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**2006 Annual Poverty Reduction Report:  
ADB's Effectiveness in Implementing the Poverty  
Reduction Strategy**

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
APRR	–	annual poverty reduction report
CAPE	–	country assistance program evaluation
COP	–	community of practice
CPS	–	country partnership strategy
CSP	–	country strategy and program
DMC	–	developing member country
DVA	–	direct value-added
GDP	–	gross domestic product
HIV/AIDS	–	human immunodeficiency virus/acquired immunodeficiency syndrome
HR	–	human resources
KM	–	knowledge management
Lao PDR	–	Lao People's Democratic Republic
MDG	–	Millennium Development Goal
MfDR	–	managing for development results
MTS	–	medium-term strategy
NGO	–	nongovernment organization
OCR	–	ordinary capital resources
OED	–	Operations Evaluation Department
PBA	–	performance-based allocation
PCR	–	project completion report
PDP	–	performance and development plan
PPER	–	project performance evaluation report
PRC	–	People's Republic of China
PRS	–	poverty reduction strategy
QAE	–	quality-at-entry
RCSP	–	regional cooperation strategy and program
RETA	–	regional technical assistance
RSDD	–	Regional and Sustainable Development Department
TA	–	technical assistance

This report was prepared by the Poverty Unit of the Regional and Sustainable Development Department (RSDD), comprising S. Chatterjee (unit head), M. Domingo-Palacpac, and C. Narayanasuwami (consultant).

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## EXECUTIVE SUMMARY

The results of the development efforts of the Asian Development Bank (ADB) came under closer scrutiny starting in 2004 with a review of the Poverty Reduction Strategy (PRS) and the adoption of a reform agenda anchored in managing for development results (MfDR). After the PRS review, ADB adopted a results-based monitoring and evaluation framework in its annual poverty reduction reports to assess its effectiveness in implementing the PRS. The indicators used in the reports have been largely harmonized with those of IDA14 and cover the main facets of development effectiveness in country outcomes, and operational and institutional effectiveness. This report, the third in the series, extends the coverage of the earlier reports with more discussion on country outcomes and institutional effectiveness. In the assessment of this report, ADB did better in 2006 than the year before and is making progress in implementing internal reforms.

Regarding country outcomes, the report notes that the Asia and Pacific region has continued to make progress in reducing poverty, including non-income poverty. But reducing poverty in ADB's developing member countries (DMCs) remains their major development challenge. Well over half a billion people still live on less than \$1 a day, and non-income poverty is widespread. If current trends continue, six countries will not meet the Millennium Development Goal (MDG) relating to income poverty and 29 countries will not meet 25% or more of the targets set for the non-income MDG indicators. In addition, there are large deficits in the provision of basic infrastructure in the DMCs, and even now private entrepreneurs wishing to start businesses face considerable hurdles. Efforts to generate growth and reduce poverty are thus constrained.

The report draws attention to how ADB is working for the achievement of the MDGs in its DMCs. It is supporting income poverty reduction through infrastructure investments for growth, and contributing toward the environment goal, particularly in clean energy and in water and sanitation. ADB has also taken on a significant role in basic education and a modest but critical one in the control of HIV/AIDS through regional efforts, and it is mainstreaming gender equality in its operations. To assist MDG efforts in general, ADB has entered into an important regional partnership with agencies of the United Nations.

With regard to operational effectiveness, ADB's operational outputs have distinctly improved in quality and magnitude. Thus, the country partnership strategies (CPSs) are now all results-based and the quality-at-entry (QAE) assessments begun in 2006 have enhanced the design of CPSs and projects. Ratings for the current portfolio of projects under implementation are up. Lending, disbursements, and cofinancing have all had large increases. ADB staff are helping to develop knowledge products with greater vigor; visits to ADB's websites have significantly increased, indicating wider awareness of ADB's activities; and, according to an independent survey, ADB staff have a better perception of the knowledge management (KM) process and its implementation. In addition, ADB partners with nongovernment organizations on more projects, conducts more joint operational missions with its development partners, and employs more program-based approaches, further strengthening its development partnerships. Fully committed to the Paris Declaration, ADB continues to integrate its principles into its overall work program.

Some improvements in ADB's operational outcomes are also evident. Half of the country assistance program evaluations made between 2004 and 2006 showed satisfactory performance; assessments for the rest were mixed. The lessons are being carefully considered in the design of new CPSs. Project completion reports (PCRs) as well as project performance

evaluation reports (PPERs) of the Operations Evaluation Division (OED), taken together, also indicate an improving long-term trend overall for loan projects. These projects are, however, seen to have done better than the benchmarks in PCRs but not in PPERs. Technical assistance (TA) projects have likewise performed above the benchmarks in the technical assessment completion ratings but below the benchmarks in OED ratings.

There have also been improvements in institutional effectiveness. More staff have been assigned to operations and to resident missions, and the average hiring time for filling vacancies has been substantially shortened. ADB has trimmed its administrative expenses for loan approvals and disbursements. It has taken significant steps forward in the wide-ranging reforms—the reform agenda—it introduced in 2004 to improve its institutional effectiveness. Progress in implementing the MfDR agenda, a cornerstone of the reform agenda, has been considerable. Many ADB policies, strategies, and business processes have been updated to sharpen their focus on results, efficiency, accountability, and partnerships. The implementation of the 2004 human resource strategy is well under way.

While ADB has made significant contributions to supporting country efforts to attain the MDGs, it can consolidate its support by (i) making its operations more inclusive, (ii) bolstering its concessional loans and grants and directing them to MDG-relevant operations in line with its comparative strengths, (iii) dealing more effectively with country borrowers from ordinary capital resources, (iv) encouraging more private sector participation and private-public partnerships in the MDG effort, (v) engaging in more effective KM activities for the MDGs, and (vi) exploring regional cooperation in MDG areas.

To improve its development effectiveness, the report suggests, ADB should (i) further improve the CPS results frameworks, (ii) institutionalize the QAE system, (iii) strengthen implementation, particularly in weaker countries, (iv) improve project classification, (v) raise awareness of its development efforts, and (vi) improve TA performance through the TA reform agenda. To realize fully the results of its reforms, ADB must shift its attention to the effective implementation of the reforms, capitalizing on the progress made so far and responding to issues during implementation. ADB must do more to promote a knowledge-sharing culture, mainstream the MfDR agenda, and implement the human resource strategy.

## I. INTRODUCTION

1. This report is an important step in the efforts of the Asian Development Bank (ADB) to support its developing member countries (DMCs) more effectively in achieving prosperity and freedom from poverty. Greater scrutiny of the results of ADB's development efforts began in 2004 with a review of the Poverty Reduction Strategy (PRS)<sup>1</sup> and the adoption of a reform agenda anchored in managing for development results (MfDR). A periodic assessment of ADB's progress in improving its development effectiveness and its implementation of the PRS is a crucial part of these efforts. It involves examining systematically the results of ADB's own contributions to the development outcomes of its DMCs, the quality and effectiveness of its operations, and the efficiency with which it deploys its resources to meet its objectives.

2. The annual poverty reduction reports (APRRs) in 2005 and 2006 were the first annual reports on ADB's progress in implementing the PRS. These reports employed progressively improving indicators, and benchmarks and targets for assessing progress.<sup>2</sup> The indicators, which have been largely harmonized with those of IDA14,<sup>3</sup> cover various facets of development effectiveness in country outcomes, and operational and institutional effectiveness. The present report contains more detailed discussion of country outcomes and institutional effectiveness than earlier reports. The preparation of country development effectiveness briefs, a process begun recently to better address country outcomes, has provided inputs to this report and will prove very useful for subsequent reports as more countries are covered. In addition, this report, as will other APRRs after it, discusses in depth a specific area or theme that illustrates ADB's efforts to support country outcomes, with examples from the country briefs. The theme chosen this time is ADB's contribution toward the Millennium Development Goals (MDGs). To strengthen the section on institutional effectiveness, progress on the reform agenda initiated in 2004 is also discussed.

3. This report therefore takes a more comprehensive view of development effectiveness. The next three sections deal with country outcomes and ADB's operational and institutional effectiveness, and the last section contains the conclusions of the report and important issues.

## II. COUNTRY OUTCOMES

4. The ultimate test of ADB's effectiveness as a development institution is how well it contributes to development outcomes in its DMCs. This section begins by assessing the progress made by the region and ADB's DMCs in key country outcomes—the MDGs and other crucial development indicators (growth, provision of basic infrastructure, and private sector participation) similar to the IDA14 (tier I) indicators. This assessment is followed by a detailed discussion of ADB's contributions to the MDGs.

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<sup>1</sup> ADB. 1999. *Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy*. Manila.

<sup>2</sup> The indicators and targets were proposed by an interdepartmental group set up for this purpose and agreed on by the departments concerned during the preparation of the 2004 APRR.

<sup>3</sup> The 14th replenishment of the International Development Association, the concessional lending arm of the World Bank.

## A. Progress in Key Country Outcomes

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Indicator 1a:	Millennium Development Goals 1–7
Target:	Achievement of goals by 2015
Indicator 1b:	Other country outcomes (growth, infrastructure, business environment)
Target:	Improvement over benchmarks
<b>Overall Assessment:</b>	<b>Mixed results.</b> Progress in income poverty reduction has continued with growth in per capita gross domestic product (GDP), but other indicators have shown no significant improvements.

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### 1. Progress on the MDGs

5. The region has shown continued progress on the income poverty front, with the number of those living on less than \$1 a day declining to 604 million in 2005, compared with 945 million in 1990.<sup>4</sup> Yet in 2006 well over half a billion people in the region were still living in extreme poverty. On the non-income MDG indicators, progress continues to be slow and several targets may not be achieved if current trends continue.

6. In July 2007, the important halfway mark between 2000, when the MDGs were adopted, and 2015, when they must be achieved, was crossed. It is necessary to take stock of the progress made so far and the challenges ahead. Projections indicate that the goal of halving extreme poverty will be convincingly surpassed by the region as a whole, and that progress on some non-income indicators will also be satisfactory. Thus, given current trends, the region is likely to (i) meet the MDG of gender equality in primary and secondary education; (ii) come close to achieving the goal of universal primary education; (iii) reverse tuberculosis prevalence and death rates; and (iv) achieve several environmental targets such as increasing protected areas to preserve biodiversity and reversing the trend in ozone-depleting chlorofluorocarbon (CFC) consumption.

7. But major challenges remain. While extreme (\$1 a day) poverty has been substantially reduced, the region by 2015 could still have around 350 million poor—exceeding the combined population of Indonesia and the Philippines<sup>5</sup>—and as many as 1.5 billion could be living on less than \$2 a day. If current trends continue and extraordinary efforts are not made, the region is also likely to miss several important non-income MDG targets, including those in critical areas like hunger, education, health, and access to improved water and sanitation. In fact, the region as a whole is likely to miss more than half of the targets for the 20 MDG indicators studied,<sup>6</sup> and the situation even by 2020 is not likely to be much better. Appendix Table 1.3 gives region-wide projections for selected MDG indicators by 2015 and 2020.

8. The overall achievements of the region are influenced by just six or seven large countries, which account for about 90% of the region's population.<sup>7</sup> Progress by individual countries is thus obscured. Given current trends, six countries will not meet the income poverty goal<sup>8</sup> and 29<sup>9</sup> countries will not meet 25% or more of the non-income MDGs. The countries and sectors at risk of not achieving the MDG indicators are shown in Figures 1 and 2.

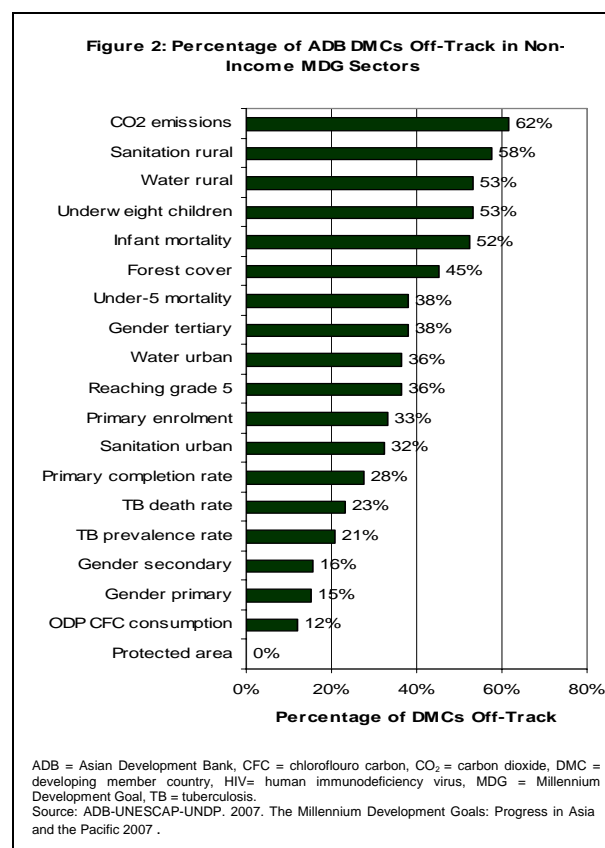
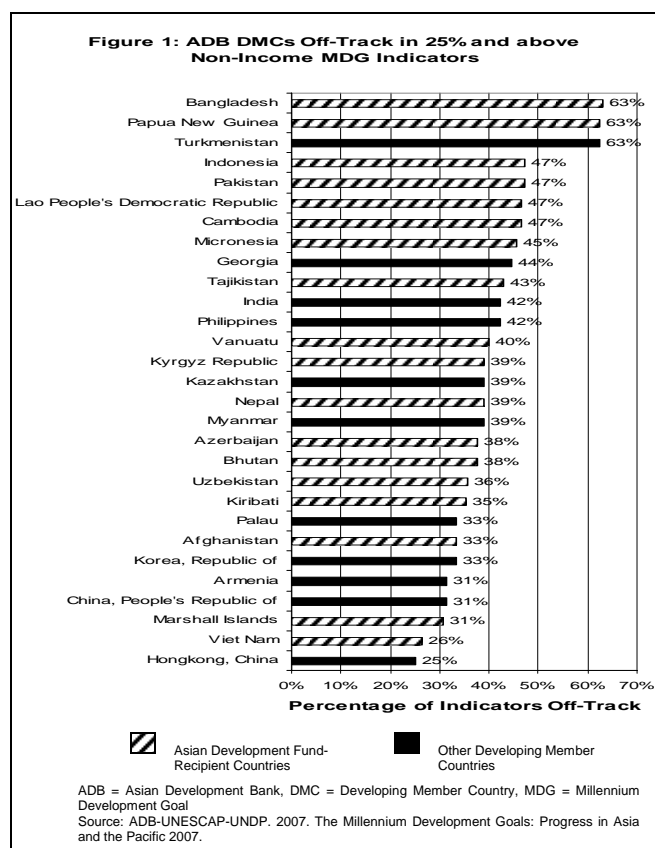
<sup>4</sup> ADB. 2007. *Pro-poor to Inclusive Growth: Asian Prescriptions*. ERD Policy Brief No. 8. Manila.

<sup>5</sup> ADB. 2005. *Key Indicators*. Manila.

<sup>6</sup> A similar exercise for weaker (Asian Development Fund) countries shows that these countries may miss 65% of the targets.

<sup>7</sup> The PRC, India, Indonesia, Bangladesh, Pakistan, the Philippines and Viet Nam alone accounted for 91% of the population of developing Asia and the Pacific in 2004.

<sup>8</sup> Based on projections made in *ADB Key Indicators 2005*. The countries are Kazakhstan, Kyrgyzstan, Nepal, the Philippines, Turkmenistan, and Uzbekistan.



## 2. Improvements in Growth, Basic Infrastructure, and Private Sector Development

9. Advances made in economic growth, basic infrastructure, and private sector development, in addition to the MDG indicators, provide a more complete picture of progress in the region. Six more indicators are therefore also discussed: (i) per capita gross domestic product (GDP), (ii) access of the rural population to all-season roads, (iii) household electrification rate, (iv) fixed-line and mobile phones per 1,000 inhabitants, (v) cost required for business start-up, and (vi) time required for business start-up.<sup>10</sup>

10. Average annual per capita GDP growth for ADB's DMCs in 1990–2005 was 6% (3% for weaker countries like the Asian Development Fund [ADF] subgroup). However, continuing such growth will require continued investments in infrastructure, in which the private sector will have to play an important part. Table A1.4 indicates that, according to the latest available data, much of the region's population still has no access to essential infrastructure: 36% of households have no electricity connections,<sup>11</sup> 23% of the rural population has no access to an all-season road, and 67% of the population has no telephone connections. Access to water supply and sanitation is another infrastructure area where much needs to be done, as the DMCs will not meet the

<sup>9</sup> Based on a study of 43 DMCs for which data are available: ADB/United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)/United Nations Development Programme (UNDP). 2007. *MDG Progress Report 2007*. Bangkok. The data from this report has been used on the MDG discussions in subsections A and B.

<sup>10</sup> These indicators are a subset of the IDA 14 tier I indicator set. Sources: World Development Indicators Database; UN Population Prospects Database; and ADB. 2006. *Key Indicators*. Manila.

<sup>11</sup> For lack of data, it is difficult to ascertain the percentage of households without access to electricity for ADF recipients. As efforts are made to improve data, it may be possible to report on this in the future. In general, data coverage on these non-MDG indicators is quite weak and results have to be interpreted with caution.

sanitation and access-to-water targets in urban areas. In most countries, business start-ups still take a very long time and are costly: the average time for a business start-up is 45 days and the cost is 44% of the average gross national income (GNI) per capita. In contrast, it takes only 8 days to start a business in Singapore and the cost is only 1.2% of GNI.

## **B. ADB's Contributions to the Achievement of the MDGs**

11. ADB since its inception in 1968 has closely allied itself with the struggle to overcome poverty in the Asia and Pacific region. In 1999, on the eve of the new millennium, ADB articulated, through its PRS, its determination to free the region from poverty. After the Millennium Summit of 2000 it joined the international community in efforts to achieve the MDGs.

12. A concern of ADB is that its development interventions to reduce poverty should cover all dimensions of the problem, i.e., that they should address what have commonly come to be termed the income as well as the human or non-income dimensions of poverty. Even as there has been a rapid reduction in income poverty, human poverty seems to have become entrenched—a much more intractable problem with no easy solutions. A unidimensional approach to poverty was quite inappropriate, and this was recognized in the definitions of poverty adopted under the 1999 PRS and the 2004 enhanced PRS.<sup>12</sup> Therefore, the targets for the income and non-income dimensions of poverty under the MDGs were employed in measuring the impact of ADB's overall development efforts. ADB also revised its classification system to better track its support for the MDGs, and introduced within the category of targeted interventions for poverty reduction a subcategory of projects in support of the MDGs.

13. ADB has interventions in many countries in sectors relevant to the MDGs such as basic infrastructure, education, health, water supply and sanitation, and clean energy. It also directs its concessional resources—vital for the MDG effort—to the weakest countries in the region. The Medium-Term Strategy (2006–2008) (MTS II) emphasizes support for weakly performing and fragile states (which also perform poorly on the MDGs). ADB's contribution to the achievement of each of the MDGs is discussed in detail below.

### **1. ADB's Role in Income Poverty Reduction (Goal 1)**

14. The reduction in income poverty has been one of the region's major successes, due principally to rapid growth, to which ADB has contributed significantly. In 2006, for instance, more than 80% of ADB projects emphasized the sustainable economic growth pillar of the PRS. Such projects were mainly in the infrastructure sectors (energy and transport and communications accounted for about 40% of the total amount invested), but a significant number of projects (35%) were in support of agriculture and natural resources management, and financial and capital markets development.

15. ADB's support for infrastructure building in its DMCs has contributed significantly to reducing poverty in the region. ADB provided \$19 billion of infrastructure-building support to its DMCs in 2000–2006, and has programmed another \$33.2 billion for 2007–2010. Although most infrastructure projects have only indirectly affected poverty by supporting growth, many have also had a direct impact on the poor by creating jobs and raising the productivity of poor households.

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<sup>12</sup> ADB. 2004. *Enhancing the Fight against Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Manila.

16. Several studies<sup>13</sup> have been done on the impact of infrastructure investments, including ADB's, on poverty reduction. The development of road transport and electricity has been seen to help reduce income poverty. Access to roads reduces prices by making transport service provision more competitive, increases mobility, reduces imperfections in the labor market, enables the poor to find better-paying work, and allows the production of higher-value cash crops and the supply of cheaper agricultural inputs. Rural electrification helps stimulate the rural economy and increases opportunities for off-farm employment for the poor. Television gives access to information about crops and farming methods and thus contributes to improved farm productivity. Lighting facilities allow longer work hours. Infrastructure provision generally also contributes to increased trade and growth in countries in the context of regional cooperation. The impact on non-income poverty is significant as well. Roads reduce travel time and provide better access to basic education and health services. Better lighting facilities increase the time for studies and years of schooling. They increase safety and security and help in the provision of better medical services in rural areas. The benefits from the ADB rural infrastructure project described in Box 1 are typical.

17. However, strong poverty reduction outcomes from infrastructure projects can come about only in a strongly pro-poor policy environment. The appropriate choice of infrastructure projects (such as rural roads or irrigation for improved rural productivity), the creation of a competitive market for transport provision to reduce prices, more affordable electricity prices for rural consumers, complementary agreements for cross-border trade in the context of regional cooperation in infrastructure—all these depend on such a policy environment.

