MOPAN COMMON APPROACH

Asian Development Bank (ADB) 2010

January 2011

Preface

This report on the Asian Development Bank was prepared for the Multilateral Organisation Performance Assessment Network (MOPAN), a network of 16 donor countries with a common interest in assessing the organisational effectiveness of multilateral organisations.

For more information on MOPAN and the Common Approach, please visit the MOPAN website (www.mopanonline.org).

Acknowledgements

We thank all participants in the MOPAN 2010 Common Approach assessment of the Asian Development Bank. The Asian Development Bank's senior management and their staff made valuable contributions throughout the assessment and document review processes and provided lists of their clients in each country where the survey took place. Survey respondents, including ADB clients and MOPAN donors, contributed useful insights and time to respond to the survey. The MOPAN Institutional Leads liaised with the multilateral institutions throughout the assessment and reporting process. The MOPAN Country Leads in each country oversaw the process and ensured the success of the survey. Consultants in each country provided vital in-country support by following up with clients to ensure adequate survey response rates.

Institutional and Country Leads – 2010

MOPAN Member Institutional Leads	Multilateral organisation
Australia and United Kingdom	Asian Development Bank (ADB)
Canada and Denmark	International Fund for Agricultural Development (IFAD)
Switzerland and Ireland	United Nations Population Fund (UNFPA)
Canada and Switzerland	World Health Organization (WHO)
MOPAN Member Country Leads	**Countries**
United Kingdom and Australia	Afghanistan
France and Germany	Benin
Spain and France	Colombia
Canada and Australia	Indonesia
Norway and Sweden	Kenya
Spain and Austria	Nicaragua
Netherlands and Sweden	Rwanda
Netherlands and France	Sri Lanka
Finland and Republic of Korea	Viet Nam
Denmark and Ireland	Zambia

Roles of Authors and the MOPAN Secretariat

The MOPAN Secretariat, led by Finland in 2010, worked in close cooperation with the MOPAN Technical Working Group to launch and manage the survey. MOPAN developed the Key Performance and Micro-indicators, designed the survey methodology, coordinated the development of lists of survey respondents, and approved the final survey questionnaire. MOPAN also directed the design of the approach to document review. MOPAN oversaw the design, structure, tone, and content of the reports.

Universalia and Epinion developed the survey instrument and carried out the survey and analysis. Universalia carried out the document review and wrote the reports.

Epinion is a leading consulting firm in Denmark that analyses and evaluates data to support decision making. It conducts specially designed studies for public and private organisations based on data collected among an organisation's employees, members, customers, partners, and other sources. Epinion has 75 employees and 200 interviewers. Website: www.epinion.dk

Universalia Management Group is a Canadian consulting firm established in 1980 that specialises in evaluation and monitoring for international development. Universalia has made significant contributions to identifying best practices and developing tools in the fields of organisational assessment; planning, monitoring, and evaluation; results-based management; and capacity building. Website: www.universalia.com

Acronyms

AAA	Accra Agenda for Action
ADF/AsDF	Asian Development Fund
AfDF	African Development Fund
AFS	Audited Financial Statements
APA	Audited Project Accounts
CAPE	Country Assistance Program Evaluation
COMPAS	Common Performance Assessment System
CPS	Country Partnership Strategy
DEC	Development Effectiveness Committee
DEfR	Development Effectiveness Review
DMC	Developing Member Country
IDA	International Development Association
IED	Independent Evaluation Department
M&E	Monitoring and Evaluation
MfDR	Management for Development Results
MOPAN	Multilateral Organisation Performance Assessment Network
NGO	Non-governmental organisation
OAG	Office of the Auditor General
OAI	Office of Anticorruption and Integrity
OECD-DAC	Organisation for Economic Cooperation and Development - Development Cooperation Directorate
OED	Operations Evaluation Department
PBA	Program-based approach
PIU	Project Implementation Unit
RBM	Results-Based Management
RM	Resident Mission
RRP	Report and Recommendations of the President

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Executive Summary

Background

The MOPAN Common Approach 2010 assessed the organisational effectiveness of multilateral organisations based on the perceptions of MOPAN members and partners/clients of these organisations and on a review of documentation. The MOPAN Common Approach examines the performance of organisations on key performance indicators in four areas (or quadrants) – strategic management, operational management, relationship management and knowledge management.

The Asian Development Bank (ADB) was assessed at an institutional level and across four developing countries identified by MOPAN for the 2010 assessment: Afghanistan, Indonesia, Sri Lanka and Viet Nam. These countries comprise only a small proportion of the total number of Developing Member Countries where the ADB has operations.

A survey was designed for three groups of respondents: MOPAN members in country offices and at headquarters, as well as ADB clients.[1] Responses were collected through an online survey and in face-to-face interviews. A total of 104 respondents participated in the survey on ADB.

A document review was carried out using corporate documents and country programming documents from the four countries included in the survey.

The complete methodology for the Common Approach 2010 is presented in Volume II, Appendix I.

Main Findings

Over the past four years, ADB has been implementing a number of reform efforts designed to improve its effectiveness, including in its implementation of the principles and practices of Managing for Development Results, in its management of staff performance, and in use of country systems. The findings of the Common Approach in 2010 suggest that these reforms are providing the foundations for key organisational systems and practices that favour ADB's organisational effectiveness, in particular in those areas relating to making transparent and predictable aid allocation decisions, presenting information on performance, and in monitoring external results.

Strategic Management

ADB was seen to perform reasonably well on aspects of *strategic management*. Survey respondents viewed ADB's key strengths in strategic management to be its organisational strategy based on a clear mandate, its senior-level leadership on results management, and ADB's implementation of regional cooperation as a cross-cutting thematic priority. According to the document review, ADB's key strengths include making key documents available to the public, aligning expected results with national development goals, and environment and good governance as cross-cutting thematic priorities. An area of discrepancy in scoring is in ADB's implementation of its commitments to gender equality as a cross-cutting thematic priority, which receives a strong score from the document review but an inadequate score from survey respondents.

[1] ADB's clients include professionals working for a national partner organisation (government or civil society) in a developing country, that receive some sort of direct transfer from the multilateral organisation or that have direct interaction with it at country level. This could take the form of financial assistance, technical assistance, policy advice, equipment, supplies, etc.

According to ADB's *Summary of Assessments of Managing for Development Results (MfDR)* included in *ADB Action Plan on Managing for Development Results, 2009–2011*, the Bank has made significant progress in recent years in its implementation of MfDR principles and practices, including in its strategy. ADB consolidated its results management system by adopting a corporate results framework in 2008. ADB has become more results-focused in designing and managing its country partnership strategies (CPSs), projects and programs. However, the need to further strengthen its results-based monitoring and reporting, particularly on its contributions to outcomes for the recipient country, is noted as ADB's greatest area for improvement by many survey respondents.

Operational Management

ADB received mixed ratings on its performance in *operational management*. Making transparent and predictable aid allocation decisions was seen as a strength of the organisation. Its performance-oriented programming (inclusion of milestones or targets in its project planning, and conduct of benefits analyses) was considered very strong in the document review, but only adequate by survey respondents.

On the other hand, human resources management and results-based budgeting appear to be areas for improvement. ADB's management of human resources were the focus of much attention. The qualifications and experience of its staff were noted by many survey respondents (particularly donors in-country) as the Bank's greatest strength, while human resources management in general was described by others as its greatest weakness. Survey respondents rated ADB inadequate on most aspects of human resources, while the document review found it adequate or better on its systems of incentives and performance agreements. In terms of results-based budgeting, survey respondents rated ADB adequate, while the document review found no evidence of such a system being in place.

Another area noted as the greatest area for improvement by many (particularly donors at headquarters) was the need to decentralise decision-making to the local level.

Relationship Management

ADB was seen to perform adequately or higher across all key performance indicators in *relationship management*. There were a few areas, however, where either perception data from one of the respondent groups or documentary evidence suggest that there could be some room for improvements: in the efficiency of its procedures, in its use of developing member country procurement systems, and in its participation in program-based approaches. The document review rated ADB strong on other aspects of its use of country systems, particularly in the area of recording disbursements in national budgets, use of public financial management systems, and reducing the use of project implementation units that run in parallel with government, where it exceeded the 2010 targets set by the Paris Declaration. It was also rated as strong for harmonising its procedures, where it exceeded Paris Declaration targets for carrying out joint missions and coordinating its technical assistance in support of DMC capacity development.

Knowledge Management

Knowledge management was a clear area of strength for ADB, according to the results of this assessment. All MIs in this quadrant were rated adequate or better according to both document review and survey, and in both cases the majority of micro-indicators were rated strong or very strong. Particular strengths included presenting performance information and monitoring external results.

Overview of the Ratings for ADB

The following chart provides an overview of ADB's ratings on the key performance indicators assessed by the Common Approach in 2010. ADB received scores of adequate or strong on 18 out of the 19 key performance indicators assessed by survey respondents, based on the mean scores of all respondents. The review of documents provided a wider mix of results, ranging from very strong to inadequate.

In general, donors in-country appeared to be somewhat less positive about ADB's organisational effectiveness than either donors at headquarters or clients. Survey respondents' awareness of ADB appeared to be strong among both clients and donors at headquarters who participated in the assessment, and weaker among donors in-country, who responded 'don't know' more frequently than other respondent groups to the survey questions, and who expressed a lower level of familiarity overall of ADB than the other two groups.

Although respondents' ratings of adequate on many dimensions suggest that ADB can do even better, the following areas of ADB performance received generally high ratings:

- KPI II-1, Aid allocation decisions: ADB is seen to publish its criteria for allocating concessional funding, to allocate according to the set criteria, and to release resources according to agreed schedules;
- KPI IV-2, Presenting performance information: ADB effectively reports against is corporate strategy, using indicators defined in its *Results Framework*, and also reports against Paris Declaration commitments;
- KPI IV-1, Monitoring external results: ADB's strong ratings in this area were gained primarily on the strength of its Independent Evaluation Department (IED), but also for its evaluation coverage;
- KPI III-5, Harmonising procedures: ADB's rating of strong in this area is largely due to its joint missions and coordination of technical assistance for capacity development;
- ADB also received strong ratings for its internal audit processes, which are seen to provide neutral information; as well as its mainstreaming of regional cooperation as a cross-cutting thematic priority.

The Common Approach also signalled some potential areas for improvement, where findings indicate a less than adequate performance for ADB:

- KPI II-2, Linking its aid management to performance, in its budgeting and financial reporting;
- KPI II-5, Managing human resources, in particular ensuring transparent and meritocratic recruitment and retention of staff;[2]
- More effectively implementing its commitments to gender equality as a cross-cutting thematic priority (micro-indicator within KPI I-3);[3]
- Ensuring the length of time for procedures does not affect project/program implementation (micro-indicator within KPI III-2).

[2] It should be noted, however, that ADB received mixed ratings in this area. This key performance indicator received an overall rating of strong from the document review, and in an open-ended question many survey respondents cited aspects of human resources (particularly the experience and qualifications of the Bank's personnel) as the greatest strength of ADB.

[3] As above, this micro-indicator received mixed ratings, including a rating of strong from the document review.

	Survey Respondents	Document Review
Quadrant I: STRATEGIC MANAGEMENT		
KPI I-1 Providing direction for results	4.35	6.00
KPI I-2 Corporate focus on results	4.48	4.00
KPI I-3 Focus on thematic priorities	4.16	5.00
KPI I-4 Country focus on results	4.13	5.00
Quadrant II: OPERATIONAL MANAGEMENT		
KPI II-1 Aid allocation decisions	4.57	6.00
KPI II-2 Linking aid management to performance	3.91	3.00
KPI II-3 Financial accountability	4.35	5.00
KPI II-4 Using performance information	4.11	5.00
KPI II-5 Managing human resources	3.30	5.00
KPI II-6 Performance-oriented programming	4.27	6.00
KPI II-7 Delegating decision making	3.92	4.00
Quadrant III: RELATIONSHIP MANAGEMENT		
KPI III-1 Supporting national plans	4.24	4.00
KPI III-2 Adjusting procedures	3.68	NA
KPI III-3 Using country systems	4.07	5.00
KPI III-4 Contributing to policy dialogue	4.21	NA
KPI III-5 Harmonising procedures	4.10	5.00
Quadrant IV: KNOWLEDGE MANAGEMENT		
KPI IV-1: Monitoring external results	4.55	5.00
KPI IV-2: Presenting performance information	4.67	5.00
KPI IV-3: Disseminating lessons learned	4.10	6.00

Legend	
Strong or above	4.50-6.00
Adequate	3.50-4.49
Inadequate or below	1.00-3.49
Not assessed in the document review	NA

1. Introduction

1.1 Background

The Multilateral Organisation Performance Assessment Network (MOPAN) is a network of 16 donor countries[4] with a common interest in assessing the effectiveness of the multilateral organisations they fund and committed to improving their development effectiveness.

Most multilateral and bilateral aid organisations are working diligently to develop frameworks and systems that will allow them to generate data on their contributions to the results achieved by developing countries. This is a complex undertaking and a single method or approach does not exist to help the international development community understand or assess organisational contributions to development effectiveness.

In this context, MOPAN developed the Common Approach to assess the organisational effectiveness of multilateral organisations. MOPAN defines organisational effectiveness as the extent to which a multilateral organisation is organised to contribute to development results in the countries where it operates.

The MOPAN Common Approach was first implemented in 2009 as the successor to the Annual MOPAN Survey, conducted annually since 2003. The Common Approach is broader and deeper than the previous surveys, which were based on the views of donors only. In 2009, the Common Approach incorporated the views of direct partners or clients of multilateral organisations in-country, and of MOPAN members at both headquarters and country level.[5] In 2010, the Common Approach also incorporates a review of documents published by the organisations assessed or by external sources. [6]

The MOPAN Common Approach is intended to generate relevant and credible information to assist MOPAN members in meeting domestic accountability requirements and to support dialogue between MOPAN members, multilateral organisations, and their direct clients/partners that focuses on improving organisational learning and effectiveness over time. The Common Approach is derived from, and meant to replace, seven existing bilateral assessment tools. It also complements other ongoing assessment processes such as the bi-annual Survey on Monitoring the Paris Declaration and the annual reports of the Common Performance Assessment System (COMPAS) published by the Multilateral Development Banks.

The strengths and limitations of the Common Approach are discussed in Volume II, Appendix I. As a learning organisation, MOPAN will continue to make improvements in the methodology based on the experience in each year of implementation.

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[4] MOPAN members in 2010: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, the Netherlands, Norway, Republic of Korea, Spain, Sweden, Switzerland, and the United Kingdom.

[5] The terms “donors” and “MOPAN members” are used interchangeably in this document and refer only to the respondents in this assessment.

[6] For more information on MOPAN and the Common Approach, please visit the MOPAN website (www.mopanonline.org)

1.2 Methodology – Common Approach 2010

Overview

In 2010, the MOPAN Common Approach assessed the effectiveness of four multilateral organisations: the Asian Development Bank (ADB), the International Fund for Agricultural Development (IFAD), the United Nations Population Fund (UNFPA), and the World Health Organisation (WHO). The ADB assessment was carried out at an institutional level and across four developing countries: Afghanistan, Indonesia, Sri Lanka and Viet Nam.[7]

The full methodology for the Common Approach in 2010 is presented in Volume II, Appendix I. The following is a summary of the methodology. It is important to note that the methodology for the Common Approach has changed significantly in 2010 (in particular with the introduction of the document review component). Due to these differences, comparisons of the results of this year with those from previous years should be done with caution.

Using a survey of stakeholder perceptions and a review of documents published by the organisations assessed and other sources, the MOPAN Common Approach examines organisational systems, practices and behaviours that MOPAN believes are important for aid effectiveness and that are likely to contribute to results at the country level.[8] It is structured around four areas (or quadrants) of performance – strategic management, operational management, relationship management and knowledge management.

Key Performance Indicators and Micro-indicators – Within each performance area, organisational effectiveness is described using key performance indicators (KPIs) that are measured in a series of micro-indicators (MIs). In 2010, the Common Approach used 19 KPIs and between 68 and 70 MIs for each organisation.[9] The full list of MIs assessed for ADB in 2010 is provided in Volume II, Appendix V (KPI and MI Data by Quadrant).

Survey

The MOPAN Common Approach 2010 gathered stakeholder perception data through a survey of MOPAN members and direct partners/ clients of the multilateral organisations under review. MOPAN member respondents were chosen by MOPAN member countries, and direct partners/ clients were chosen by the relevant multilateral organisation. The surveys were customised for each multilateral organisation and could be completed online or offline (paper, email, or interview). The survey was confidential. Surveys completed offline were managed by independent consultants in-country. The survey for ADB is presented in Volume II (Appendix II.

Ratings

Survey respondents were presented with statements describing an organisational practice, system or behaviour and asked to rate the performance of the organisation on a scale of 1 to 6 as shown below.

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[7] These countries were selected for the 2010 assessment based on a set of criteria, such as the presence of MOPAN members, which are described in Volume II, Appendix I.

[8] Whether or not a multilateral organisation contributes to the achievement of development results will also depend on how it is addressing development issues, the instruments it uses, and the scale of its interventions in the country contexts in which it operates.

[9] Variations are due to the customisation of the survey for each multilateral organisation.

Figure 1.1 Band Ranges and Descriptions

Band	Range of the mean scores	Rating	Definitions
1	1 to 1.49	Very Weak	The multilateral organisation does not have this system in place and this is a source of concern
2	1.50 to 2.49	Weak	The multilateral organisation has this system but there are important deficiencies.
3	2.50 to 3.49	Inadequate	The multilateral organisation's system in this area has deficiencies that make it less than acceptable.
4	3.50 to 4.49	Adequate	The multilateral organisation's system is acceptable in this area.
5	4.50 to 5.49	Strong	The multilateral organisation's system is more than acceptable yet without being "best practice" in this area.
6	5.50 to 6.00	Very Strong	The multilateral organisation's system is "best practice" in this area.

Respondents

MOPAN set quotas (targets) for the percentage of respondents (out of all people requested to respond to the survey) considered satisfactory: 50 percent response rate among direct clients/ partners of multilateral organisations in each survey country, and 75 percent among MOPAN members in country offices and at headquarters. The basis for the quotas is explained in Volume II, Appendix I.

The ADB survey results are based on the perceptions of 104 respondents.

Figure 1.2 Number of Respondents and Quotas for the Asian Development Bank (ADB) by Country and Respondent Group

Country	Number of Respondents (Quota)			
	Donors in-country	Clients	Donors at headquarters	Total
Afghanistan	6 (8)	3 (10)		9 (18)
Indonesia	15 (12)	9 (10)		24 (22)
Sri Lanka	8 (10)	9 (11)		17 (21)
Viet Nam	17 (14)	7 (10)		24 (24)
Total	46 (44)	28 (41)	30 (33)	**104 (118)**

Data Analysis

Survey data analysis included calculations of standard deviation, frequency, differences among countries and respondent groups, 'don't know' responses, and content analysis of open-ended questions. A weighting scheme was applied to ensure that no single respondent group or survey country was over-represented in the analysis and that there was equal representation of Country Offices and Direct Partners/Clients in the country-level analysis of the multilateral organisation. Survey data analysis is described fully in Volume II, Appendix I.

Document Review

The document review considered three types of documents: multilateral organisation documents, organisational reviews or assessments (external or internal), and external assessments such as the OECD survey on monitoring the Paris Declaration, the Common Performance Assessment (COMPAS) report, and previous MOPAN surveys. To ensure consistency and focus in the sampling process, the selection and collection of documents followed overall principles and specific criteria (described in Volume II, Appendix I). For most micro-indicators, five criteria were established which, taken together, were considered to represent the best practice in that topic area. The rating on any micro-indicator depends on the number of criteria that were considered to be met by the organisation.

The document review used the same list of micro-indicators as the survey, but not all micro-indicators were identified for document review and some questions were worded differently in the survey and the document review. In the charts presented in this report, document review ratings and survey ratings use the same rating scale but are shown separately on each chart to show convergence or divergence between the two sets of results.

Limitations

As a learning organisation, MOPAN will continue to make improvements in the methodology based on the experience in each year of implementation. The following limitations should be taken into consideration when reading the MOPAN reports.

MOPAN Framework

- The countries were selected based on established MOPAN criteria and comprise only a small proportion of each institution's total portfolio of partner/clients, thus limiting broader generalisations.[10]
- The Common Approach indicators are designed for multilateral organisations that have operations in the field. For organisations that have limited field presence or that have regional structures in addition to headquarters and country operations, there is a need for greater nuance in the analysis.

Sources of Data

- The Common Approach is based on a perception survey and document review; it does not include interviews, focus groups, and other data collection methods that can help to analyse the current state of results-oriented behaviours, systems, and procedures in the organisation. It produces numerical scores or ratings that appear to have a high degree of precision, yet can only provide indications of how an organisation is doing and a basis for discussion among MOPAN members, the multilateral organisation, and the organisation's direct partners/clients.
- The MOPAN Common Approach asks MOPAN members and the organisations assessed to identify the most relevant individuals to complete the survey. MOPAN does not have a way of determining if the most knowledgeable and qualified individuals are the ones completing the survey.
- Because one of MOPAN's intentions is to merge existing assessment tools into one, and to forestall the development of others, the survey instrument is still quite long. If documents prove to be an appropriate source of data for some of the MIs, MOPAN may consider eliminating some survey questions in the future.

[10] MOPAN criteria for country selection include: presence and availability of MOPAN members, no recent inclusion in the survey, and the need for geographical spread, with a bias toward Asian countries given that the ADB was assessed in 2010.

- Some questions, particularly those referring to the internal operations of the organisations, are challenging for respondents to answer and were characterised by high levels of respondents answering ‘don’t know.’
- Perception data has several potential limitations, one of which is ‘central tendency bias’, or the tendency of respondents to avoid the extreme points of the scale.
- In some countries, MOPAN was either just short or systematically short of the quotas set for the different respondent groups. There were challenges in getting responses from high ranking officials and in using an online survey as a primary method for collecting data from direct partners/clients. In some countries, such as Sri Lanka and Rwanda, the timing was also an issue due to general elections and/or public holidays during the survey period.
- The document review was limited by the availability of documents in certain indicator areas related to the internal procedures of the organisations (e.g. on audit and human resource policies).

