



MOPAN

Multilateral Organisation
Performance Assessment Network

Institutional report

Asian Development Bank (ADB)

Executive Summary · 2013



MOPAN

Executive summary

This report presents the results of an assessment of the Asian Development Bank (ADB) conducted by the Multilateral Organisation Performance Assessment Network (MOPAN). The MOPAN Common Approach examines organisational systems, practices, and behaviours that MOPAN believes are important for aid effectiveness. It also examines the extent to which there is evidence of an organisation's contributions to development and/or humanitarian results and the relevance of its objectives and programme of work to stakeholders at the country level.

ADB's mission is to alleviate poverty in Asia and the Pacific and help create a world in which everyone can share in the benefits of sustained and inclusive growth. In its long-term strategic framework (Strategy 2020), ADB pledges to support three strategic agendas: inclusive economic growth, environmentally sustainable growth, and regional integration. It commits to being selective and placing focus on five core areas that "best support its agenda, reflect developing member countries' needs and ADB's comparative strengths, and complement efforts by development partners", namely: infrastructure, environment, regional co-operation and integration, financial sector development, and education. ADB provides loans, technical assistance, and grants to developing member countries (DMCs) to help tackle poverty challenges and achieve sustainable growth.

ADB has undertaken several processes that reflect its strong commitment to strengthening practices and systems for Managing for Development Results (MfDR) at both the organisational and country levels. The Bank has committed to improve its measurement of and reporting on results achieved at both levels, reinforce selectivity in its operations, review the implementation of Strategy 2020, and strengthen its quality at entry processes.

MOPAN assessment

In 2013, the MOPAN assessment of ADB was based on information collected through a survey of key stakeholders, a review of documents, and interviews with ADB staff. The survey targeted MOPAN donors at headquarters as well as MOPAN donors and ADB clients based in three countries (i.e. Indonesia, Pakistan and Viet Nam). A total of 159 respondents participated in the ADB survey (37 MOPAN donors based at headquarters, 35 MOPAN donors based in-country, and 87 clients). The document review examined close to 400 publicly available corporate documents as well as programming documents for the three surveyed countries. MOPAN also interviewed ADB staff members (12 from ADB's headquarters and 7 from Resident Missions). This information was not coded or used formally as part of the assessment process, but rather to gain a broader contextual understanding of the organisation's systems, practices and results-related reporting.

MOPAN assessments provide a snapshot of four dimensions of organisational effectiveness (strategic management, operational management, relationship management, and knowledge management), and of contributions to development results. The main findings of the 2013 assessment of ADB in these performance areas are summarised below.

Key Findings

Strategic management

In the area of strategic management, MOPAN established criteria to determine if a multilateral organisation has strategies and systems in place that reflect good practice in managing for results. Overall, the 2013 assessment found that:

- Since the 2010 MOPAN assessment, ADB has improved its results-orientation at both the organisational and country levels. Its commitment to Managing for Development Results at the corporate level has included: the refinement of its corporate results framework in 2010; the adoption of a revised/outcome-oriented results framework in 2013; and systematic use of the Development Effectiveness Review report (DEfR) as a corporate planning and decision-making tool. Like other multilateral development banks, ADB faces challenges in ensuring a clear and logical progression from lower-level results to results at the impact level.
- MOPAN donors at headquarters considered the Bank strong for having a clear strategy that is aligned with its mandate. The document review concurred and noted the Bank's review of Strategy 2020 so as to ensure its continuing relevance.
- ADB has strengthened the results focus of its Country Partnership Strategies and both its country and sector results frameworks have improved in quality and consistency.
- ADB was considered adequate or better in integrating/mainstreaming the cross-cutting themes of gender equality, environment, climate change, private sector development, regional cooperation and integration, and good governance. It was rated strong by survey respondents for its support of regional integration and adequate in all other areas.
- While ADB has no clear mandate for adopting human rights-based approaches and does not identify human rights as a priority or cross-cutting priority, the document review noted that the ADB promotes the principles of human rights in many of its policies, including its safeguards policy and accountability mechanism, and has established practices, systems and procedures to ensure that its investments "do no harm". Survey respondents consider ADB adequate in this regard.

