: Financing Partnerships OM E1/BP*, Asian Development Bank
38. ADB (2013), *Operational Policy: Safeguards Policy Statement OM F1/BP*, Asian Development Bank
39. ADB (2014), *Operational Policy: Financial Management, Cost Estimates, Financial Analysis, and Financial Performance Indicators OM G2/BP*, Asian Development Bank
40. ADB (2003), *Operational Policy: Economic Analysis of Projects OM G1/BP*, Asian Development Bank
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48. ADB (2014), *Operational Policy: Performance Based Allocation of Asian Development Fund Resources OM A3/BP*, Asian Development Bank
49. ADB (2010), *Operational Policy: Governance OM C4/BP*, Asian Development Bank
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51. ADB (2010), *Operational Policy: Anticorruption OM C5/BP*, Asian Development Bank
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53. ADB (2015), *Project Administration Instructions: Change of Loan and/or Grant Funded Projects PAI 5.02*, Asian Development Bank
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57. ADB (2017), *Administrative Order: Whistle-blower and Witness Protection Administrative Order 2.10*, Asian Development Bank
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63. ADB (2015), *Financial Management Technical Guidance Note: Financial Management Assessment*, Asian Development Bank
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66. ADB (2006), *Second Governance and Anticorruption Action Plan*, Asian Development Bank
67. ADB (2017), *Guidelines for the Economic Analysis of Projects*, Asian Development Bank
68. ADB (2016), *2015 Scorecard and Related Information*, Asian Development Bank
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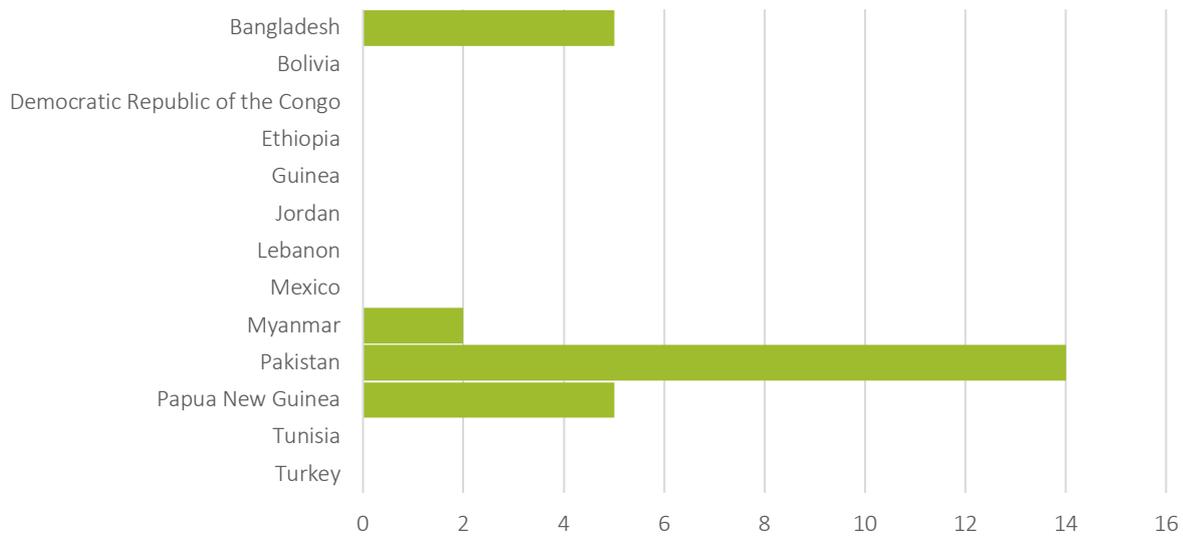
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71. ADB (2001), *Project Administration Instructions: Project Administration Reviews PAI 6.01*, Asian Development Bank
 72. ADB (2015), *Procurement Guidelines*, Asian Development Bank
 73. ADB (2011), *Project Administration Instructions: Project Performance Monitoring*, Asian Development Bank
 74. ADB (2008), *Project Administration Instructions: Project Performance Report PAI 6.05*, Asian Development Bank
 75. ADB (2009), *Project Administration Instructions: Project Completion Report for Sovereign Operations PAI 6.07*, Asian Development Bank
 76. ADB (2007), *Project Administration Instructions: Reports by Project Administration Missions PAI 6.03*, Asian Development Bank
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 78. ADB (2017), *Independent Evaluation Department of ADB – A Self Evaluation*, Asian Development Bank
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 80. ADB (2014), *Guidelines for Preparing Performance Evaluation Reports on Nonsovereign Operations*, Asian Development Bank
 81. ADB (2016), *Guidelines for the Evaluation of Public Sector Operations*, Asian Development Bank
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 83. ADB (2016), *IED Proposed Work Program for 2016-18*, Asian Development Bank
 84. ADB (2012), *Introduction to ADB's Management Action Record System and Lessons Database (Presentation)*, Asian Development Bank
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 90. ADB (2016), *Topical Paper on Environmentally Sustainable Growth: A Strategic Review*, Asian Development Bank

Annex 3. Results of Mopan’s Partner Survey

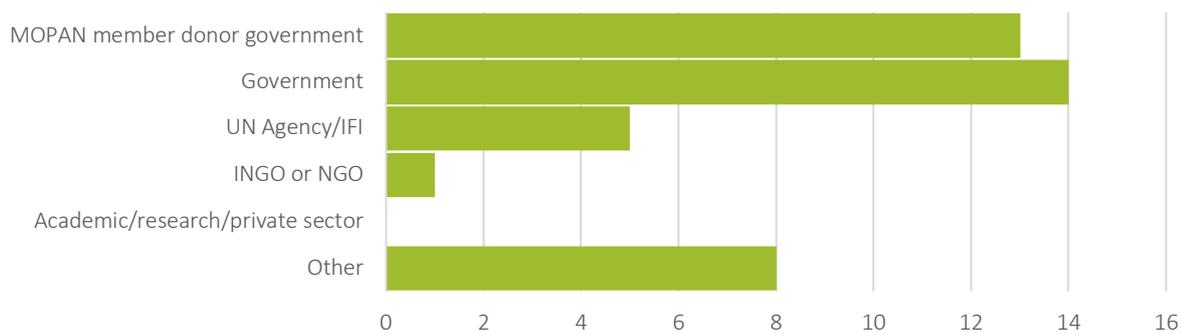
Response profile

Number of survey responses: 41

Number of survey responses by country:

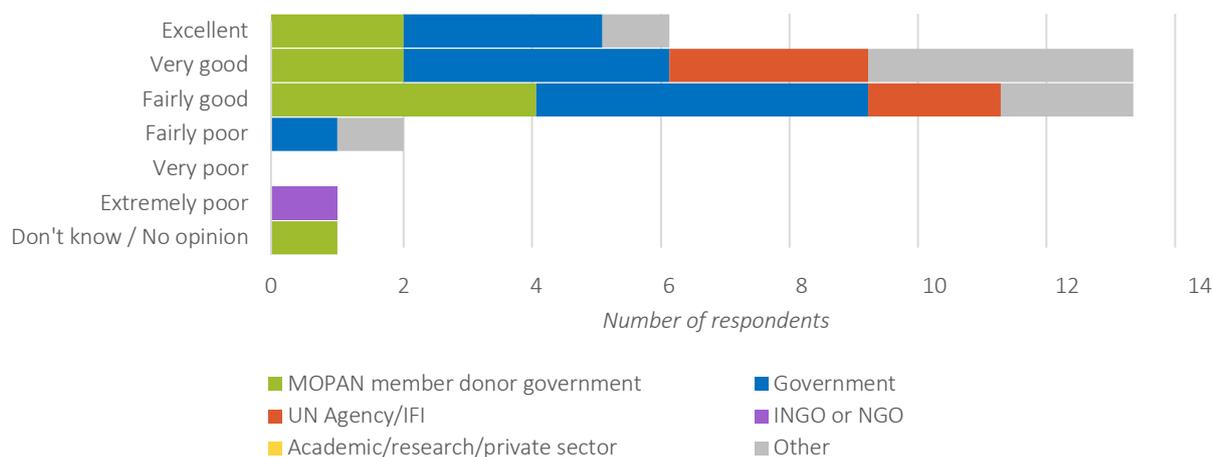


Respondent type:

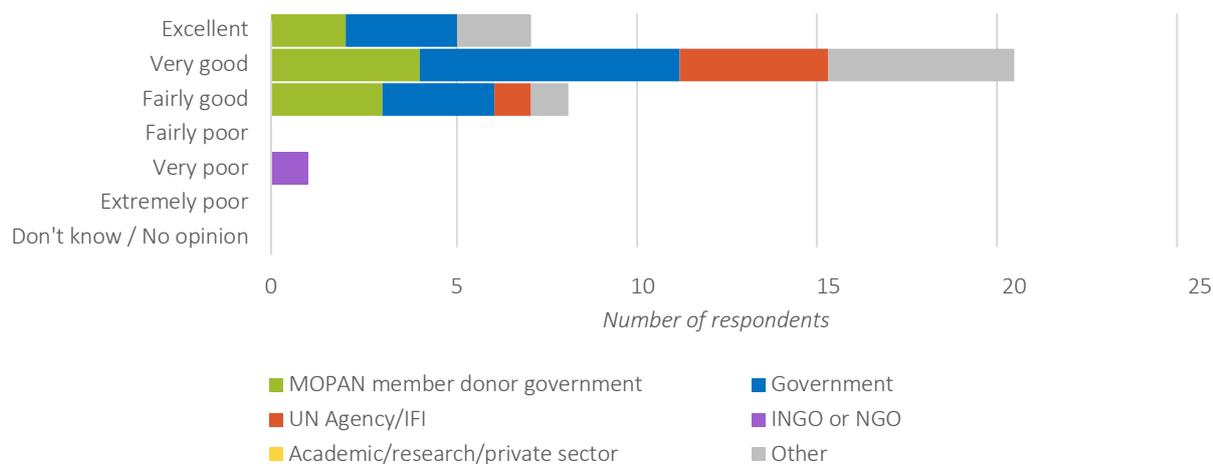


Staffing

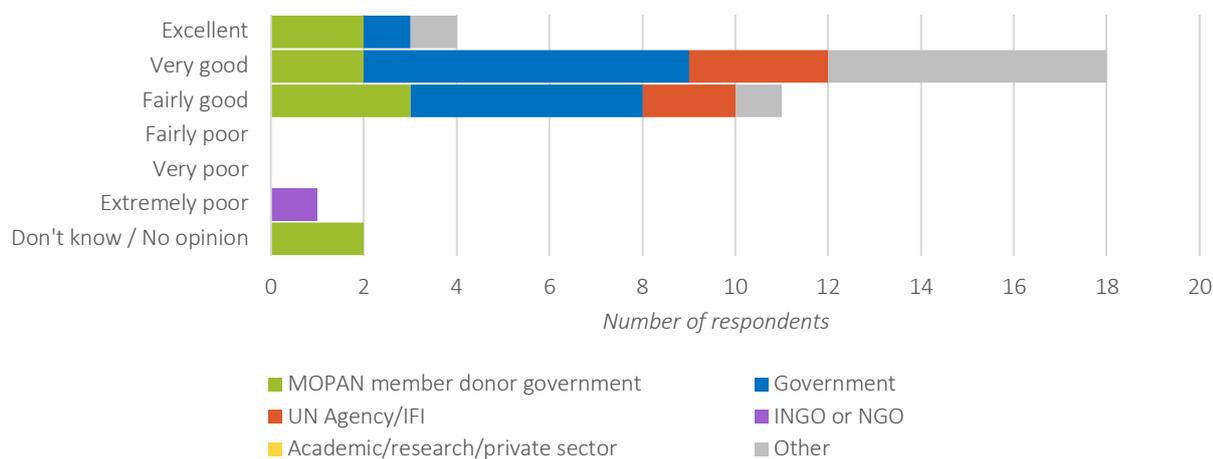
ADB has sufficient staffing to deliver results