**Box 1: Cambodia Rural Infrastructure Improvement Project**

The project, completed in 2003, rehabilitated 1,172 kilometers of rural roads, bridges, and crossing structures along these roads, as well as other rural infrastructure such as school buildings, hand-pump wells, and rural markets. The project provided basic social services (health care, skills training, literacy, credit, and extension services) accessible to the rural poor. More than 4 million workdays of employment were generated on road rehabilitation and routine/periodic maintenance, providing incomes to more than 300,000 local workers. The project also improved the mobility and employment opportunities of the rural poor in farming and nonfarming activities. About half of the households had higher household incomes (about 30% higher on average) after road construction, because transporting their products to markets was easier and they had more time to do other jobs.

Source: ADB. 2007. *Cambodia Development Effectiveness Brief*. Manila.

## 2. Support for Primary Education (Goal 2)

18. The region is likely to achieve the goal of universal primary education by 2015, although a third of ADB's DMCs are unlikely to meet this target. In addition to access, however, problems of quality of education persist.

19. Achieving this MDG will require ADB to continue its substantial investments in the basic education sector. Support for education, particularly basic education, has been a traditional area of ADB's assistance to its DMCs. It is the lead donor to the sector in many countries such as Bangladesh, Cambodia, Lao People's Democratic Republic (Lao PDR), Mongolia, Pakistan, Samoa, and Viet Nam. Despite a small decrease both in the share of education in total lending and in average annual lending levels in 2000–2006 compared with the 1990s, ADB's operations in education have remained significant. In 2000–2006, for example, ADB provided \$2.3 billion in

<sup>13</sup> Chatterjee, S., T. Duncan, C. Narayanasuwami, B. Prakash. 2004. *Scaling Up Poverty Reduction Potential of Infrastructure Projects: Lessons from the Asia-Pacific Region*. ADB Poverty and Social Development Papers No. 10. September; ADB, Japan Bank for International Cooperation, World Bank. 2005. *Connecting East Asia: A New Framework for Infrastructure*. Manila; ADB. 2006. *When Do Rural Roads Benefit the Poor and How?* Manila.

loans and grants to the education sector through 75 projects; more than half of the total amount was devoted to basic education. It has currently programmed another 18 projects totaling \$1.1 billion for 2007–2010. Besides its direct support for projects in education, ADB has also made a significant indirect contribution to education (and health) outcomes through its infrastructure projects, which give people better access to basic social services (see also para. 16).

20. ADB's education sector investments have supported the achievement of the MDGs in two ways: (i) the investments have widened access to basic education and improved its quality through low-cost loans where bilateral donor grants are insufficient; and (ii) they have reinforced basic education outcomes by expanding opportunities for primary/basic education graduates at the next higher level of education. Education projects have also directly supported the achievement of the gender-equality MDG. ADB has embarked on active partnerships in several countries to better support primary education outcomes, as shown in the example in Box 2.

#### **Box 2: Bangladesh Primary Education Sector-Wide Approach**

In Bangladesh, the government and 11 development partners—led by the Asian Development Bank (ADB)—have adopted a sector-wide approach to enhance primary education outcomes, through the Second Primary Education Development Program approved in 2003. Nearly \$640 million in financial support from the development partners is being pooled with the Government's \$1.16 billion to provide the needed assistance more efficiently. The program to develop the primary education sector covers priority investments and a comprehensive reform framework. The sector-wide approach has led to significant advances in harmonization efforts in the country including systems for (i) planning and budgeting: a single annual operation plan sets priorities and allocates resources; (ii) procurement: over 80% of expenditures use government procurement procedures; (iii) financial management; (iv) auditing: all procurement and financial management is covered by common statutory and external audits; (v) monitoring and evaluation, with common indicators and baselines; (vi) reporting; and (vii) review.

Source: ADB. 2007. *Bangladesh Development Effectiveness Country Brief*. Manila.

### **3. Support for Gender Equality and Women's Empowerment (Goal 3)**

21. The region as a whole is expected to meet its target for gender equality in primary and secondary education, but not in tertiary education (*Target 3*). Individually, about 40% of ADB's 43 DMCs are unlikely to achieve the gender-equality target in tertiary education, and about 15% are unlikely to meet the target in primary and secondary education.

22. ADB supports gender-related outcomes principally by “mainstreaming” gender concerns in ADB projects where there is scope for the significant attainment of the intended outcomes. In 2000–2006, for example, 15% of all ADB projects (worth \$3.26 billion) were formally classified to have gender as a predominant theme while 20% of projects (\$4.9 billion) mainstreamed gender considerations.<sup>14</sup> A significant proportion of these projects were focused on gender equality in education—15% in 2004–2005—contributing directly to meeting the gender MDG. Box 3 provides a typical example of gender “mainstreaming.”

<sup>14</sup> The *Policy on Gender and Development* (1998) adopts gender mainstreaming as a key strategy in promoting gender equity requiring the explicit integration of gender considerations in all ADB operations (*Operations Manual*, Section C2). All projects are therefore reviewed from this perspective and gender components included where needed. Although gender and development (GAD) is a thematic area in the project classification system that can be supported by a project, as only up to three themes may be supported, projects that have otherwise “mainstreamed” gender considerations may not include GAD among their top three thematic priorities.

### **Box 3: Gender Mainstreaming in the Third Livestock Development Project in Nepal**

The Third Livestock Development Project, completed in 2004, helped reduce poverty, gender disparity, and social exclusion, and provided benefits to poor women. As a result of progress toward gender equality, the Ministry of Agriculture and Cooperatives set a new target for women's participation in the country's agriculture and livestock sector, and prepared its own gender strategy with support from ADB. The project helped poor families, and in particular women: 55.4% of beneficiaries held less than 0.5 hectares, while 30% of the families came from disadvantaged and low-caste communities. Women's participation in the project increased from 15% in 1997 to 51% at project completion, against the appraisal target of 35%. About 44% of representatives from the executive committees of partner nongovernment organizations were women. Women who previously had no access to cash income reportedly earned NRs4,000/year from tending small livestock. Women benefited from increased participation, better livelihood options, increased income, and time savings due to the proximity of forage and fodder. Their increased income was spent on essentials such as food, oil, clothes, education, and family health care. The project's gender action plan effectively promoted gender mainstreaming. Women's access to new social networks, combined with their own independent identity through group membership, has improved their social status, increased their public-speaking skills, and provided greater personal freedom. Increased access to cash income has improved their self-esteem and resulted in greater recognition of women's contributions to the livelihood of poor households.

Source: ADB. 2007. *Nepal Development Effectiveness Country Brief*. Manila.

#### **4. Support for Maternal and Child Health (Goals 4 and 5)**

23. The region is likely to miss the major health goal relating to child mortality (reducing the under-5 child mortality rate by two thirds by 2015). Individually, over half of ADB's DMCs are unlikely to achieve the target for infant mortality, and about 40%, the child mortality target. Maternal mortality also remains a major concern in the region, where over 200,000 women each year die during childbirth. This figure represents about 45% of maternal deaths worldwide. However, data from earlier years are insufficient to assess trends and make projections. Given the region's poor performance in this area greater international attention is needed.

24. Owing to a variety of factors such as the presence of other active donors in the field, the inadequacy of staff skills and concessional resources, and the need to carefully design and implement projects in a sector where project success rates have been low, ADB's support for health sector interventions has been low compared with its interventions in other sectors. Nevertheless, in 2000–2006, ADB provided 22 loans totaling about \$720 million to the health sector, mostly in support of improvements in primary health care. Projects in the water and sanitation sector also helped improve health conditions in ADB's DMCs (see also paras. 29–31). These have contributed significantly to supporting the DMCs' efforts to achieve the health MDGs (see Box 4 for an illustration from Mongolia). There was no lending to the sector in 2006, but the future program (2007–2010) envisages \$450 million of support for basic health services.

25. Given the need for selectivity in operations and the desirability of focusing on ADB's comparative strengths, MTS II has placed health in category II, with interventions to be provided selectively according to country priorities. A focused approach is called for, to be able to provide critical inputs to the weakest countries with the greatest health-care needs, in partnership with other stakeholders and funding institutions.

#### **5. Support for HIV/AIDS, Tuberculosis, and Other Diseases (Goal 6)**

26. Asia and the Pacific, with over 6 million people affected by HIV/AIDS, accounts for over 20% of the total world incidence of the disease. The recent incidence of the disease in many countries and the insufficiency of data make it difficult to arrive at reliable projections about whether and to what extent the region will succeed in halting and reversing its prevalence. On

#### **Box 4: Better Health for Mongolian Villagers**

ADB, in close partnership with the Government and key stakeholders, has been supporting the health sector in Mongolia since 1997. In 2003, ADB approved a \$14 million Asian Development Fund (ADF) loan for the Second Health Sector Development Project to improve rural health services, especially for the poor and vulnerable, and to build the capacity of the health sector through reforms in sector efficiency, effectiveness, and sustainability.

The project is helping improve rural health services in five aimags (provinces) chosen because of their high levels of poverty, infant and maternal mortality, and infectious disease. More than 422,000 Mongolians—about 17% of the population—are benefiting from the project's rural health component, which has raised vaccination rates to 98% among children under 5 years of age in the project area, above the national target of 92%. The average length of hospital stay has decreased from 10 to 8 days. Contraceptive use in the project aimag has reached 55% among women aged 15–44, above the national average of 43%.

The project also trains community nurses, district doctors, district and provincial administrators, economists of the health department, and staff of the health insurance organization to help the Ministry of Health build institutional capacity. The project supports key reforms in the sector, including strengthening primary health care through family group practices, improving hospitals, and developing human resources in the health sector. Twenty-three district health centers, five interdistrict hospitals, and four provincial center hospitals have been built or renovated, and equipped.

Source: ADB staff reports.

the other hand, some success can be claimed in the case of tuberculosis, with the region likely to significantly lower both the prevalence of TB and deaths from TB by 2015, compared with 1990.

27. The HIV/AIDS problem presents the region with the major challenge of keeping the disease under control and reversing its incidence by 2015. In this context, ADB's role assumes significance. ADB has adopted the control of communicable diseases as a major objective of its regional cooperation strategy and has provided significant assistance through its regional activities. In 2005 it signed an agreement with the Government of Sweden under which it would handle a multi-donor cooperation fund of \$12.9 million. The fund is being used to (i) undertake better research and analysis of ways to combat these diseases; (ii) increase prevention and mitigation measures; (iii) improve information sharing, disease awareness, and advocacy efforts; and (iv) build capacity in countries to respond more effectively in partnership with civil society and the private sector. At the same time, ADB is building HIV/AIDS prevention components into its roads and transport infrastructure projects, which compose about one third of its investments. The projects described in Box 5 illustrate ADB's approach to HIV/AIDS prevention and control of communicable diseases through regional cooperation in the GMS countries.

## **6. Support for Environmental Sustainability (Goal 7)**

28. In the area of environmental sustainability, the region as a whole is unlikely to reverse the loss of forest cover and the trend in carbon dioxide emissions since 1990. But it is likely to reverse the trend in CFC consumption and increase the protected area ratio. The region is expected to miss the targets related to access to improved sanitation and urban water supply. Individually also, over half of ADB's DMCs will fail to meet these targets in rural areas.

29. There is therefore much to be done, and ADB is contributing significantly to the two important targets for the environment goal, namely, integrating the principles of sustainable development in country policies (*Target 9*), and increasing access to safe water and improved sanitation (*Target 10*). In 1995–2005, ADB provided 96 loan projects worth \$6.8 billion with environmental sustainability as their theme in support of the environmental goal. Project support

included assisting individual countries as well as subregions through the Greater Mekong Subregion (GMS) Core Environment Program and other programs.

**Box 5: HIV/AIDS and Communicable Diseases Prevention in the Greater Mekong Subregion**

**Communicable Diseases Control (CDC) Project.** This ADF-funded regional project is helping strengthen the national surveillance and response systems and develop community-based models in the participating countries for the control of outbreaks of disease, including avian flu, malaria, and dengue; and improving the continuity of care for the control of HIV/AIDS in high-risk populations. Regional coordination for CDC through policy dialogue is being strengthened. A regional health forum will be convened in Vientiane, Lao People's Democratic Republic, in November 2007 to promote subregional cooperation in CDC and health systems development.

**HIV/AIDS Prevention in Cross-Border Areas of the Greater Mekong Subregion.** A technical assistance project cofinanced by ADB, the United Nations Economic and Social Commission for Asia and the Pacific, and the Southeast Asian Ministers of Education Organization successfully developed a regional training curriculum for HIV/AIDS prevention and five training curricula in local languages, teacher-learning materials in local languages, and teacher guides for HIV/AIDS preventive education. The project provided basic information and communications technology hardware to 30 schools. It developed innovative approaches to disseminating information on HIV/AIDS through culturally and linguistically suitable medium of soap operas. Building on the successful outputs of the completed project, a follow-on technical assistance project has expanded the scope of HIV/AIDS preventive education communication strategies to cover more ethnic minority groups. The clearinghouse facility and geographic information system for vulnerability mapping are also being expanded and a network for improving research on HIV/AIDS and human trafficking is being initiated.

Source: ADB. 2007. *Greater Mekong Subregion Development Effectiveness Brief*. Manila.

30. Of these projects, 54 (totaling \$3.4 billion) address the target of environmental sustainability to (i) strengthen the environmental policy and institutional framework in ADB's DMCs, (ii) improve their capacity to manage natural resources, (iii) control and mitigate the effects of pollution, and (iv) support the adoption of cleaner and energy-efficient technologies. ADB has been increasingly involved in recent years in the latter area, supporting 35 projects in 2004–2006. Projects in the People's Republic of China (PRC) and India, for example, will help reduce greenhouse gas emissions through more efficient capture and use of methane from coal mines. Other projects in the energy, transport, and water supply sectors of Afghanistan, Bangladesh, Cambodia, Indonesia, Pakistan, Tajikistan, Uzbekistan, and Viet Nam also had clean-energy components. In addition, ADB has programmed 83 energy projects for 2007–2009 with clean-energy components totaling \$4.1 billion.

31. Over 650 million people in the region, mainly in rural areas, still have no access to safe drinking water, and almost 2 billion people, also mainly rural, do not have access to improved sanitation. ADB is therefore making a major effort to support its DMCs in this area. In 2000–2006, ADB provided support through 45 loan projects amounting to \$2.4 billion to provide safe water, improved sanitation, and solid waste and wastewater management. Aware of the major challenges ahead, ADB has adopted a water financing program, which will provide loans worth \$4.9 billion in 2007–2010 to increase access to safe water and improved sanitation for a 200 million other people who are currently deprived of such facilities.

## **7. MDG Support through Regional Partnerships**

32. In addition to the specific support enumerated against each of the above goals, ADB provides support to the MDG effort in general through an active regional partnership with the United Nations Development Programme (UNDP) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). The \$4.5 million project Supporting the Achievement of the MDGs in the Asia and Pacific Region, to which ADB has committed

\$1.0 million in support, began in 2004. The project (i) closely monitors progress on the MDGs in countries in the region through regional MDG reports and their annual updates; (ii) identifies issues critical for their achievement and provides solutions through technical reports and papers; (iii) provides forums for dialogue, discussion, and exchange of best practices and experiences; and (iv) conducts dialogue with policy makers on issues constraining faster progress on the MDGs. Important statistical capacity-building support is also being provided to improve data gathering and analysis for the MDGs.

## 8. Stronger Contributions toward the MDGs

33. As discussed above, ADB is already providing significant support to its member countries in their efforts to achieve the MDGs. Its support for income poverty reduction through infrastructure investments for growth and substantial contributions toward the environment goal particularly in areas of clean energy and water and sanitation are evidence of this. In addition, ADB is playing a significant role in basic education and a small but critical role in the control of HIV/AIDS through regional efforts, and is mainstreaming gender equality in its operations. It has entered into an important regional partnership with UN agencies to assist MDG efforts in general. However, bigger payoffs in its contributions toward the MDGs are possible through closer attention to the following areas within its existing and emerging institutional priorities.

34. **Greater Inclusiveness.** The poverty reduction impact of ADB's operations including its infrastructure investments can be increased through a deliberate process of strengthening their inclusiveness in line with the MTS II and emerging priorities. An important measure is focusing more investments in rural areas and rural development, since nearly 80% of the region's poor live in rural areas and they are lagging behind in the MDG indicators.<sup>15</sup> Focusing special attention on the needs of weaker countries (those with large MDG deficits shown in Figure 1) would also make a significant contribution.

35. **Expanded Concessional Operations for MDGs.** Concessional resources play a critical role in supporting the MDGs in weaker countries. While efforts must continue to augment the concessional resources envelope in line with MDG 8 targets with support from the international community—including more regional donors who can make a significant difference—ADB should also intensify its partnership and grant cofinancing efforts to enable easier lending terms for its operations in support of the MDGs. In addition, it could align its country operations using scarce concessional resources more closely with the needs of countries most needing support on the MDGs and in sectors they are falling behind in.

36. **Approach to Middle- and Near-Middle-Income Countries.** Many countries with no access to ADB concessional resources nevertheless have large numbers of deprived populations. The PRC, India, and Philippines alone, for example, will still account for 73% of the extreme poor in the region in 2015, given current trends, and will account for a large proportion of non-income poverty-related deprivation. Thus, considerable effort needs to be made in these countries if the region is to meet its MDG targets.

37. In these countries ADB's projects have necessarily focused on improving physical infrastructure and lending to sectors that promote economic growth and that can support borrowings on commercial terms, as there is a general reluctance to borrow on commercial terms for the "soft" sectors that involve many of the MDGs. In such countries ADB can,

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<sup>15</sup> The joint ADB-UNESCAP-UNDP report *The MDGs: Progress in Asia and the Pacific 2007* focuses special attention on this issue.

however, make a tangible impact on the MDGs through several means such as (i) attempting to make its operations more inclusive by focusing attention on rural areas (as mentioned earlier), among other means; (ii) focusing more on infrastructure investments in support of MDG sectors such as access to water and sanitation, and clean energy (thereby supporting MDG 7); (iii) actively exploring lending from ordinary capital resources (OCR) through grant cofinancing and other means to the social MDG sectors, given their vast needs and the grossly insufficient resources for meeting the MDG targets;<sup>16</sup> (v) engaging in policy dialogue to ensure that the provision of basic needs, which the MDGs represent, features prominently in their national priorities and national development plans; and (vi) providing capacity development support to strengthen national development plans and ensure that they fully address the MDGs and make policies operational, and to develop reliable data and statistics regarding MDGs and other human development areas.

**38. MDG Knowledge Management.** Increasingly, knowledge, in addition to financial resources, is being recognized as an important input to achieving development outcomes. Existing knowledge and best practices on the MDGs from ADB's own operational experience and from countries in the region and outside needs to be harnessed, and ADB can play a prominent role in this effort.<sup>17</sup> Existing regional knowledge hubs—institutions working extensively on knowledge on MDG-related activities—can be identified and encouraged to develop knowledge products on the basis of their own work and that of other institutions. A system of dissemination and exchange, including links to other regions, also needs to be established so that lessons from global experiences are made available.

**39. Regional Cooperation.** There are several areas relating to the MDGs where ADB's regional cooperation efforts can make a larger contribution. Disaster prevention and the control of communicable diseases (including HIV/AIDS) that disproportionately affect the poor are two examples. Regional cooperation in general can also help reduce poverty and contribute to the attainment of MDG 1 by improving connectivity, facilitating trade, and thus contributing to faster growth. Starting with the GMS, ADB has played an important role in several regional cooperation efforts, and these need to be strengthened and replicated in other regions with significant potential.

**40. Private Sector Participation for the MDGs.** The MDGs cannot be achieved through public efforts alone. The prevailing pessimism about the private sector's capacity to contribute to poverty reduction, based on the belief that the poor do not constitute viable markets, is not valid. In many countries, the private sector is already providing critical services to the poor, supporting public efforts, such as in financial services, health, and education. It is necessary to create conditions so that the private sector can play a much bigger role in support of the MDGs. ADB can help by encouraging the private sector to tap this vast "bottom of the pyramid" market and foster more private-public partnerships in support of the MDGs.<sup>18</sup>

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<sup>16</sup> An ongoing initiative of the Regional and Sustainable Development Department (RSDD) is exploring measures to boost lending in social services. .

<sup>17</sup> At the regional level the ongoing partnership on MDGs with UN agencies referred to in para. 34 has been instrumental in producing several studies and reports. However, more needs to be done at the country level to improve knowledge management on specific country issues related to the MDGs.

<sup>18</sup> A joint initiative of RSDD and the Private Sector Operations Department (PSOD) is exploring the "bottom of the pyramid" approach.

### III. ADB'S OPERATIONAL EFFECTIVENESS

41. The previous sections have focused on overall country outcomes and ADB's contributions to them. These outcomes depend on a variety of different factors—economic, social, political—that are global as well as domestic in origin. In this complex interplay of factors ADB's assistance plays only a very limited part. However, although some of these factors also affect ADB's operational outcomes, it has much more control over operational outcomes than over country outcomes, as the former result from its own operations and the manner it deploys its own resources to make its contributions more effective. This subject is discussed in this section and the next.

#### A. Improvements in Operational Outcomes

##### 1. Achievement of Country Partnership Strategy and Regional Cooperation Strategy and Program Operational Outcomes<sup>19</sup>

Indicator 2:	Annual evaluation ratings of results-based country partnership strategies (CPSs) and regional cooperation strategies and programs (RCSPs)
Target:	Satisfactory ratings for 90% of CPSs and RCSPs evaluated by 2010
Overall Assessment:	<b>No rating</b> , as results-based CPSs have yet to be evaluated.

42. As an important part of its emphasis on results, ADB introduced in 2004 a system of results-based country partnership strategies (CPSs), which, however, are yet to be evaluated. The midterm review of the first results-based CPS, prepared in 2004 for Nepal, will be available only in 2008. Therefore, this indicator cannot be assessed yet. However, as country assistance program evaluations (CAPEs) also provide valuable information on country operational outcomes, they are discussed here instead.