Operational management

In operational management, MOPAN established criteria to determine if a multilateral organisation manages its operations in a way that supports accountability for results and the use of information on performance. Overall, the 2013 assessment found that:

- ADB's performance-based allocation system (PBA) for concessional funding is transparent and survey respondents rated ADB as adequate in ensuring that resource allocations follow established criteria.
 - Donors at headquarters and document review considered ADB as adequate in linking its budgets and expenditures to results. The Bank's results-based budgeting is evident at the project level and through its CPS and sector strategies and results frameworks. In the development of its administrative budget, there is room for improving the documentation and data that informs the budgeting process. There are already initiatives underway to address this (for example, with regard to the time management system).
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- Financial accountability was considered an area of strength of the Bank. ADB was found to have strong internal and external audits practices, anti-corruption measures, and risk management processes in place. The Bank uses performance information to improve policies, plan new interventions, and allocate resources.
- The document review considered ADB's use of performance information as very strong overall but rated the management of unsatisfactory operations adequate. Survey respondents rated ADB as adequate overall but considered its use of country and sector performance information to plan new interventions as strong.
- While donors at headquarters perceived ADB's staff promotion processes to be inadequate and to lack transparency, the Bank's management of human resources was rated strong overall by the document review. The system used to assess the performance of Vice Presidents of the Bank, however, was found to be unclear.
- Survey respondents perceived ADB as adequate in subjecting new loans and grants to benefits/ impact analysis prior to approval. The document review rated it strong in this area. ADB was considered to be very strong in setting milestones and targets to track the progress of project implementation.
- ADB's delegation of decision-making authority was perceived as adequate overall. The assessment team noted the increased levels of responsibility in Resident Missions that have been put in place as part of ADB's efforts to decentralize decision-making.

Relationship management

In relationship management, MOPAN established criteria to determine if a multilateral organisation is engaging with its clients at the country level in ways that contribute to aid effectiveness. Overall, the 2013 assessment found that:

- Surveyed stakeholders generally perceived the Bank as strong in ensuring that funding proposals are designed and developed in collaboration with national stakeholders. The document review rated ADB as strong for its use of national indicators or benchmarks for conditionality.
- ADB was seen to be adequate for having procedures that are easily understood and completed by clients, responding quickly to changing circumstances in partner countries, and adjusting these procedures to local conditions and capacities. However, many survey respondents lacked familiarity with these processes.
- Surveyed stakeholders perceived the Bank as adequate in using country systems as a first option for its operations. ADB has made considerable progress in its use of country systems for disbursement and operations but the document review noted room for improvement in the use of national procurement systems.
- ADB was seen as strong for contributing valuable input to policy dialogue and respecting the views of clients.
- ADB was overall considered to be adequately harmonising procedures at the country level. It was rated strong by document review for its participation in joint missions.

Knowledge management

In knowledge management, MOPAN established criteria to determine if a multilateral organisation has reporting mechanisms and learning strategies that facilitate the sharing of information inside the organisation and with the development community. Overall, the 2013 assessment found that:

- ADB was noted for the quality and independence of its evaluations, managed by the Independent Evaluation Department. Surveyed stakeholders considered the Bank adequate in using evaluation findings to inform decision making and involving clients and beneficiaries in evaluations.
- ADB's use of performance information to report on results was considered adequate overall by surveyed stakeholders. The document review rated the Bank strong overall but noted room for improvement in reporting on programming adjustments based on performance information.
- Survey respondents perceived ADB to be adequate in the dissemination of lessons learned. The document review confirmed that the Bank is a knowledge-based organisation that places strong focus on lessons learned.
- The document review rated the Bank as very strong for making key documents available to the public.

Development results and relevance to stakeholders

In the 2013 assessment of development results, ADB was rated adequate in providing evidence of progress towards organisation-wide outcomes (KPI A) and adequate in providing evidence of contribution to country-level goals and priorities (KPI B). Survey respondents rated ADB adequate for the relevance of its objectives and programme of work to country level stakeholders (KPI C). These findings should be considered in conjunction with the findings above on ADB's systems and practices for organisational effectiveness.