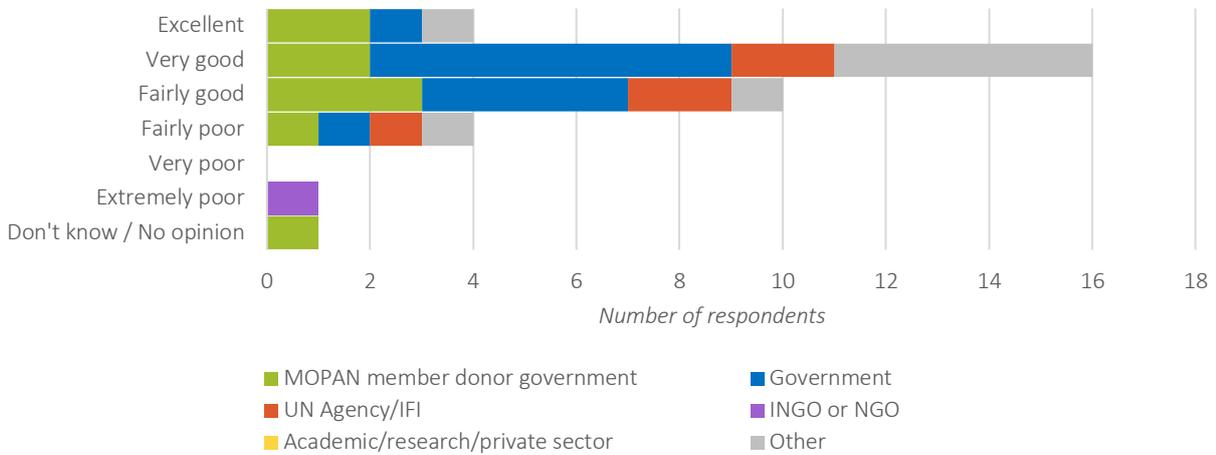
ADB has sufficiently skilled and experienced staff



ADB has sufficient continuity of staff to build relationships

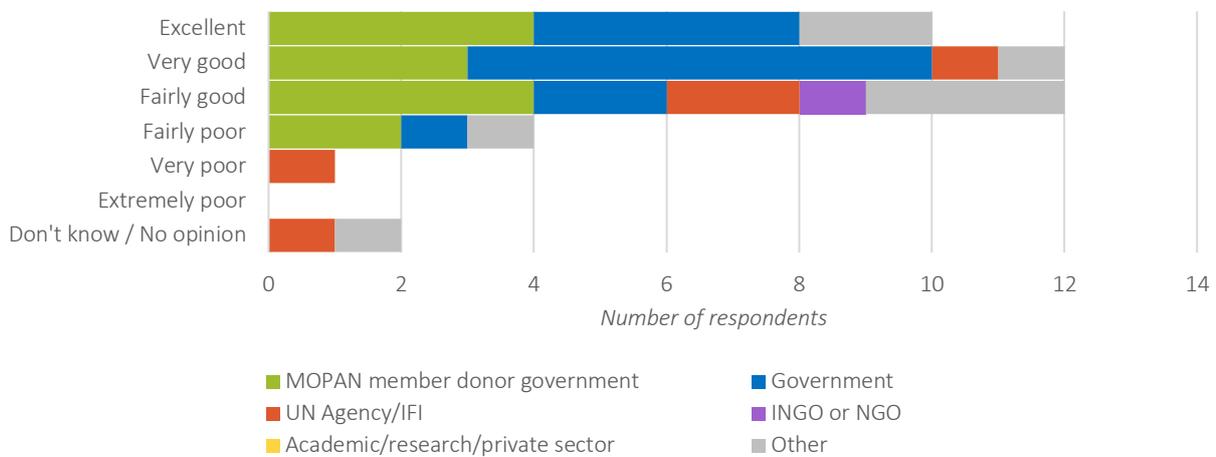


ADB staff can make critical strategic and programming decisions locally

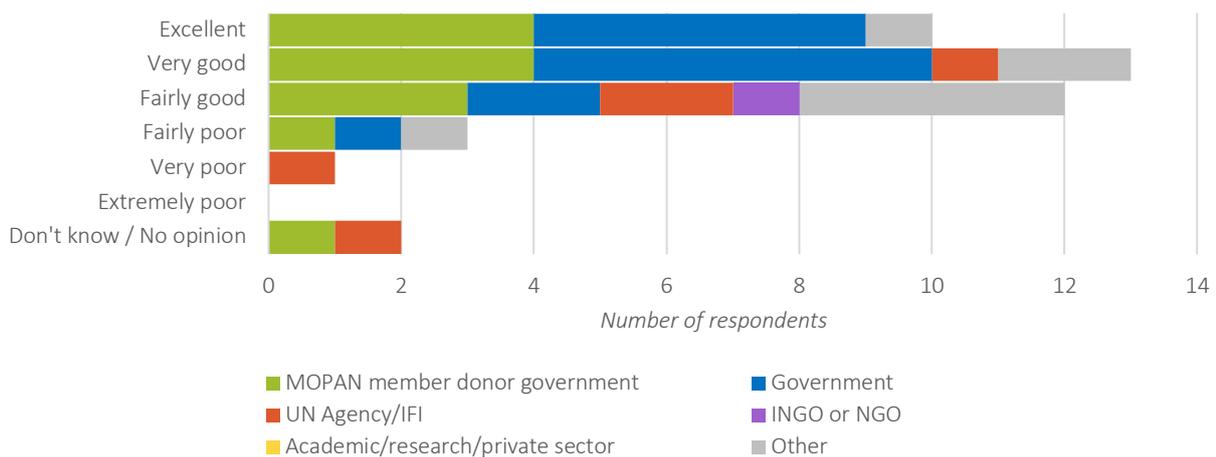


Managing financial resources

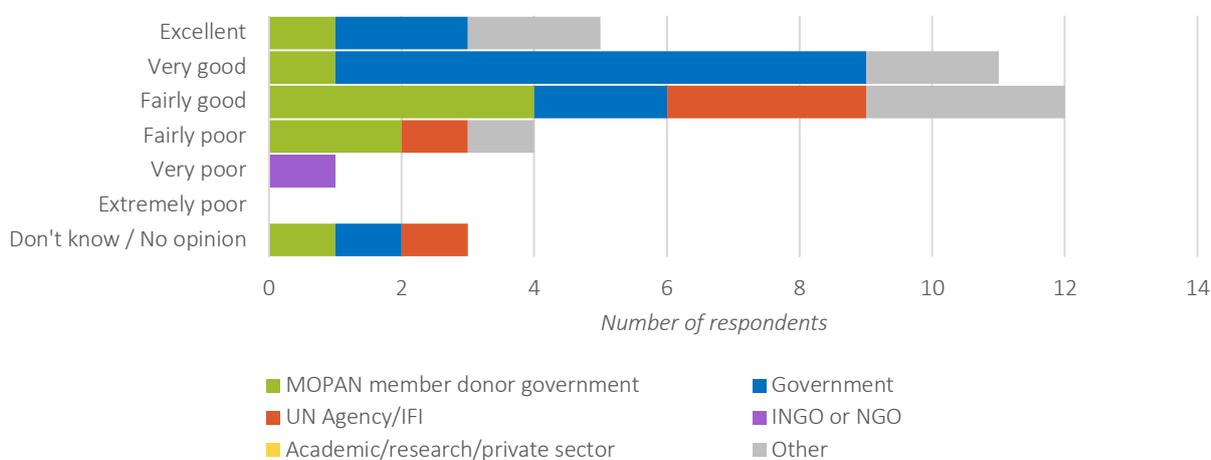
ADB provides transparent criteria for financial resource allocation



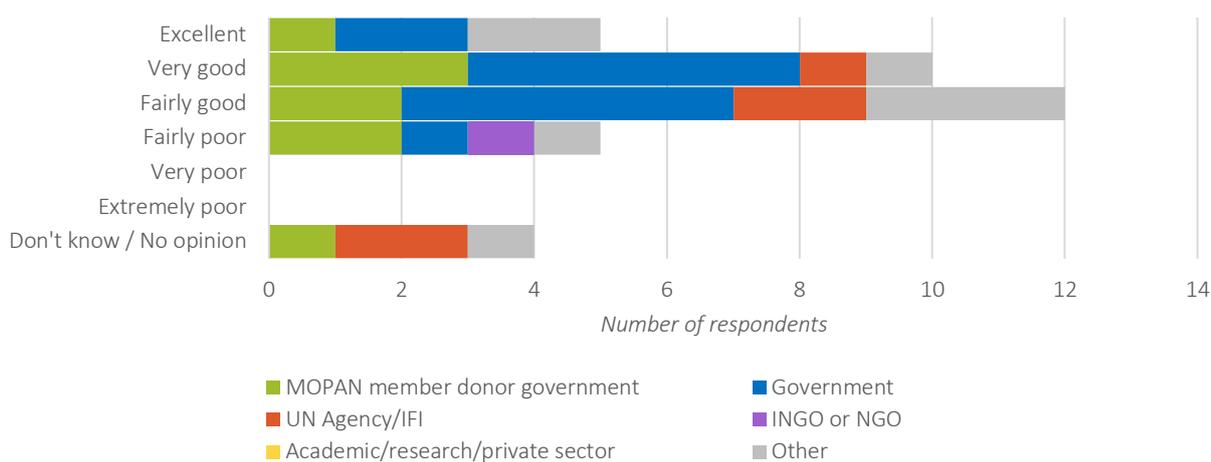
ADB provides predictable financial allocations and disbursements