43. Since the start of the systematic assessment of operational outcomes through the APRRs in 2005, six CAPEs have been prepared (for Bhutan, Cambodia, Indonesia, Lao PDR, Nepal, and Uzbekistan). Of these, three had satisfactory ratings overall, one had a partly satisfactory rating, and two had no overall rating (different aspects of country outcomes were rated, with mixed findings). Although a more rigorous assessment of ADB's operational outcomes will be possible only after the new results-based CPSs are completed and assessed, satisfactory country outcomes are clearly discernible in half of the countries in this sample of CAPEs, while others show mixed results.

44. Operational outcomes depend crucially on country circumstances, some of which are beyond ADB's control—the financial crisis and decentralization in Indonesia adversely affected ADB's portfolio performance, for instance. Several themes recur in the CAPEs, and country operations rated as “satisfactory” address these themes more effectively than those where the results of operations have been mixed. These themes include (i) improved portfolio performance; (ii) relevance of strategy and program, and strength of linkage between them; (iii) outcome sustainability; (iv) success of institutional strengthening efforts; (v) sector selectivity; (vi) outcomes from nonlending products; (vii) quality of aid coordination and harmonization; and (viii) efforts at private sector participation. To ensure the satisfactory delivery of country operational outcomes, operations departments systematically integrate CAPE lessons into the design of new CPSs (Box 6).

<sup>19</sup> The country partnership strategy (CPS) was formerly known as the country strategy and program (CSP).

### Box 6: Integration of Lessons in the Country Partnership Strategy for Lao PDR

The country assistance program evaluation (CAPE) for the Lao People's Democratic Republic (Lao PDR) identifies several important issues. These include (i) limited absorptive capacity, (ii) sector selectivity, (iii) stronger harmonization and partnerships with development organizations, (iv) improved client readiness, (v) greater focus on governance and anticorruption activities, (vi) improved management of technical assistance resources, and (vii) an enabling environment for private sector development. To address these issues effectively, the new country partnership strategy (CPS) emphasizes support for (i) pro-poor sustainable growth with reduced but more focused sector strategies (in agriculture, health, and education), (ii) inclusive social development, (iii) good governance, (iv) private sector development, and (v) regional cooperation. It gives special attention to a critical binding constraint—public sector financial management—and supports capacity development investments in the focus sectors. The CPS document includes a special appendix highlighting the integration of lessons into CPS design.

Source: Asian Development Bank (ADB). 2006. *Country Assistance Program Evaluation: Lao PDR*. Manila; and ADB. 2006. *Lao PDR: Country Strategy and Program 2007–2011*. Manila.

45. As far as the 2006 CAPEs are concerned, two—those for Lao PDR and Uzbekistan—were prepared in 2006. The findings of the Uzbekistan CAPE were discussed in the 2005 APRR. The Lao CAPE adopted a results-based evaluation framework, covered the 1986–2004 CSPs, and examined performance aspects of the CSPs at strategy, program, sector/theme, and country levels. Rated on the basis of effectiveness, efficiency, and sustainability, sector-level performance was considered successful. The quality-at-entry of the CSPs and contributions to the country's results-based management capacity and impact were rated partly satisfactory, although ADB's performance was considered satisfactory. The resulting overall CSP performance at the strategic and country levels was rated "borderline successful" according to three performance-related factors: (i) CSP relevance and positioning (partly satisfactory), (ii) ADB's performance (satisfactory), and (iii) contributions to the country's MfDR capacity and long-term impact/results (partly satisfactory). The overall CSP performance at all levels (sector level, and strategic and country level) was rated successful.

46. Notwithstanding the relative success achieved, the CAPE identified shortcomings particularly with regard to diffused sector focus, the Government's low absorptive capacity, and the lack of a supportive environment for private sector development. Governance and corruption issues were also identified as challenges. Recommendations focused on need to (i) factor in the country's limited absorptive capacity, (ii) improve sector selectivity, (iii) strengthen harmonization and partnerships with development partners, (iv) improve program lending (through better client readiness), (v) increase focus on governance and anticorruption activities, (vi) develop an enabling environment for private sector development, and (vii) improve the management of technical assistance (TA) resources.

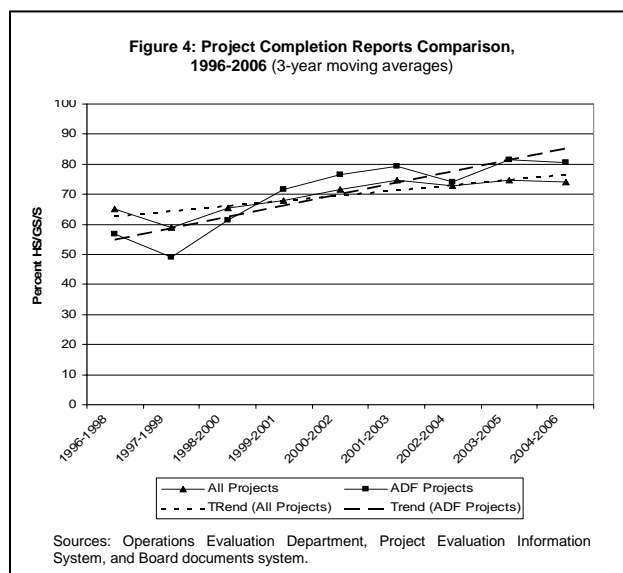
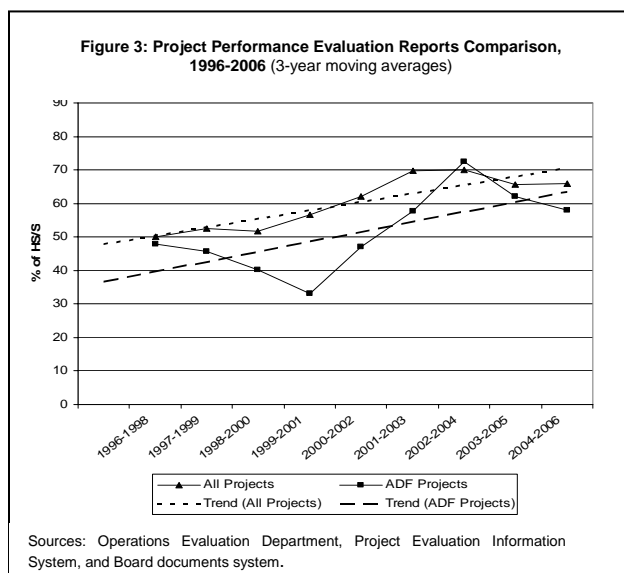
## 2. Achievement of Outcomes of Loan Projects

Indicator 3a:	Project performance evaluation report (PPER) ratings
Target:	Increase the share of highly successful and successful project ratings for the 2008–2010 average to 80% by 2010 (from the 2002–2004 benchmark average of 70%)
Indicator 3b:	Project completion rating
Target:	Increase the share of projects rated as highly successful and successful in project completion reports (PCRs) for the 2008–2010 average to 80% by 2010 (from the 2002–2004 average of 72.8%)
Overall Assessment:	Improvement over long term but <b>mixed results over benchmarks</b> . Three-year moving averages for 2004–2006 show similar ratings for PCRs over 2003–2005 but significantly above the benchmark; for PPERs, average performance in 2004–2006 is similar to that in 2003–2005 and still below the benchmark.

47. Project performance evaluation reports (PPERs) prepared independently by the Operations Evaluation Department (OED) constitute one of the key inputs for assessing development effectiveness at the project level. Nineteen PPERs were prepared in 2006, the same as in 2005. The success rate of projects stood at 73.7% in 2006, an improvement of 7.7% over the previous year's rate, while the average for the 2004–2006 period, at 65.9%, was similar to the 2003–2005 average (65.6%) although still lower than the benchmark of 70%. The performance of ADF projects, which have traditionally lagged behind because of capacity constraints, also showed improvement in 2006 over the 2005 performance (57% rated successful in 2006 compared with 50% the year before). Owing to the small sample, the PPER ratings fluctuate considerably; however, the long-term trend from 1996 is one of improvement (Figure 3).

48. Of a total of 52 PCRs prepared by operational departments in 2006, 78.8% were rated successful, an improvement over the 77.0% in 2005.<sup>20</sup> The average success rate of project completion reports (PCRs) for the 3-year period 2004–2006 was 74.2%, similar to the moving average for the previous period (74.8%) but higher than the benchmark of 72.8%. The PCRs for ADF projects performed very well for the second year in a row, with 80% of the projects rated successful in 2006 and 92% in 2005, and exceeded or met the target set for all projects in these 2 years. It is significant also that the long-term trend for all projects, including ADF projects, shows steady improvement (Figure 4).

49. Success rates based on the year of approval of projects are reported annually by OED. The latest review, based on the combined results of both PPERs and PCRs and covering projects approved in 1970–1999, suggests a clear trend of improvement since 1987 (Appendix 2, Figure A2.1) for both ADF and OCR projects. It is notable that, although ADF projects lagged behind OCR projects in success ratings in the 1970s and the 1980s, they improved markedly in the 1990s, tending to converge with OCR projects.<sup>21</sup> In view of the challenges faced by ADF countries in reaching MDG goals, this is a very positive development.



<sup>20</sup> PCRs are prepared by the operational departments as part of a self-evaluation process.

<sup>21</sup> Operations Evaluation Department (OED). 2006. *Annual Evaluation Review, 2006*, IN 202-06. Manila. August.

### 3. Outcomes from Knowledge Products and Services

Indicator 4a:	Technical assistance performance evaluation report (TPER) ratings
Target:	Increase the share of highly successful and successful project ratings for the 2008–2010 average to 70% by 2010 (from the 2002–2004 average of 54.4 %)
Indicator 4b:	Technical assistance (TA) completion rating
Target:	Increase the share of projects with highly successful and successful ratings in the TA completion reports (TCRs) for the 2008–2010 average to 85% by 2010 from the 2002–2004 average of 80%
Overall Assessment:	<b>Mixed results.</b> Significant improvement in TPER ratings, exceeding the target, but decline in TCR ratings in 2006, although the trend over the 3-year period 2004–2006 shows improvement.

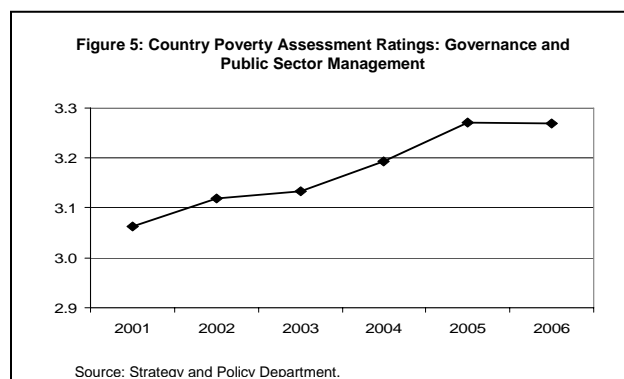
50. Five of the six TA performance evaluation reports (TPERs) prepared in 2006 focused on assessing the results of capacity-building interventions in the PRC. Although the five TA projects approved in 1997–2001 were evaluated in one cluster, each TA project was individually rated. Except for one TA project that was rated partly successful, all others were rated highly successful or successful (Table A2.4). The sixth TPER covered a cluster of seven regional TA projects, which specifically addressed financial technical assistance provided to Pacific countries in 1994–2004. The TA projects, though not individually rated, were accorded an overall successful rating. Overall, TA performance in 2006, with a success rating of 83.3%, showed a significant improvement over the 2005 rating (Table A2.5) and also exceeded the benchmark and the target. However, as ratings in previous years were poor, the average success rate for 2004–2006, at 53.5%, remained slightly below the benchmark.<sup>22</sup>

51. In 2006, out of a total of 173 TA completion reports (TCRs) prepared, 81% were rated highly successful or successful. Although this rate was lower than the 88.1% success rate achieved in 2005, the 3-year average for 2004–2006 (82.3%) was similar to that achieved in 2003–2005 (82.6%) and was an improvement over the benchmark of 80% (Table A2.5). If improved attention is paid to project implementation after the TA reform now under way, the target of 85% by 2010 is achievable.

### 4. Improvements in DMCs' Capacities for Poverty Reduction

Indicator 5:	Governance and public sector management assessment from country performance assessments (CPAs)
Target:	Maintain or increase an average rating of 3.27 in 2005
Overall Assessment:	<b>Target met.</b>

52. Strengthening DMC capacity to formulate and implement policies, reforms, and investment for growth and poverty reduction is essential for accelerating poverty reduction in the region. ADB is reinforcing its assistance in this area. In 2007, ADB approved a capacity development medium-term framework and action plan. The plan stresses the importance of promoting more demand-driven, effective, and efficient support for



<sup>22</sup> It should be recognized that the sample of TA projects evaluated has remained low during the last two years and is likely to remain so in the future because of priority accorded to more complex evaluations. An analysis based on small samples may therefore have their limitations.

capacity development operations, focusing on improved service delivery and better legal and regulatory enforcement, as well as longer-term impact on the quality and coverage of public services (see Box 7). Assessments of governance and public sector management capacities in ADF countries by ADB staff, as part of the annual country performance assessment exercise to determine performance-based allocations of ADF, are an important indicator of capacity to implement poverty reduction programs. Performance is assessed against a scoring system of 1 to 6. The data for 2006 show that performance has been maintained at the 2005 benchmark level of 3.27, conforming to the target.

**Box 7: Strengthening of Governance and Public Sector Management Capacities**

**Pacific Region.** The regional TA cofinanced by Australia for Strengthening Governance and Accountability in Pacific Island Countries, approved in 2006, is focused on strengthening public auditing capacity. It will also strengthen the governance and anticorruption orientation of ADB country strategies in the Pacific.

**Afghanistan.** One component (financed through the ADB-administered Governance Cooperation Fund) of the Support to the Afghanistan National Development Strategy TA, approved in 2006, will support the preparation of institutional corruption risk assessments and risk management plans to mitigate opportunities for corruption in the transport and energy sectors and in customs, assist in compiling good practices and lessons, and support the development of a national anticorruption strategy. ADB’s anticorruption activities in Afghanistan are harmonized with similar efforts in other sectors by the United Nations Development Programme and the World Bank.

**Nepal.** A project preparatory TA for the Governance Reforms and Decentralization Cluster Program of 2006 will support the Government in promoting good governance, as reflected in more transparent, predictable, and accountable local government administration. It will also assist in improving frontline service delivery and reducing corruption in the public sector, through active public participation. The program plays a critical role in resolving conflict and broadening the development space in the country, since conflict centers on the exclusion of vast segments of the rural populations from government services, as well as opportunities for economic growth.

Source: ADB staff reports.

**5. Improvements in ADB’s Development Effectiveness as Perceived by DMCs and Other Partners**

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Indicator 6:	Partnership survey results every 3 years
Target:	Improvement in perception ratings over the 2006 survey
Assessment:	<b>No rating.</b> Benchmarked in 2006.

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53. To obtain feedback on how effective ADB is perceived by its clients and partners, a comprehensive multinational perception survey was conducted in 2006.<sup>23</sup> The survey covered perceptions of ADB’s performance, including its impact on the development process and poverty reduction, and its results were reported in the 2005 APRR. The survey has allowed benchmarks to be established, enabling periodic assessments of progress in improvement of perceptions when subsequent surveys are undertaken. The findings suggested that ADB is generally perceived to have a positive impact on the development process in the countries it serves, but sent a clear message that several improvements are needed in procedures and practices, and in proactive communication with stakeholders about ADB operations in poverty reduction and other areas. These issues are being addressed by ADB’s ongoing reform initiatives aimed at improving its operational efficiency (paras. 88–96). Meanwhile, several steps are being taken to improve communications and disseminate information on ADB’s activities

<sup>23</sup> ADB also carefully takes note of assessments made about its performance by other development agencies such as the Annual Multilateral Organizations Performance Assessment Network (MOPAN) Survey 2006, Donor Perceptions of Multilateral Partnerships at Country Level prepared by MOPAN, and the Asian Development Bank Development Effectiveness Summary prepared by the Department for International Development (DFID) of the UK in June 2007.

and outputs through the operational departments, KM outlets, representative offices in donor countries, and resident missions.

## **B. Improvements in Operational Outputs: Quality, Finance, Knowledge, and Partnerships**

### **1. Improved Quality of Country Partnership Strategies and Regional Cooperation Strategies and Programs**

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Indicator 7a:	Number of results-based CPSs and RCSPs
Target:	All CPSs and RCSPs by 2006 and thereafter
Indicator 7b:	Quality-at-entry-rating of CPSs
Target:	Baseline established in 2006 on the basis of the report of the staff panel; target is improvement over the baseline
Overall Assessment:	<b>Target achieved.</b> The target of preparing results-based CPSs by 2006 has been achieved. Quality-at-entry rating of CPSs will be undertaken again in 2008; hence, there is no assessment in this report.

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54. **Number of Results-Based Country Partnership Strategies.** ADB has mainstreamed results orientation in its principal country operations documents, the CPSs, and made them results-based in 2004. Five CPSs were prepared in 2006 (for Indonesia, Lao PDR, Papua New Guinea, Uzbekistan, and Viet Nam) and all were results-based, as in 2005 (Table A3.1). No regional cooperation strategies and programs (RCSPs) were prepared in 2006. The quality of results frameworks in the 2006 CPSs varied, although in general all followed a uniform approach to the presentation of the major variables. Specific program-related indicators were not identified in some instances because of the need to await the formulation of detailed programs. The most comprehensive delineation of activities, outputs, outcomes, and indicators, which could help in the future assessment of CPSs, is in the Uzbekistan CPS, where the thematic results matrix is linked to each one of the four strategic priorities. Overall, the development of results-based CPSs is still evolving and continuous improvements are likely to be made in the coming years, particularly with regard to the scope and magnitude of interventions, and the identification of indicators specific to sectors, themes, activities, outputs, and impact. Some shortcomings identified in the 2004 PRS report, such as the lack of in-depth country poverty assessments, linkage with country development plans and priorities, and linkage of strategies with programs, have been addressed and integrated in the new CPSs.

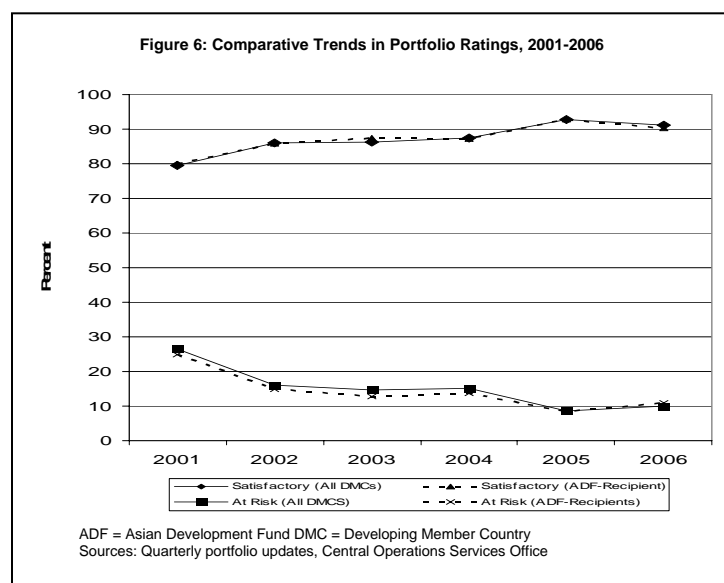
55. **Quality-at-Entry of CPSs.** ADB established a system for assessing quality-at-entry for CPSs and projects in 2006, and the first assessment of 2004 and 2005 CPSs was discussed in last year's APRR. CPSs approved in 2006 have not undergone quality-at-entry assessment as they will be assessed only at the next round and the assessment is likely to be done every 2 years. However, a staff review undertaken for this report suggests that the quality of the five new 2006 CPSs reflects an improvement over the previous years. Specific efforts appear to have been made to ensure that (i) the CPSs were linked to country development plans, (ii) CAPE recommendations were adopted where appropriate, (iii) the recommended programs were consistent with country priorities, (iv) the strategies and programs were linked, (v) the lessons learned previously and incorporated in CAPEs or other evaluation documents were appropriately integrated into the design of new CPSs (as illustrated in Box 6), and (vi) the results matrixes were well formulated, although the extent to which the CPSs adopted these criteria varied.

## 2. Improved Quality of Projects

Indicator 8a: Target	Quality-at-entry (QAE) rating of projects Improvement over baseline established in 2006 (in the Panel Report on QAE of ADB Projects and Country Strategies Approved during 2004–2005)
Indicator 8b: Target:	Portfolio performance ratings Average of highly satisfactory or satisfactory rating for 90% of projects in 2008–2010 by 2010 (from 86.6% of projects in 2002–2004)
Overall Assessment:	<b>Improvement.</b> Quality-at-entry ratings are to be undertaken every 2 years; hence, there is no rating in this report. Improvement was noted in the percentage of projects with highly satisfactory or satisfactory ratings.

56. **Quality-at-Entry of Projects.** Similar to the assessment of quality-at-entry (QAE) of CPSs, ADB established a system of QAE assessment of projects in 2006. The first assessment of projects' QAE was discussed in the 2005 APRR. There was no QAE assessment of projects approved in 2006 as this assessment is expected to be done every 2 years.

57. **Portfolio Performance.** In 2006, 91.1% of the projects under implementation were rated highly satisfactory or satisfactory. This was the second year in a row that the target of 90% of projects with satisfactory ratings was exceeded (in 2005, 92.8% were similarly rated). The average for 2004–2006, at 90.4%, was also an improvement over the rolling average for the previous 3-year period and was significantly higher than the benchmark of 86.6%. For ADF projects, the success rate stood at 90.1%, which also exceeded the target (Table A3.3).