<u>Sampling</u>

- The countries surveyed in the 2010 assessment, which were selected based on established MOPAN criteria,[11] comprise only a small proportion of ADB’s programming. As a result of this sampling approach, no country from the Pacific region was included among the sampled countries, despite ADB’s active involvement in this region.
- Similarly, the selection of countries also determined the universe of country programming documents reviewed. Documents were only collected from the four countries selected for the survey sampling.

<u>Data Analysis</u>

- While the document review can comment on the contents of a document, it cannot assess the extent to which the spirit of that document has been implemented within the organisation (unless implementation is documented elsewhere).
- 2010 has been the first year a document review was carried out and it is therefore likely to require further refinement.

<u>Basis for judgment</u>

- For many of the MOPAN indicators there are no pre-established standards or criteria for what constitutes good practice for a multilateral organisation. As a result, many of the criteria for the review of the content of documents have been developed for MOPAN to meet the needs of this assessment process.
- In the document review component, low ratings may be due to the lack of appropriate documents available in relation to the assessment criteria.

Despite the limitations, in general, we contend that the data presents a reasonable picture of the systems associated with the internal effectiveness of the multilateral organisations.

[11] MOPAN criteria for country selection include: presence and availability of MOPAN members, no recent inclusion in the survey, and the need for geographical spread, with a bias toward countries in Asia given that the Asian Development Bank (ADB) was assessed in 2010.

2. Background on the Asian Development Bank

This section provides a brief overview of the Asian Development Bank (ADB), its mandate and areas of work. In addition, it summarises the results of previous MOPAN surveys of ADB. This information is intended to provide background and context for the MOPAN Common Approach in 2010.

Background on the Asian Development Bank

The Asian Development Bank, founded in 1966, is an international development finance institution that is owned and financed by 67 members (48 regional members and 19 non-regional members). ADB is headquartered in Manila, Philippines and has 27 field offices, including resident and regional missions, a country office, a liaison office, and representative offices. ADB has more than 3,000 employees representing about 55 nationalities.

ADB's mission is "to help its developing member countries reduce poverty and improve the quality of life of their people."[12] Under Strategy 2020, ADB is following three strategic development agendas: inclusive growth, environmentally sustainable growth, and regional integration. In pursuing its mission, ADB provides various services such as loans, technical assistance, grants, advice, and knowledge. In 2009, ADB's loans, grants, and technical assistance amounted to US$13.2 billion, US$1.1 billion, and US$267.2 million respectively.

At the highest decision-making tier of ADB's organisational structure is the Board of Governors, composed of Governors from the 67 member countries. The Board of Governors meets once a year during an Annual Meeting and delegates most day-to-day responsibilities to a 12-member Board of Directors.

The 12 members of the Board of Directors work full time at ADB headquarters. The Board is chaired by the President of ADB, who is elected by the Board of Governors for a five-year term, and who may be re-elected. The President heads the ADB management team, composed of five Vice-Presidents and the Managing Director General. The current ADB President is Mr. Haruhiko Kuroda. Two offices/departments report to the Board of Directors: the Office of the Compliance Review Panel and the Independent Evaluation Department.

ADB's website address is: http://adb.org

Previous MOPAN surveys of the Asian Development Bank

In 2006, the MOPAN Annual Survey assessed the perceptions of MOPAN members at embassies and country offices about ADB. The survey was carried out in Indonesia, Nepal, Pakistan and Sri Lanka, and focused on ADB's partnerships with national stakeholders and other development agencies in those countries. Overall, the survey highlighted that "the Bank is seen as a major, if not the most important, development partner and interlocutor for both national stakeholders and other development agencies, thanks to its very considerable human and particularly financial resources, as well as its long-standing experience in development cooperation."[13]

MOPAN country teams perceived ADB to align well with government development priorities and strategies and to play a central role in policy dialogue with the government and in including the private sector in dialogue. However, the survey noted that some improvements could be made in these areas and generally to improve the quality of ADB partnership behaviour towards national stakeholders.

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[12] ADB (Consulted on June 17th, 2010). "Our Vision - an Asia and Pacific Free of Poverty", *ADB website*, [online], http://www.adb.org/About/

[13] MOPAN (2006). *The Annual MOPAN Survey 2006: Donor Perceptions of Multilateral Partnerships at Country Level – This Survey covers UNICEF, ILO, and ADB – Synthesis Report*, MOPAN, 74 p.

The same was true for the quality of ADB partnership behaviour towards other development agencies. ADB was perceived to do well in information sharing, local donor coordination activities, and taking harmonisation seriously at the level of dialogue with other donors, but the survey results noted that ADB would benefit from further improvement in these areas. In addition, MOPAN country teams regretted the lack of delegation of decision-making authority and commented that ADB country offices could not make any significant decisions without referring back to headquarters.

Other reports or assessments of the Asian Development Bank

The following sections of this report include references to other recent studies/assessments of the Asian Development Bank, to triangulate data and thus strengthen the findings.

The 2009 *ADB Perceptions Survey*[14] conducted by ADB found that ADB was perceived to have excellent knowledge of the region and an impact on its development. ADB was also recognised by respondents for its work in improving infrastructure and supporting regional economic cooperation and integration. However, stakeholders felt that ADB could improve its performance in bureaucracy, speed, project execution and monitoring, governance, and gender equality.

The 2007 *Evaluation on Managing for Development Results in ADB: A Preliminary Assessment*[15] revealed a mitigated compliance with the known requirements of Managing for Development Results (MfDR). For instance, whereas staff considered the role of senior management as a key enabler for successfully implemented MfDR, they also believed that senior management's support had not always been translated into practice. In addition, evidence showed that ADB still needed to improve the way it assesses and rewards performance for all staff, especially managers. Nonetheless, according to the evaluation, ADB's progress in the implementation of MfDR was comparable to that of other multilateral development banks. At the time of the evaluation, ADB was in a state of transition, moving towards the full implementation of MfDR and undertaking various actions to strengthen its capacity in this area. However, staff commitment to MfDR had not developed as fast as ADB's promulgation of new policies and procedures.

[14] ADB (2010). *ADB Perceptions Survey: Multinational Survey of Stakeholders 2009*, Manila, ADB, May, 91 p.

[15] ADB (2007). *Evaluation on Managing for Development Results in ADB: A Preliminary Assessment*, ADB, December, 95 p.

3. Main Findings

3.1 Introduction

This chapter presents the findings of the 2010 MOPAN Common Approach for ADB. Findings are based on respondent survey data and document reviews.

- Section 3.2 presents overall findings on the performance of the Asian Development Bank.
- Section 3.3 provides findings on each of the four areas of performance (strategic, operational, relationship, and knowledge management), and
- Section 3.4 summarises the Asian Development Bank's main strengths and areas for improvement.

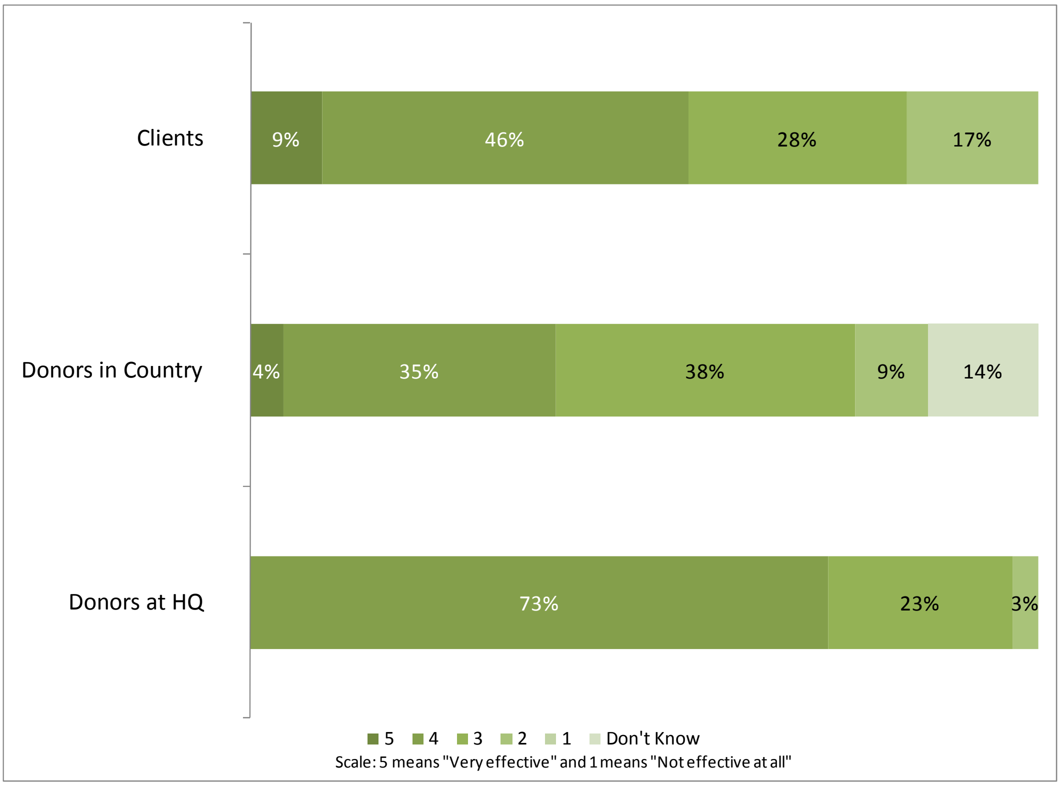
3.2 Overall Findings

This section provides survey respondent ratings of ADB's overall internal effectiveness, survey and document review ratings for all key performance indicators and the distribution of ratings across respondent groups.

Overall, survey respondents considered ADB to be internally effective; clients and donor respondents at headquarters were more favourable in their assessments than donor respondents in-country.

MOPAN has defined 'internal effectiveness' as the extent to which a multilateral organisation is organised to support clients to produce and deliver expected results. Survey respondents were asked to rate ADB's overall internal effectiveness. As shown in the figure below, respondents generally considered ADB to be organised to support its partners in contributing to expected results. Client respondents and donor respondents at headquarters were more positive about ADB's internal effectiveness than donors in-country.

Figure 3.1 Overall Ratings of Effectiveness by Respondent Group



Overall Ratings: In the overall ratings from the survey and document review, ADB was seen to perform adequately or better on the majority of key performance indicators.

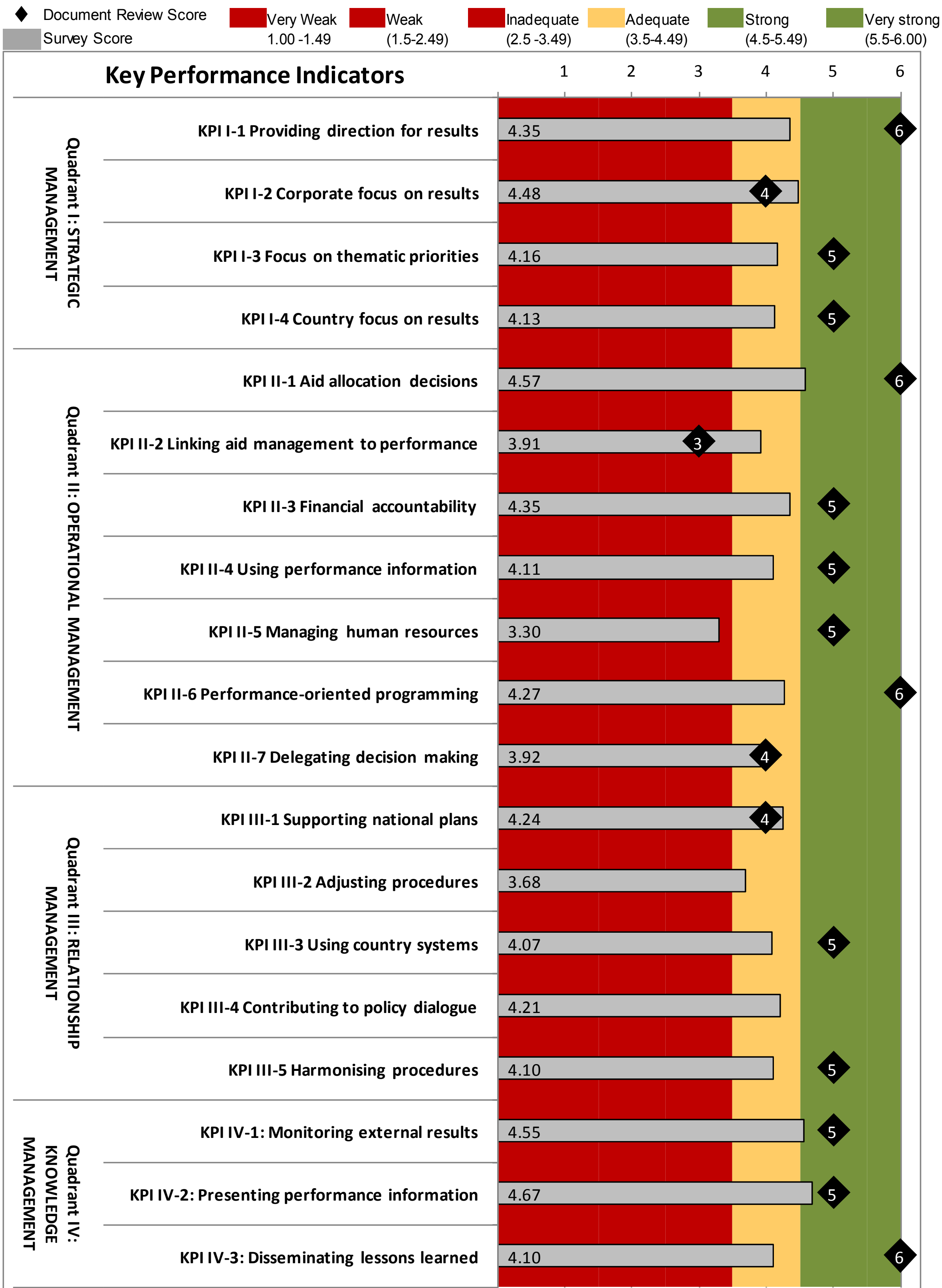
Figure 3.2 below shows scores received from both the document review and the survey on the key performance indicators (KPI) of the MOPAN Common Approach. The grey bar presents the survey score, while the black diamond presents the document review score. For example, on the first indicator, “providing direction for results”, ADB received a score of 4.36 (adequate) from the survey, and a score of 6 (very strong) from the document review.[16]

In survey data, ADB received scores of adequate or better on 18 of the 19 KPIs assessed in 2010 (adequate on 15 and strong on three), based on the mean scores among total respondents. The only KPI rated inadequate by survey respondents was ADB’s management of human resources. Out of the 65 micro-indicators assessed in the survey, ADB received ten ratings of strong, 50 ratings of adequate and only five ratings of inadequate. It did not receive any ratings of very strong, very weak or weak.

In the document review, ADB received scores of adequate or better on 16 of the 17 key performance indicators reviewed, including nine ratings of strong and four of very strong (considerably more than the survey). It received one rating of inadequate: on linking aid management to results. Out of the 53 micro-indicators assessed in the document review, ADB received 31 ratings of strong or very strong (15 strong and 16 very strong). It received three ratings that were inadequate or worse (two ratings of inadequate and one rating of weak). It is important to note that in some cases, document review ratings were negatively affected by the lack of availability of documents needed for the review.

[16] No document review scores are provided for the performance indicators “adjusting procedures” or “contributing to policy dialogue” as the document review did not examine these. For more information please see the methodology in Volume II, Appendix I.

Figure 3.2 Overall Ratings on Key Performance Indicators (mean scores, all respondents and document review ratings)



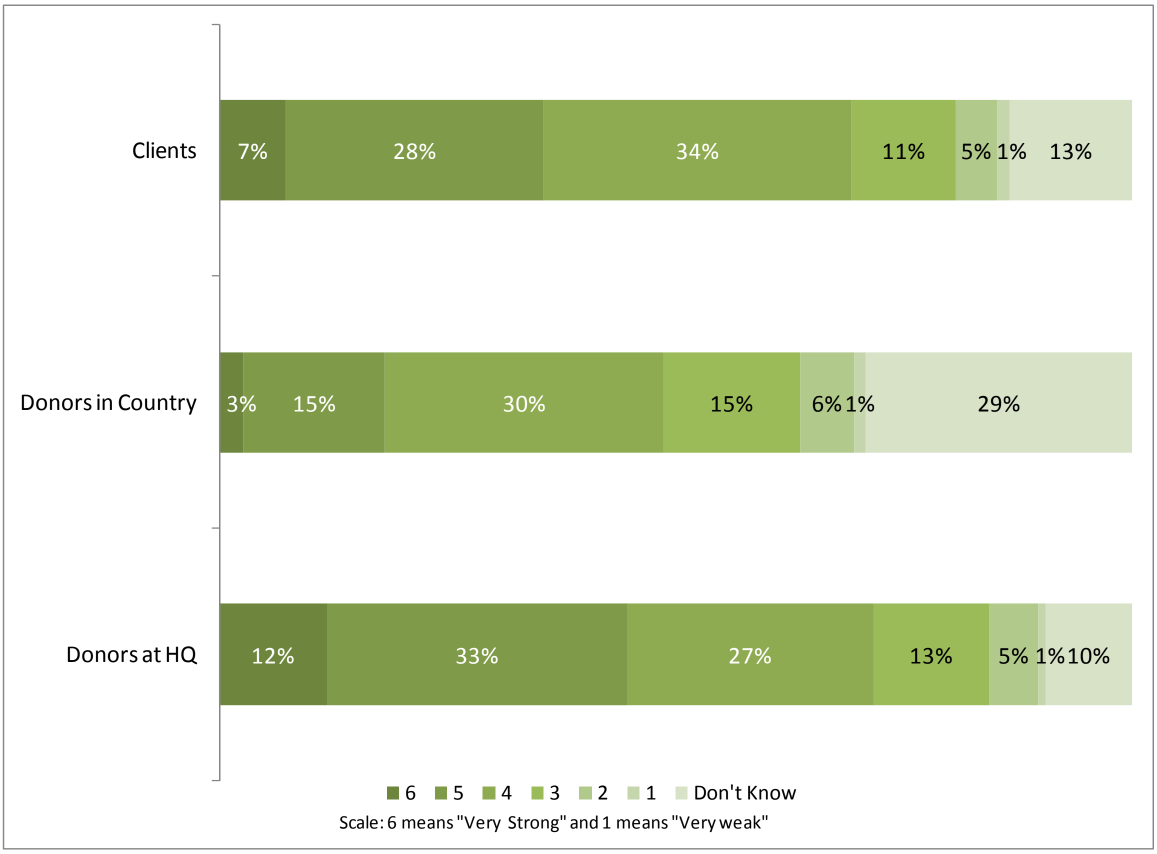
Note: Survey respondents were asked to consider a series of statements that describe the practices, systems or behaviours of ADB and to rate these on a scale from 1 to 6, where 6 means very strong, 5 means strong, 4 means adequate, 3 means inadequate, 2 means weak and 1 means very weak (this scale was used for all statements), except the opening question to rate ADB's effectiveness.

Respondent Group Ratings: Client respondents and MOPAN members at headquarters rated ADB's performance more favourably on most indicators than MOPAN members in-country.

In the 2010 assessment of ADB, client respondents comprised government officials of ADB's developing member countries (DMCs).

As shown in Figure 3.3 below, donors at headquarters and clients tended to be more favourable than in-country donors in their ratings of ADB performance across all micro-indicators. The trend in more positive responses from DMC government officials on ADB was also evident in other surveys of the perceptions of ADB's performance in similar areas.[17]

Figure 3.3 Distribution of Ratings across all Micro-Indicators, by Respondent Group



The difference in ratings between donors in-country and those at headquarters may be explained by a variety of factors, including the fact that country respondent perceptions are based on their in-country experience while headquarters respondents may be more aware of ADB's internal operations due to the nature of their interactions with the organisation.

Don't Know Responses

Survey respondents' awareness of ADB appears to be strong among both clients and donors at headquarters who participated in the assessment, and weaker among donors in-country (29 percent of their responses were 'don't know') who also expressed a lower level of familiarity with ADB than the other two respondent groups (see Volume II, Appendix III). The respondent base and level of 'don't know' responses is provided in Volume II, Appendix IV.

[17] See for example. *ADB Perceptions Survey: Multinational Survey of Stakeholders 2009*, May 2010, p.54

Donors in-country had particular difficulty in answering questions related to the KPIs on use of performance information (43 percent ‘don’t know’) and delegation of decision-making authority (48 percent ‘don’t know’).

As noted in the methodology (Volume II, Appendix I), ‘don’t know’ responses were not factored into the calculation of mean scores. However, where the proportion of respondents answering ‘don’t know’ was 30 percent or more for a question relating to an MI, this is indicated in the text of the report. This information will be important for MOPAN members and multilateral organisations as a basis for discussions about expectations of respondent familiarity with the organisation’s systems, practices and behaviours.

3.3 ADB Performance in Strategic, Operational, Relationship, and Knowledge Management

3.3.1 Overview

This section presents the results of the 2010 Common Approach assessment of ADB in four performance areas (quadrants): Strategic, Operational, Relationship, and Knowledge Management.

The following sections (3.3.2 to 3.3.5) provide the overall survey and document review ratings for the KPIs in each quadrant, the mean scores by respondent group, and findings based on an analysis of survey and document review ratings.

The findings highlight areas where there were divergent perspectives among survey respondent groups or observed differences between the survey results and document review ratings. Statistical tests were conducted[18] to determine whether differences in ratings among survey respondent groups were statistically significant; findings of significance are reported in the narrative below.

The survey data for each KPI and MI by quadrant are presented in Volume II, Appendix V. The document review ratings are presented in Volume II, Appendix VI.

3.3.2 Strategic Management

Figure 3.4 below shows the overall survey and document review ratings for the four KPIs in the strategic management quadrant. Figure 3.5 shows the mean scores for the four KPIs for all survey respondents, and by respondent groups

ADB performs reasonably well on aspects of strategic management. Survey respondents viewed ADB’s key strengths in strategic management to be its organisational strategy based on a clear mandate, its senior-level leadership on results management, and ADB’s implementation of regional cooperation as a cross-cutting thematic priority. According to the document review, ADB’s key strengths include making key documents available to the public, aligning expected results with national development goals, and environment and good governance as cross-cutting thematic priorities. An area of discrepancy in scoring is in ADB’s implementation of its commitments to gender equality as a cross-cutting thematic priority, which receives a strong score from the document review but an inadequate score from survey respondents.