- Evidence of extent of progress towards organisation-wide outcomes: ADB's reporting (via the Development Effectiveness Reviews and its current online platform) provides a solid and transparent evidence base of completed outputs, but limited evidence of contribution to higher-level change (i.e. outcome and impact). Recent evaluation studies conducted by the Bank's Independent Evaluation Department (IED) highlight select areas where ADB's operations have contributed to higher level change (for example, in the transport sector). There is an indication that recent changes in the Bank's results framework should improve ADB's reporting on outcomes in the future. The Bank has also made continuous efforts to improve the quality of data used to support its claims about contributions to results. This is observed in the 2012 DEfR which presents adjusted ratings based on IED-validated data on project effectiveness at outcome level, and therefore enhances the credibility of data presented. Surveyed donors at headquarters considered ADB to be adequate overall but held positive views about the Bank's contributions to infrastructure development and intraregional co-operation, both of which received strong ratings.
 - Evidence of extent of contribution to country-level goals and priorities, including relevant MDGs: ADB's country-level reporting documents provided mixed evidence on its contributions to country-level goals and priorities in the three countries reviewed. Some reports provided solid evidence of the Bank's contributions (e.g. Viet Nam), while others did not (e.g. Pakistan¹). The Bank has committed to strengthen the 'quality at entry' of country partnership strategies (CPS) and to improve quality of project completion reports. Surveyed stakeholders in the countries sampled generally gave ADB ratings of adequate for its
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contributions to country outcomes. Stakeholders in Viet Nam gave ADB positive marks for its contributions to the transport and water sectors.

- **Relevance of objectives and programme of work to country-level stakeholders:** Surveyed stakeholders in-country considered ADB to be strong overall for responding to the key development priorities of DMCs. They perceived the Bank to be adequate in providing innovative solutions to help address key development challenges and in adapting its work to the changing needs of client countries.

Changes since the 2010 MOPAN assessment

Survey data suggest that the Bank's performance has improved overall in the past three years. In strategic management, there is increased recognition of the Bank's focus on results at both corporate and country levels, both of which were considered adequate in 2010 but strong in 2013. Stakeholder perceptions of gender mainstreaming also improved from inadequate in 2010 to adequate in 2013. In operational management, there was a slight decline in stakeholder perceptions of ADB's allocation of resources; survey respondents rated the Bank as strong in 2010 for allocating resources that follow established criteria, but adequate in 2013. The ratings of the Bank's use of performance information to plan new interventions improved from adequate in 2010 to strong in 2013. Survey ratings remained steady in most aspects of ADB relationship management, with some improvements in ratings for funding proposals that are developed with national governments or clients and ADB contributions to policy dialogue. Stakeholder ratings also improved with regard to the time it takes to complete Bank procedures, which was seen as inadequate in 2010 but adequate in 2013. In knowledge management, stakeholder perceptions of ADB's reporting practices declined in two areas – reporting on outcomes achieved and reporting on Paris Declaration commitments – areas rated strong in 2010 but adequate in 2013.

Conclusions on ADB's organisational effectiveness

As in the 2010 MOPAN assessment, ADB's strategic management is seen as an area of strength. The Bank's implementation of Managing for Development Results is widely recognised, and its efforts in this area are seen to be backed by strong leadership from senior management.

ADB has continued to strengthen its implementation of Strategy 2020, with an articulation of core areas of specialisation and key drivers of change that are aligned with its mandate. MOPAN donors at headquarters recognised the Bank's continued progress in implementing its results agenda and the strong leadership provided by senior management. The positive perceptions of ADB's results frameworks (both corporate and country level) were confirmed by the review of documents. The most recent revision to the corporate results framework (including the addition of outcome-oriented indicators in level 2) demonstrates an honest intellectual effort to include outcomes in the framework and, in turn, improve corporate reporting. The format of the country partnership strategy (CPS) has improved over the years, and survey respondents accorded strong ratings for the Bank's country and sector level frameworks. In addition, CPSs are aligned with national development strategies and surveyed stakeholders in-country commended the Bank for its ability to respond to key development priorities of DMCs.

1. It is to be noted however that as one of the countries sampled for this assessment, Pakistan had undergone an entire portfolio restructuring which affected results achievement.

ADB's approach to promoting regional co-operation and integration comes out strongly in the assessment – it was the cross-cutting theme most highly rated by survey respondents and in which ADB was perceived to make important contributions towards results on the ground.