ADB financial cooperation is coherent/not fragmented

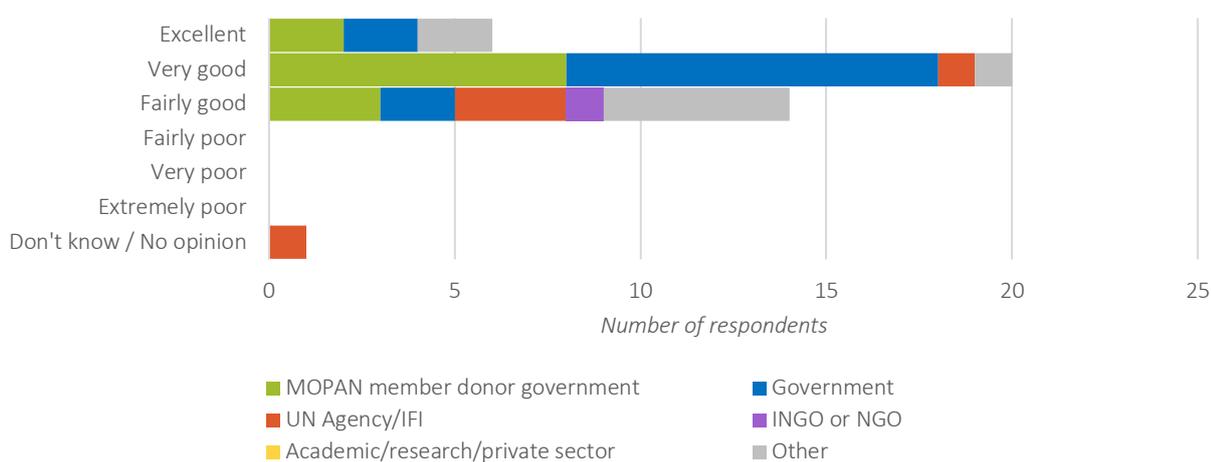


ADB has flexible resources

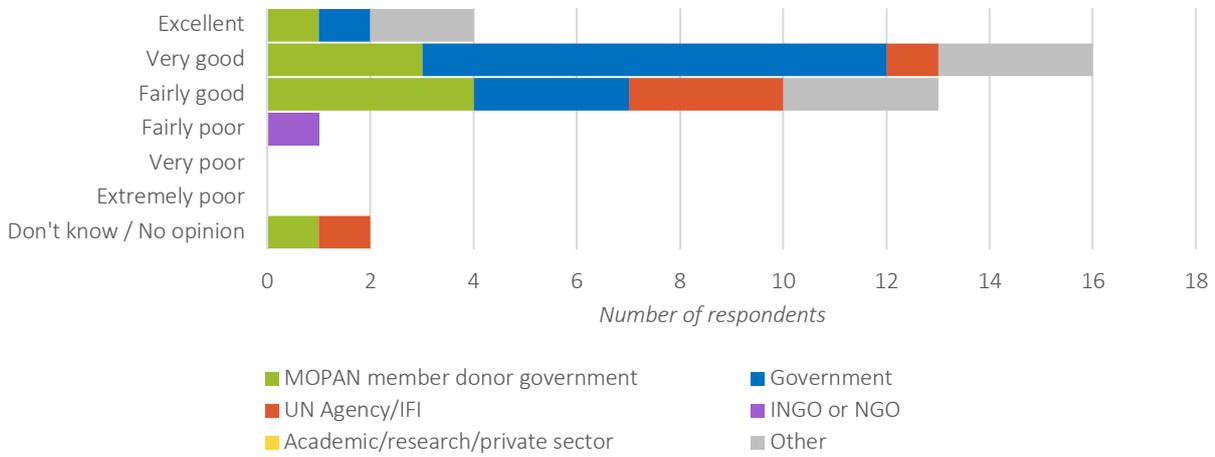


Interventions (programmes, projects, normative work)

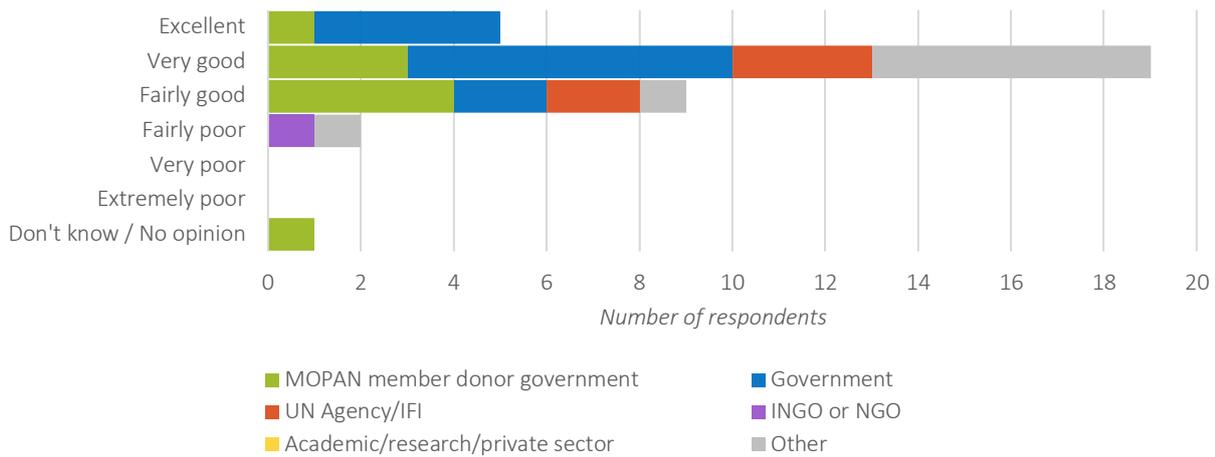
ADB interventions are fit national programmes and results of partner countries



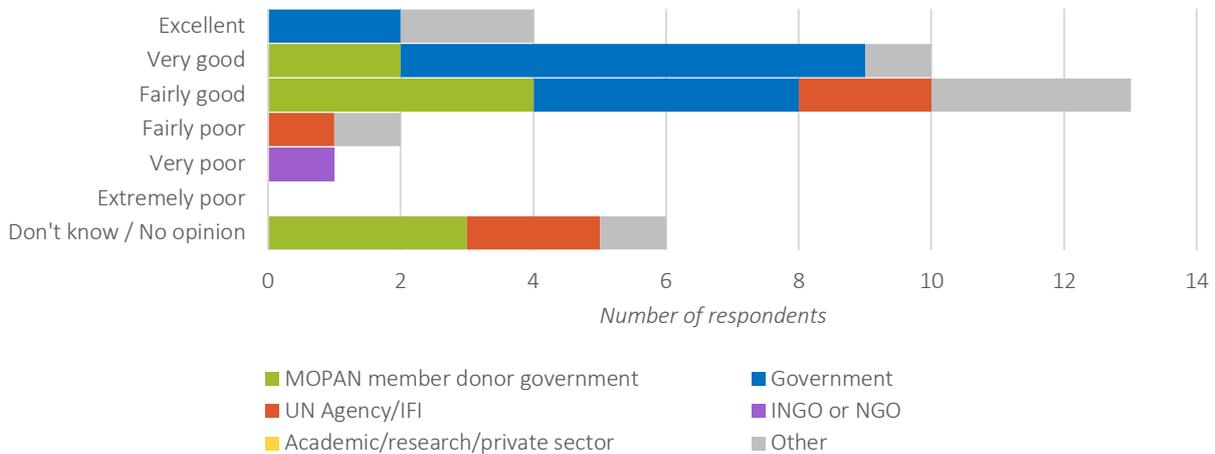
ADB interventions are tailored to the needs of the local context



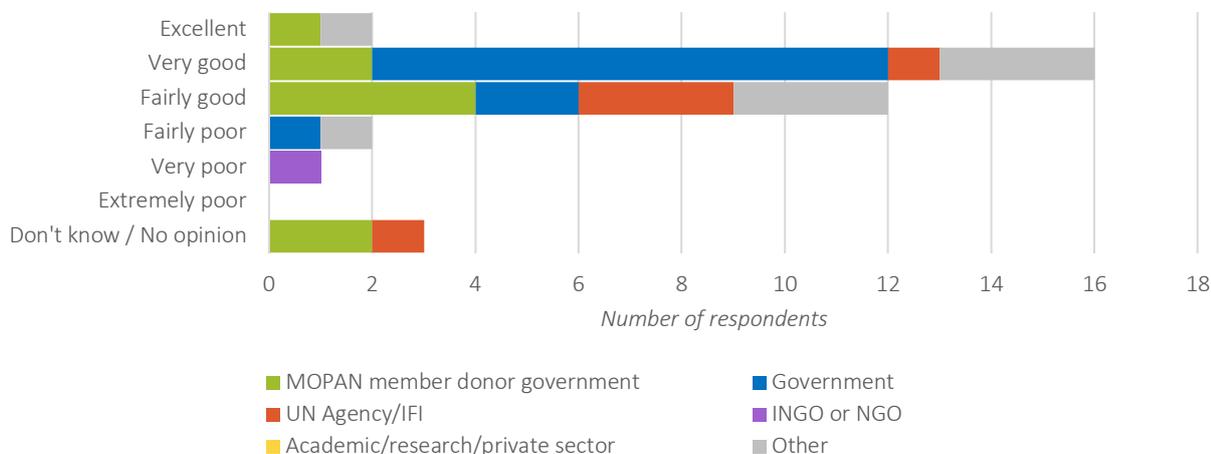
ADB interventions are based on a clear understanding of comparative advantage



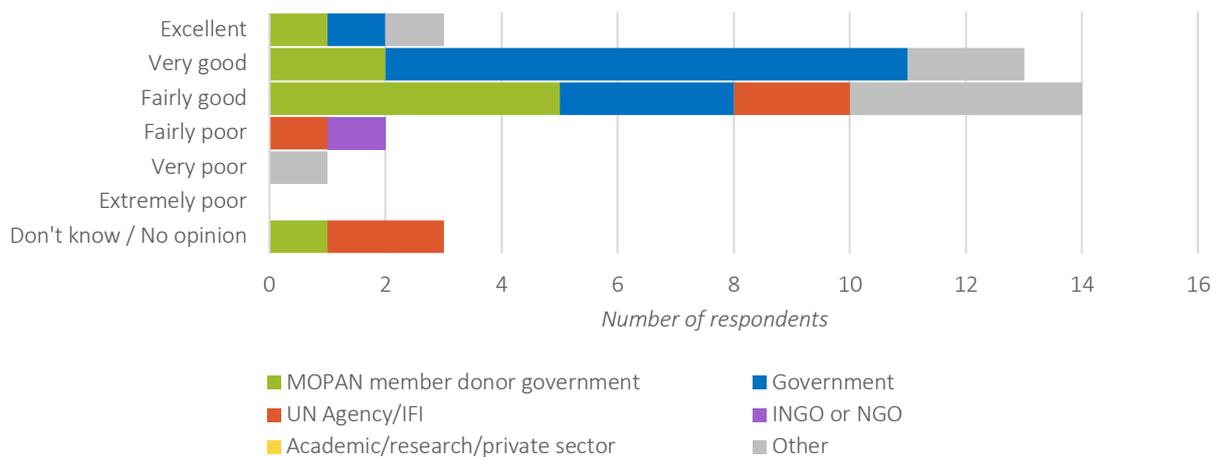
ADB can adapt or amend interventions to changes in context



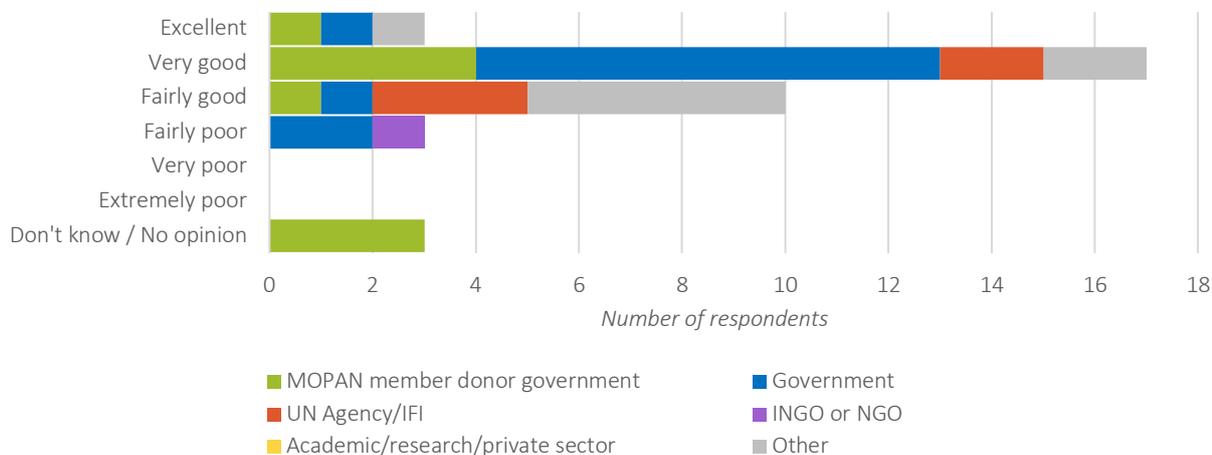
ADB interventions take in to account realistic assessments of national/regional capacities



