

# ADB's Long-Term Strategic Framework: Lessons, 2001-2006

- The Long-Term Strategic Framework, 2001–2015 guides ADB's efforts to help reduce poverty and improve living conditions and quality of life.
- What has the Long-Term Strategic Framework contributed to date? What more specific roles should ADB play in the future?

## Background

To facilitate execution of the strategic roles that the Asian Development Bank (ADB) must play, **the Long-Term Strategic Framework (LTSF)** prepared for 2001–2015 stipulates operating principles and modalities and marks out organizational and human resource issues. It defines three core strategic areas for ADB: sustainable economic growth, inclusive **social development**, and **governance** for effective policies and institutions. It identifies three crosscutting themes: promoting **private sector development**, supporting **regional cooperation and integration**, and addressing **environmental sustainability**. The LTSF is implemented by medium-term strategies (MTSs), each lasting 5 years. The LTSF built on ADB's **Poverty Reduction Strategy**, as well as on international development goals, and **MTS I** and **MTS II** aligned with the subsequent **Millennium Development Goals**. Its time span aimed to meet the target date for accomplishment of the latter.

In 2007, the Operations Evaluation Department conducted a **Special Evaluation Study on Long-Term Strategic Framework: Lessons from Implementation (2001–2006)**<sup>1</sup> to (i) provide an independent assessment of LTSF implementation under MTS I and in the early years of MTS II, and (ii) identify lessons for strategy formulation and operations. Focusing on 2001–2006, and examining each strategic area and crosscutting theme, the study analyzed the relevance of the LTSF, ADB's response to its strategic guidance, and the extent to which ADB positioned itself for results.

## Summary of Findings

Overall, the relevance of the LTSF was rated "high".

ADB's responsiveness and the initial results achieved were deemed "medium". One notable exception was in the area of inclusive social development: ADB's responsiveness and results were "low". Significantly, the harness of sustainable economic growth, inclusive social development, and governance leading to poverty reduction was deemed conceptually strong and continues to be empirically valid in most **developing member countries** (DMCs).

The study confirmed the contribution of the crosscutting themes: they complement the strategic areas by broadening and deepening impact. Their relevance was rated "high", while ADB's responsiveness and the results achieved were judged "medium".

The relevance of the LTSF was found "high" in terms of the regional context and the needs of DMCs. Its influence on ADB's institutional effectiveness, in terms of ADB's responsiveness and the results achieved, was deemed "medium". The LTSF is very clear that focus on strategic areas and crosscutting themes calls for extra financial and human resources: the fact that they have not always been forthcoming constrained LTSF implementation. Lack of a results framework, inadequate data management systems, and the existence of multiple strategic documents and their weak strategic link with corporate planning and budgeting also limited the potential of the LTSF.

ADB's future performance will be governed by the ability to adapt operations and instruments to rapidly changing country needs—notwithstanding differences in stages of development and the sector mix needed to meet objectives in each DMC—and by how it enhances the institutional effectiveness in terms of human

resources, business procedures, incentive systems, and the results orientation. Notably, middle-income countries are evolving faster: they, together with graduated economies, demand knowledge products and services, policy advice, private sector development, environmental management, and regional cooperation. The study concluded that:

- The LTSF moved the poverty agenda in weakly performing and low-income countries in the region, but the need to address differences between DMCs has become more apparent, requiring greater focus on DMC needs and priorities.
- The operating principles specified in the LTSF and in MTS II changed from DMC-driven sector selectivity to ADB-determined sector selectivity, requiring clearer and alternative approaches to reconciling DMC needs and ADB's strengths.
- The needs and roles of graduating and graduated (nonborrowing) member countries in the region require explicit strategic attention.
- Sustainable economic growth has been a core ADB strength, but greater operational clarity is needed concerning types of growth and forms of assistance.
- Public-private partnerships have been a relevant but underutilized form of assistance to support economic growth and some social development issues.
- Inclusive social development, as discussed in the LTSF, is relevant but the staff and financial resources allocated have been insufficient to address the wide scope of issues.
- A clearer and more effective strategy for good governance is needed to guide operations.
- The LTSF's thematic areas are relevant but would have benefited from strategic mainstreaming and better resourcing.
- At the corporate level, having multiple strategic and planning documents with unclear hierarchy and links can create confusion.
- Strategic plans and aspirations need to accompany required resources.
- Corporate plans and budgets should define the expected results chain and a monitoring and evaluation system.

- An integrated and efficient data system is required to facilitate progress monitoring and decision making.

## Recommendations

The study circumscribed more clearly the roles that ADB might play: (i) finance development projects; (ii) provide high-quality policy advice, analytical work, and related knowledge services; and (iii) catalyze the mobilization of resources with other development partners, the private sector, and newly emerging bilateral donors. To these ends, it invited ADB to:

- Focus on each DMC's binding development constraints and sector priorities, followed by sector selectivity in the country partnership strategy to create a critical mass of interventions.
- Reduce the range of high-level strategic documents and statements to guide operations more effectively.
- Enhance strategic clarity by focusing on one set of strategic directions over a combination of sector and thematic areas.
- Expand private sector operations by building synergies in public and private sector operations.
- Increase investment in ADB's human resource development, and manage institutional change.
- Provide a better balance in terms of resource allocation and incentives between project preparation and implementation.
- Strengthen ADB's capacity to provide knowledge products and services.
- Enhance ADB's data quality and information management systems and provide a set of performance indicators to monitor and evaluate progress in achieving strategic directions and likely development results.

## Feedback

When these *Learning Curves* were prepared, **ADB Management's Response** and the **Chair's Summary of the Development Effectiveness Committee Discussions** were not available for disclosure to the public. The study was completed in December 2007.

<sup>1</sup> ADB. 2007. *Special Evaluation Study on Long-Term Strategic Framework: Lessons from Implementation (2001–2006)*. Manila. Available: <http://www.adb.org/Documents/SES/REG/SST-REG-2007-38/SST-REG-2007-38.pdf>