58. As very little time has elapsed since weaknesses were identified in the report of the staff panel, the 2006 portfolio of projects continues to suffer from some generic problems. These include (i) delays in loan signing, loan effectiveness, and land acquisition; (ii) lack of political commitment to implementing reforms; (iii) civil conflicts; and (iv) delays in the submission of audited financial statements. Although the projects at risk increased slightly in 2006 to 10%, from 8.6% in 2005 (for ADF projects the proportion also increased from 8.4% to 11%), the overall trend since 2001 clearly shows an improvement (Figure 6 and Table A3.3).

59. The regions, except for South Asia and the Pacific countries, which remained stable, appear to have performed marginally more poorly in 2006 than in 2005 (Table A.3.2), largely because of the complex mix of projects. For example, the number of partly satisfactory projects in Pakistan and Sri Lanka showed a significant increase (each had seven) in 2006 compared with the number in 2005 (one for Pakistan and three for Sri Lanka).

### 3. Enhanced ADB Capacity to Mobilize Finance for Poverty Reduction: Lending and Disbursements

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Indicator 9a:	Level of approved loans
Target:	Annual growth target of 8.5% till 2010
Indicator 9b:	Level of private and public sector disbursements
Target:	Annual growth target of 5% till 2010
Overall Assessment:	<b>Improvement.</b> Lending and disbursements have exceeded targets significantly, with 25.4% growth in lending and 21% in disbursements in 2006.

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60. In line with MTS II expectations, the volume of lending operations expanded significantly in 2006. The total amount of ADF and OCR loans approved in 2006 reached \$7.4 billion, a 27.6% increase over the \$5.9 billion in 2005 (Table A4.1). Although the number of loans increased from 72 in 2005 to 80 in 2006 (for 67 projects), the significant increase in the amount approved is explained by the larger loans given to three countries, which absorbed almost 60% of all loans.<sup>24</sup>

61. The ADF loan total of \$1.3 billion in 2006 (17.3% of total lending) was slightly less than the \$1.4 billion allocated in 2005. The number of projects, however, increased from 40 in 2005 to 45 in 2006, suggesting that ADF loans were relatively smaller. Since 2003, ADF lending has remained between \$1.3 and \$1.4 billion (Table A4.1).

62. Significant improvements were noted in loan disbursements in 2006, which increased sharply compared with loan disbursements in the previous 10 years—the \$5.7 billion disbursed in 2006 was about 21% higher than the disbursement in 2005, and ADF disbursements also rose by 7%. The total OCR disbursements amounted to \$4.4 billion (77%) and ADF disbursements were over \$1.3 billion (23%). There was also a net transfer of resources of \$2.2 billion from ADB to its DMCs, compared with a negative figure of \$375.1 million in 2005. The PRC, India, Pakistan, and the Philippines were the four countries with the largest net resource transfers.

63. Of the 67 projects approved in 2006, 49 (73%) fell under the category of “general intervention” projects and 18 (27%) came under “targeted interventions”<sup>25</sup> (Table A4.3.1). According to allocation of resources, 83.7% went to the general intervention category, compared with 79% in 2005, signifying again the importance given to economic growth in achieving overall development goals, including sustainable poverty reduction in Asia and the Pacific region. Although there was a reduction of the share of funding for targeted interventions, from 21% in 2005 to 16.3% in 2006, there was a slight increase in absolute amounts allocated for such interventions. There was also an increase in the share of targeted interventions by number—27% in 2006 compared with 25% in 2005. Most targeted interventions were for projects supporting the MDGs, indicating ADB’s continuing support for poverty reduction through such projects.

64. In terms of thematic classification, 85% of projects supported sustainable economic growth, followed by governance and capacity development (27% each).<sup>26</sup> Environmental sustainability was supported in 25% of projects and private sector development was supported in 21% of projects. These represent a significant increase in prioritization for these themes

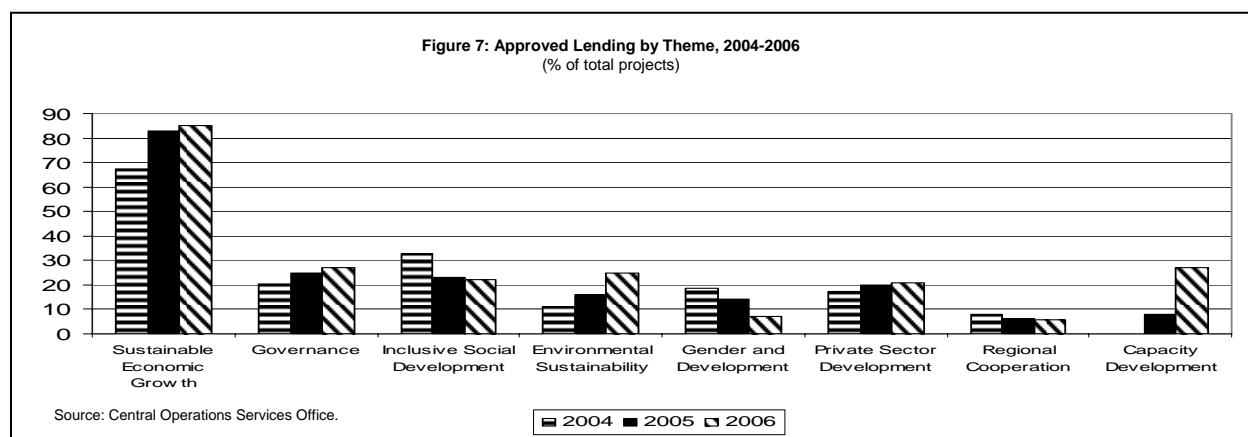
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<sup>24</sup> The People’s Republic of China, India, and Pakistan got the largest share of funding.

<sup>25</sup> Projects that contributed to poverty reduction in a general or indirect manner were called “general interventions” and those that targeted poverty directly, supported the MDGs, or focused on the development of geographic pockets of poverty were known as “targeted interventions.”

<sup>26</sup> Thematic classification of projects is not mutually exclusive; hence, percentages when added will exceed 100.

compared with the figures for 2004 and 2005 (Table A4.3 and Figure 7). Capacity development, in particular, received greater focus after the 2004 PRS review, which introduced it as a new area of thematic emphasis.



65. On the other hand, inclusive social development, supported in 22% of projects, was emphasized in fewer projects in 2006 than in 2004 (33%) and 2005 (23%). The number of projects supporting the theme also fell from 19 in 2004 to 15 in both 2005 and 2006. Actual lending levels were also falling. A reduction occurred as well for gender and development, with only 7% of projects in 2006 reporting this as a thematic priority compared with 14% in 2005 and 19% in 2004. The percentage of projects which have mainstreamed gender however were higher at 22% in 2006.<sup>27</sup> Regional cooperation was supported in only 6% of projects, similar to the level of support in 2005. However, considerable regional cooperation activity is being undertaken through TA and other means (see Box 8), and this is not reflected in the data on loan classification. It is also possible that the current system of project classification does not properly capture ADB's work in these areas. A review of the project classification system, which is now being undertaken and is looking closely at thematic classification in particular, is therefore timely.

66. Resource allocations to the different sectors have undergone a significant change. Allocations to the finance sector jumped from 4.9% in 2005 and the 2003–2005 average of 5.1% to 24.2% in 2006 (Table A4.4 and Figure 8). This marked increase is explained primarily by the \$1 billion loan to India to enhance access to rural credit. Increased lending made to other South Asian countries (Bangladesh, Bhutan, Nepal), Central and West Asia (Azerbaijan, Kazakhstan, Pakistan), and Southeast Asia (Lao PDR, Philippines) for the restructuring and strengthening of the financial sectors, the improvement of fiduciary stability, and the improvement of access to rural finance also contributed to this increase. Agriculture and natural resources (ANR) also saw a significant increase to 10.9% in 2006, compared with an average of 5% in 2003–2005. Increased allocation for rural finance and ANR, if sustained, would strengthen ADB's efforts at inclusiveness and rural poverty reduction. The traditional emphasis on infrastructure continued, although with lower shares: transport and communications (19.4%), and energy (18.5%) compared to previous years.

67. Multisector projects (11.9%) and water supply, sanitation, and waste management projects (8.6%) constituted the bulk of the remaining allocations. In the social sectors, there was

<sup>27</sup> ADB. 2007. Gender and Development Thematic Report (forthcoming). See also footnote 15.

no lending for health in 2006, but lending for education continued to be significant and showed an increase compared with the 2003–2005 average. In actual lending levels, the annual

### Box 8: Regional Cooperation and Integration

With globalization and openness heightened importance attaches to strengthening regional economic interaction. Recognizing this, ADB adopted a regional cooperation policy in April 1994 to raise awareness of the merits of regional cooperation and support for regional and cross-border projects. Following on the successes of the Greater Mekong Subregion (GMS) program begun in the early 1990s, ADB helped strengthen several other regional cooperation projects such as the Brunei-Indonesia-Malaysia-Philippines East Asian Growth Area (BIMP-EAGA), the Central Asia Regional Economic Cooperation (CAREC), and the South Asia Association of Regional Cooperation, and also supported the Pacific Plan for Strengthening Regional Cooperation. ADB has supported regional cooperation through regional loan projects, support for national projects with regional implications, and activities financed by grants (such as for tsunami and earthquake relief and rehabilitation). Regional technical assistance has also played a major part in ADB's regional activities. Knowledge products through papers and other publications are playing an increasing role.

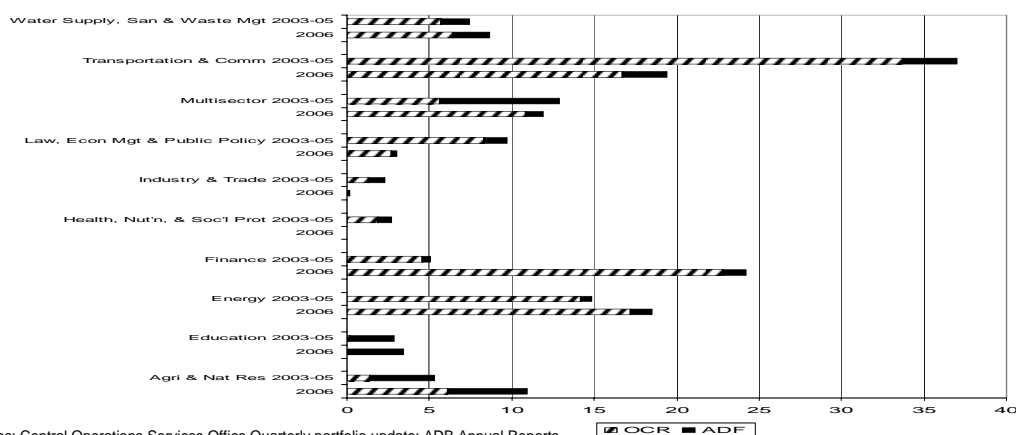
ADB sees itself as a catalyst linking national and regional priorities and has established the Office of Regional Economic Integration (OREI) to act as a focal point for its efforts. Regional cooperation has been found to be a valuable tool in achieving the MDGs, reducing poverty, promoting intercountry infrastructure projects, encouraging cross-border investments, working to prevent and mitigate disasters, managing regional environmental problems, and controlling communicable diseases. The regional cooperation efforts have resulted in significant intraregional trade in Asia and the Pacific. New alignments in the areas of monetary and financial cooperation and integration are being promoted.

ADB adopted the regional cooperation and integration (RCI) strategy on 25 July 2006. The strategy identifies four pillars: (i) regional and subregional economic cooperation in cross-border infrastructure and related software, (ii) trade and investment cooperation and integration, (iii) monetary and financial cooperation and integration, and (iv) cooperation in regional public goods. The RCI strategy will supplement individual programs at the country level to achieve the overall objectives of poverty reduction and improved health services (including mitigation of the ill-effects of HIV/AIDs, avian influenza, and a host of other communicable diseases in Asia and the Pacific), and provide the right forum for achieving a cleaner environment.

Source: ADB. 2007. *In Brief: Regional Cooperation and Integration*. April; and ADB. 2006. *Regional Cooperation Thematic Report 2004–2005*.

average lending for education and health together dropped from \$463 million in the 1990s to \$363 million in 2000–2006, although significant activities have been conducted through grants, such as that for HIV/AIDS and other communicable diseases. It needs to be determined whether the MTS II emphasis on strengthening inclusiveness, which relies on inclusive social development and particularly on human development, is being adequately addressed with the current level of operations or whether other strategies, including effective partnerships, are necessary.

Figure 8: Approved Lending by Sector, 2003-05 Average and 2006 (% of total lending)



Sources: Central Operations Services Office Quarterly portfolio update; ADB Annual Reports.

#### 4. Enhanced ADB Capacity to Mobilize Finance for Poverty Reduction: Cofinancing

Indicator 10:	Amount of cofinancing mobilized
Target:	Maintain increase in the cofinancing ratio until 2010 (from an average of 45% in 2002–2004)
Overall Assessment:	<b>Improvement.</b>

68. Cofinancing in 2006 amounted to \$5.9 billion, or 80% of total lending by ADB. Total direct value-added (DVA) cofinancing amounted to \$1.4 billion, almost double the average of \$784 million in 2002–2004. DVA cofinancing includes credit enhancement operations such as guarantees and syndications, and concessional financing such as grants and official loans. The increase was due to the significant growth in syndication operations for lending without sovereign guarantees to the public and private sectors. Non-direct value-added cofinancing amounted to \$4.5 billion more in the form of parallel grants and loans for 20 ADB-financed projects and programs.<sup>28</sup>

69. Although cofinancing reached its highest level in 2005, at 128% of total lending, the 80% cofinancing ratio reached in 2006 compared favorably with the benchmark average of 45% in 2000–2004. The funds for cofinancing came from official sources including multilateral and bilateral partners (\$1.1 billion) and from commercial sources (\$4.8 billion). By region, the bulk of cofinancing went to East Asia, with the PRC receiving about \$4 billion of non-DVA cofinancing.

#### 5. Enhanced ADB Capacity to Mobilize Knowledge for Poverty Reduction

Indicator 11a:	Number of articles from ADB staff in refereed journals and publications
Target:	Annual increase of 10% over the baseline of 61 publications in 2005
Indicator 11b:	Number of hits on ADB websites
Target:	10% annual increase in hits on adb.org
Indicator 11c:	Annual Most Admired Knowledge Enterprises (MAKE) survey assessments of knowledge management activity
Target:	Improvements compared with the 2005 survey are recorded annually
Overall Assessment:	<b>Improvement in all areas.</b>

70. In recent years ADB has emphasized wider dissemination of its products and services as knowledge products help expand the understanding and impact of ADB operations among DMCs, beneficiaries, and development partners. In 2006, ADB continued to generate and disseminate knowledge through technical assistance, economic and sector work, thematic studies of significance to DMCs, conferences, seminars, and workshops at country, regional, and global levels. The Asian Development Bank Institute (ADBI) in Tokyo and departments within ADB, particularly Regional and Sustainable Development Department, Department of External Relations, Economics and Research Department, and Operations Evaluation Department, organized conferences and presented papers on operationally relevant development issues. The widespread global reach of ADB activities is evident from the numerous bodies in which it is represented along with other major international financial institutions (IFIs) and bilateral agencies.

<sup>28</sup> “Direct value-added cofinancing involves active coordination and formal agreements among financing partners that bring about defined client benefits, including contractual commitments by ADB to facilitate mobilization, administration, or participation in cofinancing. Starting 2006, cofinancing statistics indicate DVA cofinancing” (Office of Cofinancing Operations. 2007. Paper on Financing Partnerships. Manila. April). The breakdown of DVA and non-DVA financing (\$1.4 million and \$4.5 million) includes cofinancing in investment projects only.

71. **Advisory and Regional Technical Assistance Projects.** TA support continues to be an important component of ADB's activities because of its strategic relevance to capacity enhancement in its member countries. In 2006, a total of 260 TA projects were approved (Table A6.1). Although the number of such projects declined from 299 in 2005 to 260 in 2006, their value increased substantially, from \$199 million in 2005 to \$242 million in 2006. It should be recognized that ADB has taken a policy decision to be selective in designing and administering TA projects and has therefore adopted a policy of limiting the number of such projects per year. The focus of technical assistance is now changing toward more support for regional cooperation, with the number of regional TA (RETA) projects increasing by 13% in 2006 compared with the level in 2005. The corresponding financial commitments for RETA projects also increased to 43.3% of the total funding for technical assistance. There was a significant drop in advisory TA (ADTA) projects, from over 52% of the total TA approved in 2003–2005 to 38% in 2006 (Table A6.1).

72. As TA projects are important development instruments, their results orientation must improve, along with prioritization. Continuous efforts at improving their quality and effectiveness are being made through better monitoring and attention to improvements based on past lessons. A recent special evaluation study<sup>29</sup> emphasized that efforts should be made to (i) increase DMC ownership of TA projects, (ii) strengthen QAE control systems for TA, (iii) improve corporate-level TA management, (iv) ensure that TA projects fit in well with ADB's strategic development priorities and synchronize with country requirements, and (v) upgrade TA monitoring and evaluation mechanisms within ADB and among countries. A TA reform initiative currently under way is expected to address these issues.

73. **Articles and Papers by ADB Staff.** ADB staff published 72 articles and papers in refereed journals and publications in 2006 (Table A6.2). This number compared favorably with the 61 articles published in 2005. In addition, staff also presented 115 papers at conferences, the same number as in 2005. The participation of staff in KM activities needs to be actively supported, given the importance of such activities in furthering knowledge exchange and in enabling the institution to keep fully abreast of international developments and practices. Despite the increasing importance being attached to KM, a database on such KM activities is not systematically maintained and needs to be developed by the departments in consultation with the Knowledge Management Center. It is also worthy of note that knowledge activities are still predominantly being carried out by nonoperational staff<sup>30</sup> and, despite the need to discuss, debate, and share operational experiences and practices, have yet to be sufficiently mainstreamed into ADB's operations.

74. **Number of Hits on ADB Websites.** Since 2003, the ADB general website and the Poverty website have drawn increasing interest from users. Visits by the public to the ADB general website improved by 17% over the total for 2005, signifying this growing interest in ADB's contribution to development. The number of hits on the poverty site rose 207% in 2006, compared with a 34% increase in 2005 (Table A6.3). This large increase suggests wider awareness of ADB's activities toward its overarching objective of poverty reduction. Further improvements are possible if the poverty and other websites could be linked with commercial search engines as has been done by OED.<sup>31</sup>

<sup>29</sup> OED. 2007. *Performance of Technical Assistance: Special Evaluation Study*. SST: REG 2007-02. Manila. March.

<sup>30</sup> In 2006, 76% of papers and articles published in refereed publications were by staff from nonoperational departments.

<sup>31</sup> Search engine marketing is an Internet marketing tool that works to make products or service websites appear among the top 20 search results of a major search engine.

75. **Knowledge Management Activity.** The KM framework approved in 2004 set the pace for improvements in the organizational culture for knowledge sharing within and outside ADB. The 2005 APRR described the several KM activities undertaken in 2004 and 2005. In 2006, further steps were taken to (i) integrate KM activities into the performance evaluation report (PER) exercise to create and encourage a knowledge-sharing culture among staff; (ii) promote the widespread implementation of KM activities in the departments, as evidenced by the new KM units established in the South Asia Department (SARD), the East Asia Department (EARD), the Pacific Department (PARD), the Central and West Asia Department (CWRD), and OED; (iii) improve business processes and information technology (IT) solutions for better KM;<sup>32</sup> (iv) disseminate the KM framework internally through training and other means; (v) introduce an eminent speakers' forum and a knowledge harvesting program to collect and retain knowledge acquired by former ADB staff members; (vi) further strengthen the "communities of practice" (COPs);<sup>33</sup> and (vii) expand knowledge sharing, learning, and dissemination through external relations and networking. To support these initiatives, partnerships have been established with external networks and steps have been taken to integrate the regional knowledge hubs concept with that of the Center for Learning, Information, Communication, and Knowledge (CLICK).

76. A Most Admired Knowledge Enterprises (MAKE) survey of ADB staff by an independent agency, to assess progress in KM compared with the situation in 2005, was completed in December 2006. The survey indicated an improvement (from 39.5% in 2005 to 43.5% in 2006) in the staff's perception of ADB's KM process and its implementation. The MAKE survey report concluded that the "challenge for the ADB is to continue to work with professional staff to demonstrate the value of the KM implementation process" and to make them understand that their expertise will be more valued as the KM implementation process continues to unfold.<sup>34</sup>

## 6. More Effective Partnerships to Reduce Poverty

Indicator 12a:	Proportion of projects with NGO or civil society involvement
Target:	75% of loan projects by 2010 (from 65% in 2004)
Indicator 12b:	Number of program-based approaches supported
Target:	Increase from three in 2004
Indicator 12c:	Proportion of joint country strategy and program (CSP)/CPS and joint country portfolio review (CPR) missions conducted each year
Target:	Increase from 26% for joint CSP/CPS and CPR missions in 2004
Overall Assessment:	<b>Improvement in all three areas</b>

77. Partnerships with civil society organizations, nongovernment organizations (NGOs), bilateral and multilateral organizations, and private sector organizations are critical for development effectiveness, as these organizations help bring in participation, generate more resources, and enable better synergies and coordination.

<sup>32</sup> To support this output, several actions were taken: (i) improved processes were developed for capturing lessons learned from operational activities; (ii) organizational and individual responsibilities for storing and codifying knowledge were clarified; (iii) enhanced telecommunications and IT solutions were implemented to support knowledge storage, retrieval, and public access; (iv) an enterprise portal was developed and managed; (v) a skill and knowledge database of staff and consultant profiles was established; (vi) online collaboration workspaces for communities, committees, and work groups were made operational; and (vii) a corporate taxonomy was developed and managed.