According to ADB’s *Summary of Assessments of Managing for Development Results (MfDR)* included in *ADB Action Plan on Managing for Development Results, 2009–2011*, the Bank has made significant progress in recent years in its implementation of MfDR principles and practices, including in its strategy. ADB consolidated its results management system by

[18] For micro-indicators for which all three respondent groups gave answers, the Kruskal-Wallis test was conducted. For micro-indicators with two respondent groups, the Mann-Whitney U test was conducted. In both cases, tests were conducted on weighted data, $\alpha = 0.05$.

adopting a corporate results framework in 2008. ADB has become more results-focused in designing and managing its country partnership strategies (CPSs), projects and programs. However, the need to further strengthen its results-based monitoring and reporting, particularly on its contributions to outcomes for the recipient country, was noted as ADB's greatest area for improvement by many survey respondents. There is some indication that ADB may see improvement in this area, due to some recent developments, including a new set of guidelines and reporting tools to improve country level results management; staff training to institutionalize these tools; improved Development Effectiveness Briefs that report on how ADB's assistance has helped achieve results in its DMCs; and an impact evaluation study to analyze project-level contribution to country level outcomes and impacts.

Figure 3.4 Quadrant I: Strategic Management – Survey and Document Review Ratings

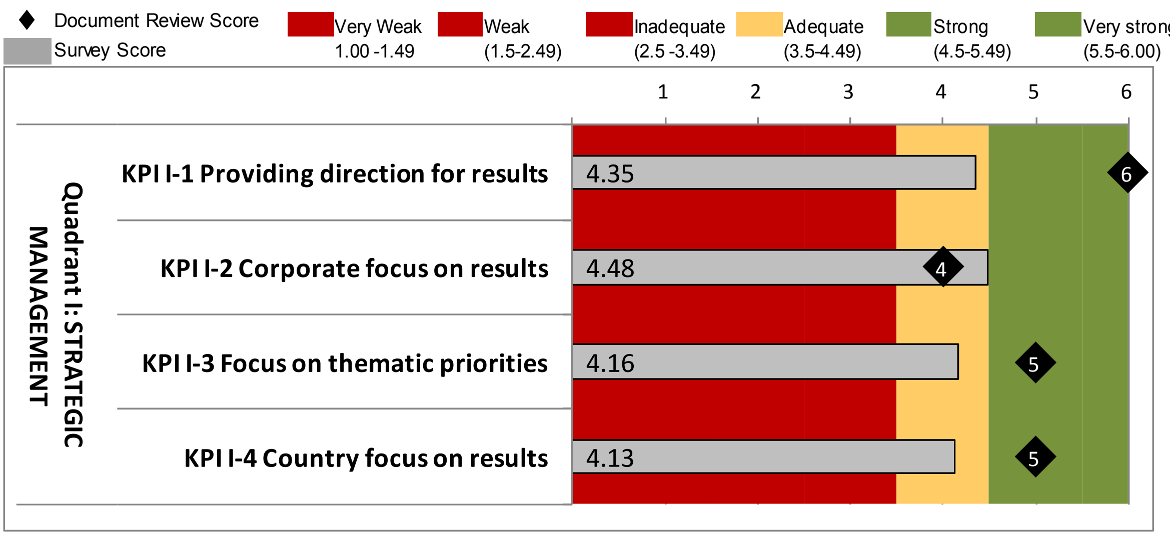


Figure 3.5 Quadrant I: Strategic Management, Mean Scores by Respondent Group

Very Weak 1.00 -1.49 | Weak (1.5-2.49) | Inadequate (2.5 -3.49) | Adequate (3.5-4.49) | Strong (4.5-5.49) | Very strong (5.5-6.00)

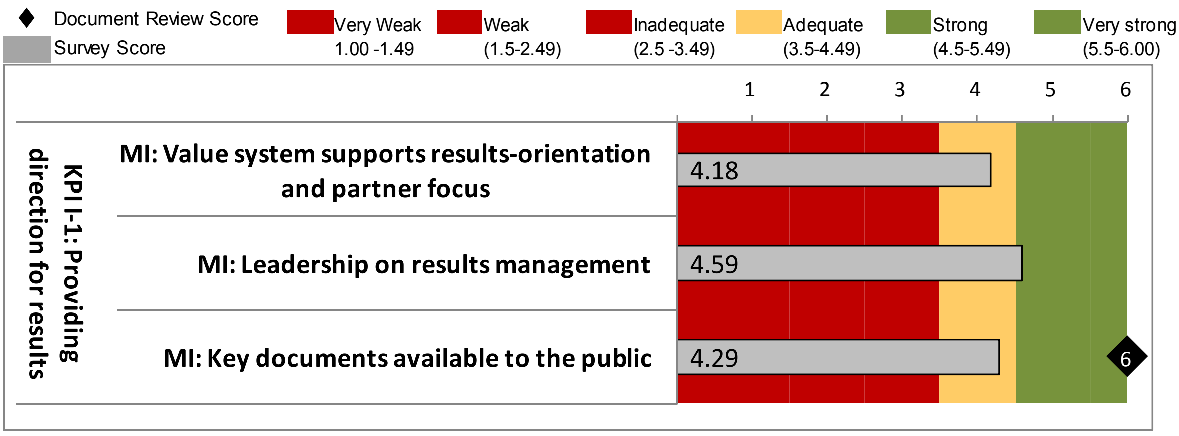
	Total mean score	Clients	Country donors	HQ donors
KPI I-1: Providing direction for results	4.35	4.25	4.06	4.44
KPI I-2: Corporate focus on results	4.48	NA	NA	4.48
KPI I-3: Focus on thematic priorities	4.16	4.45	3.95	4.01
KPI I-4: Country focus on results	4.13	4.35	3.83	NA

KPI I-1: Providing Direction for Results

Finding 1: ADB's executive management provides good direction for the achievement of external/beneficiary focused results, rated by survey respondents as adequate. ADB was rated as very strong in making key documents available for the public, according to the document review.

ADB was rated as adequate overall on this KPI, and 80 percent of respondents provided a rating of adequate or higher on most of the micro-indicators in this KPI.

Figure 3.6 KPI I-1: Providing Direction for Results, Ratings of Micro-Indicators[19]



MI: Value system supports results-orientation and client focus

Survey respondents were asked if the institutional culture reinforces a focus on results, and if the institutional culture is client-focused. The majority of respondents provided ratings of adequate or higher on both questions (72 percent for the first question and 76 percent for the second). Clients were particularly positive about ADB's focus on results (89 percent providing a ratings of adequate or higher, resulting in a rating of strong overall) while other respondent groups gave it an adequate rating. The difference between the ratings of the three respondent groups was statistically significant.[20] This MI was not assessed by document review.

MI: Leadership on results management

This MI was asked only of MOPAN members at headquarters, 87 percent of whom agreed that ADB's senior management shows leadership on results management. This MI was not assessed by document review.

MI: Key documents available to the public

The majority of respondents (79 percent) gave ADB a rating of adequate or above on this MI. ADB makes key documents accessible to the public, according to the document review. ADB's website contains a large number of key documents available for the public, including the ADB Charter, Board meeting minutes, annual reports, the Development Effectiveness Review (DEfR) (report on performance against the Corporate Strategy's results framework), an organisational chart, the organisation's 2020 Strategy, thematic reports, audit and evaluation reports, and others. Many of these are available in multiple languages. ADB has a disclosure policy, *The Public Communication Policy of the ADB: Disclosure & Exchange of Information*, and the Bank's website contains clear and explicit information on how to contact the organisation, as well as how to order publications that do not appear on the site itself.

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[19] No document review scores are provided for the micro-indicators "value system supports results orientation and partner focus" or "leadership on results management" as the document review did not examine these indicators. For more information please see the methodology in Volume II, Appendix I.

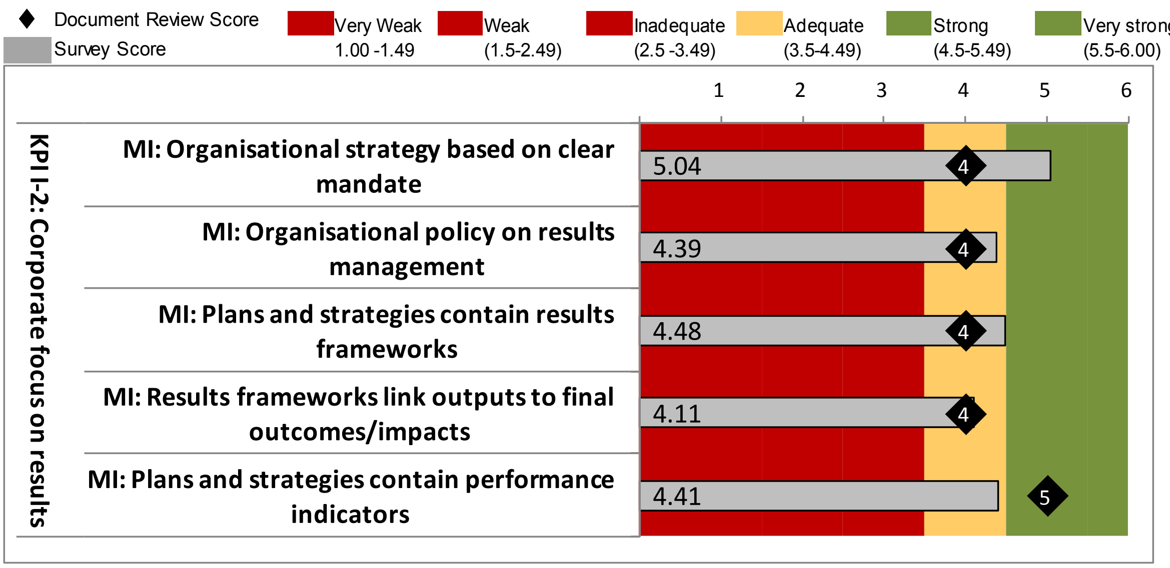
[20] Kruskal-Wallis test on weighted data, α = 0.05.

KPI I-2: Corporate Focus on Results

Finding 2: ADB was rated as adequate in the focus on results of its strategies.

ADB is making a number of changes to improve its results focus. In addition to the annual Development Effectiveness Review introduced in 2008 and the corporate Results Framework in 2008, ADB is developing an information technology-supported results dashboard. The questions in the survey for this KPI were asked only of donors at headquarters. The majority of respondents (86 percent) rated ADB as adequate or higher on this KPI.

Figure 3.7 KPI I-2: Corporate Focus on Results, Ratings of Micro-Indicators



MI: Organisational strategy based on a clear mandate

Survey respondents were asked two questions on the relationship between the organisation's strategy and its mandate: first, does ADB have a clear mandate? And second, is ADB's organisation-wide strategy aligned with the mandate? In answer to the first question, donors gave their highest rating of the entire MOPAN assessment, which translates to a score of strong. For both questions, the majority of respondents provided ratings of adequate or higher (93 percent for the first question and 90 percent for the second). The clarity of ADB's strategy was also one of the most frequent responses cited by respondents when asked about ADB's areas of strength.

A review of both the Charter and the Strategy indicates that the two are mostly aligned, although the links are not explicit. The Bank's Charter, the *Agreement to Establish the ADB* (August 1966), describes the purpose and five functions of the Bank. ADB's 2008 donor report on ADF X reaffirms the focus of the Fund on supporting the development plans of the poorest countries in the Asia and Pacific region. The organisation-wide strategy, Strategy 2020, articulates the goals and focus priorities for the strategy period, including three "strategic development agendas", five "drivers of change", and five "core areas" for the organisation. No mention of the functions described in ADB's Charter is made in Strategy 2020, however there are implicit links between these two documents. The "development agendas" and "drivers of change" mention some areas of ADB's functions, but do not seem to mention explicitly functions iv and v: technical assistance and cooperation with the UN, respectively. However, in the text of the strategy it does clarify its responsibilities in both of these areas.

MI: Organisational policy on results management

A majority of survey respondents (80 percent) rated ADB adequate or higher on its application of results management across the organisation.

The document review, which focused on whether an organisation-wide policy on results management exists, rated ADB as adequate on this MI as it does not have an official policy on results-based management (RBM). However, it has published an *Action Plan on Managing for Development Results 2009-2011,* which defines management for development results (MfDR), and identifies roles, responsibilities and accountabilities for implementing the action plan. This document does not meet all criteria for an RBM policy. For instance, it does not explain the purpose and benefits of RBM or of MfDR. While it does mention the key phases of MfDR, it is not specific on how these phases are to be undertaken. For example, it does not mention how results and indicators are to be developed. However, it states that "results information should be used to determine actions and resource-use to improve performance." (p. 1)

MI: Plans and strategies contain results frameworks

A majority of MOPAN members at headquarters (83 percent) perceived ADB's strategies to adequately contain frameworks of expected management and development results. The ADB Results Framework contains four levels, two of which are development-oriented (outcome and output levels related to poverty and human development among others) and two of which are management-oriented (operational effectiveness and organisational effectiveness). In theory, each level in the ADB Results Framework contributes to the achievement of the level preceding it numerically.[21] Although the ADB Results Framework contains performance indicators at these levels, grouped by categories, explicit statements of expected results are missing from the framework. It is reasonably clear what expected results are, given the indicators, their respective baseline levels and targets set for them, but they are not explicitly stated in this framework.

MI: Results frameworks link outputs to final outcomes/impacts

A majority of headquarters-based donors (80 percent) agreed that ADB's Results Framework establishes causal links from outputs through to impacts/final outcomes. Level 2 of the Framework is entitled "Contribution to country outcomes through key outputs", implying a link between output and outcomes. Within the text of the Results Framework, acknowledgement is given that causal links are intended, but may not be readily apparent. It states that these links will become explicit within country partnership strategies. The Results Framework also explains that (p. 9) "ADB will assess its contribution to country outcomes by aggregating key outputs delivered to DMCs through ADB projects in priority areas." The DEfR contains some explanation of how outputs contributed to outcomes. However, the Results Framework has only one results level higher than the output level (which is termed outcomes but may be closer to impacts), so contribution of near-term outcomes to final outcomes is not available. Furthermore, there appears to be quite a large causal distance between outcomes in level 1 (which are at the level of MDGs), and ADB outputs in level 2.

MI: Plans and strategies contain performance indicators

A majority of donors at headquarters (83 percent) rated ADB as adequate or higher on the quality of its performance indicators at output and outcome levels. The ADB Results Framework contains more than 60 indicators at output and outcome levels. These are for the most part clear and specific, provided with units of measurement and definitions of key terms, and an additional appendix provides greater clarity on the meanings of the indicators. Some of the indicators are based on or make use of accepted international indices (including MDGs) and the framework is harmonised with the results measurement systems of the International Development Association (IDA) and the African Development Fund (AfDF). Most of the

[21] For a visual explanation/ overview of this, see figure 1 in 2009 DEfR, p. 4.

indicators (with the exception of "Other Outcome Indicators" in Level 1), have targets set for them, and in all cases the date for target achievement is made clear (in general, 2012 for all indicators). However, since no statements of expected results are provided in the Results Framework, it was not possible to assess the relevance of the performance indicators to the expected result.

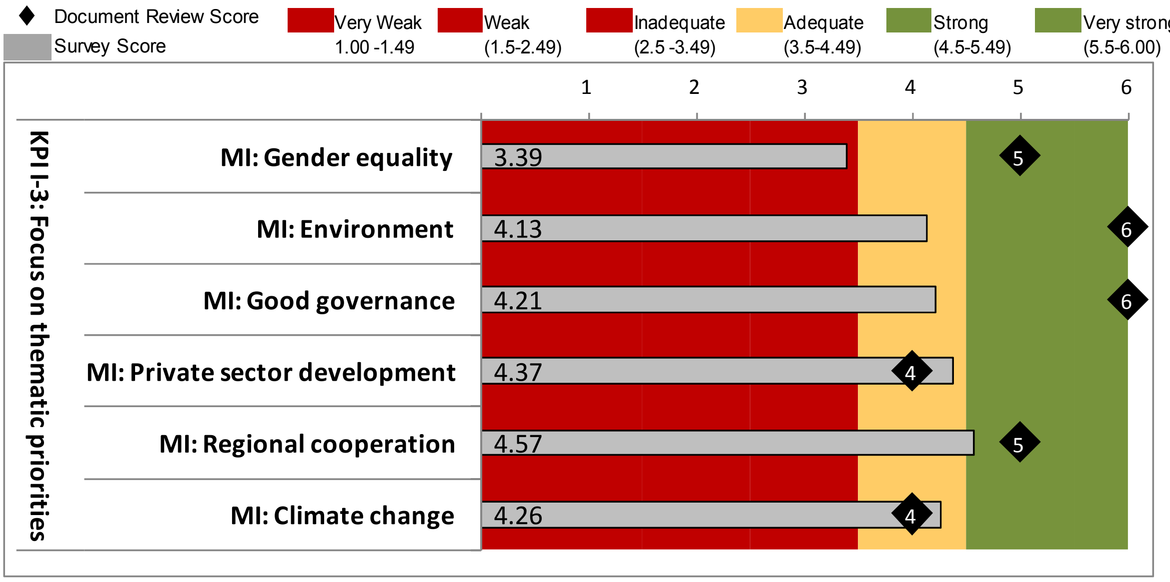
KPI I-3: Focus on Thematic Priorities

Finding 3: ADB is strong in mainstreaming specific cross-cutting thematic priorities, according to the document review. Respondents found ADB's mainstreaming of environment, good governance, private sector development and climate change as adequate, regional cooperation as strong and gender equality as inadequate. The document review assessed ADB's performance in each thematic priority as adequate to very strong.

The MOPAN Common Approach examined six cross-cutting thematic priorities: gender equality, environmental protection, good governance, private sector development, regional cooperation, and climate change.

The majority of respondents (64 percent) rated ADB as adequate or higher on the MIs in this key performance indicator.

Figure 3.8 KPI I-3: Focus on Thematic Priorities, Ratings of Micro-Indicators



MI: Gender Equality

On this MI, there was a divergence between the ratings of the document review (strong) and the survey (inadequate overall).

Survey responses to open-ended questions and other sources suggest that ADB's official policy statements on gender equality may not have yet been translated fully into action. The difference in ratings may also be due in part to the need to sensitise Bank staff (many of whom have backgrounds in economics, finance and engineering) to gender impacts in their area of expertise.

There was also a difference in ratings across survey respondent groups on this MI. Clients gave ADB an overall rating of adequate (75 percent provided ratings of adequate or higher), while donors in-country and at headquarters rated ADB as inadequate– a difference which was statistically significant.[22] This MI received the lowest rating from donors at headquarters out of the 38 survey questions they answered, and the lowest from donors in-country out of the 46 questions they answered. Donors at headquarters were particularly negative, with the majority (70 percent) giving ADB a rating of inadequate or lower. In addition, in the open-ended survey questions, 20 percent viewed gender integration (in programming or among ADB staff) to be one of the greatest areas for improvement for the organisation.

Gender mainstreaming is not new to ADB, and has been actively promoted for over 15 years. ADB's *Strategy 2020* considers gender equity as one of the organisation's five "drivers of change" (p. 15). This strategy states that ADB intends to mainstream gender issues in all its operations. ADB also has a *Gender and Development Policy* (1998), a *Gender and Development Plan of Action (2008-2010)*, and a gender projects database. While ADB commits to include gender mainstreaming strategies in its internal (i.e. non-program-related) activities, this commitment is not measured in the organisation's results framework. ADB also commits to include gender mainstreaming strategies in its programming in its *Gender and Development Policy*. The organisation's *Results Framework* has included a way to measure this, with an indicator on "Proportion of projects with gender mainstreaming (percent)".[23]

The ADB *Gender and Development Policy* commits the organisation to evaluate the implementation of the policy. ADB shows a commitment to finance the evaluation of gender. In 2010, the Independent Evaluation Department (IED) began Phase II of its *Special Evaluation Study on ADB's Support to Gender and Development*, which examines implementation of ADB's *Gender and Development Policy* from the point of view of ADB's resident missions, developing member countries (DMCs), and other stakeholders through selected field studies.[24] In the Independent Evaluation Department's (IED's) *2009-2011 Work Program*, it is indicated for each planned study whether it relates to the gender "driver of change". Approximately one-third does in this period. In 2006, an *Implementation Review of the GAD Policy* was carried out. This review concluded that "The gender mainstreaming mechanisms introduced under the policy have contributed substantially to ADB's progress in addressing gender concerns in its CSPs, loans, TA, and capacity development activities." However, it did also note some gaps and weaknesses in implementation of the policy. Indeed, "weaknesses and gaps remain in policy implementation, particularly in integrating country gender diagnostics in CSPs, providing gender technical support to executing agencies, and monitoring gender-related aspects of loan projects and programs. Promoting gender as a cross-cutting consideration within ADB continues to be a challenge, since its operations are structured primarily along sector and regional lines. […] Institutional responsibility for implementation remains weak." In recognition of this, a *GAD Plan of Action (2008-2010)* followed this review. Biennial and annual *GAD Plan of Action Implementation Progress Reports* reported on progress in implementing this action plan, and shows institutional commitment to implementation, and signs of improvement throughout the Bank in some of the areas noted in the review.

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[22] Kruskal-Wallis test on weighted data, $\alpha = 0.05$.

[23] Results Framework, Level 3: Operational Effectiveness, p. 6.

[24] At the time of the assessment, Phase II of the Evaluation Study was still ongoing. Phase I was completed in December 2009.

The ADB *Perceptions Survey – Multinational Survey of Stakeholders 2009* asked respondents about their perception of the Bank's performance in a number of areas. The responses for gender equality are broadly in line with the findings from this assessment: in the ADB perceptions survey, a greater proportion of respondents perceived ADB's performance in the area of gender equality to be "average" (41 percent) than either "good" or "excellent" (32 percent total). This represents the lowest marks from this survey out of all performance areas assessed. This survey also notes that the proportion of respondents who say ADB is doing a poor job in this area has increased since 2006.

MI: Environment

The majority of survey respondents (71 percent) provided ratings of adequate or better on this MI. Clients were more positive (85 percent provided ratings of adequate or higher) than donors at headquarters and in-country. The differences were statistically significant.[25]

ADB's *Strategy 2020* considers environmentally sustainable growth as one of its three development agendas for the region. It also includes environment as one of its core areas of operations. ADB also has a *Safeguard Policy Statement (SPS)* (2009), which includes Environmental Safeguards. In addition to this commitment to environmentally responsible practices in its programming, ADB also commits to the environment in its internal (i.e. non-program-related) activities, through the adoption in 2004 of a certified ISO14001 environmental management system to ensure that HQ facilities are managed in environmentally sound way (*ADB Sustainability Report 2009*).