ADB interventions appropriately manage risk in a given context

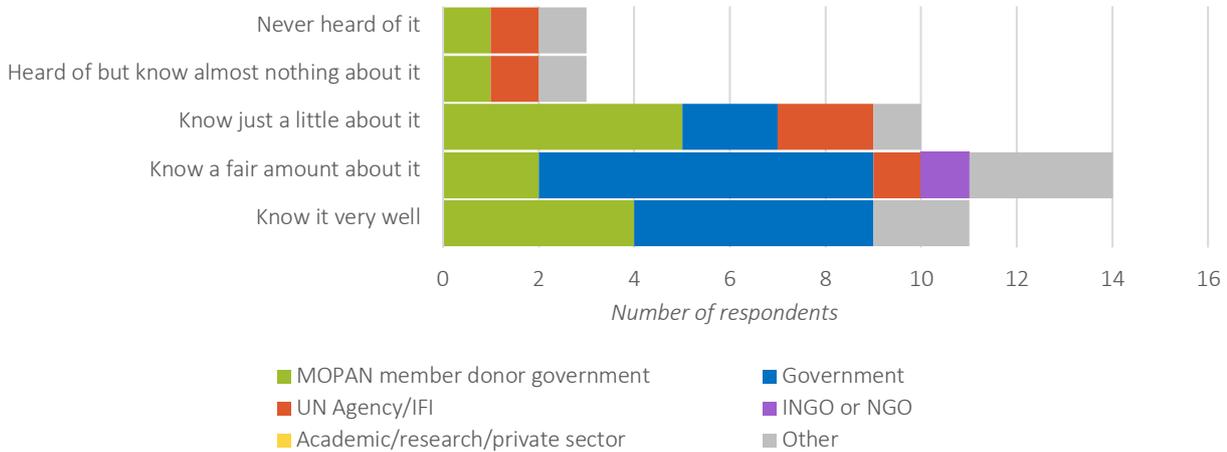


ADB designs and implements its interventions to sustain effect and impact over time

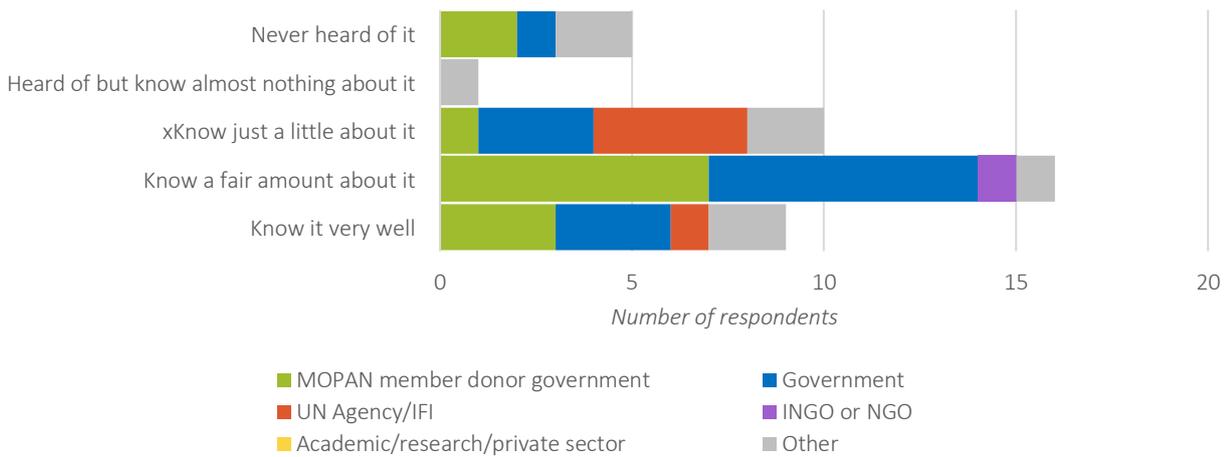


Interventions (cross-cutting issues)

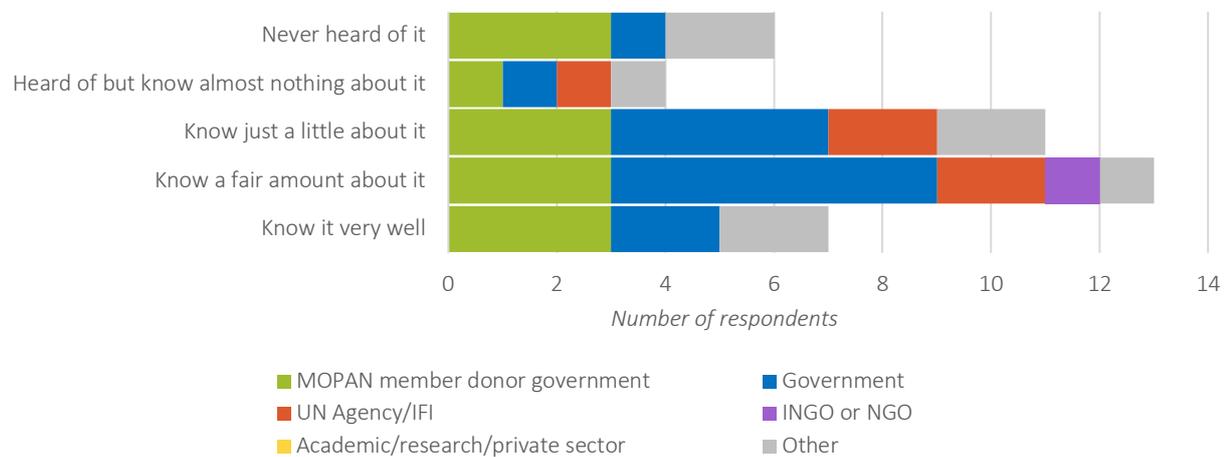
Familiarity with the gender strategy of ADB



Familiarity with environmental sustainability strategy of ADB, including addressing climate change

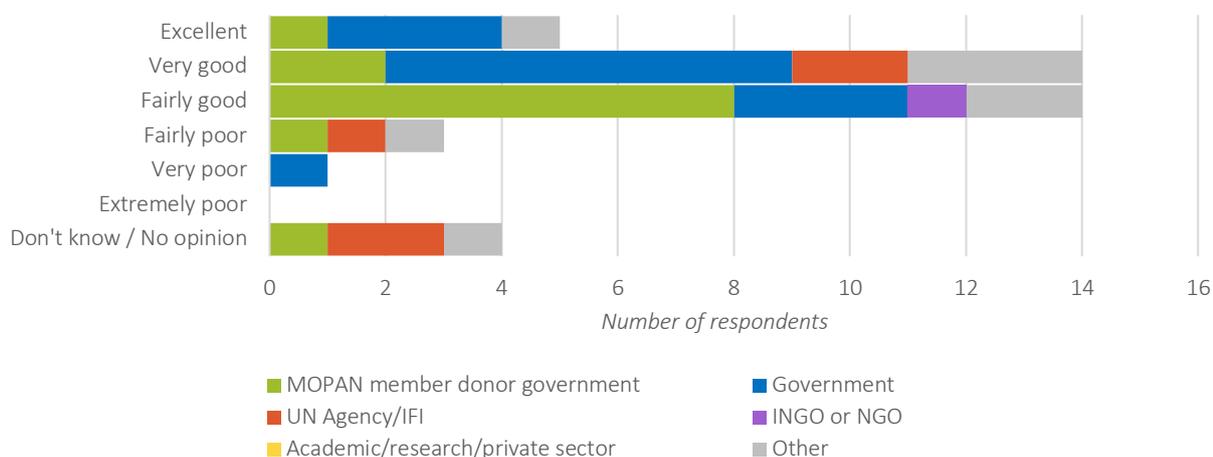


Familiarity with strategy for setting out how ADB intends to engage with good governance

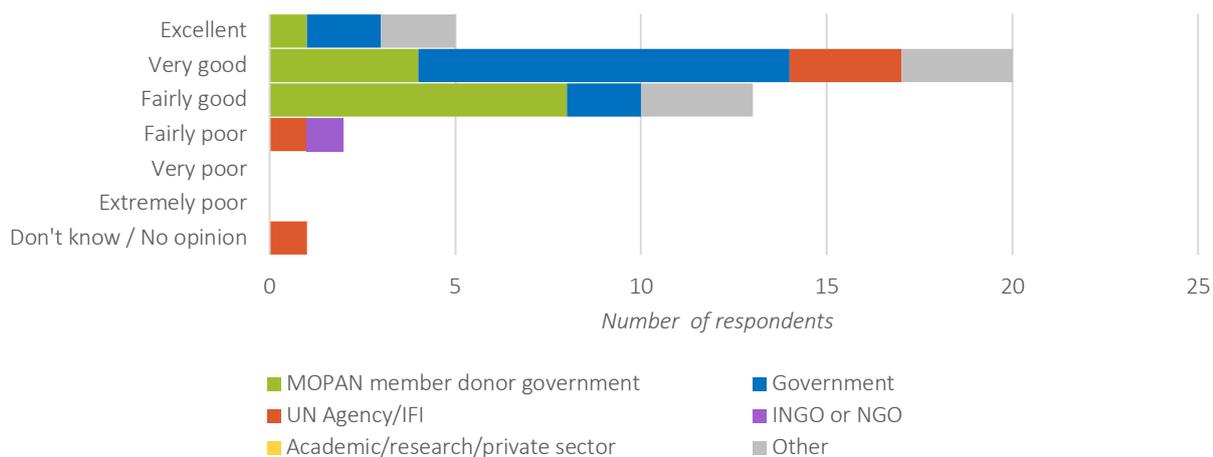


Interventions (cross-cutting issues, organisational performance)