<sup>33</sup> Currently, the KM Center supports 11 COP committees (education, energy, environment, finance, gender and social development, governance, health, regional cooperation and integration, transport, and water and urban). COP committees are seen as effective instruments for knowledge sharing. The committees provide advice on sector and thematic policies and strategies, thematic/sector work, and human resource issues.

<sup>34</sup> Teleos (UK). 2006. *Assessment of ADB's Knowledge Management Implementation Framework*. December.

78. **Participation by Nongovernment Organizations and Civil Society.** Since the establishment of the NGO Center within ADB in 2001, there has been steady progress in enlisting the support of NGOs and civil society organizations in loan and TA operations. In 2006, NGOs participated in 55 projects, or 69% of projects approved (Table A7.1), marginally higher than the proportion in 2005 and also higher than the benchmark of 65% in 2004. It is significant that NGOs participate significantly more in ADF projects (65% of all projects in 2006 with NGO involvement were ADF projects). NGO participation also increased in ADTA and project preparatory TA (PPTA) from 39% in 2005 to 43.3% in 2006. However, NGO participation in RETA projects declined from 38% in 2005 to 34% in 2006.

79. NGO participation has been particularly evident in agriculture, environment, education, social protection, energy, economic management and public policy, transport, and multi-sector projects and TA (Table A7.2). NGOs have helped improve consultation with beneficiaries and local governments, capacity building, social awareness creation, and training, and increase involvement in interventions related to women's issues and governance. In some cases, international NGOs have also participated (e.g., the Rural Finance Sector Development Program in Lao PDR<sup>35</sup>). A special evaluation study in 2006<sup>36</sup> found that the stronger partnerships with civil society organizations have resulted from greater commitment and capacity on the part of ADB to engage more effectively with those organizations. The study report recommended strengthening the processes for civil society involvement and allocating more resources for project design for this purpose. Apart from projects, the involvement of civil society in CPSs and in thematic and sectoral policy formulation and implementation was also recommended.

80. **Program-Based Approaches.** These new partnership arrangements have replaced sector-wide approaches (SWAs) and are in line with agreements made under the Paris Declaration on Aid Effectiveness to strengthen partnerships and country leadership.<sup>37</sup> Program-based approaches provide for (i) leadership by the host country; (ii) a single comprehensive program and budget framework; (iii) an agreed process for partner coordination and harmonization of procedures for reporting, budgeting, financial management, and procurement; and (iv) increased use of local systems for program design and implementation, and for monitoring and evaluation.

81. In 2006, four such arrangements were approved (Table A8.1), an increase over the 2004 benchmark. Significantly all four were in ADF countries, indicating that ADB continues to give emphasis to assisting less-developed countries in moving out of poverty. Three of the arrangements support education sector improvement in Lao PDR, Mongolia, and Nepal, and one supports the implementation of a poverty reduction program in Viet Nam. All four have significant partnership elements in financing, TA support, and monitoring, as well as in the harmonization of approaches to implementation. The four partnership arrangements signify a departure from the past, having introduced extensive collaborative efforts with bilateral and multilateral partners.

82. **Proportion of Joint Country Strategy and Program/Country Partnership Strategy and Country Portfolio Review Missions.** Eight CPS missions and 28 country portfolio review

<sup>35</sup> Loan 2252-LAO, approved on 17 August 2006 worth USD7.7 million.

<sup>36</sup> ADB. 2006. *Special Evaluation Study: Involvement of Civil Society Organizations in ADB Operations*. IN 177-06. Manila.

<sup>37</sup> ADB. 2005. *Paris Declaration on Aid Effectiveness*. IN 310-05. Manila.

(CPR) missions were carried out in 2006. Twelve of these missions (33%), including nine to ADF countries, were conducted jointly with the World Bank or other development partners. While this was an improvement on the benchmark of 26% in 2004, the slight drop from the 2005 result of 36% suggests that there is scope for improved partnership efforts in coordination, strategy formulation, and harmonization of implementation processes.

83. **Progress on the Paris Declaration.** The Paris Declaration on Aid Effectiveness of March 2005 led to more than 50 partnership commitments for both developing countries and their funding partners around concepts of ownership, harmonization, alignment, managing for results, and mutual accountability, which were to be monitored through a specific set of 12 indicators. ADB is working on its own commitments as a donor by continuing to integrate Paris Declaration principles into its overall work program. Resident missions play a key role in addressing the commitments, and ADB has been strengthening their capacity to coordinate better with governments and development partners. Notable progress in supporting the Paris Declaration commitments is evident in many ADF recipient countries such as Cambodia, Kyrgyz Republic, Lao PDR, Viet Nam, and the Pacific countries, where formal arrangements to ensure the fulfillment of the agreements have been established.<sup>38</sup> ADB actively participates in these arrangements through its resident missions, and provides the necessary assistance to the DMCs concerned to enable them to fulfill their commitments. While ADB is already pursuing the required actions, as indicated in the Organization for Economic Cooperation and Development-Development Assistance Committee 2006 Survey on Monitoring the Paris Declaration, it needs to make more effort to enhance harmonization and work more closely with its partner countries to improve some aspects of alignment, results, and mutual accountability.

#### IV. INSTITUTIONAL EFFECTIVENESS

84. To strengthen the overall effectiveness of operations, ADB needs to sharply align its key organizational elements—culture, policies and processes, structure, skills mix, and internal resources—with its strategic agenda. This would enable ADB to efficiently manage its internal (human and financial) resources to provide better and faster assistance to its DMCs. To achieve this, ADB began implementing various reform initiatives to effectively pursue its mission of poverty reduction. In line with recommendations of the PRS review in 2004, ADB reinforced its commitment to internal reforms and introduced a number of high-priority reforms. These became integral parts of the reform agenda launched in June 2004.

##### A. Internal Resource Management

###### 1. Efficient Use of Budget

Indicator 13a:	Internal administrative expenses per \$1 million of public and private sector loans approved
Target:	Maintain or lower the ratio in real terms until 2010 (from the baseline of \$54,600 per \$1 million in 2004)
Indicator 13b:	Internal administrative expenses per \$1 million of loan disbursement
Target:	Maintain or lower the ratio in real terms until 2010 (from the baseline of \$74,900 per \$1 million in 2004)
Overall Assessment:	<b>Improvement.</b> Both indicators have shown improvement.

<sup>38</sup> Details are on the Aid Harmonization website: <http://www.aidharmonization.org>

85. In 2006, despite a significant absolute increase, administrative expenses per \$1 million of approved loans fell to \$41,000. This represents a substantial improvement in efficiency over the 2004 baseline of \$54,600. The administrative expenses per \$1 million disbursed also declined from the 2004 baseline of \$74,900 to \$49,600. This is attributable to the increased volume of lending and disbursements achieved in 2006 and several measures undertaken following the innovation and efficiency initiative, such as improved procurement and consultant recruitment procedures, and increased delegation of work to resident missions. These financial performance ratios indicate that ADB's administrative resource management is efficient and compares well with available benchmarks, as is evident from a recent report of the Department for International Development.<sup>39</sup>

## 2. Efficient Use of Human Resources

Indicator 14a:	Proportion of budgeted professional staff (PS) and national officers (NOs) in operations departments to total PS and NOs <sup>40</sup>
Target:	Increase from the 2004 level of 53.4%
Indicator 14b:	Proportion of budgeted PS and NOs to total PS and NOs in resident missions
Target:	Increase the share of above staff in resident missions from 20% in 2004
Indicator 14c:	Hiring time (days between authorization of vacancy and acceptance of offer)
Target:	(i) Reduce internal recruitment period from 65 working days to 55 by 2008 (target: 15% reduction) (ii) Reduce external recruitment period from 250 working days to 190 by 2008 (target: 24% reduction)
Indicator 14d:	Percentage of operational staff with operational mission experience, based on a predetermined number of projects
Target:	Increase from 58% the percentage of operational staff with experience in processing at least four loans. Increase from 54% the percentage of operational staff with experience in administering at least four loans.
Indicator 14e:	Percentage of staff completing the learning-and-development option within a given business cycle
Target:	Baseline will be established from the 2006 performance development plan (PDP) exercise. The target will be 75%.
Indicator 14f:	Staff engagement index
Target:	Improve engagement rating from the 48% recorded in the 2003 survey
Overall Assessment:	<b>Improvement.</b> Data for indicators 14a, 14b, and 14c confirm improvement. Data are not available for 14d. For 14e and 14f, an assessment can be made only from 2007/2008.

86. Of the total 86 staff increase during the 2004–2006 period, 52 staff (61%) were assigned to the operations departments. More than 20% of the total professional staff and national officers are now assigned to resident missions. ADB has also reduced average hiring time for internal recruitment (from 65 working days in 2004 to 42 working days in 2006) and external recruitment (250 working days in 2004 to 112 working days in 2006), and expanded the program for staff development. ADB is conducting a review to determine appropriate indicators and targets for operational experience of staff.

87. Since the most recent 2003 survey on staff motivation and engagement, several surveys were conducted on staff welfare services. In 2007, surveys were conducted on revisions to the 2006 performance development plan (PDP) and bonus schemes.<sup>41</sup> The preliminary work for the

<sup>39</sup> Department for International Development. 2007. *Draft Asian Development Bank Effectiveness Summary*. London (June).

<sup>40</sup> The operational departments comprise the five regional departments and PSOD.

<sup>41</sup> In 2006, a performance bonus was introduced for exceptional performers among professional staff. In 2007, a team bonus was introduced in addition to the performance bonus, to reward individuals who contributed significantly to a team or exhibited exemplary team spirit.

next staff engagement survey, to be conducted by an independent external consulting firm, will commence in the fourth quarter of 2007. The selected consultants will consult with a cross-section of staff to develop appropriate questions and measurement approach. The results of the survey will serve as a major input for the review of the human resource strategy aligned to priority areas under ADB's long-term strategic framework.

## **B. Progress in Reforms since 2004**

88. ADB's reform agenda comprises several reforms that can be grouped broadly as initiatives to (i) mainstream MfDR; (ii) improve operational policies, strategies, and approaches; (iii) refine organizational process and structure; (iv) reinforce knowledge management; and (v) improve human resource management and staff incentives. Since 2004, ADB has advanced considerably in translating reform commitments to action. Most of the planned reforms have been adopted and are being implemented. At the same time, some issues emerging during implementation require attention. The latest status on individual reform initiatives is also discussed in the status report, *Major Achievement of ADB's Reform Agenda—First Quarter of 2007*.<sup>42</sup> A discussion of the highlights of progress in reforms follows.

89. **Implementation of the MfDR Initiative.** ADB has been implementing MfDR as part of its reform agenda since 2004. In August 2006, based on suggestions of the 2005 external assessment<sup>43</sup> and other identified lessons, it formulated a revised action plan for 2006–2008. Progress under that plan, arranged according to each MfDR pillar, is summarized here:

- (i) **Pillar 1: Support DMC capacity for MfDR.** ADB has been conducting dialogue on MfDR with the countries, supported by 19 TAs; statistical capacity building for very weak DMCs; and implementation of an intensive program to train DMC staff in improved results techniques for projects. Over 600 DMC officials have received training. In addition, the community of practice on MfDR,<sup>44</sup> established in March 2006 with ADB assistance, has emerged as one of the most important MfDR capacity building initiatives for DMCs and as international best practice being now emulated in Africa and Latin America. Strengthening statistical capacity becomes an important issue to be addressed for results management.
- (ii) **Pillar 2: Enhance ADB's results orientation.** New results-based operational tools are now in place. These include improved development effectiveness reporting; the new sector and thematic reports introduced under the enhanced PRS; and the results-based CPS and improved project design and monitoring frameworks, which will enable better assessment of results at the project level.<sup>45</sup> In addition, ADB has begun to focus on development effectiveness in country briefs to capture and report on ADB's contribution to country outcomes. To better link results analysis with decision making, preparatory work on an operational results management system was initiated in 2007. The regional departments have introduced initiatives to apply MfDR in operations. These include adoption of improved CPS and project quality filters, development of sector results

<sup>42</sup> ADB. 2007. *Major Achievement of ADB's Reform Agenda—First Quarter of 2007*. Available: <http://www.adb.org/ReformAgenda>. A summary of progress on the Action Plan for implementation of the enhanced PRS and Reform Agenda is in Appendix 1.

<sup>43</sup> Independent Assessment of Managing for Development Results at ADB, Universalia, November 25, 2005

<sup>44</sup> For details of the community of practice, see <http://cop-mfdr.adb.org>.

<sup>45</sup> OED is currently conducting a first phase evaluation of MfDR in ADB. Its findings are likely to be available by the end of 2007.

profiles, establishment of MfDR focus groups, and use of results techniques in subregional planning. Since 2006, development effectiveness, including progress on MfDR in ADB, is reviewed by operations vice presidents with their department heads to provide leadership for departmental results orientation efforts. MfDR learning and development, as part of the effort to mainstream MfDR in ADB, has been intensified and more than 400 staff have participated since 2006. An MfDR training module for private sector operations was conducted. Issues that emerged for further examination include (i) need of a standardized framework across departments, (ii) better linkage of learning program to the quality improvement of results frameworks, (iii) continuation of colloquium with senior staff for enhanced results culture, and (iv) systematic assessment of quality of CPS results features.

- (iii) **Pillar 3: Maintain effective results partnerships.** ADB continues to be an active member of the emerging global partnerships on MfDR. The multilateral development banks' common performance assessment system, initiated by ADB in 2005, has been acknowledged as an important contribution to assessing the readiness of multilateral development banks for MfDR. In February 2007 ADB cosponsored the Third International Roundtable on MfDR and has actively shared knowledge and experiences with other multilateral development banks. It is now collaborating with the World Bank on the MfDR Learning and Development Program.

90. **Improvements in Operational Policies, Strategies, and Processes.** ADB has completed the four specific reform commitments on policies and strategies agreed during ADF IX negotiations. These relate to the PBA policy, governance and anticorruption policies, review of the private sector development strategy, and a public communications policy. ADB approved a revised PBA system in December 2004, and ensured its smooth and successful implementation. While the revised policy rationalized and considerably strengthened the PBA system, some issues have emerged that require attention.

91. ADB adopted a second governance and anticorruption action plan in July 2006 based on the review of implementation of the governance and anticorruption policies.<sup>46</sup> A revised private sector development strategic framework<sup>47</sup> was fully integrated into ADB's 2006 Medium-Term Strategy II.<sup>48</sup> ADB also introduced a regional cooperation and integration strategy in July 2006 to support ADB's poverty reduction agenda through regional collective actions.<sup>49</sup> The public communications policy of 2005 has considerably improved the way ADB communicates with its various stakeholders.

92. ADB launched the Innovation and Efficiency Initiative in 2004 to enable it to respond better to its clients and reduce the costs of doing business with ADB. Actions have resulted in (i) improved processes for the results-based CPS with greater strategic clarity; (ii) updated guidelines and processes for procurement and consulting services to improve accountability and flexibility; (iii) more flexible cost-sharing arrangements and additional items eligible for ADB financing; and (iv) pilot-testing of new financing instruments and modalities. These changes and improvements have supported the large expansion of lending and cofinancing.

<sup>46</sup> ADB. 2006. *Second Governance and Anticorruption Action Plan*. Manila.

<sup>47</sup> ADB. 2006. *Private Sector Development: A Revised Strategic Framework*. Manila.

<sup>48</sup> ADB. 2006. *Medium-Term Strategy II 2006–2008*. Manila.

<sup>49</sup> ADB. 2006. *Regional Cooperation and Integration Strategy*. Manila.

93. **Mainstreaming Knowledge Management.** ADB has continued implementing its KM framework, which was approved in 2004. Details of knowledge management activities undertaken have been presented earlier (paras. 75-76). These have resulted in better recognition of KM activities by staff; improvement of business processes and the development of information technology for better KM; improvement of COP operation; and expansion of knowledge sharing, learning, and dissemination through external relations and networking. Furthermore, the knowledge departments—ERD, RSDD, and the Office of Regional Economic Integration—and the ADB Institute are coordinating more closely in planning and implementing knowledge activities.

94. **Alignment of the Organizational Structure.** In late 2004, an independent assessment panel on ADB's reorganization made several recommendations to strengthen organizational capacity.<sup>50</sup> This led to the reform of RSDD in 2005, reducing its functions; setting up a new poverty unit, a knowledge management center, and a special initiatives group; and creating more meaningful quality assurance and quality control mechanisms. Streamlined communities of practice were established. The organizational restructuring of the department has helped better define its functions and role in the organization and perceptions about its functioning have improved.

95. In 2006, a further realignment of regional departments took effect (merging the Mekong and Southeast Asia departments and creating a new department for Central Asia) to enhance operational effectiveness, improve regional departments' country focus, and strengthen the synergy between country and regional operations. This realignment has positioned ADB to respond better to emerging regional country groupings in Southeast and Central Asia and will enhance its operational effectiveness, particularly in the area of regional cooperation.

96. **Implementation of the Human Resources Strategy.**<sup>51</sup> In 2004, ADB approved a human resource strategy, which seeks to establish a merit-based, transparent, effective human resource management system in support of ADB's vision and strategies to better serve its DMCs. The three mutually reinforcing objectives of the strategy (together with an action plan) are (i) enhance organizational capability; (ii) establish an effective performance management system; and (iii) strengthen leadership and accountability. While much progress has been made, ADB is working to address implementation issues. Highlights of changes/improvements implemented to address human resource-related issues include the following:

- (i) **Skill mix.** Efforts are continuing in the area of gathering information on the skills, experience, and expertise of ADB staff to provide better information in the assessment of skill gaps and alignment to organizational needs. Skill mix issues and skill gaps were addressed through consolidation measures such as realignment, sequestration, and implementation of the enhanced separation program. These measures provided an opportunity to take stock of available skills, redeploy skills based on work programs, balance workload among regional departments, and better align the skill mix with organizational needs and emerging new institutional priorities of the Medium-Term Strategy II.
- (ii) **PDP implementation.** A new PDP, based on an ADB-wide competency framework, allows for differentiation in levels of performance, based on an agreed work plan, completion of tasks/achievement of results, defined

<sup>50</sup> ADB. 2005. *Organizational Adjustments for Enhanced Operational Effectiveness*. Manila.

<sup>51</sup> ADB. 2004. *Human Resources Strategy*. Manila.

competencies appropriate for the job level, and better alignment of reward to performance. The new PDP process has produced important results for the organization: the introduction of a work plan culture and distinctive ratings for different levels of performance. It also resulted in a more interactive performance evaluation requiring supervisors to meet and discuss work plans and evaluations throughout the year. However, introduction of the process encountered some implementation issues. Based on consultations and staff feedback after the 2006 PDP, a number of substantive changes and refinements were made to improve the 2007 PDP instrument and process consistent with efforts to recognize and reward performance.

- (iii) **Performance bonus.** The introduction of a performance bonus (footnote 41) provided more direct and better linkage of reward to performance. Feedback received from professional staff in a recent survey on the bonus scheme showed that many accept the performance and/or team bonus as a means of rewarding excellence and teamwork, but would prefer that the design of the scheme be improved.
- (iv) **Learning and development.** A separate Learning and Development Unit was created within the Human Resources Division of the Budget, Personnel and Management Systems Department, with significantly increased budget allocation. The Unit offers demand-driven training courses through a curriculum-based, job family approach. In addition, targeted training programs for leadership and talent management were introduced.
- (v) **Transparency in promotions and recruitment.** Improvements were made to the promotion process to address transparency and improve efficiency. Promotions to all local staff and professional staff levels 1 to 7 is done through vacancy posting (advertised internally and externally) based on job descriptions provided by the user departments. The use of selection panels ensures transparency in promotions and recruitment. For promotion, the selection panel includes an independent panelist. For recruitment, transparency in selection is ensured through the use of separate technical and employment panels that include the user department representative as well as an independent panelist. Decisions are now taken on the same day the recruitment panel convenes. Selection for professional staff positions at senior levels 8 to 10 are at the President's discretion, who proactively consults with his Management team and other senior staff. The procedures currently in place have significantly improved transparency and more acceptable results within the context of a multilateral institution.
- (vi) **Career development and progression.** Given the flat organizational structure of ADB, options other than promotion, such as enriching careers and creating opportunity for advancement, such as external training and development, job rotation, external assignments, secondments, and field office assignments, are being pursued.
- (vii) **Recruitment and retention challenges.** ADB continues to face challenges in recruiting and retaining staff because of competing demands for the same pool in the fast-growing Asian economies; the locational difficulties of being based in Manila; and more recently, the effect of the declining US dollar against all major currencies.

## V. OVERALL ASSESSMENT AND SOME IDENTIFIED ISSUES

97. This report has reviewed progress in ADB's development effectiveness by focusing separately on three components: country outcomes, operational effectiveness, and institutional effectiveness. Fourteen indicator sets were used to gauge progress in these areas (see details in Appendix 11). Table 2 summarizes the assessments made.

98. In the overall assessment of this report, ADB's operational performance in 2006 was an improvement over the previous year's performance and reflected the progress made in implementing internal reforms. On eight indicator sets there were varied degrees of improvement—some high, others moderate. With respect to the other indicators, the results were either mixed or were no different from the previous year's results. In country outcomes, improvements in income poverty reduction and growth were evident. However, progress in non-income poverty and other country outcomes was limited. In operational effectiveness, there was a distinct improvement in the case of operational outputs, although progress was weaker in operational outcomes, where results were mixed. ADB has also introduced wide-ranging reforms to improve its institutional effectiveness, and, although these will take time to bear fruit, there are indications of some improvements in human resources and financial indicators. ADB will need to further intensify its efforts to sustain these improvements. The discussions in this report have indicated certain specific issues that require further attention.