ADB's *Safeguard Policy Statement* (SPS) commits the organisation to evaluate the implementation of the *Environmental Policy*. An operational review will be undertaken three years after the policy becomes effective, and a full review five years after, but since this policy is recent, these evaluations have not taken place yet. However, the 2002 *Environment Policy* was evaluated in 2006. This evaluation concluded that the "ADB's Environmental Policy has been found to be relevant to ADB's activities and the needs of its developing member countries (DMCs)" although it noted that the value addition of ADB's involvement in projects varies markedly from country to country. The evaluation noted that the uniform application of a single set of procedures to all DMCs presents a stumbling block to the efficiency and sustainability of the policy. In addition, the ADB's *Development Effectiveness Review* (DEfR) tracks progress along environmental indicators. ADB has shown progress in this area according to the 2009 DEfR.

Responses from the *ADB Perception Survey* (2009) were broadly in line with the survey responses in this assessment. In the former survey, a slightly greater percentage (53 percent) rated ADB "average" or worse in its performance in this area, than those who rated it "good" or "excellent" (47 percent). However, this survey also noted that a majority of DMC clients (greater than 80 percent) agreed on questions relating to ADB's actions to mitigate the adverse impacts on the environment of its projects.

MI: Good Governance

The majority of survey respondents (74 percent) gave ADB a rating of adequate or higher on ADB's mainstreaming of good governance. There was a statistically significant difference among ratings given by each respondent group in the survey, with clients giving ADB the strongest ratings out of the three respondent groups.[26]

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[25] Kruskal-Wallis test on weighted data, $\alpha = 0.05$.

[26] Kruskal-Wallis test on weighted data, $\alpha = 0.05$.

ADB's *Strategy 2020* considers good governance and capacity development as one of its five drivers of change (p. 14). It states that it will mainstream good governance in its operations and activities. ADB's Results Frameworks contain three indicators on governance: two of which relate to business start-up, and the third to an aggregate of country scores on governance and public sector management from Country Performance Assessments.

ADB was the first IFI to introduce a policy on good governance. Its current policy, *Governance: Sound Development Management* (1995), commits ADB to evaluate the implementation of the policy. The four main elements of good governance considered in the governance policy and the *Strategy 2020* are accountability, participation, predictability and transparency. ADB includes effectiveness of policy formulation and implementation in its definition of accountability. It also includes legal frameworks in its definition of predictability. *Strategy 2020* also considers curtailing official corruption a part of good governance. The control of corruption is also the subject of a policy, the *Anticorruption Policy* (1998), which is described in more detail in Finding 10. Its importance for ADB in good governance is made clear by its inclusion in ADB's action plan on governance: the *Second Governance and Anticorruption Action Plan (GACAP II)* (2006).

ADB evaluated the implementation of the governance policy in 2005. The *Review of the Implementation of ADB's Governance and Anticorruption Policies: Findings and Recommendations* (2006) noted some progress in implementing the governance policy, but also found that "The governance policy has meant that ADB has taken on an extensive governance agenda of lending and non-lending activities resulting in minimal focus, too many small projects of short duration and staff resources spread too thinly." The *Second Governance and Anticorruption Action Plan (GACAP II)* and corresponding guidelines were developed in response to this review.

MI: Private Sector Development

A majority of respondents (70 percent) provided a rating of adequate or higher on ADB's adoption of private sector development as a cross-cutting priority. The *Strategy 2020* considers private sector development and private sector operations as one of the five drivers of change emphasised by ADB (p. 14). It states that "ADB will promote public-private partnerships in all of its core operational areas, gaining experience first in [middle-income countries], and then expanding these efforts to all [developing member countries]" (p. 14). ADB also has a *Private Sector Development Strategy* (2000) and *Private Sector Development: A Revised Strategic Framework* (2006). Both of these strategy documents commit the organisation to evaluate individual projects under the umbrella of private sector development, but do not require an evaluation of the sectoral area more broadly. In 2007, ADB published a *Special Evaluation Study on Private Sector Development and Operations*, which notes that the Bank's work in this area has been satisfactory overall. Only its ratings on development outcomes and operational effectiveness were rated on the margin or partly satisfactory, primarily due to the lack of synergy between public and private sector operations.[27] The evaluation study concludes that the size of ADB's private sector operations portfolio has experienced strong growth, although many developing member countries complain that ADB is not responding adequately to the demand. This was the first of several evaluation studies analysing different aspects of the Bank's private sector operations. In the *ADB Perceptions Survey* (2009), approximately the same proportion of respondents rated ADB "good" or "excellent" (40 percent) as rated it "average" (39 percent) in its performance in mobilising resources to develop the private sector. The majority of respondents (over 70 percent) rated ADB adequate or better in building partnerships with the private sector, and that it plays a useful role in enhancing the private sector.

[27] ADB, Private Sector Development and Operations: Harnessing Synergies with the Public Sector, SST: REG 2006-06, p. v.

MI: Regional Cooperation

A majority of respondents (72 percent) provided ratings of adequate or higher on this MI, but some donors in-country appeared to be uncertain (32 percent selected 'don't know'). In addition, when asked about the greatest strength of ADB in the open-ended survey questions, one of the most frequent responses (particularly among donors at headquarters) was ADB's regional nature.

In *Strategy 2020*, regional cooperation and integration is identified as one of three "strategic agendas" and as a "core area of operation". Increased regional cooperation and integration in all operational areas is one of ADB's operational goals for its lending portfolio. It includes one indicator on regional integration in its results framework: the percent of Asia-Pacific's trade that is intra-regional trade. ADB also has a separate strategy on *Regional Cooperation and Integration*, published in 2006. Neither the 2020 strategy nor the regional cooperation strategy commit ADB to evaluate the implementation of this strategy, although ADB has reviewed the implementation of the RCI strategy, under guidance of the RCI Community of Practice. In 2008, a Regional Cooperation Assistance Program Evaluation (RCAPE) was conducted on *Regional Cooperation in Greater Mekong Subregion*. This evaluation provided an overall assessment of "successful" to the regional cooperation and integration program. The outline work program for the Independent Evaluation Department (IED) for 2008-2010 also identifies the following planned evaluations: 2009: Regional Cooperation in the Pacific and the Pacific Regional Strategy; 2010: Regional Cooperation in the South Asia Region and Regional Cooperation Program in Central Asia Region.

MI: Climate Change

A majority of respondents (60 percent) agreed that ADB has mainstreamed climate change. Donors in-country appeared to be uncertain about this MI, with a high percentage (36 percent) selecting 'don't know'.

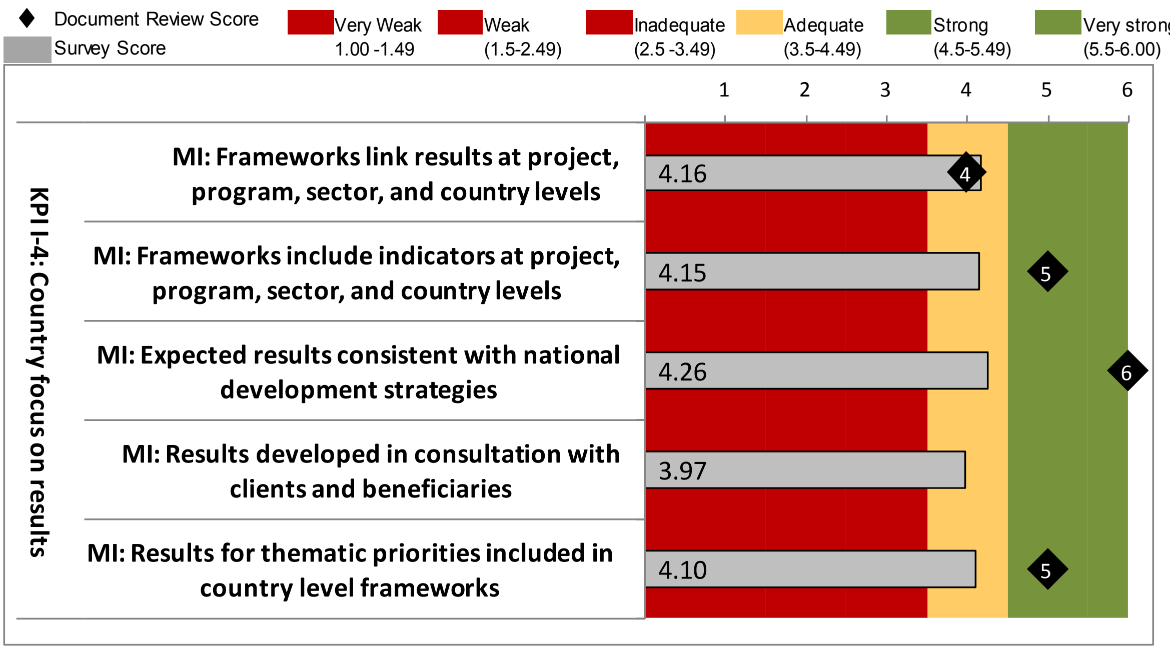
Climate change is included with environment as one of ADB's five core areas of operation in *Strategy 2020*, and is included with "environmentally sustainable growth" as one of ADB's three development agendas. In addition, ADB's five regional departments – Central and West Asia, the Pacific, South Asia, East Asia, and Southeast Asia – have prepared *Climate Change Implementation Plans* (CCIP) "to better align climate-related investments and associated policy and institutional support with the priorities of ADB's developing member countries (DMCs)." (ADB Brochure *Climate Change – ADB Programs – Strengthening Adaptation and Mitigation in Asia and the Pacific*). However, neither the Strategy 2020 nor the CCIPs commit ADB to evaluate its climate change program.

KPI I-4: Country Focus on Results

Finding 4: ADB's country strategies are adequately results-focused, according to survey respondents. The document review gave ADB a strong rating on this key performance indicator.

ADB's *Country Partnership Strategies* (CPSs) are its strategic documents at country level. These documents outline the strategy and results framework for the Bank's operations in that country, aligning these with goals and priorities of the national government. A majority of respondents (63 percent) provided ratings of adequate or higher on the MIs in this KPI. However, this KPI was also marked by a high level of uncertainty on the part of donors in-country, who answered 'don't know' 29 percent of the time, on average. The micro-indicators in this key performance area were asked only of respondents at country level: ADB clients and donors in-country.

Figure 3.9 KPI 1-4: Country Focus on Results, Ratings of Micro-Indicators[28]



MI: Frameworks link results at project, program, sector, and country levels

The majority of survey respondents (61 percent) agreed that ADB's results frameworks link results across project, sector and country levels. Donors in-country indicated a high level of uncertainty about this micro-indicator, with 38 percent selecting 'don't know' to this question. ADB's *Country Partnership Strategies* (CPS) sampled in this assessment contain statements of expected results at output and outcome level, for the country as a whole. This is consistent with the findings of the *ADB Summary of Assessments on Managing for Development Results* (MfDR), which notes that all CPSs since 2005 are results-focused. However, some limitations are noted in the sample of CPSs reviewed. Most country strategies contain clearly identified outcomes, but do not adequately clarify what the outputs are for these outcomes. Several of the CPSs sampled explicitly link expected results of sector strategies to expected results at country level, but only half of CPSs sampled explicitly link expected results of projects and/or programs to expected results at country level.

MI: Frameworks include indicators at project, program, sector, and country levels

A majority (60 percent) of respondents provided a rating of adequate or higher on this MI, but 38 percent of donors in-country stated they 'don't know'. ADB's *Country Partnership Strategies* include performance indicators, which are for the most part sufficiently specific and relevant to the expected results in the strategies. In most cases, targets are clear for each indicator. However, the CPSs sampled provided no information on data sources and collection methods for these indicators.

[28] No document review score is provided for the micro-indicator "results developed in consultation with clients and beneficiaries" as the document review did not examine this indicator. For more information please see the methodology in Volume II, Appendix I.

MI: Expected results consistent with national development strategies

According to the document review, ADB is very strong in ensuring consistency of its statements of expected results with those in the countries' national development strategies. In each *Country Partnership Strategy* reviewed in this assessment, reference is made to the country's national development strategy. In each case the link between ADB's expected results and those identified in the national plans is clear. In most cases, the results framework for ADB contained in the CPS includes a column showing the expected results of the national plan, aligning these with ADB's expected results. Given this focus on aligning with national plans, it is not clear why respondents rated ADB as adequate on this MI, although it is worth noting that the majority of respondents (74 percent) provided ratings of adequate or higher.

MI: Results developed in consultation with beneficiaries

The majority of respondents (60 percent) perceived that ADB adequately consults with beneficiaries to develop its expected results. However, while 83 percent of client respondents rated ADB as adequate or higher on this MI, among donors in-country, ratings were divided. There was a statistically significant difference between the ratings of clients and donors in-country in this MI.[29] This MI was not assessed by document review.

MI: Results for thematic priorities included in country level frameworks

Findings are conflicting on whether results for cross-cutting thematic priorities are included in ADB country level results frameworks. A majority of respondents (61 percent) gave ADB a rating of adequate or higher on this MI, but 32 percent of donors in-country responded 'don't know' to this question. The *Country Partnership Strategies* sampled in the document review identify organisationally relevant cross-cutting themes, including gender equity, regional cooperation, governance and environment, among others, and describe results that integrate some of these themes. The majority of CPSs sampled contained references to international agreements, treaties and conventions governing the theme/issue in question, and described strategies and approaches to address or apply the theme/issue.

3.3.3 Operational Management

ADB received mixed ratings on its performance in operational management. In both the document review and the survey, this quadrant had more MIs rated below adequate than any other quadrant – due, for the most part, to perceptions of its management of human resources. However, it was also the quadrant with the most MIs rated very strong by the document review.

Making transparent and predictable aid allocation decisions is clearly a strength for the organisation. Its performance-oriented programming (inclusion of milestones or targets in its project planning, and conduct of benefits analyses) was considered very strong according to the document review, but only adequate by survey respondents' standards.

On the other hand, human resources management and results-based budgeting appear to be areas for improvement. ADB's management of human resources was the focus of much attention. The qualifications and experience of ADB staff were noted by many survey respondents (particularly donors in-country) as the Bank's greatest strength, while human resources management in general was described by others as its greatest weakness.

Another area for improvement noted by many respondents (particularly donors at headquarters) was the need to decentralise decision-making to the local level.

However, for several survey questions in the area of operational management, there was also a high overall rate of 'don't know' responses.

[29] Mann-Whitney U test on weighted data, $\alpha = 0.05$.

Figure 3.10 Quadrant II: Operational Management – Survey and Document Review Ratings

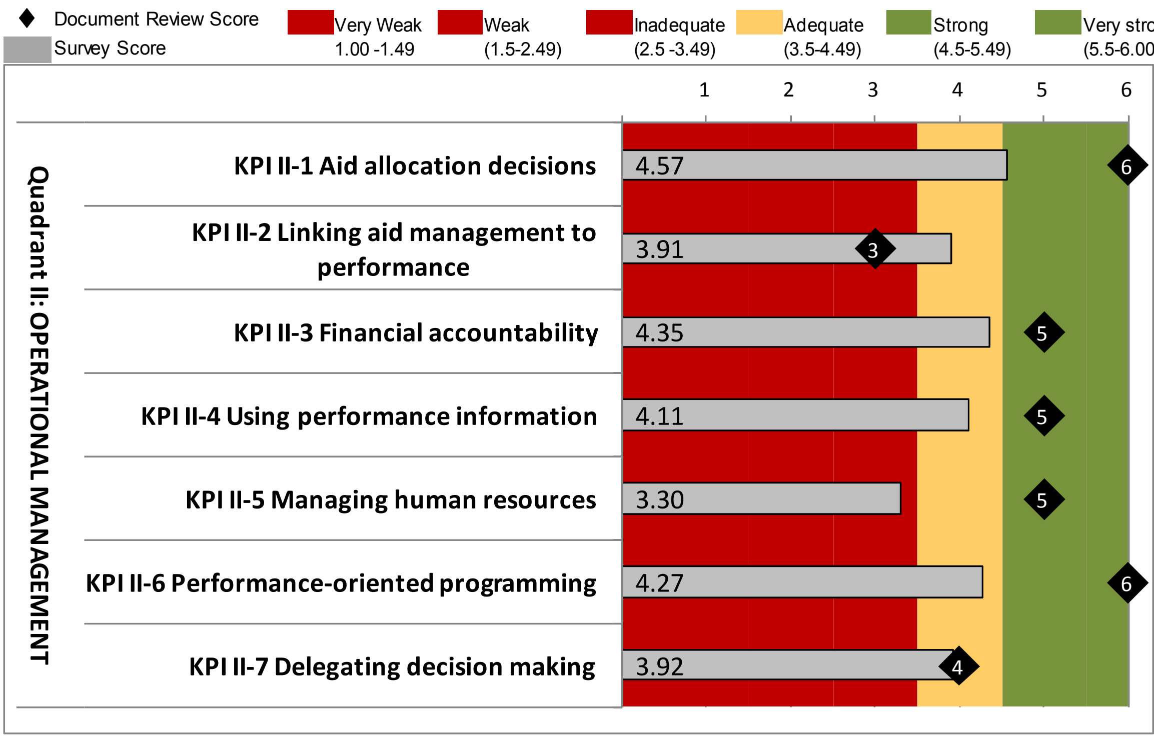


Figure 3.11 Quadrant II: Operational Management, Mean Scores by Respondent Group

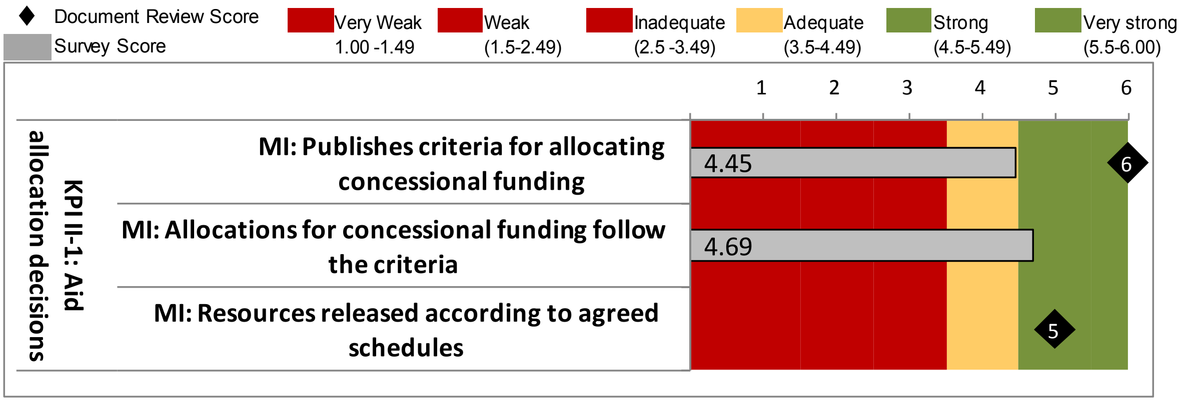
Very Weak 1.00 -1.49 | Weak (1.5-2.49) | Inadequate (2.5 -3.49) | Adequate (3.5-4.49) | Strong (4.5-5.49) | Very strong (5.5-6.00)

	Total mean score	Clients	Country donors	HQ donors
KPI II-1: Aid allocation decisions	4.57	4.57	4.04	4.87
KPI II-2: Linking aid management to performance	3.91	NA	NA	3.91
KPI II-3: Financial accountability	4.35	4.68	3.91	4.32
KPI II-4: Using performance information	4.11	4.25	3.81	4.14
KPI II-5: Managing human resources	3.30	4.69	3.77	2.98
KPI II-6: Performance oriented programming	4.27	4.39	4.18	4.24
KPI II-7: Delegating decision making	3.92	4.00	3.88	NA

KPI II-1: Aid Allocation Decisions

Finding 5: ADB received strong marks for making transparent and predictable allocation decisions about its concessional resources.

Figure 3.12 KPI II-1: Aid Allocation Decisions, Ratings of Micro-indicators[30]



MI: Publishes criteria for allocating core budget resources

According to the survey and document review, ADB makes transparent and predictable aid allocation decisions. In the document review, ADB was rated as very strong in making public its criteria for allocating concessional aid funding, whereas survey respondents consider ADB to perform adequately on this indicator. There were some differences across respondent groups, however: donors at headquarters rated the organisation as strong, while respondents at country level rated it adequate, a difference which is statistically significant.[31] The majority (61 percent) of respondents from all groups gave ADB a score of adequate or better on this MI, although 45 percent of MOPAN Country Office respondents indicated that they 'don't know'. According to the ADB website,[32] the Asian Development Fund (ADF) has criteria for determining country eligibility (gross national income and credit-worthiness), as well as a performance-based allocation policy that outlines a formula for allocation. Grants are allocated according to this formula and the country's debt-distress classification. This formula for 2010 is explained in ADB's policy paper titled *Refining the Performance-Based Allocation of Asian Development Fund Resources* (2008) available on the ADB web site.[33]

MI: Allocations of core budget resources follow the criteria

Survey respondents who answered that ADB does publish its criteria for allocating funding (i.e. provided a response of adequate or higher on the previous question) were asked whether ADB's allocations follow the criteria. Respondents considered ADB to be strong in this area. There was some difference across respondent groups on this question, however, as donors at headquarters and clients considered ADB to be strong, while donors in-country rated the organisation adequate, a difference which is statistically significant.[34] A slight majority (56

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[30] No document review score is provided for the micro-indicator "allocations for concessional funding follow the criteria" as the document review did not examine this indicator. Similarly, no survey score is provided for the micro-indicator "resources released according to agreed schedules" as this was not asked on the survey. For more information please see the methodology in Volume II, Appendix I.

[31] Kruskal-Wallis test on weighted data, $\alpha = 0.05$.

[32] http://www.adb.org/ADF/resources.asp

[33] http://www.adb.org/Documents/Policies/ADF/Performance_Based_Allocation/Refining-Performance-Based-Allocation.pdf.

[34] Kruskal Wallis test on weighted data, $\alpha = 0.05$.

percent) of respondents rated ADB adequate or higher on this MI. This MI was not assessed by the document review.