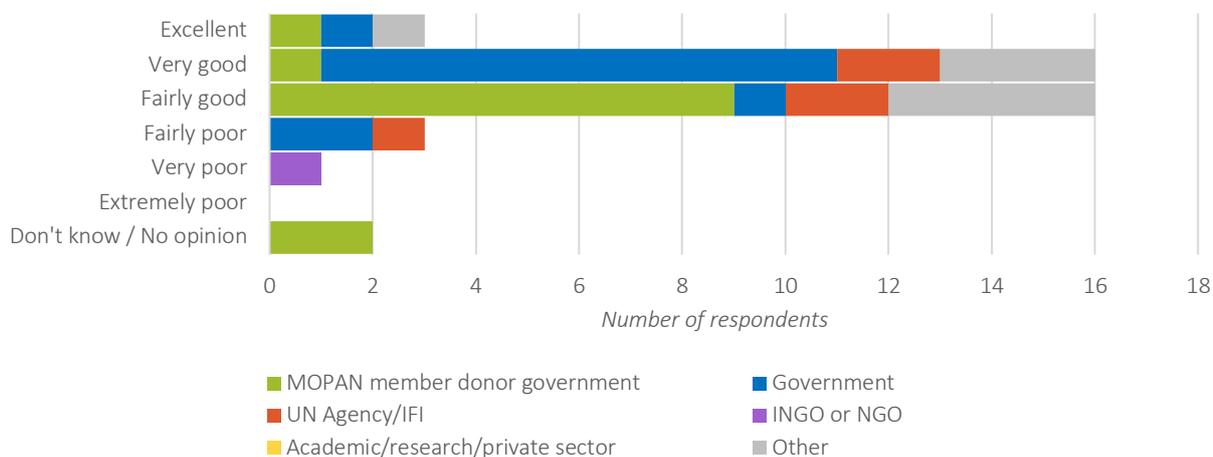
ADB promotes gender equality



ADB promotes environmental sustainability/addresses climate change

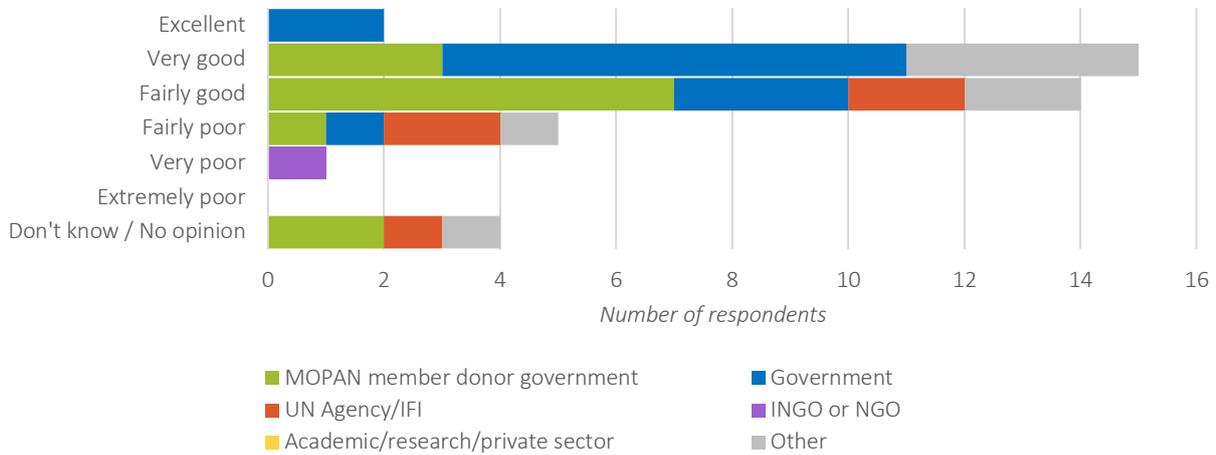


ADB promotes principles of good governance

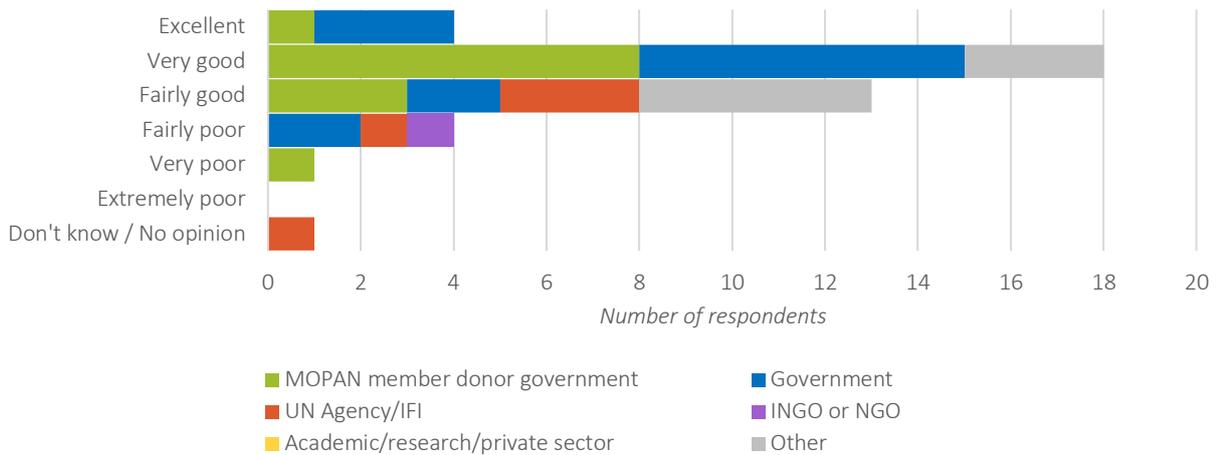


Managing relationships

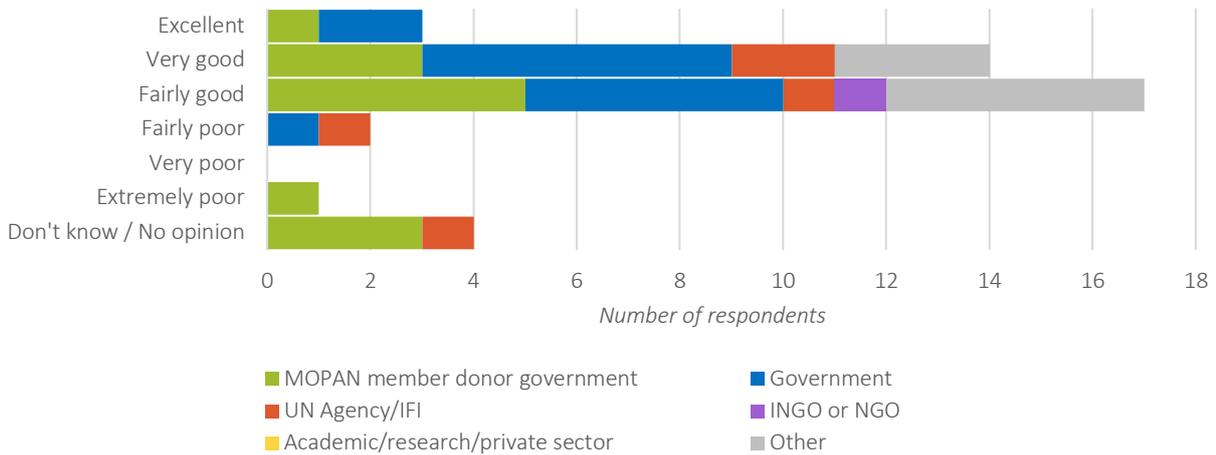
ADB prioritises working in synergy/partnerships



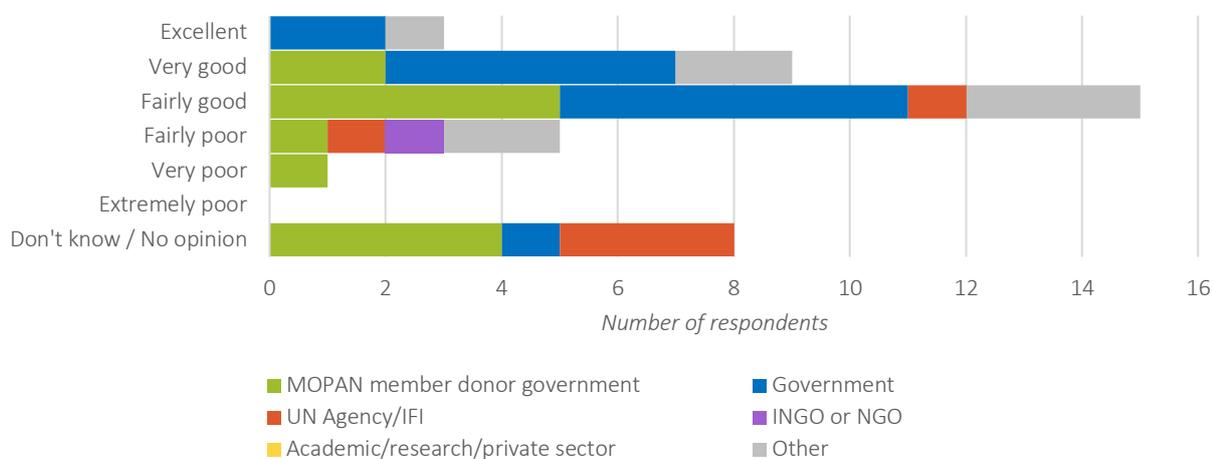
ADB shares key information with partners on an ongoing basis



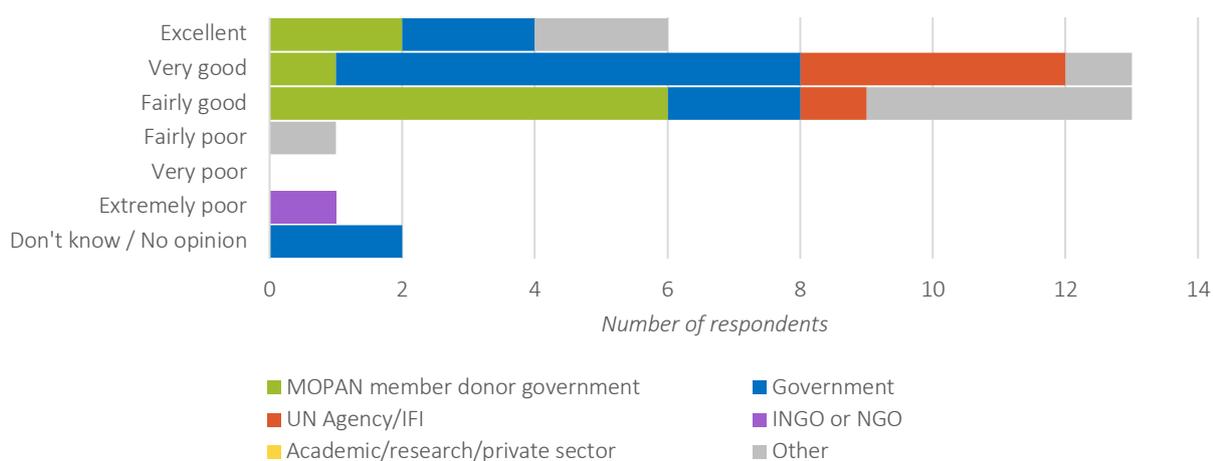
ADB uses regular review points with partners to identify challenges



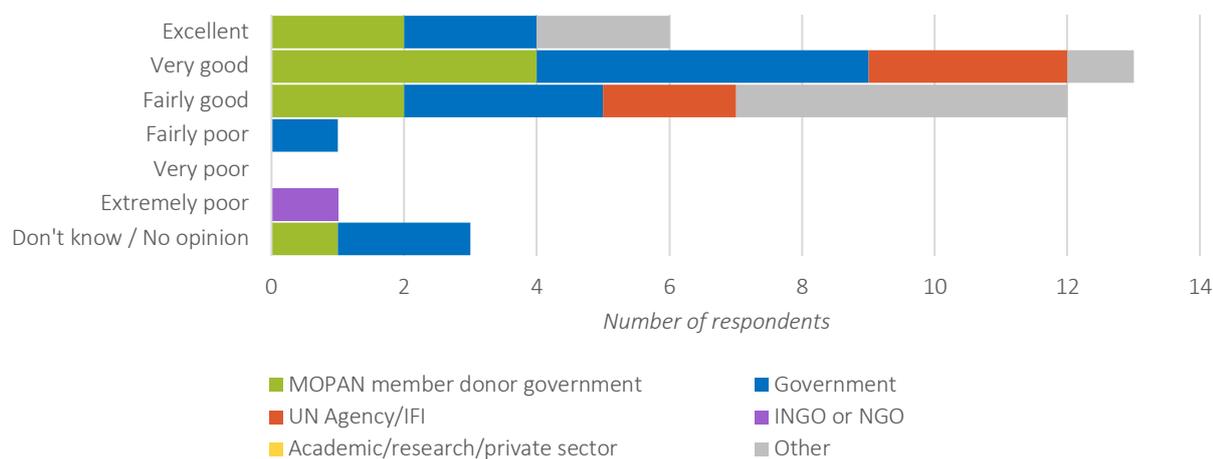
ADB organisational procedures are synergised with partners