**Table 1: Assessment of Indicators of Development Effectiveness**

Indicator	Overall Assessments
<b>A. Country Outcomes: Poverty Reduction in Asia and the Pacific Region</b>	
Millennium Development Goals and Other Impact Indicators (1a, 1b)	Mixed results
<b>B. Operational Effectiveness</b>	
<b>Outcomes: Improvements in ADB's Operational Outcomes</b>	
Country Operations (2)	—
Loan Projects (3a, 3b)	Mixed results
Knowledge Products (4a, 4b)	Mixed results
DMC Capacity (5)	Target met
Partnership Perceptions (6)	Benchmarked in 2006
<b>Outputs/Activities: Improved Operational Quality, Finance, Knowledge, and Partnerships</b>	
Quality of CPSs (7a, 7b)	Improvement
Quality of Projects (8a, 8b)	Improvement
Loan Approvals and Disbursements (9a, 9b)	Improvement
Cofinancing (10)	Improvement
Capacity to Mobilize Knowledge (11a, 11b, 11c)	Improvement
Partnerships (12a, 12b, 12c)	Improvement
<b>C. Institutional Effectiveness</b>	
<b>Inputs: Human and Budgetary Resources</b>	
Efficient use of budgets (13a, 13b)	Improvement
Efficient use of human resources (14a–14c; no data for 14d–14f)	Improvement
<b>Overall Assessment</b> (based on 12 of 14 indicator sets)	<b>Improvement</b>

CPS = country partnership strategy

<sup>a</sup> The list of indicators will be reviewed further by an interdepartmental task force after the new long term strategic framework is finalized to take the new operational priorities into account.

Notes: — = not assessed as data on indicators are not available. Numbers in parentheses are the indicator numbers.

Source: ADB Staff assessments.

99. **Country Outcomes.** A topic discussed in depth in this report is ADB's support for the achievement of the MDGs. While country outcomes such as the achievement of the MDGs depend on more than just ADB's efforts, which have been significant, ADB can further increase the impact of its contribution in several ways. It can (i) make its operations more inclusive;

(ii) reinforce its concessional lending and grant operations and focus them more sharply on MDG-relevant operational areas in line with ADB's comparative strengths; (iii) engage more effectively with OCR borrowing countries; (iv) encourage more private sector participation in efforts to achieve the MDGs; (v) engage in more effective KM activities for the MDGs; and (vi) explore regional cooperation in MDG areas.

100. **Operational Effectiveness.** Since the start of a systematic assessment of operational outcomes through the APRRs in 2005, several CAPEs identifying important generic lessons have been prepared (see paras. 42–46). Unlike country outcomes, ADB's operational outcomes are more closely related to its own operations, and how CAPE lessons and the QAE assessments of CPSs and projects have helped improve them will become clear when the initial set of results-based CPSs are completed. Much importance attaches therefore to the CPS review, which has to be carried out with precision and care. As far as project outcomes are concerned, loan projects though showing mixed performance in the short term clearly show a long term improving trend. The results are not yet equally clear, however, for TA projects. The TA reform program should help address this.

101. On the other hand, ADB's operational outputs have steadily improved since 2004, particularly in (i) the design and implementation of ADB's operations, (ii) the capacity to mobilize finance and knowledge, and (iii) the building of effective partnerships. At the same time, the following issues highlighted in this and previous reports must be attended to.

- (i) **Further improving country partnership strategy results frameworks.** Assessments indicate the varied quality of results frameworks, presenting cross-learning opportunities between country teams. An area where improvements are needed is the identification of indicators for sectors, themes, activities, outputs, and impact.
- (ii) **Institutionalizing the quality-at-entry system.** The QAE system, established in 2006, now needs to be institutionalized.
- (iii) **Strengthening implementation efforts in weaker countries.** Although project outcomes and portfolio quality show improving trends, further efforts, particularly in countries with weaker implementation capacities, are necessary.<sup>52</sup>
- (iv) **Improving the project classification system.** As discussed in para. 65, the project classification system should be reviewed and made to reflect more closely ADB's efforts, particularly in thematic areas, and information relating to important locational characteristics such as rural and urban development should be obtained.
- (v) **Creating better awareness of ADB's development efforts.** The ADB Perception Survey in 2006 noted possible improvements in the use of ADB's publications and website, as well as in the dissemination of information about its activities.<sup>53</sup> These improvements will require (a) better integration of knowledge processes with ADB's lending and nonlending programs, (b) better development of knowledge products from ADB's operational experience and shared experience; and (c) a better public dissemination strategy.

102. **Institutional Effectiveness.** Considerable progress has been made in the reforms begun since 2004, as described in the previous section. This report has adopted a set of efficiency indicators relating to human and budgetary resources for measuring institutional

<sup>52</sup> Suggested measures highlighted also in the 2005 APRR include examining adequacy of resources generally for project implementation and particularly for weaker countries and strengthening their implementation capacities.

<sup>53</sup> ADB. 2006. *Perceptions Survey: Multinational Survey of Opinion Leaders*. Manila. October.

effectiveness, which also show progress. To ensure that the results of such reforms are fully realized, ADB will need to shift its attention to their effective implementation, capitalizing on progress made so far, and responding to issues that emerge during implementation. ADB will need to work further to promote a knowledge-sharing culture, mainstream the MfDR agenda, and implement the HR strategy.

**Table A1.1: Enhanced Poverty Reduction Strategy—Follow-Up Action Plan**

	<b>Follow-Up Activity</b>	<b>Responsible Unit</b>	<b>Target Date</b>	<b>Current Status</b>
<b>A.</b>	<b>Dissemination of the Enhanced PRS</b>			
1.	Prepare a PRS document for dissemination	RSDD	<b>Completed</b>	
2.	Develop a plan for briefing and training staff (para.109) <sup>a</sup>	BPHR/ RSPR	<b>Completed</b>	
3.	Issue the approved OM section to staff and post it on the ADB website	SPD	<b>Completed</b>	
<b>B.</b>	<b>Operational Quality</b>			
1.	Issue revised business processes for preparing CSPs, including a guidance note for improving quality as recommended in the review paper (paras. 96–98)	SPMS/RSDD	<b>Completed</b>	
2.	Modify OM Section A2 (on country strategy and program) to reflect (i) changes in CSP process as recommended in the review paper (paras. 96–98) and (ii) establishment of a system for quality-at-entry through biennial retrospective assessment of all CSPs approved in the review period (para. 103[iii] and footnote 83)	SPD		
3.	Learning from the ongoing pilot CSPs. Issue guidelines to make evaluation of CSPs possible and for a CSP results framework (para.101)	SPRU	<b>Completed</b>	
4.	Establish a system for quality-at-entry through biennial retrospective assessment of a sample of lending and non-lending operations and modify OM Sections D11 and D12 (on processing loan proposals and technical assistance) describing the system (para. 103 iii))	SPD	<b>Completed</b>	
5.	Hold a Board seminar during CSP preparation	SPD	<b>Completed</b>	
6.	Based on high-quality country work, intensify dialogue with DMCs and development partners to identify additional assistance needed to achieve the non-income MDGs, working through all three pillars (paras. 11–13).	Regional departments	<b>Continuing</b>	<ul style="list-style-type: none"> <li>Action will be taken by regional departments to (a) strengthening country analytical work to address progress towards MDGs; (b) integrate MDGs into results-based CSPs, and specify ADB's role after dialogue and agreement on responsibilities of DMCs, donors and other stakeholders. These efforts will be closely monitored and evaluated in the biennial quality at entry assessments of CSPs and reported in the annual reports on progress of PRS.</li> </ul>
<b>C.</b>	<b>Classification System</b>			
1.	Review the definition of, and approaches to, capacity development (para. 80)	Capacity Development Working Group	<b>Completed</b>	

	<b>Follow-Up Activity</b>	<b>Responsible Unit</b>	<b>Target Date</b>	<b>Current Status</b>
2.	Modify the existing thematic classification system to include capacity development (paras. 78-79).	RSDD	<b>Completed</b>	
3.	Remove poverty classification (PI, CPI, Others) from all future RRP (Loan and Project Summary)	Regional departments	<b>Completed</b>	
4.	Define TI classifications and replace PI/CPI classification with TI classification (para. 83)	RSDD/COSO	<b>Completed</b>	
<b>D.</b>	<b>Monitoring and Evaluation</b>			
	Develop a comprehensive monitoring and evaluation framework for the PRS, including the following actions.			
1.	Prepare a plan to develop and pilot a list of monitoring indicators (and roles and responsibilities for monitoring and reporting) at the institutional level (para. 103 & Appendix 9)	SPRU/RSDD	<b>Completed</b>	
2.	Issue guidelines for sector-level monitoring (para. 102)	RSDD	<b>Completed</b>	
3.	Review/modify appropriate OM sections to reflect the changes in project-level monitoring recommended in the review (para. 100)	COSO/SPMS/RSDD	<b>Completed</b>	
4.	Review and amend OM section K1 (on operations evaluation) to reflect changes in project level monitoring recommended in the review (para 100)	OED	<b>Completed</b>	
5.	Conduct first the biennial retrospective evaluation of all CSPs and a sample of public and private sector lending and non-lending operations approved during 2004-2005	A task force under VPKM	<b>Completed</b>	
6.	Report progress on PRS implementation at the institutional level to the Management and the Board (paras. 104 and 111)	RSDD	<b>Completed</b>	
<b>E.</b>	<b>Financial Capabilities</b>			
1.	Widen the range of available modalities and instruments so ADB can better tailor its assistance to the diverse needs of DMCs (para. 106, footnote 84)	Innovation and Efficiency Initiative (IEI); SPD	<b>Completed</b>	
2.	Formalize the variants of existing instruments already being used (para. 106, footnote 85)			

	<b>Follow-Up Activity</b>	<b>Responsible Unit</b>	<b>Target Date</b>	<b>Current Status</b>
3.	Finalize a proposal to reduce transactions costs of doing business with ADB for borrower (Board discussion)	IEI, SPD, COSO, RSDD	<b>Completed</b>	
4.	Explore ways to augment resources for regional cooperation (para. 106)	RSDD/OREI	<b>Completed</b>	
<b>F. Organizational Capacity</b>				
1.	Estimate staff resources and the skill mix required to deliver the enhanced PRS (para. 107)	BPHR	<b>Completed</b>	
2.	Strengthen pool of operational staff through redeployment and, if needed, recruitment (para. 107)	BPHR	<b>Continuing</b>	<ul style="list-style-type: none"> <li>• A continuing action in concert with BPBM (new budgeted positions) and will follow from the outcome of action F1 above. Recommendations of the independent panel will also need to be addressed</li> </ul>
3.	Further align staff incentives with performance on PRS implementation and quality of results (para. 109)	BPHR	<b>Completed</b>	
4.	Rationalize the deployment, role and career progression of thematic specialists (Board discussion)	BPHR	<b>Continuing</b>	<ul style="list-style-type: none"> <li>• Technical career stream paper approved in Q2 2006 and implementation on-going.</li> </ul>
5.	Institute well-focused skills training and mentoring programs for poverty reduction (para. 109)	BPHR/RSDD	<b>Continuing</b>	<ul style="list-style-type: none"> <li>• Extensive training of staff in headquarters and resident missions on essential elements of the enhanced PRS have been conducted in 2005 and 2006. The training modules developed have now been mainstreamed into regular staff training.</li> </ul>
6.	Finalize the recommendations of the independent review of the reorganization for implementation (para. 110)	BPMSD/SPD	<b>Continuing</b>	<ul style="list-style-type: none"> <li>• Recommendations of the independent review were finalized in November 2004. Specific recommendations to improve the critical mass of technical expertise are being implemented. The technical career stream paper was approved in Q2 2006 and implementation is ongoing. Realignment of the regional departments was completed in May 2006.</li> </ul>
7.	Assist in developing knowledge products and services related to poverty reduction (para. 111[iv])	RSDD	<b>Continuing</b>	<ul style="list-style-type: none"> <li>• RSDD is developing knowledge products as part of its regular work. In 2005 and 2006 several good practices, technical notes and issue papers were prepared.</li> </ul>
8.	Strengthen resident missions' (i) capacity to monitor and report on poverty and to integrate poverty issues in the operations; (ii) role in country programming, policy dialogue, and project administration, (iii) abilities to forge stronger partnerships with other development agencies (para. 113)	Regional departments	<b>Continuing</b>	<ul style="list-style-type: none"> <li>• Regional departments are continuously assessing capacity requirements of resident missions and the need for further strengthening of resident missions in the light of this recommendation and those of the independent panel and taking steps to strengthen them particularly for countries with major operations.</li> </ul>

	<b>Follow-Up Activity</b>	<b>Responsible Unit</b>	<b>Target Date</b>	<b>Current Status</b>
<b>G.</b>	<b>Other Issues</b>			
1.	Review the minutes of Board discussions and identify follow up actions	RSDD	<b>Completed</b>	
2.	Transfer all review related documents and files to RSDD	Task Force	<b>Completed</b>	
3.	Designate RSDD Poverty Unit as coordinating division	VPKM	<b>Completed</b>	

BPHR = Human Resources Division, BPMSD = Budget, Personnel and Management Systems Department, COSO = Central Operations Services Office, OED= Operations Evaluation Department, OREI = Office of the Regional Economic Integration, RSDD = Regional Sustainable Development Department, SPD= Strategy and Policy Department, SPMS = Management Support Division, SPRU = Results Management Unit, VPKM = Office of the Vice-President Knowledge Management and Sustainable Development.

<sup>a</sup> Paragraph numbers against the action points refer to paragraphs in the Review of the Asian Development Bank's Poverty Reduction Strategy (R95-04).

Source: ADB Staff

**Table A1.2: Progress in the Implementation of ADB's Reform Agenda**

Reform Agenda Initiative	Responsible Unit	Current Status
<p>A. Review, prepare and implement medium-term strategy</p> <ul style="list-style-type: none"> <li>• Review Medium-Term Strategy 2001–2005 (MTS I)</li> <li>• Prepare Medium-Term Strategy 2006–2008 (MTS II)</li> <li>• Implement MTS II</li> </ul>	<p>SPPI MTS II Committee SPOD</p>	<p><b>Completed.</b> The review of MTS I was completed in February 2006. <b>Completed.</b> MTS II was adopted in March 2006 <b>Being implemented.</b> Implementation is expected to be completed by 2008.</p>
<p>B. Prepare ADB's Strategy for regional cooperation and integration (RCI)</p> <ul style="list-style-type: none"> <li>• Prepare the strategy</li> <li>• Implement the strategy</li> </ul>	<p>OREI</p>	<p><b>Completed.</b> The strategy was adopted in July 2006 <b>Being implemented.</b> Implementation is expected to be completed by 2010.</p>
<p>C. Prepare a revised framework for private sector development (PSD) and implement a new action plan</p> <ul style="list-style-type: none"> <li>• Review implementation of the strategy</li> <li>• Prepare a revised framework</li> <li>• Implement the action plan</li> </ul>	<p>RSCG PSD Task Force Depts./Offices concerned</p>	<p><b>Completed.</b> The review was completed in August 2005. <b>Completed.</b> The revised framework was adopted in February 2006. <b>Being implemented.</b> Implementation is expected to be completed by 2008.</p>
<p>D. Review and recommend ways to enhance ADB support to middle-income countries and OCR borrowers</p> <ul style="list-style-type: none"> <li>• Review the approaches and prepare a framework and action plan</li> <li>• Implement the action plan</li> </ul>	<p>SPMS</p>	<p><b>Completed.</b> The paper outlining a coherent framework for ongoing and planned initiatives in this area was finalized and discussed by the Board in August 2006. <b>Being implemented.</b> Implementation is expected to be completed by 2009.</p>
<p>E. Review the implementation of ADB's governance and anti-corruption policies</p> <ul style="list-style-type: none"> <li>• Review the implementation of the policies and prepare a revised framework and action plan</li> <li>• Implement the action plan</li> </ul>	<p>RSCG</p>	<p><b>Completed.</b> The second governance and anticorruption action plan (GACAP II) was adopted in July 2006. <b>Being implemented.</b> Start-up phase is expected to be completed by 2007 while institutionalization phase is expected to be completed by 2010.</p>
<p>F. Review of approaches to strengthen developing member countries' capacity development</p> <ul style="list-style-type: none"> <li>• Review the approaches and prepare a framework and action plan</li> <li>• Implement the action plan</li> </ul>	<p>RSCG</p>	<p><b>Completed.</b> The new approach "Integrating Capacity Development into Country Programs and Operations: Medium-Term Framework and Action Plan" was adopted in January 2007. <b>Being implemented.</b> Implementation is expected to be completed by 2008.</p>

Reform Agenda Initiative	Responsible Unit	Current Status
G. Review of ADB's Graduation Policy <ul style="list-style-type: none"> <li>• Review the policy and prepare a revised framework and action plan</li> <li>• Implement the action plan</li> </ul>	SPPI	<b>Being implemented.</b> The review of the policy is ongoing. The revised framework and action plan is expected to be completed before the end of 2007.
H. Strengthen the Performance-Based Allocation (PBA) Policy	SPOD	<b>Completed.</b> The revision of the PBA Policy was completed in December 2004. The initiative has been mainstreamed in ADB operations.
I. Establish the Results Management Unit	SPRU	<b>Completed.</b> The Results Management Unit under the Strategy and Policy Department became functional in February 2004 and is implementing the managing for development results (MfDR) action plan.
J. Design and implement an action plan for MfDR <ul style="list-style-type: none"> <li>• Design an action plan</li> <li>• Implement the action plan</li> </ul>	SPRU/Regional Departments (RDs)	<b>Completed.</b> The revised action plan for MfDR was adopted in August 2006. <b>Being implemented.</b> Implementation is expected to be completed by 2008.
K. Implement the Project Performance Management Systems action plan <ul style="list-style-type: none"> <li>• Prepare an action plan</li> <li>• Implement the action plan</li> </ul>	COOD/RDs	<b>Completed.</b> The action plan was adopted in April 2004. <b>Completed.</b> The implementation of the action plan was completed in January 2006. The initiative has been mainstreamed in ADB operations.
L. Implement the Innovation and Efficiency Initiative (IEI) <ul style="list-style-type: none"> <li>• Cost sharing and expenditure eligibility</li> <li>• New financial instruments and modalities</li> <li>• Procurement guidelines</li> <li>• Guidelines on consulting services</li> <li>• Country Strategies and Programs and business</li> </ul>	RSOD-SI	<b>Completed.</b> The new approach on cost sharing and expenditure eligibility was adopted in August 2005 and implementation is a continuing activity. <b>Being implemented.</b> The new financial modalities and instruments such as multitranches financing facility, non-sovereign lending to public sector entities facility, refinancing facility, and local currency loan product) were adopted in August 2005. The first three instruments are being implemented on a pilot basis for an initial 3-year period (1 September 2005–31 August 2008) while the local currency loan product is already an approved mainstream offering. <b>Completed.</b> The revisions to the procurement guidelines were adopted in February 2006 and became effective in April 2006. <b>Completed.</b> The revisions to the consulting services were adopted in February 2006 and became effective in April 2006. <b>Completed.</b> The new business processes to improve the preparation

Reform Agenda Initiative	Responsible Unit	Current Status
<p>processes related to processing, approvals and implementation</p> <ul style="list-style-type: none"> <li>Update of safeguards policies</li> </ul>	RSES	<p>of Country Partnership Strategy was adopted in August 2006 and has been mainstreamed in ADB operations.</p> <p>The review of the safeguard policies is no longer being tracked under the IEI and continues to be an ongoing exercise with the Environment and Safeguards Division of the Regional and Sustainable Development Department (RSDD) taking the lead.</p>
<p>M. Conduct an independent assessment of the 2002 ADB reorganization and undertake follow-up actions</p>	BPBM/SPMS	<p><b>Completed.</b> The review of the 2002 reorganization was completed in November 2004. The last pending action under the initiative was completed in December 2006.</p> <p>The action was for Operations Evaluation Department to assess the possibility of shortening the time gap between project performance evaluation audits and project completion. Major time-bound actions have been accomplished (e.g. reorganization of the RSDD, realignment of the regional departments, establishment of the independent Risk Management Unit, upgrading of external relations from an office to a department, clarification on sector/thematic focal point assignments, and establishment of the communities of practice). Other actions, such as improvement of staff skills mix and strengthening of resident missions, etc. are broad and open-ended recommendations and to be pursued on an ongoing basis over time.</p>
<p>N. Harmonize and align practices and procedures for aid effectiveness in agreed-on areas</p>	SPPI	<p><b>Completed.</b> The action plan on harmonization and alignment of ADB's operational procedures with other multilateral development banks and bilateral donors was formulated and initiated in September 2004. The action plan covers the following areas: (i) evaluation; (ii) environment and social safeguards; (iii) financial management; (iv) capacity building, governance and anticorruption; (v) procurement including consulting services; (vi) gender; (vii) MfDR; (viii) private sector; (ix) information and communication technology; (x) legal documentation; (xi) disbursement; and (xii) other emerging areas. The initiative is a long-term activity and being pursued on an ongoing basis over time.</p>
<p>O. Solve year-end bunching problem</p>	SPMS	<p><b>Completed.</b> The initiative to reduce bunching is a long-term activity and will be pursued on an ongoing basis over time.</p>
<p>P. Implement a knowledge management action plan</p> <ul style="list-style-type: none"> <li>Prepare a framework and action plan</li> <li>Implement the action plan</li> </ul>	RSDD-KM	<p><b>Completed.</b> The framework and action plan were adopted in June 2004.</p> <p><b>Being implemented.</b> Implementation of the action plan is expected to be completed by 2009.</p>

	Reform Agenda Initiative	Responsible Unit	Current Status
Q.	Prepare and implement a Public Communications Policy	DER	<b>Completed.</b> The policy was adopted in April 2005. It is a long-term activity and will be pursued on an ongoing basis over time.
R.	Implement the Information Systems and Technology Strategy, 2004–2009 (ISTS II) <ul style="list-style-type: none"> <li>• Prepare the strategy</li> <li>• Implement the strategy</li> </ul>	OIST	<b>Completed.</b> ISTS II was adopted in June 2004. <b>Being implemented.</b> Implementation is expected to be completed by 2009.
S.	Formulate and implement a new human resources strategy <ul style="list-style-type: none"> <li>• Formulate a strategy</li> <li>• Implement the action plan</li> </ul>	BPHR	<b>Completed.</b> The new strategy was adopted in October 2004. <b>Being implemented.</b> The implementation of most of the strategy's action plan is expected to be completed or under progress by the end of 2007 as planned. Implementation of several ongoing initiatives will continue beyond 2007 to achieve the strategy's objectives.