MI: Resources released according to agreed schedules

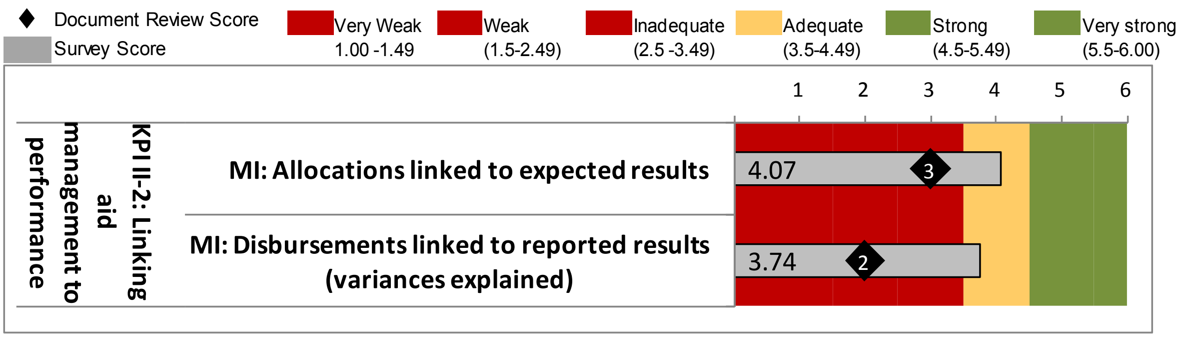
In the document review, ADB was rated as strong in releasing aid and planned resources according to agreed schedules. The Paris Declaration Indicator 7 aims to halve the proportion of aid not disbursed within the year for which it was scheduled and has set a target of 71 percent for 2010. In 2009, according to ADB data, 77 percent of aid for government sector scheduled for disbursement by ADB was recorded in country accounting systems within the same year.[35] The results for 2009 illustrate a decline from 2008 (84 percent), mostly due to the major assistance provided in 2009 for financial and economic crisis response operations that could not have been foreseen or included in the pipeline. Although the ADB exceeds the target established by the Paris Declaration, it falls short of its own target for aid predictability, which is set at 89 percent. This indicator was not assessed by survey respondents.

KPI II-2: Linking Aid Management to Performance

Finding 6: Although ADB is perceived by donors at headquarters to adequately link aid management to performance, ADB's budgets and financial reports are not results-based and thus receive a score of inadequate from the document review.

The document review indicated that ADB performs less than adequately on both micro-indicators in this KPI (both on linking aid budget allocations/lending to expected development results and on linking aid or lending disbursements to reported results), whereas survey respondents at headquarters (the only respondents asked) rated ADB as adequate on these two indicators. A majority of respondents (77 percent) rated ADB adequate or higher on the first MI, whereas results were more mixed on the second.

Figure 3.13 KPI II-2: Linking Aid Management to Performance, Ratings of Micro-indicators



MI: Budget allocations linked to expected development results

Although survey respondents rated ADB as adequate on this MI, the document review rated it as inadequate because its annual budgets are not aligned with expected results. The *2010-2012 Work Program and Budget Framework* (WPBF) "presents a rolling 3-year operational plan of ADB.... [and] explains how ADB adjusts its operations, internal resources, and institutional structure to meet the interim targets specified in its corporate results framework. The WPBF also sets out ADB's response to issues identified in the development effectiveness reviews (DEfRs), and forms the basis to prepare ADB's 2010 internal budget" (WPBF, p. 1). In addition,

35 ADB, Asian Development Bank's Progress on *Aid Effectiveness : 2010 Update*, paragraph 11, p. 5, April 2010.

the operational work program discussed in WPBF consists of individual country programs which are developed using country results frameworks.

Some improvement in results focus is seen in the WPBF 2010-2012 over the previous version, WPBF 2009-2011. Specifically, a greater percentage of lending and grants have been aligned with the ADB's five core sectors, which are in turn linked to the Bank's development agendas for the region.

Despite these improvements, some areas for further work remain. For example, expected results from the organisation-wide *Results Framework* are not aligned with financial amounts (the results are not costed), and no evidence is found of an accounting system to track costs from activity through to impact.

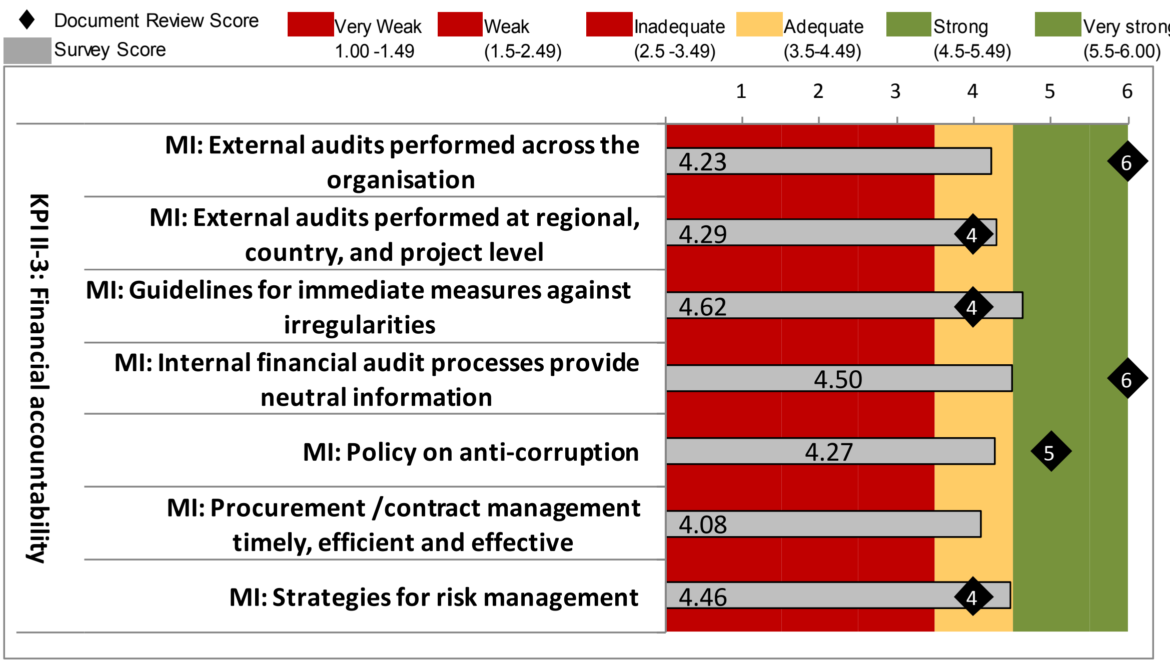
MI: Disbursements/expenditures linked to reported results (variances explained)

Although survey respondents rated ADB as adequate on this MI, the document review rated it as weak. ADB's financial report (Volume 2 of the ADB annual report) does not clearly align financial disbursements with achieved results. However, some evidence of aligning financial results with non-financial results can be found at the country level, in *Country Partnership Strategies* (CPS) and *Country Operations Business Plans* (COBP).

KPI II-3: Financial Accountability

Finding 7: ADB practices in support of financial accountability received mixed ratings: according to the document review, internal audits, organisation-wide external audits and its anti-corruption policy are strengths for the organisation. However, external audits at regional, country and project level are an area of concern. According to the survey, ADB is strong in guidelines against irregularities and internal audits, and adequate in other areas.

Figure 3.14 KPI II-3 – Financial Accountability, Ratings of Micro-indicators[36]



[36] No document review score is provided for the micro-indicator "procurement/contract management timely efficient and effective" as the document review did not examine this indicator. For more information please see the methodology in Volume II, Appendix I.

MI: External audits performed across the organisation

The survey asked headquarters-based respondents if ADB external audits are meeting the needs of donors. A majority (77 percent) rated ADB as adequate on this MI.

The document review assessed whether external audits (meeting recognised international standards) are performed across the organisation. The document review found that external audits are performed across ADB. Indeed, each year, the *Annual Report volume 2: Financial Report* contains letters from auditors (Deloitte or PricewaterhouseCoopers LLP), stating that the audit was conducted in accordance with standards generally accepted in the United States of America (usually with attestation standards established by the American Institute of Certified Public Accountants).

MI: External audits performed at regional, country, and project level

Overall, survey respondents considered that external audits are adequately performed at the regional, country or project level, with the majority (66 percent) providing a rating of adequate or higher. However, there was a statistically significant difference[37] in ratings across these two groups – clients rated ADB as strong, and donors in-country gave it an adequate rating.

According to the document review, the *Financial Management and Analysis of Projects* (Guidelines) "requires the borrower and the project EA to have the required financial statements for each year audited by an independent auditor acceptable to ADB, and in accordance with standards on auditing that also are acceptable to ADB." (p.25). The *Project Administration Instructions 5.09 on Submission of Audited Project Accounts and Financial Statements* provide instructions for financial audits at project level, including a sample audit letter. The *Financial Management and Analysis of Projects (*Guidelines*)* also indicate that the audits are carried out using international standards. However, as ADB in this instance makes use of country systems, the responsibility to engage the auditor lies with the borrower, and the extent to which the audited project accounts are made public depends upon the borrower's standard practice. Therefore many such reports were not available for review. However, given the documentary evidence that such audits are taking place, ADB receives a document review score of adequate on this MI.

MI: Guidelines for immediate measures against irregularities

A majority (71 percent) of respondents rated ADB adequate or higher in having guidelines in place for immediate measures against irregularities identified at the country level. However, there is a statistically significant difference between the scores given by ADB clients (strong) and donor in-country (adequate).[38]

According to the document review, *Project Administration Instructions 5.09 on Submission of Audited Project Accounts and Financial Statements*, Section E 28 describes the "Remedies for Poor Compliance", when submission of audited project accounts (APA) and audited financial statements (AFS) do not meet requirements, including in cases "when APA or AFS is submitted but has material audit qualifications". In addition to describing the procedure for a response to irregularities identified during an external financial audit, this document sets timelines for the response to such irregularities.

MI: Internal financial audit processes provide neutral information

The perception of MOPAN members from headquarters is that internal financial audit processes are used to provide ADB's management /governing bodies with neutral information. A majority of respondents (70 percent) answered adequate or higher on this MI. Although

[37] Mann-Whitney U test on weighted data, $\alpha = 0.05$.

[38] Mann-Whitney U test on weighted data, $\alpha = 0.05$.

internal audit reports were not available for this review, due to their confidential nature,[39] ADB has organisation-wide guidelines/policies for the practice of internal financial audits in *Operations Manual, Bank Policies, Internal Audit, December 2003*. This document presents evidence that the internal audit function is separated enough from the programming areas to be able to provide an “independent” audit opinion and that it reports to the President, who reports to the Audit Committee of the Board. Moreover, the Annual Report of the Audit Committee Board 2008-2009 has a section entitled Review of the Internal Audit Division’s Status of Implementation of its 2008 Work Program and of the 2009 Audit Work Program and thus confirms receipt of internal audit information.

MI: Policy on anti-corruption

The majority of survey respondents (67 percent) rated ADB positively on its policy on anti-corruption; 33 percent of donors in-country indicated that they don’t know whether ADB follows up on policies or guidelines on financial management and anti-corruption.

ADB’s anticorruption policy is based on two key documents, namely the Integrity Principles and Guidelines (IPG) (May 2010) and ADB’s Anticorruption Policy (AP) (July 1998). The IPG describe the general principles and guidelines on anti-corruption agreed to by international financial institutions (IFIs). The AP describes policy measures, as well as recommendations for changes that should be made at the organisational level. ADB also has a policy on governance and anti-corruption, enshrined in the *Second Governance and Anticorruption Action Plan (GACAP II)* (2006). This document, and accompanying guidelines, aim to improve ADB’s performance in helping strengthen national governance systems and in reducing vulnerability to corruption in ADB investments

The Terms of Office for the Office of Anticorruption and Integrity (OAI) state among the principal responsibilities of OAI “To conduct independent and objective investigations of fraud and corruption, collusive practice, coercive practice, conflict of interest and abuse pursuant to ADB’s anticorruption policy known to or identified by OAI”. The IPG primarily provides the parameters for investigations conducted by the Office of Anticorruption and Integrity (OAI).” ADB also has a Code of Conduct for the Staff Members and a Code of Conduct for Directors, Alternate Directors and Temporary Alternate Directors and the President. The *Integrity Principles and Guidelines* state that “The effectiveness of these measures will be evaluated after the first year and additional steps will be considered as needed.” (p. 43). This commits the organisation to audit and evaluate the impact of its activities on combating fraud and corruption.

MI: Procurement/ contract management timely, efficient and effective

According to donors in-country and clients, ADB has adequate procurement and contract management processes for the provision of services or goods that are timely, efficient and effective. The majority of respondents (64 percent) rated ADB adequate or higher on this MI. The document review did not assess this micro-indicator.

MI: Strategies for risk management

The majority of donors at headquarters (73 percent) rated ADB as adequate on this MI. Although there is no organisation-wide risk management policy, framework, or set of guidelines that is currently in force, ADB has an Office of Risk Management (ORM) with policies and guidelines on risk management in place in specific sectoral areas, including a comprehensive private sector lending credit policy for its nonsovereign operations, treasury investment and risk guidelines, and capital adequacy framework. According to ADB, there is a Risk Manual

[39] In May 2010 the document review team sent a request to ADB for a list of documents, which included “Audit plans and audit reports at regional, country or project levels”. ADB provided the following response to this request: “While internal audit reports are confidential documents based on ADB's public disclosure policy, the document below is the Annual Report of the Audit Committee of the Board, which is a public document. http://www.adb.org/Documents/Board/Committee-Reports/2009/Audit/SecM72-09.pdf”

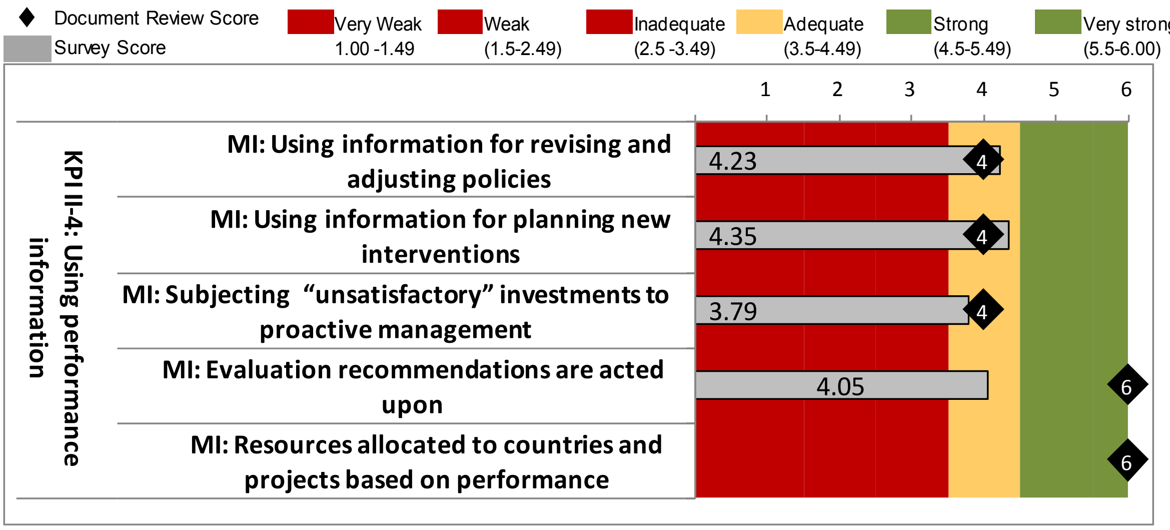
currently being completed. In addition to the policies from ORM, there are several documents in place such as the *Disaster and Emergency Assistance Policy* (2004), the *Action Plan for Implementing ADB's Disaster and Emergency Assistance Policy* (2008) and *Foreign Exchange Risk*. Consequently, ADB was rated as adequate since some of the sector guidelines on specific areas of risk management commit ADB to risk management in its operational management practices and project/program delivery and to describe the approaches and methods of risk management. Assessment of risk is also undertaken at the project level as part of the logical framework analysis, and risk assessments and risk management plans are prepared for ADB programs and projects in ADB priority sectors.

KPI II-4: Using Performance Information

Finding 8: Overall, ADB was rated as adequate in its use of performance information on results to plan and revise its strategies and operations by the survey, and strong by the document review.

In considering ADB's use of performance information, the survey and document review examined five indicators. Overall, ADB received a rating of adequate on this KPI from the survey respondents and of strong from the document review. It appears that a significant proportion of donors in-country (43 percent) don't know whether performance information on results is used by ADB.

Figure 3.15 KPI II-4: Using Performance Information, Ratings of Micro-indicators[40]



MI: Using information for revising and adjusting policies

A majority (80 percent) of donors at headquarters agreed that ADB uses project, sector and country information on performance to revise corporate strategies. The survey asked whether ADB uses project, sector and country information on performance to revise corporate strategies, while the document review examined the extent to which performance information on results (from any source) is used for revising and adjusting policies.

There is information on organisation-wide performance available in the *Annual Reports* and in the *Development Effectiveness Review (DEfR)*. The *Development Effectiveness Review 2009* describes the implications of the performance information on ADB's policies and the changes

[40] No survey score is provided for the micro-indicator "resources allocated to countries and projects based on performance" as this was not asked on the survey. For more information please see the methodology in Volume II, Appendix I.

that have resulted: "ADB has taken numerous actions responding to performance weaknesses noted in the 2007 DEfR and 2008 DEfR…. [for example] changed its project administration instructions to reduce project start-up delays". There are also many examples of ADB making policy adjustments based on evaluation information. An evaluation was conducted, for example, that recommended that ADB clarify the meaning of program-based approaches and give clearer guidance to staff. That guidance (which also included the new guidance on conditionality) was issued in 2009.[41]

MI: Using information for planning new interventions

The majority (66 percent) of donors in-country and ADB clients perceived that ADB uses performance information on results for planning new interventions. ADB's key vehicle for annual programming is the Country Operations Business Plan (COBP). However, there is no evidence from a review of these plans that results information has been used in planning new interventions. ADB also prepares *Development Effectiveness Country Briefs* to present how its operations help improve people's lives in member countries, and the challenges that ADB and the countries face in pursuing agreed development goals. The briefs complement the annual *Development Effectiveness Review* in reporting on ADB's performance using ADB Results Framework indicators. In addition, there are annual reports at the sub-regional level. There is no evidence from the review of the Development Effectiveness Country Briefs for Afghanistan, Sri Lanka, and Viet Nam (there are no country briefs for Indonesia) that ADB annual country performance has implications in the planning of new interventions. There is evidence however that performance information is used in planning new interventions in the Kyrgyz Republic and Mongolia and that changes required in planning new interventions in these two countries have been made. ADB is currently conducting trainings on how to use country and sector results information to adjust its country operational strategies and priorities.

ADB also undertakes Country Assistance Program Evaluations (CAPEs) of ADB country programs on an irregular basis. These assess the performance of ADB in each country, and provide recommendations for changes to programming. CAPEs have been conducted for Indonesia (2005), Sri Lanka (2007) and Viet Nam (2009), but it does not appear that a CAPE has been conducted for Afghanistan. There is evidence from management responses to these evaluations that adjustments were made to programming based on recommendations.

MI: Using information to manage less effective activities from previous cycle

Donors in-country and ADB clients as well as the document review considered that ADB's unsatisfactory investments, programs, and projects from the previous fiscal year are adequately subject to proactive management. In the survey, 39 percent of all respondents and 59 percent of donors in-country answered 'don't know' to this MI.
According to the *COMPAS 2008* report (p. 35), "As of 30 December 2008, 13 (2.5 percent) of the 513 loans under implementation were rated "unsatisfactory" in either implementation progress or impact and outcome. The Proactivity index was 72.5 percent (29 loans) as of 30 December 2008. It is defined as the percent of projects rated 'at risk' (problem projects) 12 months earlier that have been brought out of that category through upgrading, restructuring, closure, or cancellation."

[41] Special Evaluation Study: The ADB's Approaches to Partnering and Harmonisation in the context of the Paris Declaration on Aid Effectiveness (2007).

MI: Evaluation recommendations are acted upon

The majority of donor respondents at headquarters (57 percent) agreed that ADB acts on evaluation recommendations reported to Executive Committee/Board. The ADB *Operations Manual – Bank Policies (BP)* mentions that "To facilitate more rigorous monitoring of the cumulative progress of actions on IED [Independent Evaluation Department] recommendations, a management action record system has been established. IED inputs recommendations into the system from its evaluation studies. Management, in collaboration with the concerned departments, is responsible for monitoring actions taken in response to IED recommendations and for recording implementation progress in the system at least twice a year. The results are consolidated and analysed, forming IED's *Annual Report on Acting on Recommendations*." This document "provides the Board of Directors and ADB Management an annual report on action plans and actions taken in the context of the Management response to evaluation recommendations, together with validation by the Independent Evaluation Department of the actions taken." This is evidence of a systematic process for follow-up on the evaluation of the recommendations accepted by ADB Management.

MI: Resources allocated to countries and projects based on performance

The document review rated ADB very strong in allocating resources to countries and projects based on performance. Survey respondents were not asked about this MI.

ADB has a robust process for allocation based on performance, which is similar to that of the World Bank but customised to align with ADB priority policy areas (such as governance). According to the *COMPAS 2008* report, Category 3: "About 95 percent of the Asian Development Fund (AsDF) [were] in line with the performance-based allocation…system. Two countries (Afghanistan and Timor-Leste) received allocations that were greater than what they would have received through the [performance-based allocation] system because of their status as post-conflict countries. Indonesia was on the watch list for graduation from AsDF and had its allocation capped below what it would have received under [the allocation system]. In addition, 5 percent of AsDF IX funds were allocated outside of [the allocation system] for sub-regional cooperation projects."