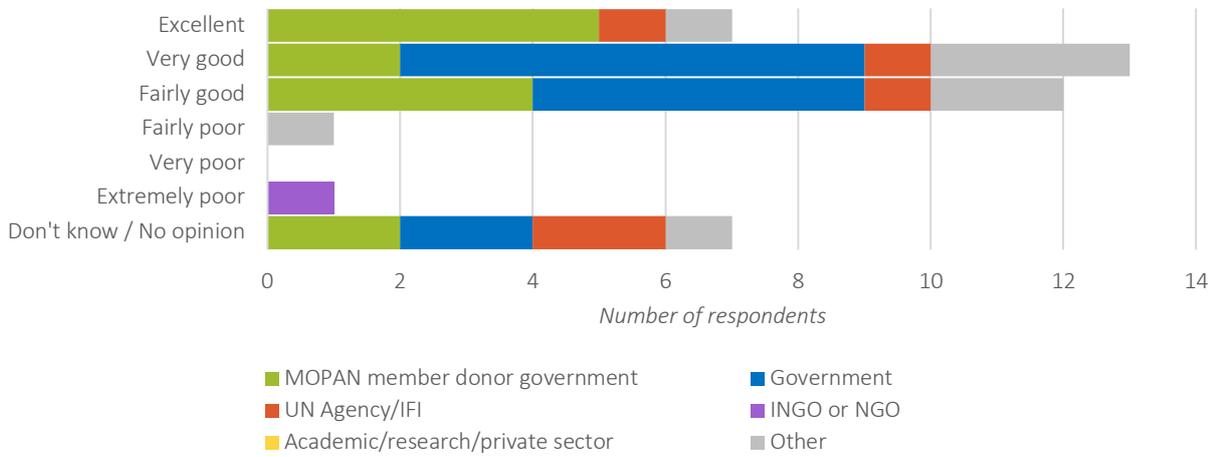
ADB provides high quality inputs to country dialogue



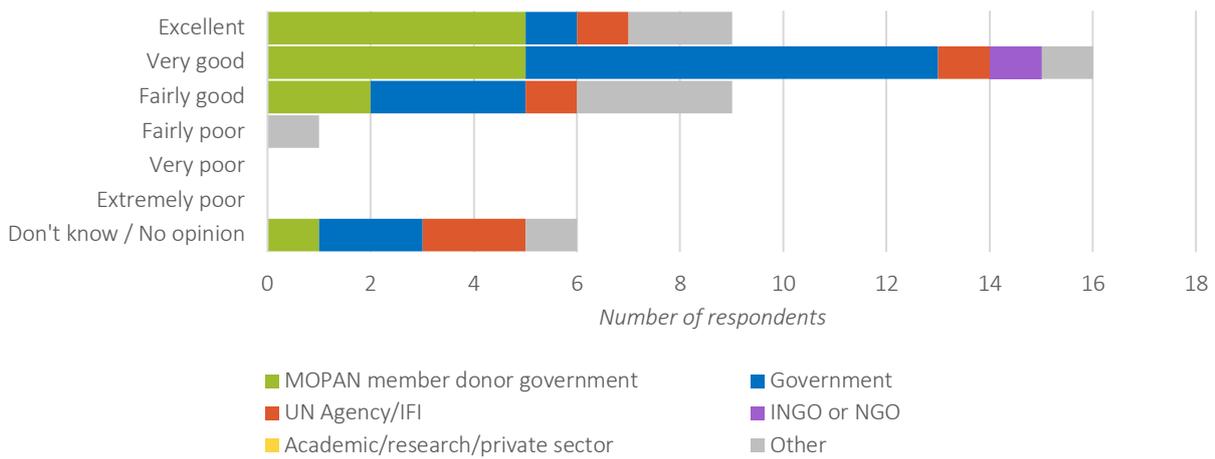
ADB views are well respected in country policy dialogue



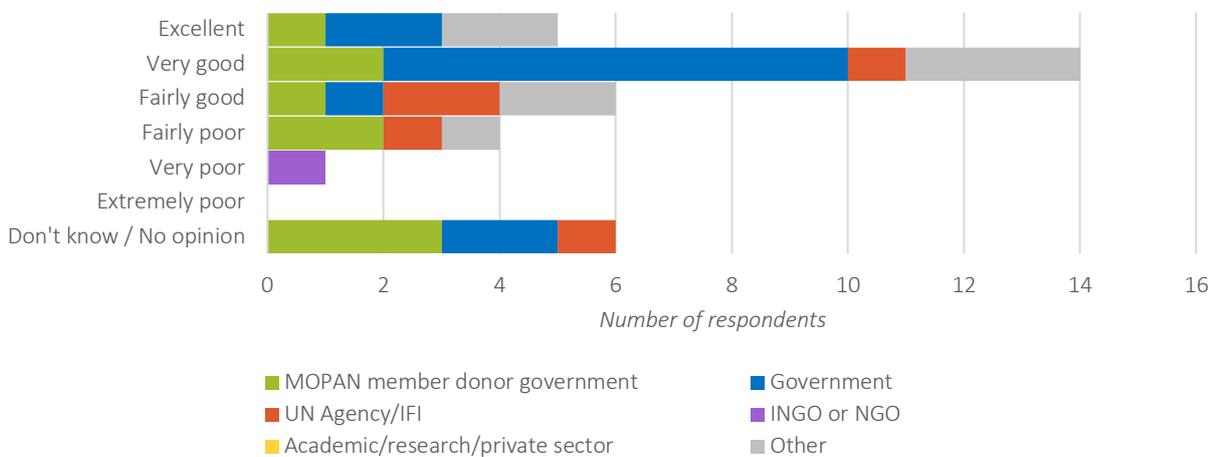
ADB provides high quality input to regional dialogue



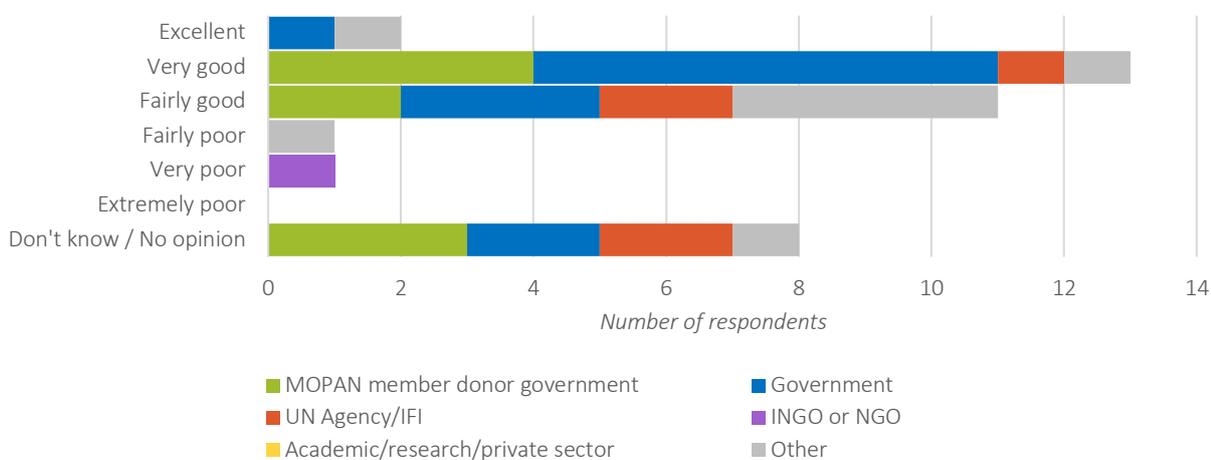
ADB views are well respected in regional policy dialogue



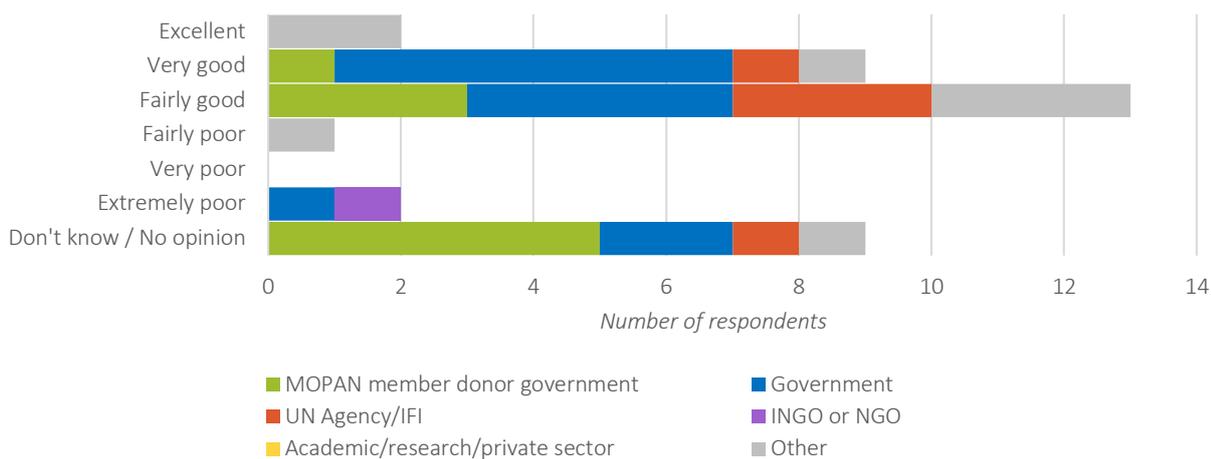
ADB conducts mutual assessments of progress with national/regional partners



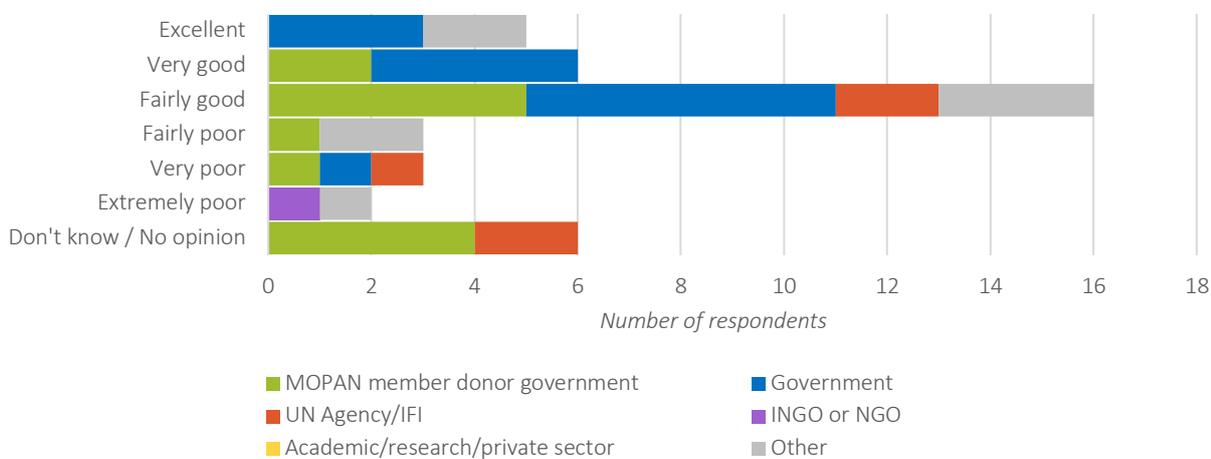
ADB channels resources through country systems as the default option