ADB continues to be valued for being a regionally-owned Bank and for playing a critical role in regional co-operation and integration (RCI). This was evident in survey respondents' perceptions of ADB's greatest strengths, their views on the Bank's promotion of this theme through its strategy and operations, and its contributions to results on co-operation and integration in the region. The Bank's policies and strategies also provide solid direction for achieving results in this area. Interestingly, however, the reporting on the Bank's contribution to RCI is limited. This should change as the Bank begins to report on its revised results framework, which has new indicators on RCI. Greater evidence of contribution to regional dimensions may be highlighted in IED's evaluation expected in 2014.

ADB's progress on other cross-cutting themes was considered generally adequate, with a few areas noted for discussion with MOPAN members and other shareholders (such as its approach to human rights).

Survey respondents and the document review noted that ADB has made improvements in mainstreaming gender equality in its operations. ADB clients were more positive than other respondent groups about ADB's work in environment and good governance, which they rated as strong. In the area of climate change, which is key in Strategy 2020, gaps were noted in the frameworks for monitoring results, based on the documents reviewed. The Bank reports that it initiated work on this issue in a concerted manner with other MDBs in 2012.

The issue of human rights, which MOPAN included as a cross-cutting issue for all agencies assessed in 2013, emerged as an important point for discussion between MOPAN donors, other shareholders, and the Bank. While human rights is not an identified priority of the Bank, the review of select ADB policy documents (on gender, education and water) indicates that the Bank either implicitly or explicitly recognises the principles of human rights, has adopted adequate operational policies to ensure compliance with safeguards, and has institutionalised a mechanism for accountability to persons affected by ADB projects.

In its operations, ADB has continued to promote decentralisation to Resident Missions and has made progress in this area. Survey respondents would like to see even more decentralised and streamlined administrative procedures.

ADB has delegated an increasing amount of responsibility to the country level since 2000, including the ability to approve minor changes to projects, emergency projects, and technical assistance projects under USD 225,000. Based on data provided for this assessment, there appears to have been further progress in the last few years in the Bank's decentralisation agenda. An IED evaluation planned for 2014 should provide a more in-depth assessment of the improvements and any shortcomings. This will be important to follow given that country-level respondents highlighted the Bank's centralised procedures as one of its weaknesses.

In general, ADB has strong operational policies, especially with regard to financial accountability. It still faces challenges in results-based budgeting and in the area of human resources. ADB has human resource policies and systems in place, but donor perceptions point to the need to monitor and enhance communications about how those policies and practices are being implemented.

ADB is considered an organisation with sound financial accountability mechanisms in place (audit, anti-corruption and risk management). This was confirmed by the views of donor respondents who perceived its internal audit processes to be strong. The ratings on ADB's human resource policies and systems were adequate or higher, based on the review of documents. The organisation has a results-focused performance assessment system to assess staff performance (with the exception of Vice Presidents who are appointed by the Board of Directors and for whom separate rules apply) and inform promotions and other key human resource decisions. However, MOPAN donors either do not know how promotions take place or express concern about the extent to which staff promotion is transparent or based on merit. This suggests that the implementation of the system may either be inconsistent or not well-known among MOPAN donors.

Conclusions on evidence of ADB's development results and relevance to stakeholders

At the corporate level, the Bank's contributions to results on the ground are most evident in infrastructure. The Development Effectiveness Review report (DEfR) provided solid data on the achievement of outputs in select operational areas (infrastructure, education, finance) and indicated improvement from year to year. To date, however, ADB's reports and other documents provide little evidence of higher-level results. This should change when the Bank begins reporting on its revised Results Framework, which includes more outcome-oriented indicators.

ADB's contributions to infrastructure development were noted by surveyed donors at headquarters and the document review. Its contribution to intraregional co-operation was also rated positively by survey respondents but reported evidence of this could not be found in the review of the Bank's reports and evaluations.