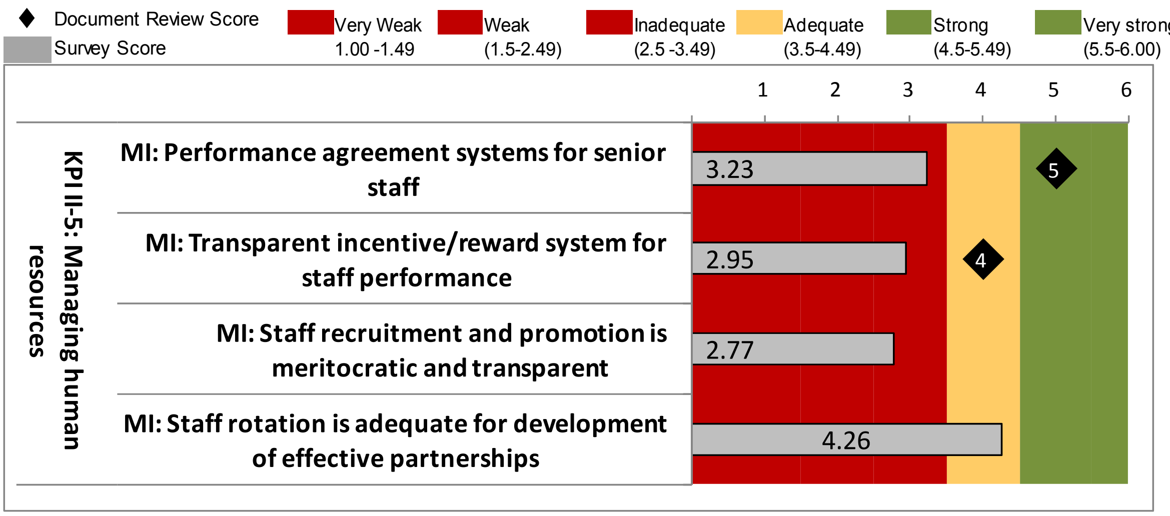
KPI II-5: Managing Human Resources

Finding 9: Although ADB was perceived by some survey respondents to perform inadequately in managing human resources, it was rated as strong for its HR systems by the document review.

Survey respondents' perceptions were not uniform on ADB's performance in managing human resources using methods to improve organisational performance. While the majority of donors at headquarters (52 percent) had negative views about ADB's performance in this key performance area, the majority of donors in-country (54 percent) and clients (82 percent) rated ADB as adequate or better. However, survey respondent groups were asked different questions, which may explain some of the differences in ratings. These are detailed below.

When asked about the greatest strength and greatest area for improvement of ADB, survey respondents frequently mentioned aspects of human resources. The competence of staff was frequently mentioned as the organisation's key strength, while human resource management in general and the need for more staff at country level were frequently cited as key areas for improvement.

Figure 3.16 KPI II-5: Managing Human Resources, Ratings of Micro-indicators[42]



MI: Performance agreement systems for senior staff

Donors at headquarters rated ADB as inadequate on the survey question "ADB uses results-focused performance agreements for senior staff". The document review rated ADB as strong on this MI.

The norms and principles for ADB's HR management are set out in *Our People Strategy*, approved in 2010.

The ADB document *Results Matter: Ideas and Experiences on Managing for Development Results* (May 2005) [43] mentions the development of a new performance management system requiring all staff to develop a Performance and Development Plan (PDP) that contains "Clearly defined work plans agreed at the start of the year for all employees. The individual work plans cascade ADB goals to departmental objectives (key result areas and country strategies and programs)" (p.1). This document also suggests that the performance management system measures the performance of all ADB staff. The system is fairly well described in this document: "The PDP process encompasses (i) discussion/agreement with supervisors on the annual workplan (January–March); (ii) discussion/agreement on workplan outputs and measures to assess performance, relevant competencies, and learning plan for the year (March–April); (iii) interim review of performance with supervisor; and (iv) year-end review of performance against expected outputs."(p.2). The document notes that as of "the end of March 2005, about 80 percent of ADB staff have work plans in place, describing outputs over which staff have control and measures or indicators of performance that are specific, achievable, realistic, and time-based."

Since the publication of this document, ADB has conducted a review of competencies aligned with Strategy 2020, which will be introduced in early 2011. Work plans are now prepared and submitted on-line and ADB is in the process of cascading the *Results Framework* to the Department, Division, and individual level.

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[42] No document review scores are provided for the micro-indicators "staff recruitment and promotion is meritocratic and transparent" or "staff rotation is adequate for development of effective partnerships" as the document review did not examine these indicators. For more information please see the methodology in Volume II, Appendix I.

[43] Pedersen, Sally (2005). "The Performance and Development Plan: A new performance management tool to promote results-focused behaviour", *Results Matter: Ideas and Experiences on Managing for Development Results*, ADB, May, [online], http://www.adb.org/Documents/Periodicals/MfDR/may-2005.pdf

MI: Transparent incentive / reward system for staff performance

Donors at headquarters were asked whether "ADB uses a transparent system of incentives to manage staff performance" and rated ADB as inadequate.

The document review rated it adequate. ADB has a human resources strategy (Our People Strategy) instead of a HR policy document. ADB issues administrative orders/memos to operationalise HR strategies but these documents are internal. However, according to the *COMPAS 2008* report, sub-category 6b: "Staff performance is assessed through the annual Performance and Development Plan (PDP) exercise, taking into account staff results/outputs and behavioural competencies during the review period. The Behavioural Assessment section of the PDP form details the Core Competencies, which include "Achieving Results." There is also evidence that ADB is making efforts to better link the assessment of staff performance with incentives and/or rewards:

> "With the introduction of the new performance management system, salary increases are more directly linked to performance. In addition, a bonus of one month's salary was introduced for exceptional performers. […] In 2006, a separate but complementary bonus system for PS [professional staff member] was approved to reward cooperation and team spirit. The amount of the bonus is equal to 30 percent, 40 percent, or 50 percent of monthly salary depending on the level of contribution to the team by each individual" (*Report on the Implementation of the New Human Resources Strategy*, 2006, p.8).[44]

In addition, ADB's *Our People Strategy* elaborates a commitment to at least 60 percent of personnel actions arising as a result of advertisement.

MI: Staff recruitment and promotion is meritocratic and transparent

Donors at headquarters were asked whether "ADB transparently recruits and promotes staff based upon merit." The majority (67 percent) rated this MI as inadequate. This micro-indicator was not assessed in the document review.

MI: Staff rotation is adequate for development of effective partnerships

Donors in country and ADB clients were asked whether "ADB keeps deployed international staff in country offices for a sufficient time to maintain effective partnerships at country level." The majority of survey respondents at country level (68 percent) viewed the speed of ADB staff rotation to be adequate for the development of effective country level partnerships. Clients rated ADB strong on this micro-indicator, while donors in-country rated it adequate, a difference which is statistically significant.[45] This MI was not assessed in the document review.

KPI II-6: Performance Oriented Programming

Finding 10: ADB was rated as adequate by survey respondents for its performance-oriented country/regional programming processes. The document review rated ADB very strong in this area.

The majority of respondents (70 percent) shared the perception that ADB's country/regional programming processes are performance oriented. The document review rated ADB as very strong on this KPI.

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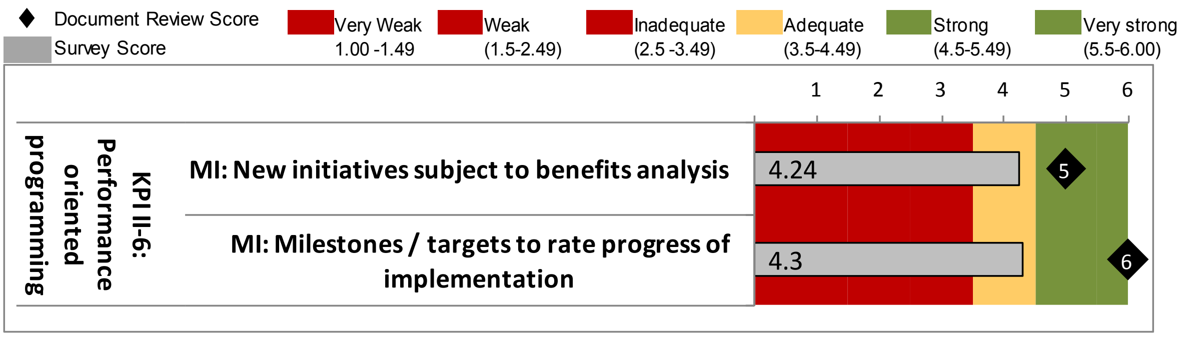
[44] Since the new performance management system and performance-related salary and bonus payments were introduced, a number of refinements have made based on feedback from managers and staff. However, the principles underpinning the system remain unchanged.

[45] Mann-Whitney U test on weighted data, $\alpha = 0.05$.

Figure 3.17 KPI II-6: Performance-oriented Programming, Ratings of Micro-Indicators



MI: New initiatives subject to impact analysis

The majority of donors at headquarters (60 percent) perceived ADB's performance to be adequate or higher in subjecting new loans and credits to impact analysis prior to approval. The *Guidelines for the Economic Analysis of Project, 1997* contains guidelines on how to conduct economic analyses at the appraisal stage and early in the project life cycle, and the Financial Management and Analysis of Projects (Section 3, Preparing and Appraising Investment Projects) states that "ADB requires that projects be subjected to financial benefit-cost analyses." All project documents sampled included some type of benefits analysis, either a financial, economic, environmental and/or social analysis. However, no evidence was found that an initiative's design was altered in response to findings from a benefit analysis.

MI: Milestones/targets set to rate progress of project/program implementation

The majority of donors in-country (66 percent) and clients (83 percent) considered that ADB sets targets to enable monitoring of progress in project implementation at country level. The document review rated ADB's performance very strong in setting milestones/targets to rate progress of project implementation. All *Project Administration Manuals* sampled describe all outputs and their targets, as well as the time frame and the implementation schedule, and most of the documents sampled also describe activities with milestones. The milestones/targets in all the *Project Administration Manuals* are aligned with activities described in the project implementation (there is a section entitled "Activities with milestones" identifying milestones for every activity) and dates are established for milestones/targets.

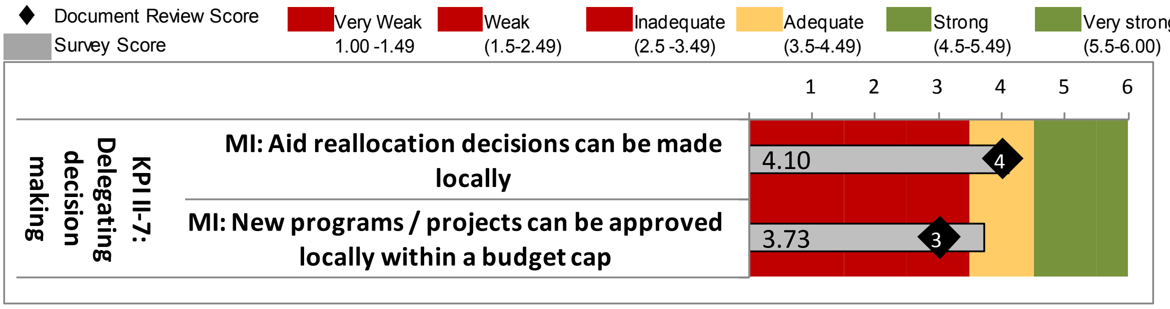
KPI II-7: Delegating Decision Making

Finding 11: Survey respondents viewed ADB as adequate in delegating decision making to the country level. The document review rated ADB as adequate on delegating aid reallocation decisions but as inadequate on delegating authority for new programs / projects.

Survey respondents considered ADB adequate on this KPI. Donors in-country and ADB clients were the only groups asked whether ADB delegates decision-making authority to the country level; 48 percent of donors in-country responded 'don't know'. And when asked about ADB's greatest area for improvement, survey respondents frequently mentioned the need for greater decentralisation of decision making to the country/local level.

The document review yielded conflicting results on this KPI.

Figure 3.18 KPI II-7: Delegating Decision Making, Ratings of Micro-Indicators



MI: Aid reallocation decisions can be made locally

Both survey respondents and the document review rated ADB adequate on this MI. The survey asked donors in-country and clients if “ADB’s project tasks are managed at country level”, whereas the document review assessed whether “aid reallocation decisions can be made locally”.

The Project Administration Instructions on Reallocating Loan Proceeds describes financial decision-making authorities and specifically mentions that aid reallocation decisions can, under certain conditions, be made at the country level: “Where reallocation does not result from or relate to a change in scope (but results from a variation in contract prices or the need for additional quantities to achieve the original scope of work), or a change in implementation arrangements, the director, sector division or country director, regional or resident mission (RM) responsible for implementing the project approves the reallocation of loan proceeds, except as described in para. 6.” Country directors have the same level of authority as sector directors located at headquarters for the projects they supervise.

Prior to the period considered in this review, ADB made some progress in the delegation of decision-making (see *Management Response on the Annual Report on Loan and Technical Assistance Portfolio Performance for the Year ending 31 December 2005*). However, in recent years that progress appears to have stalled. The *Development Effectiveness Committee Chair’s Summary of the Committee’s Discussion on 13 June 2007 of the Country Assistance Program Evaluation for Pakistan and Sector Assistance Program Evaluation for the Road Sector in Pakistan* states that the delegation of authority to Pakistan Resident Mission “has been a consistent issue, requiring committed actions. ADB remains HQ-focused. […] ADB should find a way of substantially shifting both staff and decision-making authority into the field.” In addition, an evaluation study, *Managing for Development Results in the Asian Development Bank: A Preliminary Assessment (2007),* shows that “Thirty-five percent of all respondents agreed that decision-making is effectively delegated in ADB, and 41 percent disagreed.” (p. 10).

No evidence was found in the document review of an operational review/evaluation of ADB commenting positively on progress in the delegation of aid reallocation decisions subsequent to 2005.

MI: New programs/projects can be approved locally within a budget cap

Donors in-country and clients rated ADB as adequate in allowing new loans/credits to be approved locally within a budget cap. However, 46 percent of respondents overall answered ‘don’t know’ on this MI; this uncertainty was particularly strong among donors in-country (70 percent of whom responded ‘don’t know’).

There were statistically significant differences among country scores for this micro-indicator, with respondents from Indonesia, Sri Lanka and Viet Nam rating ADB adequate in this area, and respondents from Afghanistan rating it inadequate.[46]

[46] Kruskal-Wallis test on weighted data, $\alpha = 0.05$.

The document review rated ADB as inadequate on this MI. *Better and Faster Loan Delivery. Report of the Loan Delivery Working Group* (November 2009) describes decision-making authorities at different levels within the organisation regarding approval of new aid projects or programs: “Under ADB's streamlined business process, projects are now categorised as low-risk or complex. Low-risk projects undergo a staff review meeting chaired by department head. Complex projects go through a management review meeting chaired by the VP [vice president]. But ultimately, loan approval goes through the Board.[…] Authority and accountability should be delegated among the vice president, the director general and the director levels (Appendix 2).”

According to the *Review of Resident Missions’ Operations* (2008), “in the areas of country strategy, programming, and economic assessments, considerable delegation of authority has taken place. Country directors and their and country team leaders prepare CPSs and annual COBPs (which contains new programs/projects) and negotiate with the governments. The country directors also lead the processing of loans, TA, or other ADB products (such as JFPR grants).” ADB continues to refine its decentralisation model and delegate more staff to resident missions, to increase its client responsiveness. However, it should be noted that this is governed by ADB charter approval authority for new ADB operations that is centralised at the Board level. Delegation of the Board authority is needed for Management to further delegate approval authority to local offices.

3.3.4 Relationship Management

The indicators in Relationship Management assess an organisation’s progress on its commitments to the international aid effectiveness agenda, namely the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action (AAA). Most of the key performance indicators comprise micro-indicators that were only translated into questions for respondents at the country level. MOPAN members at headquarters were only asked about the indicator on ADB’s contributions to policy dialogue.

In order to monitor its progress in relation to its Paris Declaration and AAA commitments, ADB has conducted its own annual internal surveys among resident mission and other staff. The most recent survey was conducted in 2009 and draws on data from 25 developing member countries , with results published in the April 2010 report entitled *Asian Development Bank’s Progress on Aid Effectiveness: 2010 Update*. For the findings that relate to the Paris Declaration Indicators, this is the primary source of data.

ADB was seen to perform adequately or better across all of the key performance indicators in Relationship Management. There were a few areas, however, where either perception data from one of the respondent groups or documentary evidence suggest that there could be some room for improvements in the efficiency of its procedures and its use of DMC procurement systems. ,

Figure 3.19 Quadrant III: Relationship Management – Survey and Document Review Ratings

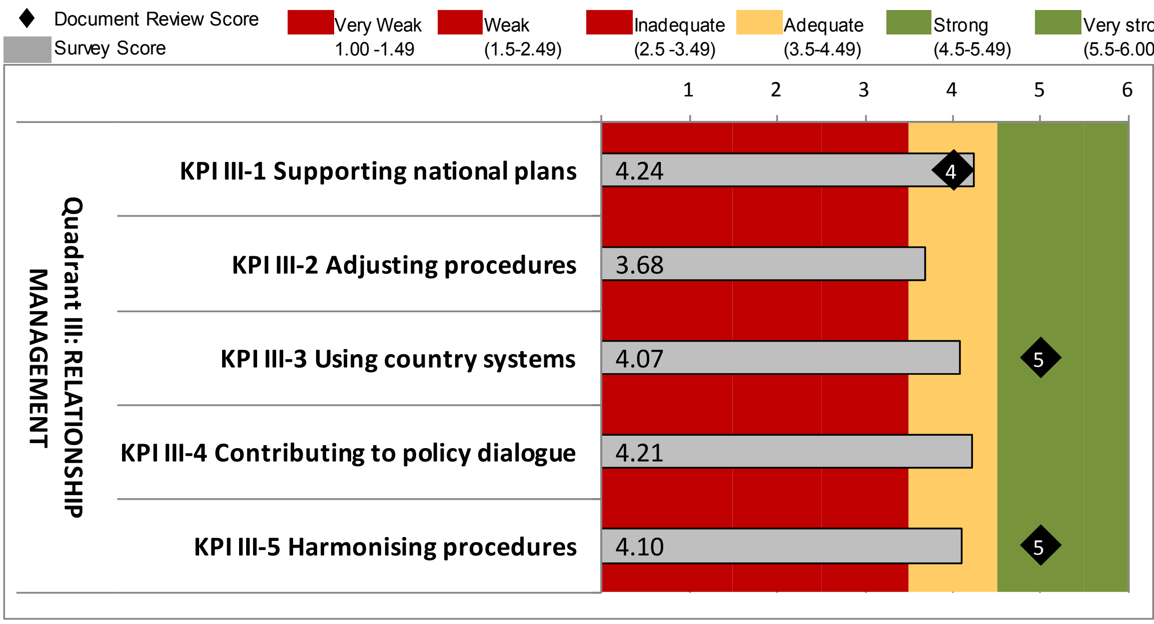


Figure 3.20 Quadrant III: Relationship Management Performance, Mean Scores by Respondent Group

Very Weak 1.00 -1.49 | Weak (1.5-2.49) | Inadequate (2.5 -3.49) | Adequate (3.5-4.49) | Strong (4.5-5.49) | Very strong (5.5-6.00)

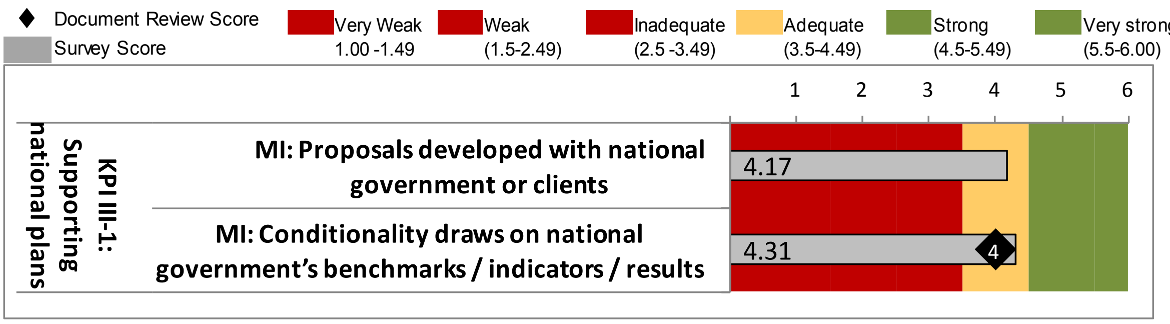
	Total mean score	Clients	Country donors	HQ donors
KPI III-1: Supporting national plans	4.24	4.36	4.08	NA
KPI III-2: Adjusting procedures	3.68	3.80	3.50	NA
KPI III-3: Using country systems	4.07	4.22	3.91	NA
KPI III-4: Contributing to policy dialogue	4.21	4.30	3.95	4.37
KPI III-5: Harmonising procedures	4.10	4.55	3.59	NA

KPI III-1: Supporting National Plans

Finding 12: ADB is considered to adequately provide aid programming in support of national plans or priorities. This is consistent in the perceptions of respondents, and in the review of documentation on its approach to conditionality.

This KPI measured the extent to which the multilateral organisation's support to the government is developed in collaboration with clients and the extent to which any conditionality that is applied in the aid provided is based on government benchmarks.

Figure 3.21 KPI III-1: Supporting National Plans, Ratings of Micro-indicators[47]



MI: Proposals developed with national government or clients

ADB was perceived to perform adequately in its support for funding proposals that are designed and developed by its clients. This question was asked only of clients and donors at the country level, and was not rated through a review of documentation.

MI: Conditionality draws on national government's benchmarks / indicators / results

On the question of whether ADB's conditionality draws on the government's own agreed benchmarks or indicators, clients perceived ADB to be strong while donor respondents at the country level viewed ADB as adequate. However, an important proportion (38 percent) of MOPAN members at the country level indicated that they 'don't know' about the link between conditionality and government priorities.

ADB has taken steps to ensure that conditionality in its policy-based lending is consistent with the Paris Declaration. It issued a clarification to its program lending policy in 2009 that requested staff to adopt a flexible approach to program loans and to follow four good practice principles related to country ownership, harmonisation, criticality, transparency and predictability.[48] The Staff Instruction provides general guidance to staff, but does not outline specific steps that could be taken operationally.

The effects of this clarification on ADB's approaches to program lending have yet to been reviewed or otherwise documented. However, a review of the Report and Recommendations of the President (RRP) for a small number of program loans approved in the sample countries in 2009 and 2010, suggests that conditionalities are drawing on government's agreed benchmarks.[49] ADB has carried out studies on its policy-based lending in the past that identify factors that support or limit the use of conditions in this modality of financing.[50] It is now finalising a comprehensive review of its program-lending policy, which was last reviewed in 1999.

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[47] No document review score is provided for the micro-indicator "proposals developed with national government or clients" as the document review did not examine this indicator. For more information please see the methodology in Volume II, Appendix I.

[48] ADB, *Program Lending Policy: Clarification*, April 2009, paragraph 32

[49] Based on a review of the RRP for the seven program or cluster loans approved for Indonesia and Viet Nam since 2009. Please see Volume II, Appendix VI, for list of the project documents reviewed.

