



Asian Development Bank

July 2009


























2008 Development Effectiveness Review Summary

Asian Development Bank

The Asian Development Bank (ADB) is committed to continuous self-evaluation to maximize its operational effectiveness. The *2008 Development Effectiveness Review (2008 DEfR)* is ADB's second annual corporate performance assessment. It evaluates ADB's progress in implementing its long-term strategic framework 2008–2020 (Strategy 2020). Using the Strategy 2020 results framework, it highlights successes, challenges, and needed actions.

The *2008 DEfR* reviews progress made in Asia and the Pacific toward key development objectives (Level 1). Against this backdrop, it assesses ADB's performance in delivering key sector outputs and their contribution to development outcomes (Level 2), and in improving operational and organizational effectiveness (Levels 3 and 4). Table below summarizes ADB's overall performance based on a detailed assessment made in the [full report](#).

Table: Summary of Overall Performance

	ADB	ADF
Asia and the Pacific Development Outcomes (Level 1)		
Poverty and Human Development Indicators		
Other Outcome Indicators		
Performance Indicators		
Key Sector Outputs and Their Contribution to Development Outcomes (Level 2)		
Operational Effectiveness (Level 3)		
Operational Quality and Portfolio Performance		
Finance Mobilization		
Gender Mainstreaming		
Strategic Focus in Operations		
Knowledge Management		
Partnership		
Organizational Effectiveness (Level 4)		
Human Resources ^b		
Budget Adequacy ^b		
Business Processes and Practices		
 Green: "On track" (More than 50% of indicators in the group have shown improvements over baselines or previous periods)  Amber: "Potential regression" (Results are mixed: equal number of indicators improving or beginning to stagnate or regress)  Red: "Stagnated or regressed" (More than half of indicators in the group stagnating or regressing over 2 or more previous review periods). ADB = Asian Development Bank, ADF = Asian Development Fund ^a Assessment on "ADB" generally covers (i) for Level 1, progress in all ADB's borrowing developing member countries (DMCs); and (ii) for Levels 2-4, ADB operations funded by ordinary capital resources and ADF. Assessment on "ADF" generally covers (i) for Level 1, progress in ADF countries (a subgroup of ADB DMCs which have access to ADF); and (ii) for Levels 2-4, ADB performance in managing its ADF-funded operations. ^b Human and budgetary resource indicators for ADB reported also for ADF.		

Development progress in Asia and the Pacific (Level 1)

Prior to 2008, Asia and the Pacific had made rapid progress in poverty reduction and human development. In 2008, however, it faced new challenges. In particular, it struggled to cope with rising global food and fuel prices, and later the onset of the global economic crisis. Economic growth contracted severely. Gains made in poverty reduction before the economic crisis now risk losing ground. Progress on some Millennium Development Goal targets is still slow, and updated poverty figures reveal that the development challenge facing Asia and the Pacific remains serious.

ADB's role in the region is more important than ever. Strategy 2020 provides an effective framework to tackle the impacts of the global crisis. It focuses on sectors that are central to generating employment, promoting regional cooperation and integration, and boosting investor confidence. The successful ninth replenishment of the Asian Development Fund (ADF) and ADB's fifth general capital increase provide an expanded resource base that will enable ADB to be more responsive to the needs of its developing member countries (DMCs).

What are ADB's key sector outputs and their contribution to development outcomes? (Level 2)

For 2005–2008, ADB delivered significant levels of outputs in key sectors, and higher outputs are expected for 2009–2012. A comprehensive review of project completion reports (PCRs) circulated in 2008 confirms that recently completed operations have contributed tangibly to improving people's lives. More people gained access to reliable sources of energy, including clean energy. People and goods can travel much faster within and between countries. Farmers earn more because of better irrigation services. ADB has helped DMCs improve education policies; train teachers; and provide equal opportunities for women, girls, and the disadvantaged. More people, particularly women, have better access to finance, as do more businesses. ADB has also assisted its DMCs in strengthening their public management capacity through lending and nonlending operations.

However, ADB should not be complacent. Whereas a high proportion of recently completed projects in transport, energy, and education met benchmarks set by ADB, the success rate for projects targeted at water and finance outcomes was lower. According to PCRs circulated in 2008, close to 30% of ADB projects did not fully achieve their objectives. ADB will scrutinize these PCRs and other assessments, and systematically apply lessons identified.

How effectively is ADB managing operations? (Level 3)

The data show ADB is on track to achieve the majority of operational effectiveness targets. Quality at entry of country partnership strategies improved substantially in 2008. Good progress was also made in the quality of design and implementation of ADB operations. Quality at entry of nonsovereign operations was assessed for the first time, and indicated a need for attention. While the number of projects at risk declined, ADB is aware that the risks may be underreported. An ongoing initiative will improve ADB's project performance reporting system and ensure timely identification of potential problems. ADB disbursed an unprecedented \$8.8 billion in 2008 and disbursement ratios remain above target. ADB mobilized \$1.6 billion of direct value-added cofinancing.

Committed to effective harmonization, ADB collaborated with nongovernment and civil society organizations and other development partners. New operations during 2008 predominantly supported Strategy 2020 sector and thematic priorities. Gender mainstreaming still requires significant effort, and ADB is building its internal capacity to promote this important theme. More progress is also needed in knowledge management. Guided by its new knowledge management action plan, ADB will accelerate its transformation into a learning organization.

How is ADB managing its organization to improve operational effectiveness? (Level 4)

Progress on ADB's organizational effectiveness in 2008 is mixed. ADB is processing projects faster than previously. The level of delegation of project administration to resident missions held steady. ADB is pilot-testing delegation of specific functions to selected resident missions. The

proportion of staff in operations departments remained constant, while the proportion of staff in field offices increased slightly. The overall gender balance is regressing, however, and ADB is now unlikely to meet its 2010 gender balance target of 35%. ADB is expanding targeted recruitment strategies for women professionals. The indicators on budget show that ADB's efficiency is increasing mainly because of the rapid growth in ADB operations. Given the expected further increase in ADB operations following the ninth replenishment of ADF and the fifth general capital increase, a corresponding growth in budgetary resources will be vital to sustain operational quality. Although indicators on operational quality show no apparent decline, ADB will monitor trends closely to maintain operational quality.

What actions is ADB taking to improve its development effectiveness further?

ADB Management has updated its action plan in response to performance trends and issues highlighted in the *2008 DEfR*. In particular, ADB will

- (i) review indicator relevance and data consistency for improvement, including selected Level 2 sector indicators;
- (ii) improve the project performance reporting system and implementation to increase its reliability;
- (iii) assess reasons for the fall in cofinancing for ADF operations;
- (iv) examine its pipeline of projects and approaches supporting finance and education in preparation of the work program and budget framework for 2010–2012;
- (v) examine ADB's approach to delivering gender outcomes under Strategy 2020;
- (vi) refine an indicator set for knowledge management to capture progress better;
- (vii) develop initiatives specific to regional departments on Paris Declaration Commitments and monitor progress through an ADB-wide monitoring plan;
- (viii) implement the gender action program III and targeted recruitment strategies to accelerate progress on gender equality at ADB;
- (ix) examine the budget adequacy issue in preparing the work program and budget framework for 2010–2012 to ensure balance between efficiency and quality; and
- (x) implement the new managing for development results action plan focusing on mainstreaming the MfDR approach within ADB and in DMCs.

The *DEfR* exercise is steadily assuming a pivotal role in ADB's results management. The results framework is an evolving process. ADB will determine the need for adjustments in the coming years in consultation with ADB's Board of Directors.