ADB provides ample evidence on the achievement of outputs in level 2 in the DEfR. It is important to note, however, that the type of outputs that the Bank supports (e.g. in infrastructure) can often take many years to complete. The Bank is also making improvements in data quality and developing approaches to better capture how projects are contributing to sector outcomes. The recent changes in the Results Framework will give the Bank more outcome-oriented indicators to track and should improve future corporate reporting on results. However, current (2012) reporting on results is still lacking evidence of the Bank's contributions to outcomes and there are only a few evaluation studies on core sector areas (often with a sub-regional scope) to confirm that outputs are leading to outcomes in the past years (since 2008).

In exploring contributions to development results at the country level, the MOPAN sample of three countries proved to be too limited to make a judgement on the extent of progress and the nature of the evidence, especially given that one of the countries - Pakistan - has undergone a portfolio restructuring in recent years.

ADB's reporting on results achievement in countries is spread across different types of reports, but the key documents are the CPS final review (CPSFR) validation report, the country assistance performance evaluation (CAPE), and the sector assistance performance evaluation (SAPE). The SAPE is conducted at the final evaluation stage of a country partnership strategy (CPS).

Survey respondents in the three countries sampled provided adequate to strong ratings on ADB's contributions to key outcomes that had been specified in the CPS. A review of country-level reporting, however, provided a mixed picture; the evidence of contributions to outcomes was more robust in Viet Nam than in Pakistan, for example. It is important to note that the review focused on completed CPS and thus considered strategy documents and results frameworks that do not incorporate the most recent improvements in the CPS.

Across all three countries reviewed, there is a lack of reliable baseline data, which makes it difficult for the Bank to set realistic and achievable targets and also to gauge the extent of ADB's contribution to country-level results. The Bank recognises this as an area that needs improvement and has committed to strengthening national/DMCs monitoring and reporting capacities as part of its MfDR agenda. The Bank is also committed to enhance its quality control of project completion reports (PCRs) and of country partnership strategy (CPS) results frameworks. Improvement in these areas may help to improve the credibility and reliability of data reported at the country/project levels.

Surveyed stakeholders considered ADB's ability to respond to key development priorities as one of the strengths of the organisation. They considered ADB adequate in the other areas of relevance assessed: providing innovative solutions to development challenges and adapting its work to changing conditions at country levels.

Overall MOPAN ratings of ADB

The two charts below show the ratings on the key performance indicators that MOPAN used to assess ADB in 2013. The first chart shows the ratings on 21 indicators designed to measure organisational effectiveness (practices and systems), and the second shows ratings on the three indicators designed to assess ADB measurement and reporting on development results and relevance to stakeholders.

Organisational effectiveness– overall ratings

Strategic management		Survey respondents	Document review
KPI-1	Providing direction for results	4.58	5
KPI-2	Corporate strategy and mandate	5.06	6
KPI-3	Corporate focus on results	N/A	5
KPI-4	Focus on cross-cutting thematic areas	4.35	5
KPI-5	Country focus on results	4.57	5
Operational management			
KPI-6	Resource allocation on decisions	4.38	5
KPI-7	Results-based budgeting	3.98	4
KPI-8	Financial accountability	4.59	5
KPI-9	Using performance information	4.41	6
KPI-10	Managing human resources	3.79	5
KPI-11	Performance-oriented programming	4.43	6
KPI-12	Delegating authority	4.08	4
Relationship management			
KPI-13	Supporting national plans	4.43	N/A
KPI-14	Adjusting procedures	3.96	N/A
KPI-15	Using country systems	4.06	5
KPI-16	Contributing to policy dialogue	4.72	N/A
KPI-17	Harmonising procedures	4.46	4
Knowledge management			
KPI-18	Evaluating results	4.50	5
KPI-19	Presenting performance information	4.35	5
KPI-20	Disseminating lessons learned	4.14	5
KPI-21	Availability of documents	N/A	6
Legend			
Strong or above		4.50–6.00	
Adequate		3.50–4.49	
Inadequate or below		1.00–1.49	
Document review data unavailable		◆	
Not assessed		N/A	

**Evidence of ADB’s contribution to development results and relevance to stakeholders
– overall ratings**

Key Performance Indicator	Assessment Rating
KPI A: Evidence of extent of progress towards organisation-wide outcomes	Adequate
KPI B: Evidence of extent of contribution to country-level goals and priorities, including relevant MDGs	Adequate
KPI C: Relevance of objectives and programme of work to country level stakeholders	Adequate