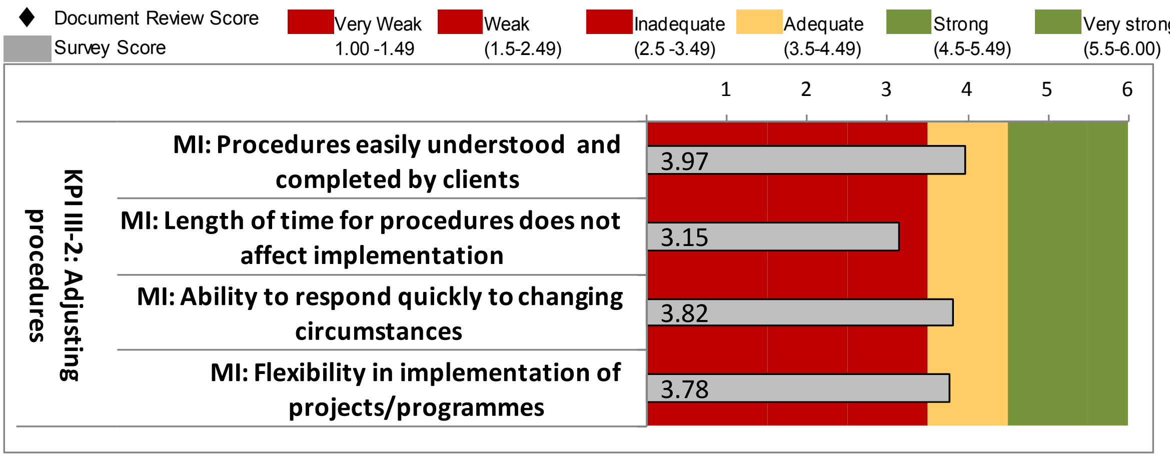
[50] For example, ADB, *Policy Based Lending, Emerging Practices in Supporting Reforms in Developing Member Countries, Special Evaluation Study*, 2007

KPI III-2: Adjusting Procedures

Finding 13: ADB was considered adequate overall for having procedures that take into account local conditions and capacities. However, the clarity of procedures was a concern for MOPAN members, and the length of time required to complete ADB procedures was a concern for both respondent groups, especially clients.

This KPI measured ADB performance in terms of four dimensions: the clarity of its procedures, the timeliness of its procedures, operational agility to respond to changing circumstances, and flexibility during implementation. ADB received mixed ratings from survey respondents and this was the KPI with the lowest ratings from respondents at the country level. The micro-indicators in this KPI were not rated by the document review.

Figure 3.22 KPI III-2: Adjusting Procedures, Ratings of Micro-indicators[51]



MI: Procedures easily understood and completed by clients

From the perspective of clients, ADB uses procedures that can be easily understood and followed by its clients (67 percent rated this MI as adequate or higher). The *ADB Perceptions Survey, 2009* also confirmed that 64 percent of government clients in DMCs rated ADB as good or excellent for having procedures that are easy to follow and understand.[52]

Donor respondents at the country level rated ADB as inadequate on this MI, but 34 percent also indicated that they 'don't know'. Lower ratings were also given on a similar question by bilateral/multilateral organisations surveyed in the *ADB Perceptions Survey, 2009* (only 27 percent rated its performance as good or excellent on this question).

MI: Length of time for procedures does not affect implementation

Respondents were asked to rate the length of time it takes to complete ADB procedures, and whether this negatively affects implementation. Among donors, more than 40 percent of respondents rated the Bank as inadequate or lower, and 23 percent indicated that they 'don't know'. In the *ADB Perceptions Survey 2009*, respondents from bilateral/multilateral organisations were more critical than the overall group of respondents on a related question concerning the timely handling of projects. In the MOPAN survey, this MI received the lowest

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[51] No document review scores are provided for these micro-indicators as the document review did not examine these indicators. For more information please see the methodology in Volume II, Appendix I.

[52] ADB, ADB Perceptions Survey: Multinational Survey of Stakeholders, 2009, p. 53 and 54. However, the timely handling of projects and having procedures that are easy to follow received less favorable overall ratings than many of the other areas of ADB operations analysed in this survey.

mean score from clients out of the 46 micro-indicators assessed by this group. More than 60 percent gave it a rating of inadequate or lower. Timeliness of procedures is affected by policies governing these procedures, which are to a large extent donor-driven, and increasingly complex due to increasing safeguard requirements and other issues.

MI: Ability to respond quickly to changing circumstances

Both clients and donors indicated that ADB adequately adjusts its country portfolio quickly, to respond to changing circumstances. About 68 percent of the clients surveyed considered that it is adequate or better on this question. The distribution of donor responses shows a mixed picture with about one-third (35 percent) rating it inadequate or worse and another 32 percent providing a response of 'don't know'.

MI: Flexibility in implementation of projects/programs

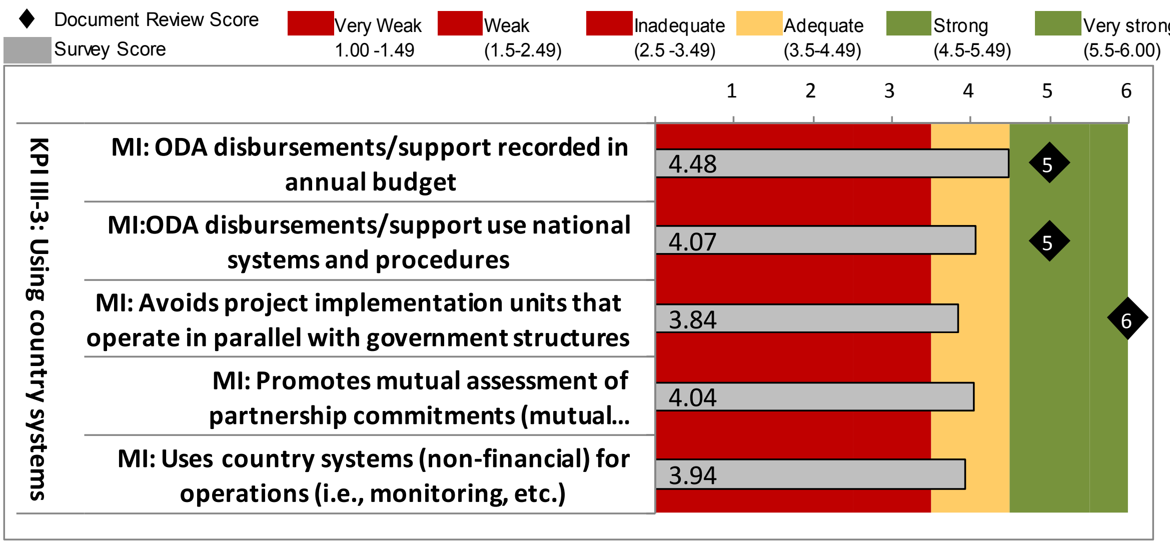
Respondents were asked about the flexibility of ADB to adjust its implementation of individual projects/programs as learning occurs. Both respondent groups gave a rating of adequate. However, among 36 percent of donor respondents indicated that they 'don't know'.

KPI III-3: Using Country Systems

Finding 14: ADB is generally making use of country systems. Documentary evidence suggests that in several areas the Bank has exceeded the planned 2010 targets for indicators of the Paris Declaration on Aid Effectiveness. ADB's progress has been more limited in the use of procurement systems.

The Paris Declaration on Aid Effectiveness introduced a number of indicators to monitor progress of its implementation. The ADB results suggest that it has made progress, with regard to its baseline in 2005, and that it is perceived by clients and donors to perform adequately in this area. However, on several of these micro-indicators there is also a high level of don't know rates (37 percent) among donors at the country level.

Figure 3.23 KPI III-3: Using Country Systems, Ratings of Micro-indicators[53]



[53] No document review scores are provided for the micro-indicators "promotes mutual assessments of partnership commitments" or "uses country systems (non-financial) for operations" as the document review did not examine these indicators. For more information please see the methodology in Volume II, Appendix I.

MI: ODA disbursements/support recorded in annual budget

ADB was perceived as adequate in recording expected disbursements in governments' national budgets where appropriate. Among donors in-country, 67 percent rated it as adequate or higher on this MI, making it the highest rated MI for this respondent group.

According to ADB's *Asian Development Bank's Progress on Aid Effectiveness: 2010 Update*, 89 percent of ADB aid disbursed for government sector was captured in national budgets, which surpasses the Paris Declaration target of 85 percent for Indicator 3. ADB performance was rated as strong on this indicator. However, the report also noted that the Bank fell short in five developing member countries (Azerbaijan, Nepal, Lao People's Democratic Republic, Maldives, and Tonga) for structural reasons (design of government budget recording systems, differences in fiscal year, etc).[54]

MI: ODA disbursements/support use national systems and procedures

Among survey respondents, ADB was seen to use national budget execution procedures in its projects/programs where appropriate and to make an adequate use of national financial reporting procedures where appropriate. However, almost half of the MOPAN member respondents (45 percent) responded 'don't know'. The majority of clients (59 percent) gave ADB ratings of adequate or higher on its use of national financial reporting procedures.

ADB was generally perceived to use national auditing procedures where appropriate. It was rated as adequate by MOPAN members at country level and as strong by clients (73 percent of client respondents gave responses of adequate or higher on this question). Again, on this MI, donors had a high level of 'don't know' responses (46 percent). ADB was also rated as adequate by both respondent groups for using national procurement systems in its projects/programs where appropriate.

As part of the document review, the assessment drew on ADB's own data published in 2010 and provided a rating of strong overall, but with important differences between its use of financial management and procurement systems. The ADB's data indicate that about 92 percent of the aid that was disbursed to DMCs used their public financial management systems for national budget execution, financial reporting and auditing procedures. ADB was rated as very strong in this area, considering the Paris Declaration target for Indicator 5a is 80 percent for 2010.[55]

According to ADB's 2009 data, the organisation's progress has been more limited in terms of use of DMC procurement systems, which is at 45 percent of its aid disbursements. ADB's performance is considered to be inadequate on this dimension, as the percentage is well below the Paris Declaration target of 80 percent (Indicator 5b) and the ADB's own target of 60 percent for 2010.[56] However, one of the ADB's limitations in meeting these targets is that it is required to provide equal opportunity to firms in all of its member countries to bid for any project using international competitive bidding procedures. As noted in the 2010 progress report on aid effectiveness, the awarding of a larger proportion of contracts through international competitive bidding rather than national competitive bidding contributed to poorer performance in 2009 than in 2008. Thus, the need for uniformity in bidding procedures across countries affects the extent to which country systems are used. In addition, it is not always possible to use national

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[54] ADB, *Asian Development Bank's Progress on Aid Effectiveness : 2010 Update*, paragraph 5, p. 3, April 2010

[55] Although the Paris Declaration Target for Indicator 5a is 80 percent, the ADB has set a target of 78 percent on Indicator 5b. The assessment is based on its progress toward the Paris Declaration target.

[56] For its own monitoring and reporting purposes, ADB has revised the definition of this indicator to refer to the reported application of national competitive bidding procedures as a proportion of procurement of all goods and works financed by ADB in the relevant DMC. (ADB, *Asian Development Bank's Progress on Aid Effectiveness : 2010 Update*, paragraph 10, p. 5, April 2010).

procurement systems when these systems do not meet the fiduciary standards of ADB or donor requirements.

MI: Avoids project implementation units that operate in parallel with government structures

Donors and clients perceived that ADB adequately avoids the use of project implementation units (PIUs). However, more than one-third of MOPAN members in the countries surveyed (38 percent) did not know if ADB avoided PIUs. The majority of client respondents (63 percent) gave ratings of adequate or higher on this question.

The Paris Declaration set the target of reducing by two-thirds (66 percent) the number of donor PIUs between 2005 and 2010 (Indicator 6). In 2005, ADB had a reported total of 95 PIUs. ADB's latest data notes that as of 2009 only five PIUs (that meet the definition clarified by the OECD in 2008) still exist.[57] This represents a reduction of more than 90 percent, and thus ADB is rated as very strong on this micro-indicator.

MI: Promotes mutual assessment of partnership commitments (mutual accountability)

The Bank was rated as adequate by both respondent groups for encouraging mutual accountability assessment of Paris Declaration and Accra Agenda for Action commitments. However, 35 percent of donors and 47 percent of clients responded 'don't know'. The area of mutual accountability is relatively new for development partners and partner countries. And as ADB notes, there is still work to be done in clarifying the meaning of the term and developing the appropriate assessment frameworks. ADB's Aid Effectiveness Report suggests that the Bank has taken a number of actions such as engaging in shared assessment reviews with DMCs, implementing enhanced transparency initiatives, etc.[58]

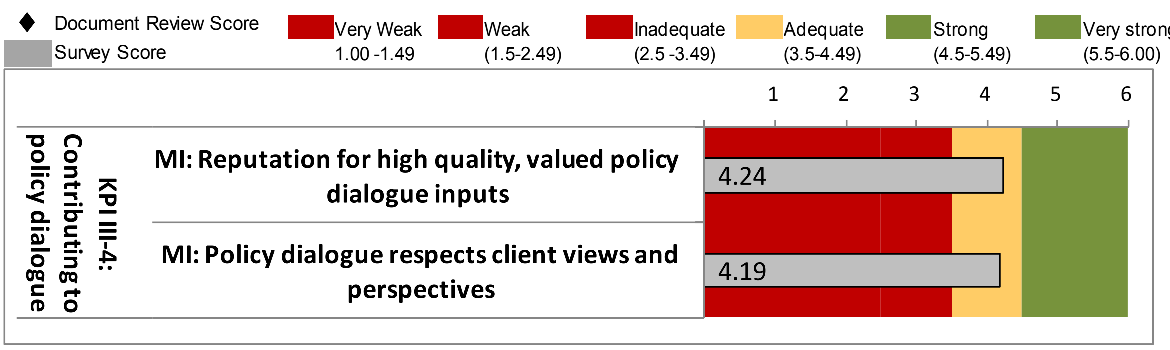
MI: Uses country systems (non-financial) for operations (i.e. monitoring, etc.)

ADB adequately uses country systems (non financial) as a first option, according to both respondent groups. However, 47 percent of donors and 29 percent of clients did not know whether it uses such systems.

KPI III-4: Contributing to Policy Dialogue

Finding 15: ADB is considered by donors to play an adequate role in policy dialogue. It is particularly recognised by clients for providing valuable inputs in the dialogue process.

Figure 3.24 KPI III-4: Contributing to Policy Dialogue, Ratings of Micro-indicators[59]



[57] Ibid, p. 4, paragraph 7.

[58] Ibid, p. 15, paragraph (v).

[59] No document review scores are provided for these micro-indicators as the document review did not examine these indicators. For more information please see the methodology in Volume II, Appendix I.

MI: Reputation for high quality, valued policy dialogue inputs

Clients were significantly more positive than donors at headquarters or at the country level in their perceptions of the value of ADB inputs to policy dialogue.[60] Among client respondents, 52 percent gave ratings of strong or very strong.

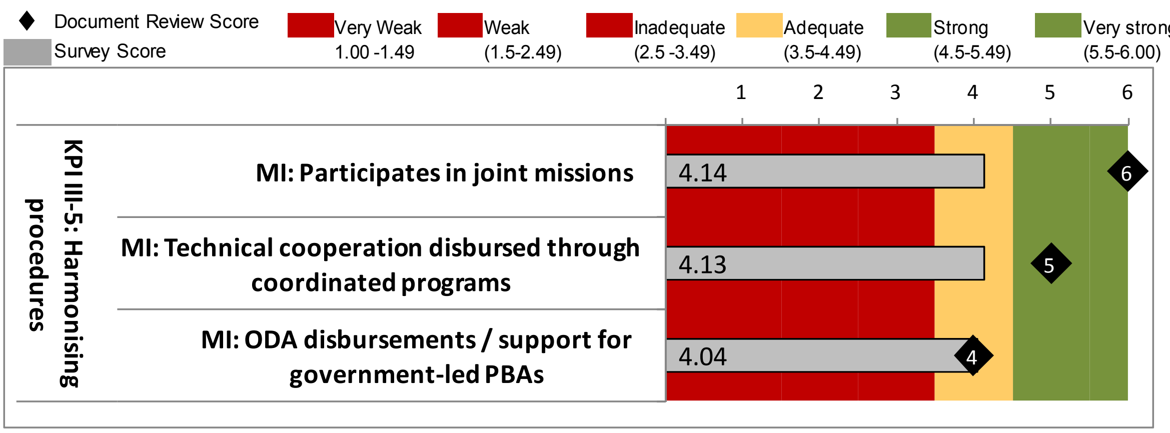
MI: Policy dialogue respects partner views and perspectives

All groups provided ratings of adequate on the extent to which ADB respects the views of clients when it undertakes policy dialogue.

KPI III-5: Harmonising Procedures

Finding 16: ADB's harmonisation procedures at the country level were judged to be adequate in the survey and strong in the document review. Clients were significantly more positive than MOPAN members.

Figure 3.25 KPI III-5: Harmonising Procedures, Ratings of Micro-indicators



MI: Participates in joint missions

The Paris Declaration target for Indicator 10a is that 40 percent of donor missions to the field should be joint missions. Based on the review of ADB's own data, 54 percent of its missions were being carried out jointly as of 2009.[61] ADB was rated as very strong on this MI by the document review.

MI: Technical cooperation disbursed through coordinated programs

The Paris Declaration indicator (Indicator 4) looks at the percentage of coordinated technical cooperation provided by ADB as a percentage of total technical cooperation. In 2009, ADB about 53 percent of the ADB's technical assistance programs were coordinated to support DMC capacity development. It was rated strongly on this indicator, for which the Paris Declaration establishes a target of 50 percent. ADB also notes that its progress is uneven across its developing member countries – in some countries it does not meet the target.[62]

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[60] Mann-Whitney U test on weighted data, $\alpha = 0.05$.

[61] However, this covers only missions, joint or otherwise that originated from ADB headquarters for CPSs and country portfolio reviews. This definition is narrower than the one used in the Paris Declaration, which could cover missions for other purposes including appraisal, evaluation, sector assessment, etc. ADB, *Asian Development Bank's Progress on Aid Effectiveness: 2010 Update*, paragraph 8, p. 4, April 2010.

[62] Ibid, p. 3, paragraph 5.

MI: ODA disbursements/support for government-led PBAs

On ADB's participation in program-based approaches (PBAs), both respondent groups rated ADB as adequate, but clients gave ADB significantly higher ratings than donors;[63] 76 percent of client respondents gave a rating of adequate or higher.

ADB's most recent report on progress on aid effectiveness notes that about 55 percent of ADB's aid was disbursed through PBAs in 2009, a level similar to the 2005 baseline and still below the PD target of 66 percent for 2010.[64] The ADB has lagged behind in this area. However, the number of ADB projects approved in 2009 that will use PBAs rose significantly, following clarifications issued for staff on the definition of PBA and how it applies to ADB lending modalities. Thus, disbursements through PBAs should increase in subsequent years.

3.3.5 Knowledge Management

ADB was seen to perform well with regard to knowledge management, receiving scores from adequate to strong from the survey, and strong to very strong from the document review on the three KPIs in this quadrant. It was considered strong from both data sources on its ability to present performance information on its effectiveness and in its ability to monitor external results. It was rated very strong by the document review for encouraging identification, documentation and dissemination of lessons learned and/or best practices, although only one micro-indicator was subject to document review within this key performance area.

Figure 3.26 Quadrant IV: Knowledge Management – Survey and Document Review Ratings

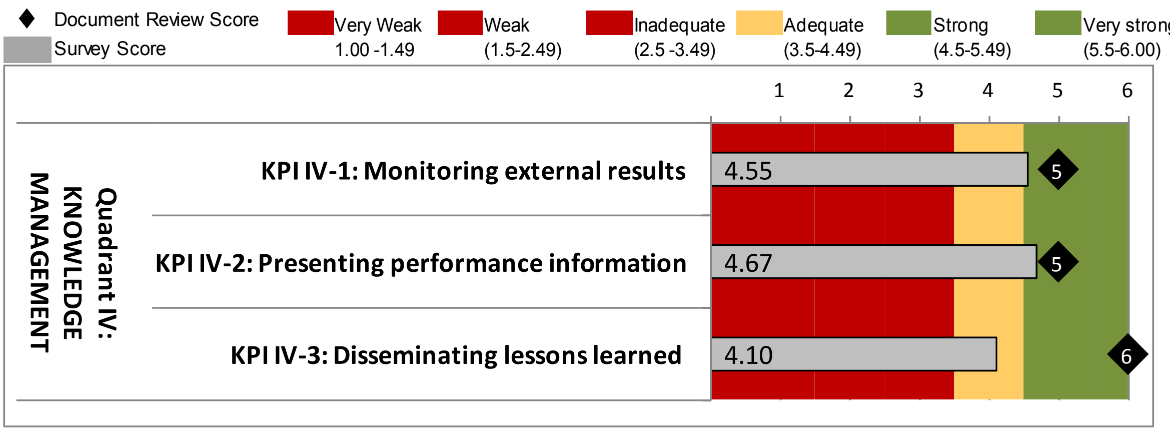


Figure 3.27 Quadrant IV: Knowledge Management, Mean Scores by Respondent Group

Very Weak 1.00 -1.49 | Weak (1.5-2.49) | Inadequate (2.5 -3.49) | Adequate (3.5-4.49) | Strong (4.5-5.49) | Very strong (5.5-6.00)

	Total mean score	Clients	Country donors	HQ donors
KPI IV-1: Monitoring external results	4.55	4.65	3.56	4.75
KPI IV-2: Presenting performance information	4.67	NA	NA	4.67
KPI IV-3: Disseminating lessons learned	4.10	NA	NA	4.10

[63] Mann-Whitney U test on weighted data, $\alpha = 0.05$.