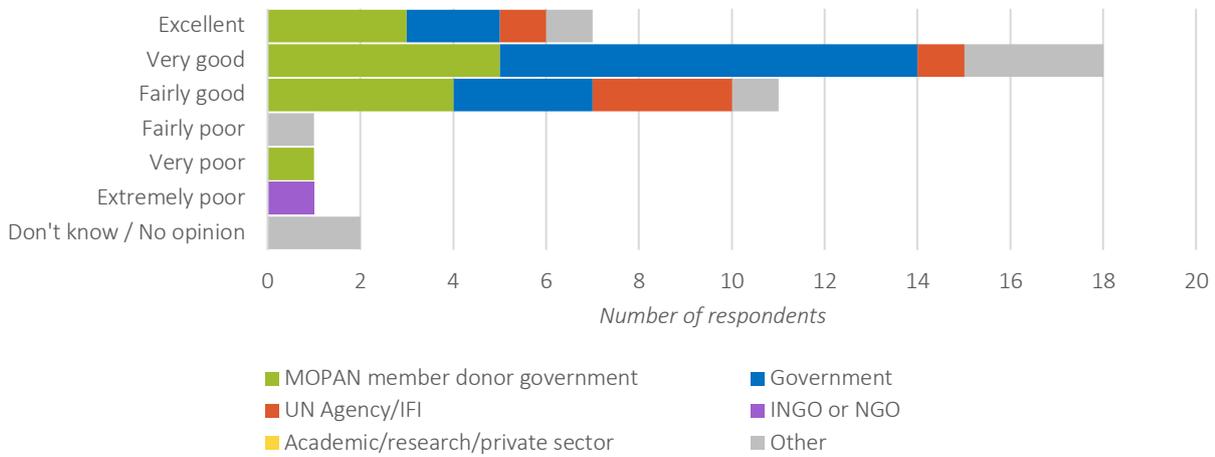
ADB builds capacity in countries where systems are not up to the required standard



ADB organisational procedures do not cause delays for implementing partners

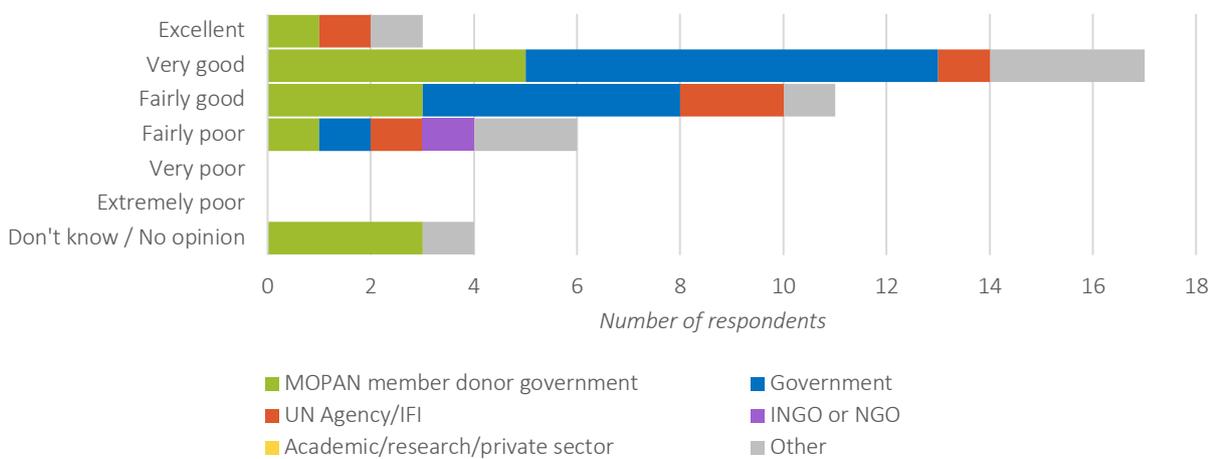


ADB knowledge products are useful for my work

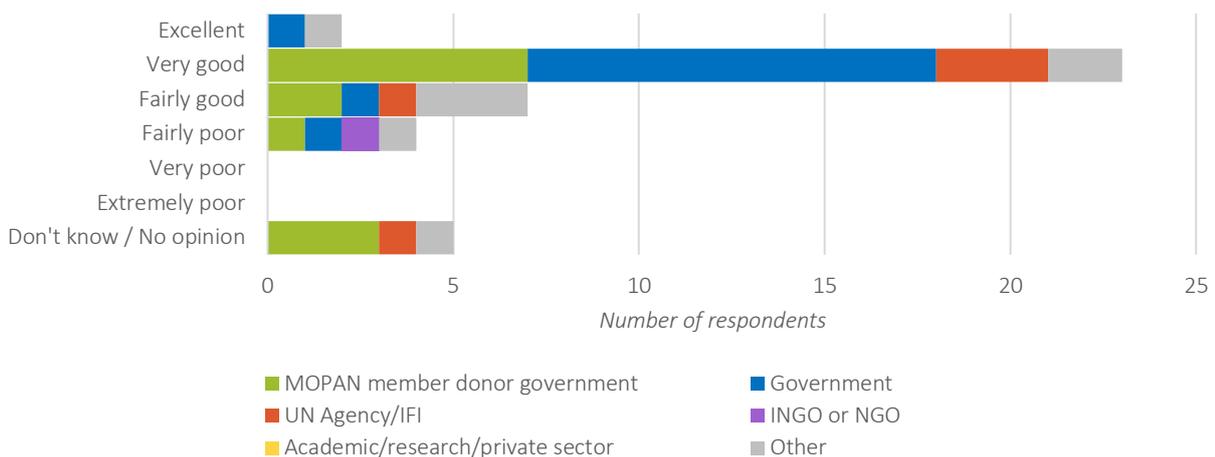


Performance management

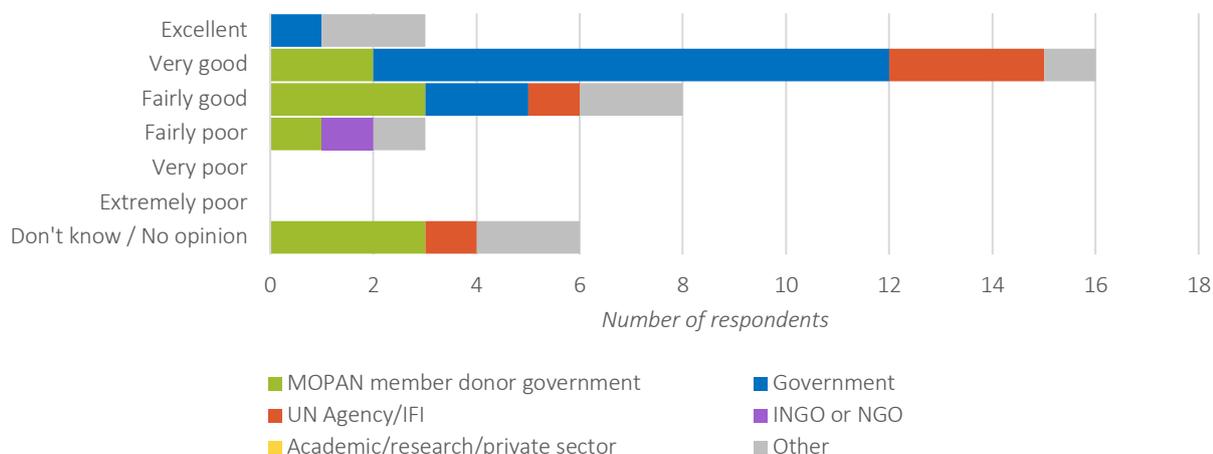
ADB prioritises as results-based approach