BPHR = Human Resources Division, BPBM = Budget and Management Services Division, COOD = Office of the Principal Director of COSO, COSO = Central Operations Services Office, DER = Department of External Relations, MTS = Medium-term strategy, OIST = Office of Information Systems and Technology, OREI = Office of the Regional Economic Integration, PSD = private sector development, RCI = regional cooperation and integration, RD = regional department, RSCG = Capacity Development and Governance Division, RSES = Environment and Social Safeguards Division, RSDD-KM = Knowledge Management Center, RSOD-SI = Special Initiative Group, SPMS = Management Support Division, SPOD = Office of the Director General of Strategy and Policy Department, SPPI = Strategic Planning, Policy, and Interagency, SPRU = Results Management Unit, VPKM = Office of the Vice-President Knowledge Management and Sustainable Development.

Source: Reform Coordination Committee Secretariat, Office of the Managing Director General. For more information, please visit the reform agenda websites: Intranet- <http://reformagenda.asiandevbank.org/> and Internet- <http://www.adb.org/ReformAgenda/default.asp>

**Table A1.3: Millennium Development Goal Projections, 2015 and 2020**

MDG/Indicator	1990	2005	Target	Forecasts <sup>a</sup>		Target Achieved?	
				2015	2020	2015	2020
MDG1: Halve population below \$1 (PPP) per day, percentage	34.28	18.52	17.14	12.29	10.01	yes	yes
MDG1: Halve children under-5 moderately or severely underweight, percentage	37.17	29.57	18.58	25.40	23.53	no	No
MDG2: Universal enrolment in primary education, both sexes (total net ratio) <sup>b</sup>	80.99	93.79	100.00	95.00	95.00	yes	yes
MDG2: Universal percentage of pupils starting grade 1 reaching last grade of primary, both sexes <sup>b</sup>	62.99	82.22	100.00	95.00	95.00	yes	yes
MDG2: Universal primary completion rate, both sexes <sup>b</sup>	83.82	92.09	100.00	95.00	95.00	yes	yes
MDG3: Eliminate gender disparity in primary level enrolment	0.83	0.95	1.00	1.03	1.07	yes	yes
MDG3: Eliminate gender disparity in secondary level enrolment	0.71	0.93	1.00	1.07	1.15	yes	yes
MDG3: Eliminate gender disparity in tertiary level enrolment	0.57	0.81	1.00	0.97	1.05	No	yes
MDG4: Reduce by 2/3 children under-5 mortality rate per 1,000 live births	93.27	61.26	31.09	46.29	40.23	No	no
MDG4: Reduce by 2/3 infant mortality rate (0–1 year) per 1,000 live births	65.99	46.77	22.00	37.17	33.14	No	no
MDG7: Increase land area covered by forest, percentage	22.23	22.09	> 22.23	22.00	21.96	no	no
MDG7: Increase protected area to total surface area, percentage	7.24	10.21	>7.24	12.18	13.17	yes	yes
MDG6: Halt or reverse tuberculosis prevalence rate per 100,000 population	432.65	257.40	<432.65	182.08	153.14	yes	yes
MDG6: Halt or reverse tuberculosis death rate per 100,000 population	39.02	25.20	<39.02	18.82	16.27	yes	yes
MDG7: Reduce consumption of ozone-depleting CFCs in ODP metric tons ('000)	18.11	5.85	<18.11	1.76	.89	yes	yes
MDG7: Halve proportion of the population without improved drinking water sources, urban	94.05	92.10	97.03	90.82	90.18	no	no
MDG7: Halve proportion of the population without improved drinking water sources, rural	62.79	75.92	81.40	84.67	89.05	no	no
MDG7: Halve proportion of the population without improved sanitation facilities, urban	60.78	70.16	80.39	76.41	79.54	no	no
MDG7: Halve proportion of the population without improved sanitation facilities, rural	12.50	33.10	56.25	46.82	53.69	no	no
MDG7: Reduce carbon dioxide emissions (CO <sub>2</sub> ), metric tons of CO <sub>2</sub> per capita (CDIAC)	1.53	2.26	<1.53	2.75	3.00	no	no

MDG = Millennium Development Goals

<sup>a</sup> Forecasts were derived using the method used in the projections made in the ADB-UNESCAP-UNDP publication: The Millennium Development Goals: Progress in Asia and the Pacific 2007.

<sup>b</sup> 95 was the cut-off used for the targets on MDG2.

Source: ADB/UNESCAP estimates based on data made available for the report The Millennium Development Goals: Progress in Asia and the Pacific 2007.

**Table A1.4: Changes in Selected Growth, Infrastructure, and Business Environment Indicators for Asian Development Fund Recipient Countries and All Developing Member Countries**

Indicator	Units	All ADF Recipients						Average Annual Growth Rate (%)	All DMCs						Average Annual Growth rate (%)
		Countries Included		Year		Outcomes			Countries Included		Year		Outcomes		
		No.	Coverage (%)	Baseline	Most Recent	Baseline	Most Recent		No.	Coverage (%)	Baseline	Most Recent	Baseline	Most Recent	
Fixed lines and mobile telephone per 1,000 inhabitants	Per 1,000 people	24	88.9	1990	2003–2005	9.1	170.7	21.6	33	84.6	1990	2003–2005	8.4	329	27.7
Formal cost required for business start up	Percent of GNI per capita	24	88.9	2003–2005	2006	73.4	51.9	(10.9)	32	82.1	2003–2005	2006	60.5	44.4	-9.8
Time required for business start up	Days	24	88.9	2003–2005	2006	57.9	49.1	(5.3)	33	84.6	2003–2005	2006	54.2	45.4	-5.7
GDP per capita	Constant 2000 \$	24	88.9	1990	2005	456.6	661	2.50	33	84.6	1990	2005	438.3	1028.2	5.8
Access to rural population to an all-season road	Percent of rural population	12	44.4		1995/99/2003		68.6	na	14	35.9		1995–96/98–2003		77.1	na
Household electrification rate	Percent of households	11	40.7		1997/99–2001/03		70.1	na	13	33.3		1996–97/99–2001/03		63.9	na

ADF = Asian Development Fund, DMC = developing member country, GDP = gross domestic product, GNI = gross national income.

Notes:

1. There are 27 ADF recipient countries; and 39 total borrowing DMCs.

2. For GDP per capita and fixed lines and mobile telephone, average annual growth rates were computed using the method described as "annual compounding in the direction of time".

3. Figures under outcomes are weighted averages for GDP per capita and fixed phonelines and mobile phones based on countries with data available.

Sources: World Development Indicators Database, April 2006; Asian Development Bank Key Indicators, 2002–2006; and United Nations Population Prospects Database.

**Table A2.1: Successful Projects and Programs, Based on Project Performance Evaluation Reports, by Year of Circulation**

Year	Project Performance Evaluation Reports					
	All Projects			ADF Projects		
	No. of Projects Rated as HS/S	Total No. of Reports	% of HS/S	No. of Projects Rated as HS/S	Total No. of Reports	% of HS/S
1996	14	24	58.3	6	13	46.2
1997	12	23	52.2	6	11	54.5
1998	8	20	40	6	14	42.9
1999	15	23	65.2	4	10	40.0
2000	13	26	50	3	8	37.5
2001	12	22	54.5	2	9	22.2
2002	27	33	81.8	9	11	81.8
2003	16	22	72.7	9	13	69.2
2004	10	18	55.6	4	6	66.7
2005	13	19	68.4	3	6	50.0
2006	14	19	73.7	4	7	57.1

GS = generally successful, HS = highly successful, S = successful, No. = number.

Sources: Post Evaluation Information System and Operations Evaluation Department.

**Table A2.2: Successful Projects and Programs, Based on Project Completion Reports, by Year of Circulation**

Year	Project Completion Reports					
	All Projects			ADF Projects		
	No. of Projects/ Programs Rated as GS/HS/S	Total No. of Reports	% of GS/HS/S	No. of Projects/ Programs Rated as GS/HS/S	Total No. of Reports	% of GS/HS/S
1996	34	43	79.1	18	23	78.3
1997	25	48	52.1	5	13	38.5
1998	31	48	64.6	7	13	53.8
1999	33	55	60	11	20	55
2000	35	49	71.4	12	16	75
2001	42	58	72.4	11	13	84.6
2002	47	66	71.2	19	27	70.4
2003	54	67	80.6	19	23	82.6
2004	50	75	66.7	16	23	69.6
2005	47	61	77	23	25	92
2006	41	52	78.8	20	25	80.0

GS = generally successful, HS = highly successful, No. = number, S = successful.

Sources: Post Evaluation Information System, Private Sector Operations Department, Board documents system.

**Table A2.3: Profile of Technical Assistance Evaluation Reports, 2006**

TA Number and Title	Rating	Country
TA in Support of the Pacific Financial Technical Assistance Centre in the Pacific Island Countries (5604/5672/5817/6003/6049/6129/6206)	S	Regional
TA 2845 Establishment of National Procurement Regulations for the Public Sector	S	PRC
TA 3103 Strengthening the Government Auditing System	HS	PRC
TA 3375 Project Performance Management Capacity Building	HS	PRC
TA 3457 Implementation of the Tendering and Bidding Law and Related Regulations	PS	PRC
TA 3631 Formulation of Government Procurement Law	HS	PRC

TA = technical assistance, HS = highly successful, S = successful, PS = partly successful  
Source: Operations Evaluation Department.

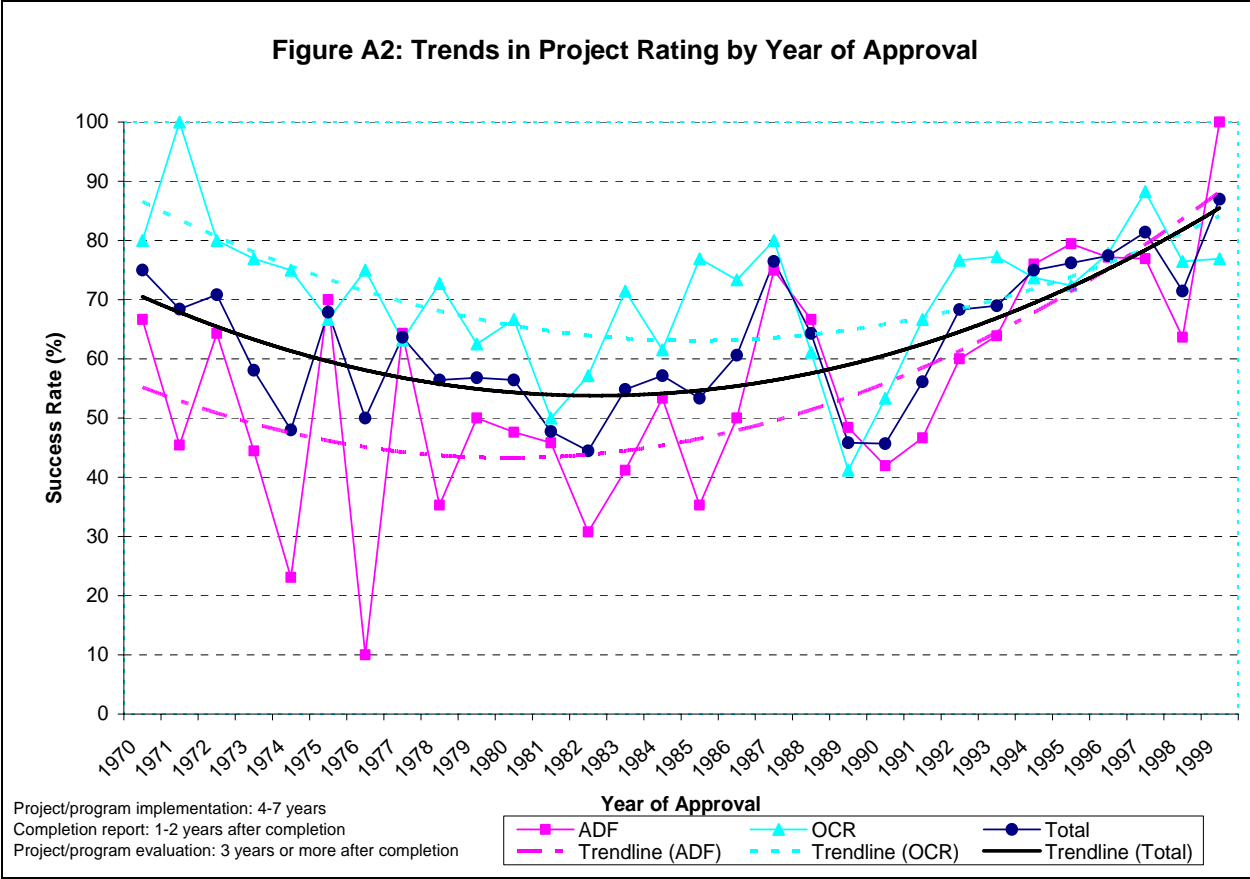
**Table A2.4: Successful Technical Assistance, Based on Technical Assistance Completion Reports and Technical Assistance Performance Evaluation Reports, 2001–2006**

Year	Technical Assistance Completion Reports			Technical Assistance Performance Evaluation Reports		
	GS/HS/S		Total No. of Reports	GS/HS/S		Total No. of Reports
	No.	%		No.	%	
2000	87	81.3	107	9	81.8	11
2001	84	84	100	13	54.2	24
2002	106	80.3	132	24	72.7	33
2003	145	81.9	177	19	63.3	30
2004	126	77.8	162	3	27.3	11
2005	148	88.1	168	2	50	4
2006 <sup>a</sup>	140	80.9	173	5	83.3	6

GS = generally successful, HS = highly successful, S = successful, TCR = technical assistance completion report, TPER = technical assistance performance evaluation report.

<sup>a</sup> Ratings of three TCRs for 2006 are not available for TA4604, TA3191, and TA 6085.

Sources: Post Evaluation Information System, Board documents system, and Central Operations Services Office.



Source: Operations Evaluation Department

**Table A3.1: Number of Country Partnership Strategies (CPSs) and Regional Cooperation Strategies and Programs (RCSPs) Prepared, and Number of Results-Based CPSs and RCSPs, 2004–2006**

Item	2004		2005		2006	
	Total	Results-Based	Total	Results-Based	Total	Results-Based
Country Partnership Strategy	1 (NEP)	1 (1 NEP)	5 (BAN, BHU, CAM, PHI, MON)	5 (BAN, BHU, CAM, PHI, MON)	5 (INO, LAO, PNG, UZB, VIE)	5 (INO, LAO, PNG, UZB, VIE)
Regional Cooperation Strategy and Program	1 (CAREC)	0	0	0	0	0

BAN = Bangladesh, BHU = Bhutan, CAM = Cambodia, FIJ = Fiji Islands, MON = Mongolia, NEP = Nepal, PHI = Philippines, CAREC = Central Asia Regional Economic Cooperation.

Source: CSP/RSCP Board documents.

**Table A3.2: Summary Portfolio Ratings by Region—Satisfactory Projects and Programs, 2002–2006**

(% of projects and programs)

Region	2002	2003	2004	2005	2006
Central and West	86.2	86.9	87.9	94.4	91.4
East	90.3	90.9	98.0	100.0	96.9
Pacific	80.6	86.7	77.4	80.6	80.6
South	80.2	92.5	86.3	87.0	87.7
Southeast	85.9	79.5	85.2	97.2	94.2
<b>Total</b>	<b>84.7</b>	<b>86.3</b>	<b>87.0</b>	<b>92.8</b>	<b>91.1</b>

Sources: Central Operations Services Office and quarterly portfolio updates.

**Table A3.3: Trends in Portfolio Rating, Asian Development Fund Recipient Countries and All Developing Member Countries, 2001–2006**

Implementation Performance Category	2001		2002		2003		2004		2005		2006	
	All	ADF	All	ADF	All	ADF	All	ADF	All	ADF	All	ADF
Highly Satisfactory (HS)	1.2	0.6	1	0.3	0.6	0.8	0.6	0.8	0.6	0.5	0.6	0.5
Satisfactory (S)	78.4	79.5	85	85.5	85.7	86.7	86.8	86.3	92.2	92.3	90.5	89.8
Partly Satisfactory (PS)	15.8	16	11.3	11.6	8	7.6	7.1	7.8	4.1	4.2	5.9	7.2
Unsatisfactory (U)	4.6	4	2.8	2.4	5.8	4.7	5.5	5.2	3.1	3	3	2.6
Potential Problem (PP)	6	4.8	2	0.8	0.8	0.5	1.4	0.8	1.4	1.2	1.1	1.2
At Risk (PS+U+PP)	26.4	24.8	16.1	14.8	14.6	12.8	14	13.8	8.6	8.4	10	11.0

ADF = Asian Development Fund.

Sources: Central Operations Services Office and quarterly portfolio updates.

Table A4.1: Approved Loans, 2000–2006

<b>A. OCR Loans (Public and Private)</b>												
Region	2001		2002		2003		2004		2005		2006	
	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)
Central and West	6	665	10	1,102	8	827	7	591	5	436	11	1,636
East	6	997	7	869	7	1,488	8	1,264	8	1,500	11	1,572
Pacific	2	74	1	17	1	47	1	5	1	25	1	35
South	9	1,699	11	1,290	14	1,908	11	1,425	7	815	7	1,549
Southeast	6	523	7	766	7	411	6	766	11	1,645	5	1,325
Regional	1	20			1	45						
<b>Total</b>	<b>30</b>	<b>3,978</b>	<b>36</b>	<b>4,043</b>	<b>38</b>	<b>4,726</b>	<b>33</b>	<b>4,051</b>	<b>32</b>	<b>4,421</b>	<b>35</b>	<b>6,117</b>
<b>B. ADF Loans (Public and Private)</b>												
Region	2001		2002		2003		2004		2005		2006	
	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)
Central and West	10	442	14	511	15	404	17	492	15	627	12	275
East	4	36	2	34	3	30	1	37	1	10	3	46
Pacific	6	35	4	25	1	8	3	35	3	12	1	18
South	14	365	12	495	15	541	15	384	12	388	11	425
Southeast	12	483	21	568	13	397	11	294	9	338	18	515
<b>Total</b>	<b>46</b>	<b>1,362</b>	<b>53</b>	<b>1,633</b>	<b>47</b>	<b>1,380</b>	<b>47</b>	<b>1,242</b>	<b>40</b>	<b>1,375</b>	<b>45</b>	<b>1,279</b>

ADF = Asian Development Fund, OCR = ordinary capital resources.

Note: Numbers may not sum precisely because of rounding.

Source: Central Operations Services Office.

**Table A4.2: Net Transfer of Resources, 2001–2006<sup>a</sup>**  
(\$ million)

Region	2001		2002		2003		2004		2005		2006	
	OCR	ADF	OCR	ADF	OCR	ADF	OCR	ADF	OCR	ADF	OCR	ADF
Central and West	(39.8)	186.4	(76.6)	245.7	20.1	80.2	(937.9)	171.8	100.3	163.3	564.3	192
East	586.4	27.5	(382.8)	22.7	(4,100.7)	34.5	(60.4)	32.5	(1,212.3)	21.1	492.9	18.4
Pacific	18.2	7.4	(14.6)	6.4	(12)	4.5	(10.8)	1.7	3.3	(3.1)	(36.4)	3.3
South	(193.1)	177.5	(53.8)	137.1	(1,146.7)	183.9	(915.8)	(1.5)	565.9	106.4	316.4	188.5
Southeast	(263.4)	259.8	(1,561.6)	305.9	(720.1)	337.7	(628.5)	264	(416.9)	324.5	134.2	264.1
Regional	(2.5)		(8.2)		(2.6)		(6.3)		(27.6)		14.2	0.2
<b>Total</b>	<b>(194.1)</b>	<b>658.5</b>	<b>(2,097.7)</b>	<b>717.8</b>	<b>(5,961.9)</b>	<b>640.8</b>	<b>(2,559.7)</b>	<b>468.5</b>	<b>(987.3)</b>	<b>612.2</b>	<b>1,485.6</b>	<b>666.3</b>

( ) = negative, ADF = Asian Development Fund, OCR = ordinary capital resources.

<sup>a</sup> Defined as loan disbursements less principal repayments/prepayments and interest/charges received. Includes non-sovereign loans and net equity investment.

Notes:

Numbers may not sum precisely because of rounding.

Transfers for subregional projects are accounted for under the particular region.

Sources: Controller's Department and ADB annual reports.