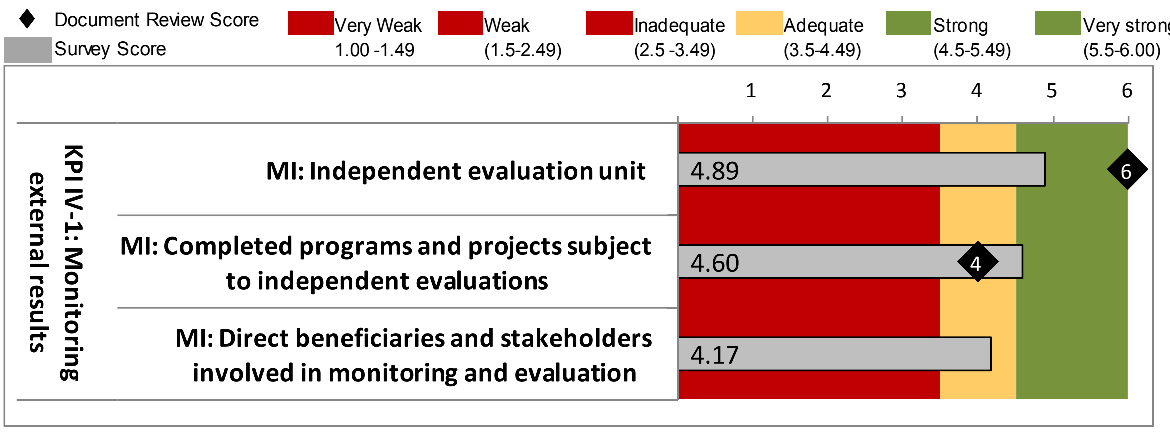
[64] ADB, Asian Development Bank's Progress on Aid Effectiveness: 2010 Update, April 2010, paragraph 12, p. 5.

KPI IV-1: Monitoring External Results

Finding 17: ADB was rated strong in consistently monitoring and evaluating its delivery and external results, according to both survey respondents and document review.

ADB's Independent Evaluation Department (IED) plays a key role in carrying out evaluations on ADB projects and programs, and communicating with the Board about evaluation activities conducted. Donors at headquarters rated ADB as strong on two MIs, while donors in-country and clients, responding to a different question, rated ADB adequate and strong respectively.

Figure 3.28 KPI IV-1: Monitoring External Results, Ratings of Micro-indicators[65]



MI: Independent evaluation unit

The IED is a structurally independent evaluation unit, which reports to ADB's Board of Directors through the Development Effectiveness Committee (DEC). Among donor respondents at headquarters, the only respondent group asked this question, 90 percent provided ratings of adequate or above.

Originally known as the Post-Evaluation Office, the IED was established in 1978 to evaluate ADB operations. Over the years, IED has undergone several organisational changes, including its establishment in 2004 as an independent department reporting to the Board. ADB's evaluation policy is contained in section IV of the *Review of the Independence and Effectiveness of the Operations Evaluation Department* (2008 policy paper), which emphasises the independence of the evaluation department, and clarifies its relationship with ADB staff and management. The IED provides a number of annual reports to the Board, including evaluation reviews, reports on acting on recommendations, and reports on portfolio performance. The IED also publishes reports on its Country Assistance Program Evaluations, Impact Evaluations, Sector Assistance Program Evaluations, Special Evaluation Studies and Project/Program Performance Evaluations.

[65] No document review score is provided for the micro-indicator "direct beneficiaries and stakeholders involved in monitoring and evaluation" as the document review did not examine this indicator. For more information please see the methodology in Volume II, Appendix I.

MI: Completed programs and projects subject to independent evaluations

The survey rated ADB as strong, and the document review adequate, on completed programs and projects being subject to independent ex-post evaluations. The document review ranking was based on data provided by *COMPAS 2008*, according to which 12 projects (six sovereign and six non-sovereign operations) were evaluated by the Independent Evaluation Department, accounting for 16.3 percent of the average number of projects completed annually during the past 5 years.[66]

It should be noted that this figure of 16.3 percent does not adequately reflect the evaluation coverage of the IED, as it only considers evaluations conducted at the project level. It does not reflect coverage of project/program evaluations embedded in the evaluations of completed and ongoing projects/programs under sector assistance program evaluations (SAPEs) and country assistance program evaluations (CAPEs). Both SAPEs/ CAPEs undertake fairly intensive evaluation of projects/programs approved during the CAPE period. Further, IED validates project/program completion reports (PCRs) prepared by operations departments themselves.

MI: Direct beneficiaries and stakeholders involved in monitoring and evaluation

Donors in-country and clients were asked about whether ADB requires the involvement of key clients and beneficiaries in monitoring and evaluation functions. Overall, those asked this question gave ADB an adequate rating. There was a statistically significant difference between ratings by donors in-country and clients, who rated ADB adequate and strong, respectively. This micro-indicator was not assessed by the document review.

KPI IV-2: Presenting Performance Information

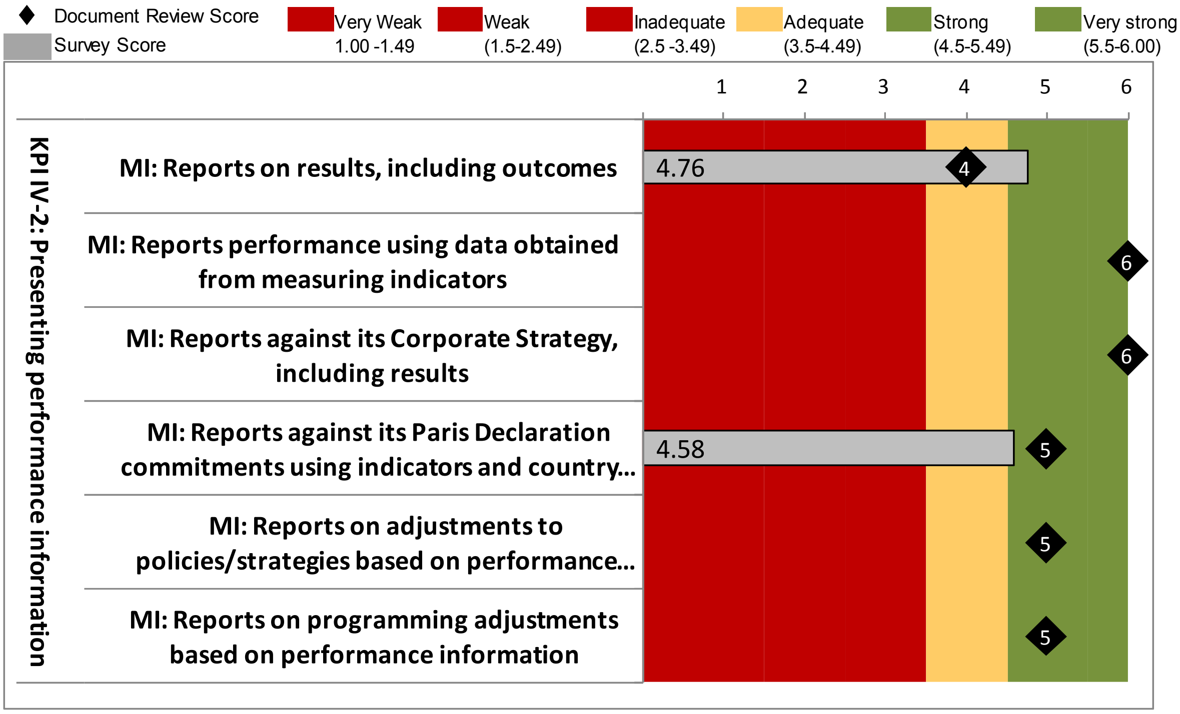
Finding 18: ADB was considered strong in presenting performance information on its effectiveness.

ADB presents its performance information on effectiveness through two sets of documents: the annual, corporate *Development Effectiveness Review* (DEfR), which reports on achievements against indicators contained in the *Results Framework*; and *Development Effectiveness Country Briefs*, which provide evidence for effectiveness at the country level. As relatively recent innovations (the DEfR began in 2007), these reports represent significant innovations for the Bank on its capacity to report on results achievement.

This KPI was assessed primarily through the document review. The survey included questions on two micro-indicators that were asked of donors at headquarters. These respondents were quite positive about this KPI overall: 87 percent gave this area a rating of adequate or better. In fact, this was the highest-ranked KPI for ADB in the MOPAN Common Approach.

[66] COMPAS 2008, p. 38. Data on completed projects from 2003-2007 were used since the data for 2008 are not yet available.

Figure 3.29 KPI IV-2: Presenting Performance Information, Ratings of Micro-indicators[67]



MI: Reports on results, including outcomes

ADB's reporting on outcomes, rather than just inputs, activities and outputs, was considered strong by survey respondents, but only adequate according to the document review. Donors at headquarters, the only respondents asked this question, were overwhelmingly positive: 97 percent answered adequate or better, while the remaining three percent answered 'don't know'.

ADB publishes a *Development Effectiveness Review* (DEfR) report each year, beginning in 2007, which reports on ADB's performance against the results framework in its Strategy 2020. The DEfR describes outcomes and outputs achieved, in all four levels included in the Results Framework (by outcomes/outputs), and clearly indicates the extent of progress. This report also has a section discussing ADB's contribution to development outcomes. However, this report does not present any information on unexpected outcomes achieved.

MI: Reports on performance using data obtained from measuring indicators

ADB received a rating of very strong from the document review on its reporting of performance using data obtained from measuring indicators. ADB's annual performance report, the *Development Effectiveness Review*, provides a clear identification of the indicators measured, which are identical to the indicators in the Bank's *Results Framework*. The DEfR provides an illustration of trends in measurement over a period of time.[68] The report also compares indicator measurement to baseline and 2012 targets.[69]

[67] No survey scores are provided for the micro-indicators "reports performance using data obtained from measuring indicators"; "reports against its corporate strategy, including results"; "reports on adjustments to policies/strategies based on performance information" and "reports on programming adjustments based on performance information" as these were not asked on the survey. For more information please see the methodology in Volume II, Appendix I.

[68] Appendix 1in the DEfR shows the measurement of all the indicators over time (in the 2009 report, trends are shown from 2007 to 2009).

[69] See Appendices 1, 4 and 5 in the DEfR.

MI: Reports against its Corporate Strategy, including results

ADB received a rating of very strong for reporting against its Corporate Strategy. ADB's DEfR makes reference to the expected management and development results identified in the results framework. Although, as stated previously, there are no actual results statements in ADB's *Results Framework*, only indicators grouped by category, the DEfR clarifies expected and actual results for the organisation.

MI: Reports against its Paris Declaration commitments using indicators and country targets

ADB was considered to be strong in reporting against its Paris Declaration commitments using indicators and country targets in both the document review and the survey. This question was only asked of donors at headquarters.

While there is no standalone annual report on ADB's performance against its Paris Declaration commitments, a number of reports published by ADB examine this issue. The annual DEfR has a section entitled "Progress on the Paris Declaration Commitments/ Agreements", which contains a short paragraph on achievements. In 2008, ADB published an evaluation study entitled *Evaluation of the Implementation of the Paris Declaration at the Asian Development Bank: A Development Partner's Study for an OECD-DAC Joint Evaluation*. In February 2010, ADB published its *Aid Effectiveness Report 2009 and the Way Forward*, which is a survey report assessing ADB's progress on its Paris Declaration commitments. This was updated in April 2010. The ADB *Aid Effectiveness Report 2009* (Appendix 6) describes the extent of achievements to date of Paris Declaration commitments, making use of indicators that show progress at country level. However, this report is not produced annually. ADB's annual reporting on its Paris Declaration commitments is quite brief and does not contain reference to indicators measured, or to country-level performance information.

MI: Reports on adjustments to policies/strategies based on performance information

ADB was considered strong by the document review on this MI. This question was not asked in the survey. The 2009 DEfR describes changes made as a result of performance information in its "Action" section. It mentions changes made to ADB's *Project Administration Instructions* (PAI) and the adoption of *Our People Strategy,* based on performance results reported in this document.

MI: Reports on programming adjustments based on performance information

ADB was rated strong in reporting on country or other level programming adjustments made or recommended based on performance information, according to the document review. This question was not asked in the survey. Although the DEfR reports on performance at both the organisation-wide and country levels, it only reports on actions made in response to performance information at the organisation-wide level, not at country level. *Development Effectiveness Country Briefs* are available for 2007-2008 for Afghanistan, Sri Lanka and Viet Nam, but not for Indonesia. These countries do not have country briefs for the 2009-2010 period. In two of the three *Country Briefs* sampled, results achieved were reported, but in none of these Briefs were the implications of this performance on programming examined.

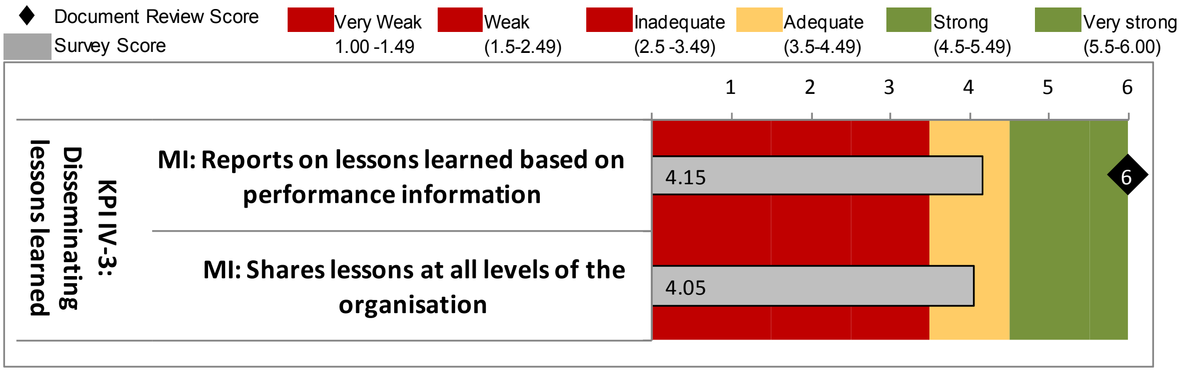
However, ADB also undertakes Country Assistance Program Evaluations (CAPEs) of ADB country programs on an irregular basis. These assess the performance of ADB in each country, and provide recommendations for changes to programming. As outlined before, CAPEs have been conducted for Indonesia (2005), Sri Lanka (2007) and Viet Nam (2009), but it does not appear that a CAPE has been conducted for Afghanistan. There is evidence from management responses to these evaluations that adjustments were made to programming based on recommendations.

KPI IV-3: Disseminating Lessons Learned

Finding 19: ADB received a score of adequate from survey respondents for its ability to encourage identification, documentation and dissemination of lessons learned and/or best practice. It received a very strong rating from the document review for reporting on lessons learned based on performance information.

This KPI involved two MIs, only one of which was assessed by document review. Only donors at headquarters were asked questions related to this KPI on the survey.

Figure 3.30 KPI IV-3: Disseminating Lessons Learned, Ratings of Micro-indicators[70]



MI: Reports on lessons learned based on performance information

ADB was rated adequate by survey respondents on reporting on lessons learned based on performance information, while the document review provided a score of very strong.

Although there is no policy on lessons learned specifically, the 2008 evaluation policy (*Review of the Independence and Effectiveness of the Operations Evaluation Department (OED)*) requires evaluations to contain lessons, and requires the IED to review "new operations to ensure lessons learned … have been incorporated" (p. 1). According to the policy, "The evaluation of ADB operations emphasises effective feedback on performance and use of lessons identified to improve the development effectiveness of ongoing ADB operations and to enhance their contribution to the development of ADB DMCs" (A.1.42, p. 11). Some of the Independent Evaluation Department's (IED's) principal responsibilities include development of lessons learned, ensuring incorporation of these lessons, and disseminating lessons. This same policy commits the Development Effectiveness Committee (DEC) to "ensuring that the lessons learned from evaluation activities are reflected in ADB's policies and procedures as well as in its projects and programs, and monitoring the implementation of OED's recommendations" (C.2.66.iv, p. 18). Many reports and evaluations at the organisation wide level contain lessons learned. At the country level, many Country Assistance Programs Evaluations (CAPEs) contain sections on lessons learned. In addition, ADB has a Find Lessons database. A review of the four most recent reports in the lessons database[71] showed that lessons contained in these reports were significant and applicable to the organisation and its programming. In addition, IED has prepared syntheses of evaluation findings and lessons and for each major report, it has disseminated a two-page "*Learning Curves*" communiqué. Also,

[70] No document review score is provided for the micro-indicator "shares lessons at all levels of the organisation" as the document review did not examine this indicator. For more information please see the methodology in Volume II, Appendix I.

[71] 2009 Annual Evaluation Review: Role and Direction of Self-Evaluation Practices; Annual Report on 2008 Portfolio Performance; CAPE Bangladesh; and CAPE Cambodia: Growth and Sector Reform.

IED has published a report on "*Learning Lessons in ADB*"- and "*Auditing the Lessons Architecture*".

MI: Shares lessons at all levels of the organisation

ADB was rated adequate by donors at headquarters in organising learning opportunities to share lessons at all levels of the organisation, although 30 percent responded ‘don’t know’. Other respondent groups were not asked this question, and it was not covered by the document review.

3.4 Respondents’ Views on ADB’s Strengths and Areas for Improvement

Prior to rating ADB on the series of MOPAN Common Approach micro-indicators, all respondents were asked two open-ended questions. The questions asked respondents to identify the greatest strengths and areas of improvement in the way that ADB operates. Out of the 105 respondents, 101 provided responses to the question on Strengths and 100 provided responses to the question on Areas for Improvement.[72]

While many of the respondent comments were consistent with other survey findings, the comments on ADB’s strengths often related to factors that were not examined in the key performance indicators of the MOPAN Common Approach. For example, strengths such as ADB’s resource capacity (financial and non-financial) and its regional focus and ownership likely enable ADB to contribute to development results at a country level, but they do not fall within the dimensions of internal organisational effectiveness factors assessed through the MOPAN survey.

Respondents consider ADB’s two greatest strengths overall to be its regional role and the competence and knowledge of its human resources.

More than 30 percent of the respondents stated that the greatest strength of ADB is related to its role as a regional development bank. Respondents particularly pointed to the Bank’s regional ownership; regional focus in its work, including a special emphasis on regional integration; and the knowledge and expertise that it brings to bear on regional issues.

The quality of ADB human resources was recognised by almost 40 percent of the respondents to this question. Their knowledge of the region and commitment were often cited.

Other areas of strength noted by 14 to 19 percent of respondents included the following characteristics of ADB:

- ADB is well organised and has clear standard operating procedures; it is also a financially sound organisation
- It has the capacity to leverage significant financial resources and apply that to funding large projects
- It has a positive relationship with client countries
- It has a comparative advantage in infrastructure financing

Donors at headquarters most frequently cited ADB’s regional focus as its greatest strength (53 percent do so). Donors at country most frequently mentioned ADB’s staff and human resources as its greatest strength (55 percent), while a large proportion also mention is regional focus. Among clients, the most frequent strengths mentioned are how organised ADB is (29 percent) and its adaptability and responsiveness (25 percent).

[72] Some respondents wrote “no comment” or something similar and thus were filtered out of the analysis.

The areas for improvement identified by survey respondents focused on operational management issues at ADB such as the need for greater decentralisation to country offices, improved human resource management practices, improved overall efficiency, and improved quality of performance management systems.

The two area most frequently cited for improvement related to the need for greater devolution of responsibilities and resources to resident missions and the management of human resources. About 20 percent of those who responded to the question noted the need for ADB to keep up the momentum with regard to decentralisation – more staff, decision-making authority, and resources are required. Another 19 percent of the respondents pointed to human resource management. They suggested that the Bank can still improve in terms of: staffing levels, hiring practices, managing performance of staff, merit-based promotions, and improving the gender balance of staff.

Four other areas, each mentioned by about 15 percent of the respondents, included:

- concerns about efficiency of Bank business processes and noted the potential for improvements in the speed and complexity of internal procedures;
- room for strengthening results-based monitoring and reporting (particularly on its contributions to outcomes for the recipient country);
- the need for better coordination and harmonisation with other donors and with NGOs;
- desire for greater coordination and communication with country governments, on the one hand, and a tougher stance vis-à-vis the government on the other (being more critical, more assertively promoting good governance principles).

Donors at headquarters most frequently cited ADB's overly centralised structure as its greatest area for improvement (33 percent), followed by aspects of human resources management (30 percent). Among donors in-country, the greatest areas for improvement included ADB's relationship and communication with development partners including NGOs and other donors (21 percent of respondents) and coordination and communication with country governments (mentioned by 19 percent). Many clients (21 percent) perceived human resource management to be ADB's greatest area for improvement while 18 percent cited the efficiency of its processes and coordination with country governments.

4. Conclusion

The assessment of MOPAN micro-indicators indicates that ADB has several key organisational systems and practices in place that favour its effectiveness, in particular those that relate to making transparent and predictable aid allocation decisions, presenting information on performance, and in monitoring external results.

In general, donors in-country appear to be somewhat less positive about ADB's internal effectiveness than either donors at headquarters or clients. Survey respondents' awareness of ADB appears to be strong among both clients and donors at headquarters who participated in the assessment, and weaker among donors in-country, who responded 'don't know' more frequently than other respondent groups to the survey questions, and who expressed a lower level of familiarity overall of ADB than the other two groups.

The MOPAN Common Approach identified several clear strengths of ADB:

- Aid allocation decisions: ADB is seen to publish its criteria for allocating concessional funding, to allocate according to the set criteria, and to release resources according to agreed schedules;
- Presenting performance information: ADB effectively reports against is corporate strategy, using indicators defined in its *Results Framework*, and also reports against Paris Declaration commitments;
- Monitoring external results: ADB's strong ratings in this area were gained primarily on the strength of its Independent Evaluation Department (IED), but also for its evaluation coverage;
- ADB also received strong ratings for its internal audit processes, which are seen to provide neutral information; as well as its mainstreaming of regional cooperation as a cross-cutting thematic priority.
- Harmonising procedures: The ADB received strong marks on its efforts to harmonise procedures, based on the data it collects to report on indicators of the Paris Declaration. It is rated highly for its participation in joint missions and for disbursing technical cooperation through coordinated programs.

The assessment also identified a few areas where greater attention may be required:

- Linking its aid management to performance, in its budgeting and financial reporting;
- Managing human resources, in particular ensuring transparent and meritocratic recruitment and retention of staff;[73]
- More effectively implementing its commitments to gender equality as a cross-cutting thematic priority;[74]
- Ensuring the length of time for procedures does not affect project/program implementation.

[73] It should be noted, however, that ADB received mixed ratings in this area. This KPI received an overall rating of strong from the document review, and in an open-ended question many survey respondents cited aspects of human resources (particularly the experience and qualifications of the Bank's personnel) as the greatest strength of ADB.

[74] As above, this micro-indicator received mixed ratings, including a rating of strong from the document review.