ADB uses robust performance data when designing and implementing interventions

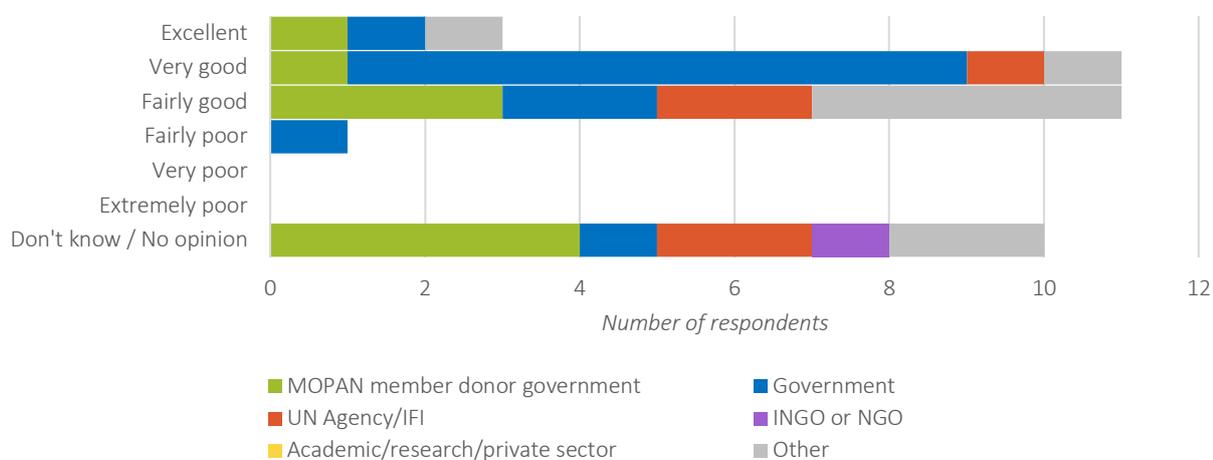


ADB bases its policy and strategy decisions on robust performance data

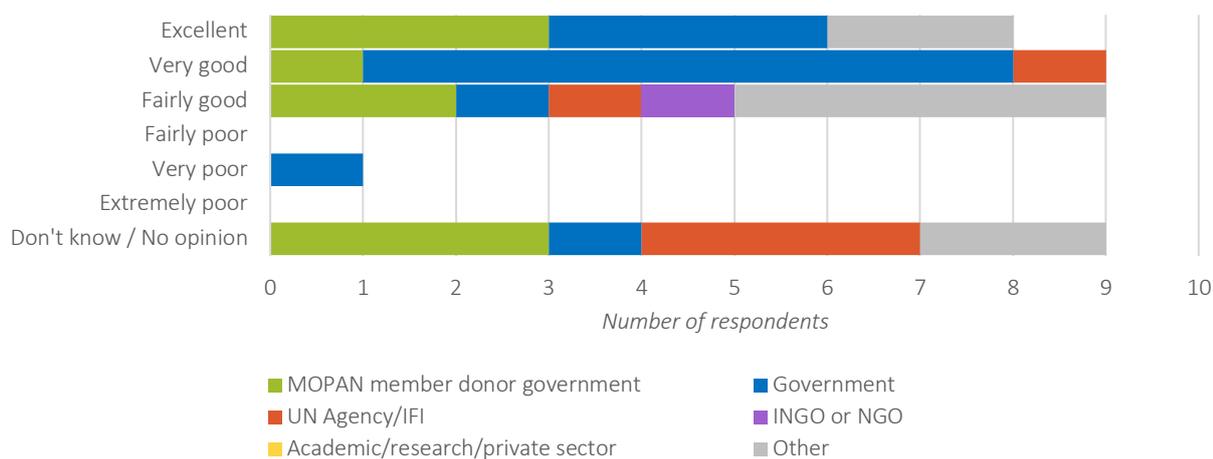


Evidence base for planning and programming

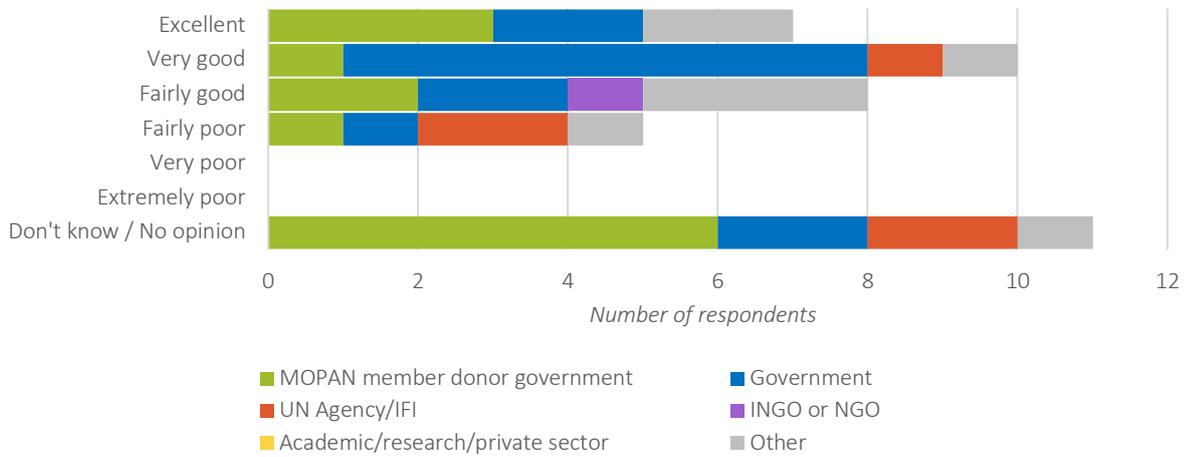
ADB has a clear statement on which of its interventions must be evaluated



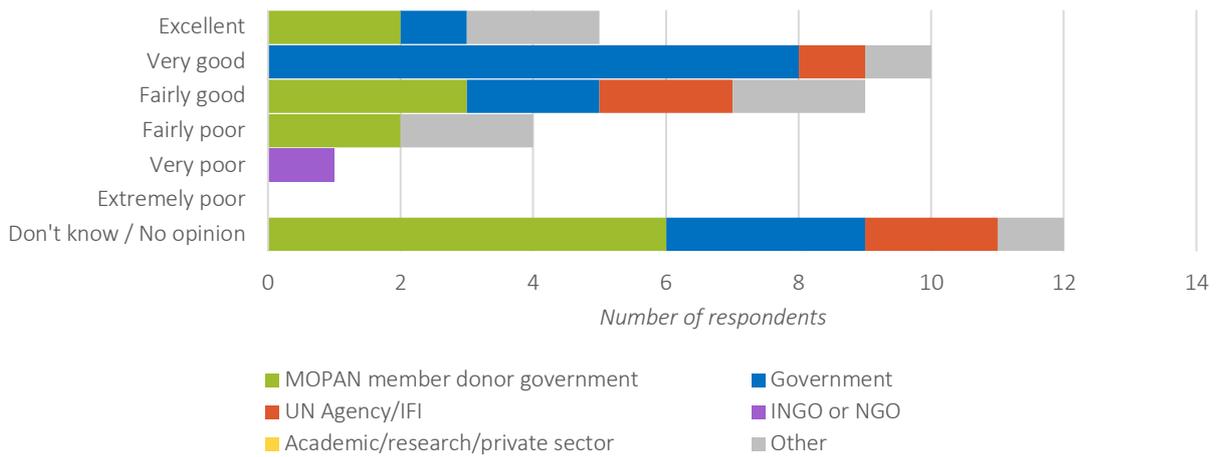
Where required, ADB ensures that evaluations are carried out



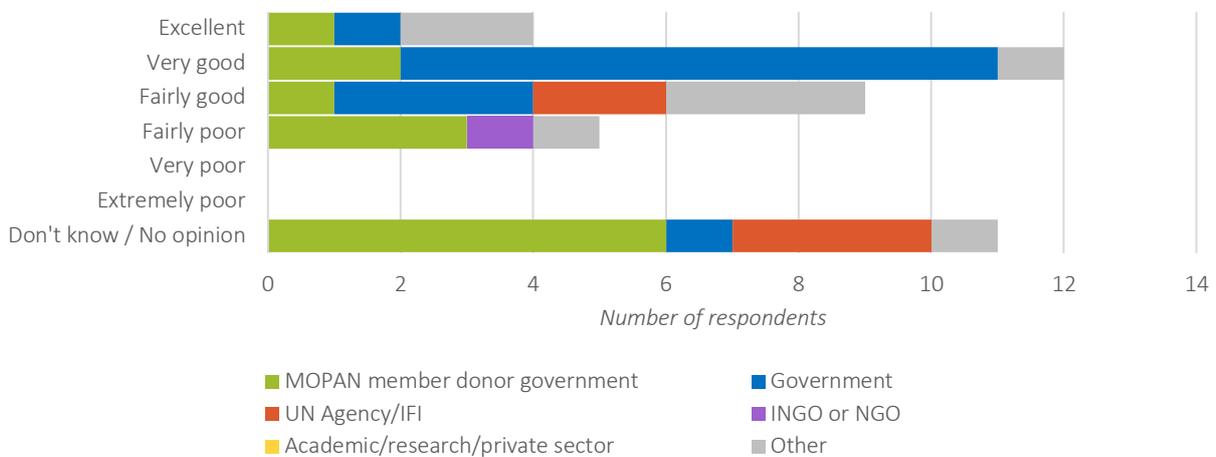
ADB participates in joint evaluations at the country/regional level



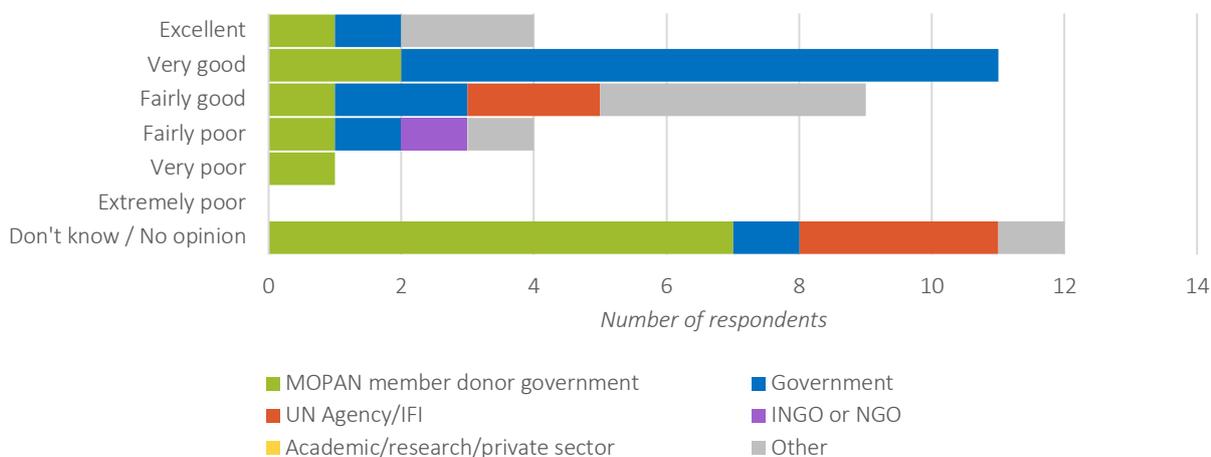
ADB intervention designs contain a statement of the evidence base



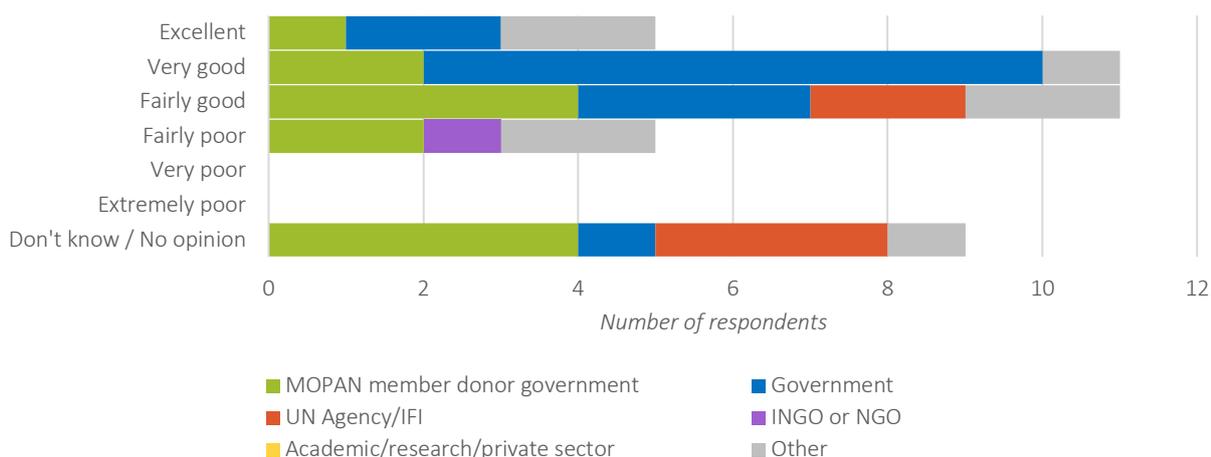
ADB identifies under-performing interventions



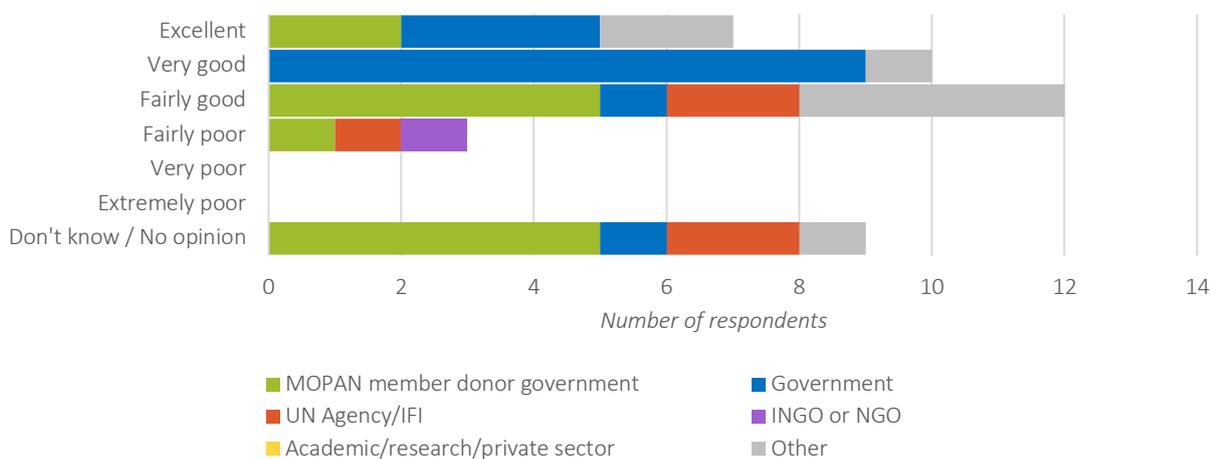
ADB addresses any areas of intervention under-performance



ADB follows up evaluation recommendations systematically



ADB learns lessons from experience rather than repeating the same mistakes





For any questions or comments, please contact:

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