**Table A4.3: Project and Program Loan Disbursements, 2001– 2006<sup>a</sup>**  
(\$'000)

Region	2001		2002		2003		2004		2005		2006	
	OCR	ADF	OCR	ADF	OCR	ADF	OCR	ADF	OCR	ADF	OCR	ADF
Central and West	331.3	297.7	292.3	386.0	388.6	233.7	522	353.3	407.7	354.4	603.5	397.9
East	1043.9	30.4	781.6	26.6	705.1	39.8	635.7	39.4	874.8	29.9	984.8	28.6
Pacific	49.5	20.4	15.6	19.9	17.5	24.11	17.5	21.9	28.6	17.8	23.5	25.6
South	270.4	348.8	621.3	323.7	711.2	405.7	502.3	272.6	768.2	397.5	829.2	491.9
Southeast	1104	327	1,300.3	379.4	752.5	425.3	721.1	367.9	1214.7	447.2	1,620.4	394.6
<b>Total</b>	<b>2,799.1</b>	<b>1,024.3</b>	<b>3,011.1</b>	<b>1,135.6</b>	<b>2,574.9</b>	<b>1,128.6</b>	<b>2,398.7</b>	<b>1,055.1</b>	<b>3,293.9</b>	<b>1,246.7</b>	<b>4,061.4</b>	<b>1,338.6</b>

Total private sector disbursements = 358 in 2006.

ADF = Asian Development Fund, OCR = ordinary capital resources.

<sup>a</sup> Excludes private sector loans without government guarantee.

Notes: Numbers may not sum precisely because of rounding.

Transfers for subregional projects are accounted for under the particular region.

Source: Central Operations Services Office and quarterly portfolio updates.

Table A4.4: Targeting and Thematic Classification of Loan Approvals, 2006

Item	OCR		ADF		Total									
	No. of Loans	Amount(\$ million)	No. of Loans	Amount (\$ million)	No. of Projects	% Share	Amount (\$ million)	% Share						
<b>By Targeting Classification</b>														
Targeted Intervention	6	693.5	13	476.42	18	26.9	1,203.42	16.3						
General Intervention	29	5,423.4	32	802.72	49	73.1	6,165.62	83.7						
<b>Total</b>	<b>35</b>	<b>6,116.9</b>	<b>45</b>	<b>1,279.14</b>	<b>67</b>	<b>100</b>	<b>7,369.04</b>	<b>100</b>						
	Central and West		East		Pacific		South		Southeast		Regional		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>By Theme Classification</b>														
Sustainable Economic Growth	14	20.9	11	16.4	1	1.5	12	17.9	18	26.9	1	1.5	57	85
Governance	2	3.0	1	1.5	0	0.0	8	11.9	7	10.4	0	0.0	18	27
Inclusive Social Development	0	0.0	3	4.5	1	1.5	5	7.5	6	9.0	0	0.0	15	22
Environmental Sustainability	2	3.0	9	13.4	0	0.0	3	4.5	3	4.5	0	0.0	17	25
Gender and Development	0	0.0	0	0.0	0	0.0	1	1.5	4	6.0	0	0.0	5	7
Private Sector Development	4	6.0	1	1.5	0	0.0	4	6.0	5	7.5	0	0.0	14	21
Regional Cooperation	0	0.0	1	1.5	0	0.0	0	0.0	2	3.0	1	1.5	4	6
Capacity Development	6	9.0	1	1.5	1	1.5	5	7.5	5	7.5	0	0.0	18	27

ADF= Asian Development Fund; OCR = ordinary capital resources.

Notes: Percentages are computed based on total number of projects.

A project with many loans is counted as one under total number of projects.

A project can be assigned up to three themes.

Numbers may not sum precisely because of rounding.

Source: Central Operations Services Office.

**Table A4.5: Thematic Distribution of Projects, 2004–2006**

<b>Item</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Sustainable Economic Growth	67	83	85
Governance	20	25	27
Inclusive Social Development	33	23	22
Environmental Sustainability	11	16	25
Gender and Development	19	14	7
Private Sector Development	17	20	21
Regional Cooperation	8	6	6
Capacity Development		8	27

Source: Central Operations Services Office.

**Table A4.6: Ordinary Capital Resources and Asian Development Fund Loans, by Sector, 2000–2006**  
(\$ million)

Sector	2002–2004						2005						2006									
	OCR		ADF		Total		OCR		ADF		Total		OCR		ADF		Total					
	No.	Amt.	No.	Amt.	Amt	%	No.	Amt.	No.	Amt.	No.	%	Amt	%	No.	Amt.	No.	Amt.	No.	%	Amt	%
Agriculture and Natural Resources	6	319	29	777	1,096	6.5	3	86	5	228	8	11	314	5.4	3	450.4	11	356.77	14	17.5	807.17	10.9
Education	3	134	18	588	722	4.3	0	0	3	58.1	3	4	58	1		7	250.90	7	8.75	250.9	3.4	
Energy	21	2,266	6	216	2,482	14.6	6	1,042	2	31.5	8	11	1,074	18.5	9	1,273	5	96.50	14	17.5	1,369.5	18.5
Finance	13	1,308	12	173	1,481	8.7	5	249	3	35.5	8	11	284	4.9	7	1,685	7	102.00	14	17.5	1,787.0	24.2
Health, Nutrition, and Social Protection	5	338	6	107	445	2.6	0	0	2	57.9	2	3	58	1					0	0	0.0	0.0
Industry and Trade	3	282	13	226	508	3	1	25	0	0	1	1	25	0.43		2	10.00	2	2.5	10.0	0.1	
Law, Economic Management, and Public Policy	9	1,125	17	326	1,451	8.5	3	700	2	78	5	7	778	13.4	1	200	1	20.00	2	2.5	220.0	3.0
Multisector	10	727	19	952	1,679	9.9	3	264	12	601	15	21	865	14.9	2	800	4	79.70	6	7.5	879.7	11.9
Transport and Communications	25	5,614	18	668	6,282	37	6	1,558	7	165	13	18	1,723	29.7	7	1,235	4	198.20	11	13.8	1,433.2	19.4
Water Supply, Sanitation, and Waste Management	9	598	9	240	838	4.9	5	497	4	121	9	13	618	10.7	6	473.5	4	165.32	10	12.5	638.8	8.6
																			0			
<b>Total</b>	<b>104</b>	<b>12,711</b>	<b>147</b>	<b>4,273</b>	<b>16,984</b>	<b>100</b>	<b>32</b>	<b>4,421</b>	<b>40</b>	<b>1,376</b>	<b>72</b>	<b>100</b>	<b>5,797</b>	<b>100</b>	<b>35</b>	<b>6,117</b>	<b>45</b>	<b>1,279</b>	<b>80</b>	<b>100</b>	<b>7,396</b>	<b>100</b>

ADF= Asian Development Fund, OCR = ordinary capital resources.

Notes:

Loans include private and public sector loans.

Loans with OCR and ADF components are counted separately.

Numbers may not sum precisely because of rounding.

Source: Central Operations Services Office.

**Table A5.1: Direct Value-Added Cofinancing, 2000–2006**  
(\$ million)

Year	Investment Projects			TA	Total
	Commercial	Loans	Grants	Projects	Cofinancing
2000	415.99	158.50	13.91	9.36	597.76
2001	90.00	24.00	72.85	16.91	203.76
2002	882.00	248.50	105.19	30.90	1266.58
2003	240.00	77.00	404.00	67.93	788.93
2004	10.00	142.00	68.20	75.15	295.35
2005	68.40	30.50	223.38	78.86	401.14
2006	654.80	569.17	166.15	92.74	1482.86

TA = technical assistance.

Source: Office of Cofinancing Operations.

**Table A5.2: Lending with Cofinancing, 2000–2006**  
(\$ million)

Year	ADB			Cofinancing					
	OCR	ADF	Total	Official			Commercial	Export Credit	Total
				Grant	Loan	Subtotal			
2000	2,006	622.2	2,628.2	100.50	297.40	397.90	2,227.04	148.0	2,772.94
2001	1,493.2	603.59	2,096.79	97.90	187.00	284.90	912.6	20.1	1,217.60
2002	1,539.68	559.83	2,099.51	296.47	442.70	739.17	1,767.98	316.0	2,725.25
2003	2,131.9	512.9	2,644.8	433.24	336.30	769.54	1,542.3	245.0	2,562.87
2004	1,646.97	572.14	2,219.11	154.80	481.80	636.60	1,662.76	0.0	2,294.86
2005	2,644.2	1,360.96	4,005.16	351.98	1,893.42	2,245.40	5,038.07	189.0	7,472.47
2006	3,085.2	1,016.46	4,101.66	269.30	840.91	1,110.21	4,773.01	0.0	5,883.22

ADB = Asian Development Bank, ADF = Asian Development Fund, OCR = ordinary capital resources.

Source: Office of Cofinancing Operations.

Table A6.1: Trends in Technical Assistance Approvals, 1995, 2000–2006

Item	1995		2000 <sup>a</sup>		2001 <sup>a</sup>		2002		2003 <sup>a</sup>		2004 <sup>a</sup>		2005		2006	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
ADTA	169	57.5	171	56.9	141	55.7	160	49.5	163	52.2	174	54.2	152	50.8	98	37.7
PPTA	75	25.2	57	18.9	61	24.5	87	26.9	73	23.4	75	23.4	68	22.7	73	28.1
RETA	51	17.3	73	24.2	50	19.8	76	23.5	76	24.4	72	22.4	79	26.4	89	34.2
<b>Total</b>	<b>295</b>	<b>100</b>	<b>301</b>	<b>100</b>	<b>252</b>	<b>100</b>	<b>323</b>	<b>100</b>	<b>312</b>	<b>100</b>	<b>321</b>	<b>100</b>	<b>299</b>	<b>100</b>	<b>260</b>	<b>100</b>
Item	1995		2000		2001		2002		2003		2004		2005		2006	
	Amount (\$ million)	%	Amount (\$ million)	%	Amount (\$ million)	%	Amount (\$ million)	%	Amount (\$ million)	%	Amount (\$ million)	%	Amount (\$ million)	%	Amount (\$ million)	%
ADTA	88.8	62.2	100.9	59.9	75.8	52.6	91.6	51.1	78.1	44.7	107.6	55.1	85.8	43.2	78.5	32.5
PPTA	34.0	23.8	33.1	19.5	38.7	26.9	46.9	26.2	45.9	26.2	45.2	23.2	43	21.6	60.9	25.2
RETA	20.0	14.0	34.8	20.5	29.5	20.5	40.6	22.7	50.9	29.1	42.3	21.7	69.9	35.2	102.3	42.3
<b>Total</b>	<b>142.8</b>	<b>100</b>	<b>168.9</b>	<b>100</b>	<b>144</b>	<b>100</b>	<b>179</b>	<b>100</b>	<b>174.9</b>	<b>100</b>	<b>195.1</b>	<b>100</b>	<b>198.7</b>	<b>100</b>	<b>241.7</b>	<b>100</b>

ADTA = advisory technical assistance, PPTA = project preparatory technical assistance, RETA= regional technical assistance.

<sup>a</sup> Adjusted to reflect cancellations.

Note: Numbers may not sum precisely because of rounding.

Sources: Central Operations Services Office, summary reports on the lending, technical assistance, and private sector operations.

Table A6.2: List of Publications, 2006

No.	Name of Staff/Department	Title of Publication/Article	Publication Details (title of journal, volume, and date)
1	Aashish Mehta and Rana Hasan, ERD	Under-Representation of Disadvantaged Classes in Colleges: What Do the Data Tell Us	<i>Economic and Political Weekly</i> , 2006, September 2–8, Vol. XLI, No. 35, pages. 3,791–3,796.
2	Adrian T. P. Panggabean, November 2006	Expanding Access to Basic Services in Asia and the Pacific Region: Public-Private Partnerships for Poverty Reduction	WPS, 87. November 2006
3	Ajay Tandon, ERD	Improving Primary Enrollment Rates among the Poor	PBS, 46. August 2006
4	Ajay Tandon, Juzhong Zhuang, and Somnath Chatterji, ERD	Inclusiveness of Economic Growth in the People's Republic of China: What Do Population Health Outcomes Tell Us?	ADR, Vol. 23 No. 2 2006
5	Alfred Steinherr, Alessandro Cisotta, Erik Klar, and Kenan Sehovic (contributors), OREI	Liberalizing Cross-Border Capital Flows: How Effective are Institutional Arrangements against Crisis in Southeast Asia	ADB Working Paper on Regional Economic Integration No. 6, July
6	Barry Eichengreen (contributor), OREI	Global Imbalances and the Asia Economies: Implications for Regional Cooperation	ADB Working Paper on Regional Economic Integration No. 4, July
7	Biswanath Bhattacharyay, OPR	(i) Prospects of Regional Cooperation in Trade, Investment and Finance in Asia: An Empirical Analysis of BIMSTEC Countries and Japan	Publish Articles in International Journals
8	Biswanath Bhattacharyay, OPR	(ii) Emergence of new Regional Trade Blocks in Asia: Problems and Prospects	Publish Articles in International Journals
9	Biswanath Bhattacharyay, OPR	Free Trade Agreement between People's Republic of China and India: Likely Impact and Its Implications to Asian Economic Community	ADB Working Paper Series
10	Brett E. Coleman, MKRD	Microfinance in Northeast Thailand: Who Benefits and How Much?	
11	Bruno Carrasco and Seung Mo Choi, ERD	An Assessment of Cross-Country Fiscal Consolidation	WPS, 79. February 2006
12	Bruno Carrasco, SARD	An Assessment of Cross-country Fiscal Consolidation	ERD Working Paper Series No. 79
13	Carmela Locsin, OCO	Risk Exposure and Recovery Assessment Under a Guarantee in a Water Project	Journal of Project Finance
14	Caroline van den Berg, Subhrendu Pattanayak, Jui-Chen Yang, and Herath Gunatilake, ERD	Getting the Assumptions Right: Private Sector Participation Transaction Design and the Poor in Southwest Sri Lanka	Water Supply and Sanitation Sector Board Discussion Paper Series, Paper No.7, The World Bank

No.	Name of Staff/Department	Title of Publication/Article	Publication Details (title of journal, volume, and date)
15	Christopher Edmonds, Rural Development Economist (with C. Bonham and J. Mak), EARD	The Impact of 9/11 and Other Terrible Global Events on Tourism in the US and Hawaii	Journal of Travel Research, 45(1), August 2006
16	Christopher Edmonds, Rural Development Economist (with M. Fujimura), EARD	Impact of Cross-Border Transport Infrastructure on Trade and Investment in GMS	Asian Development Bank Institute Discussion Paper, No. 48, April 2006. Forthcoming (2007) on Integration & Trade Journal
17	Christopher Edmonds, Rural Development Economist (with N. Fuwa and P. Banik), EARD	Poverty Reduction in the "Tribal Belt" of Eastern India	Asia Pacific News, No. 81, August 2006
18	Christopher Edmonds, Rural Development Economist (with S. La Croix and Y. Li), EARD	China's Rise as an International Trading Power	East-West Center Working Paper (Economic Series), No. 88, February 2006. Forthcoming (2007) as Chapter 9 in C. McNally (editor) <i>China's Emergent Political Economy - Capitalism in the Dragon's Lair</i> , a publication by Pelgrave-McMillen Publishers.
19	Clay Wescott, RSDD	Harnessing Knowledge Exchange Among Overseas Professionals	
20	Connelly LB and Richard Supangan, OREI	The Economic Costs of Road Trauma: Australia, States and Territories, Accident Analysis and Prevention	Vol. 38, No.6, November
21	Craig Steffensen, CWRD	Regional Economic Cooperation in Central Asia	EBRD Official Premier Forum Publications 2006: Section on Regional Economic Cooperation -
22	Cyn-Young Park and Fan Zhai, ERD	Asia's Imprint on Global Commodity Markets	WPS, 90. December 2006
23	Daan Boom, RSDD	Managing for Results, Managers for Results	AIM Monograph on :Managing for Results, Managers of Results
24	David Dole and Edna Balucan, EARD	Setting User Charges for Urban Water Supply: A Case Study of the Metropolitan Cebu Water District in the Philippines	TNS, 17. June 2006
25	David Roland-Holst, December 2006	Infrastructure as a Catalyst for Regional Integration, Growth, and Economic Convergence: Scenario Analysis for Asia	WPS, 91. December 2006
26	Duo Qin, Marie Anne Cagas, Geoffrey Ducanas, Xinhua He, Rui Liu and Shiguo Liu, ERD	Income Disparity and Economic Growth: Evidence from People's Republic of China	WPS, 84. October 2006
27	Duo Qin, Marie Anne Cagas, Geoffrey Ducanes, Nedelyn Magtibay-Ramos, and Pilipinas Quising, ERD	Empirical assessment of sustainability and feasibility of government debt: The Philippines case	<i>Journal of Asian Economics</i> , Elsevier, Vol. 17(1), pages 63-84, February 2006
28	Duo Qin, Marie Anne Cagas, Geoffrey Ducanes, Nedelyn Magtibay-Ramos, and Pilipinas Quising, ERD	A small macroeconomic model of the Philippine economy	<i>Economic Modelling</i> , Elsevier, Vol. 23(1), pages 45-55, January 2006

No.	Name of Staff/Department	Title of Publication/Article	Publication Details (title of journal, volume, and date)
29	Duo Qin, Marie Anne Cagas, Geoffrey Ducanes, Nedelyn Magtibay-Ramos, Pilipinas Quising, Xin Hua He, Rui Liu and Shi-Guo Liu, ERD	A small macroeconomic model of the People's Republic of China	WPS, 81. June 2006
30	Edited by Jesus Felipe and Rana Hasan	Labor Markets in Asia: Issues and Perspectives	Co-published with Palgrave Macmillan, Ltd.
31	Fan Zhai, ERD	Preferential Trade Agreements in Asia: Alternative Scenarios of "Hub and Spoke"	WPS, 83. October 2006
32	G. Sugiyarto (with Blake, A., R. Durbarry, J. L. Eugenio-Martin, N. Gooroochurn, B. Hay, J. Lennon, M. T. Sinclair, and I. Yeoman), ERD	Integrating forecasting and CGE models: The case of tourism in Scotland	<i>Tourism Management</i> , Vol. 27, Issue 2, pages 292–305.
33	Ganeshan Wignaraja (with Malcolm Dowling), OREI	Central Asia After Fifteen Years of Transition: Growth, Regional Cooperation, and Policy Choices	Asia-Pacific Development Journal, Vol. 13, No. 2, December
34	Ganeshan Wignaraja (with Michael Plummer), OREI	The Post-Crisis Sequencing of Economic Integration in Asia: Trade as a Complement to a Monetary Future	Economie Internationale 107, pages 59–85.
35	Ganeshan Wignaraja and Malcolm Dowling, OREI	Central Asia's Economy: Mapping Future Prospects to 2015	Silk Road Paper July, Central Asia – Caucasus Institute Silk Road Studies Program (Johns Hopkins University)
36	Ganeshan Wignaraja, OREI	Foreign Ownership, Technological Capabilities, and Exports: Evidence from 205 Clothing Firms in Sri Lanka	Working Paper #2006-032, United Nations University – Maastricht Economic and Social Research and Training Centre on Innovation and Technology (UNU-MERIT)
37	Geoffrey Ducanes, Marie Anne Cagas Duo Qin, Pilipinas Quising and Mohammad Abdur, ERD	Macroeconomic Effects of Fiscal Policies: Empirical Evidence from Bangladesh, People's Republic of China, Indonesia, and Philippines	WPS, 85. November 2006
38	Guntur Sugiyarto et al., ERD	Labor Markets in Indonesia: Key Challenges and Policy Issues	In J. Felipe and R. Hasan, Eds., <i>Labor Markets in Asia: Issues and Perspectives</i> . London: Palgrave Macmillan for the Asian Development Bank.
39	Hans-Peter Brunner, SARD	Can evolutionary economics make a billion \$ difference for 60 per cent of the world's poor in Asia	Economics, Evolution and the State, January 2006
40	Hans-Peter Brunner, SARD	The dynamics of manufacturing competitiveness in South Asia	Journal of Asian Economics, Vol. 17, Oct 2006
41	Herath Gunatilake, Jui-Chen Yang, Subhrendu Pattanayak, and Caroline van den Berg, ERD	Willingness-to-Pay and Design of Water Supply and Sanitation Projects: A Case Study	TNS, 19. December 2006

No.	Name of Staff/Department	Title of Publication/Article	Publication Details (title of journal, volume, and date)
42	Iwan Jaya Azis, Wing Thye Woo, Zhai Fan and Chanin Manopiniwes, ERD	China's Urban-Rural Disparity under Alternative Financial and Fiscal Policies	<i>The ICFAI Journal of Applied Economics</i> , Vol. V, No 3, May 2006, pages. 7–32
43	Jesus Felipe and Rana Hasan, ERD	The Challenge of Job Creation in Asia	PBS, 44. April 2006
44	Jesus Felipe, Frank Harrigan, and Aashish Mehta, ERD	International Payments Imbalances	PBS, 44. April 2006
45	Jesus Felipe, Kristine Kintanar and Josephy-Anthony Lim, ERD	Asia's Current Account Surplus: Savings Glut or Investment Drought	ADR, Vol. 23, No. 1, 2006
46	Kathleen Moktan, RSDD	Managing Decentralization: Interministerial Bodies, Policy Coordination and the Role of Development Aid Agencies	The Governance Brief Issue No. 15-266, Revision 31 July 2006
47	L.M.J.K. Lindara, F.H. Johnsen, and H.M. Gunatilake, ERD	Technical Efficiency in the Spice Based Agroforestry Sector in Matale District, Sri Lanka	<i>Agroforestry Systems</i> , 68: 221–230
48	Malcolm Dowling and Ganeshan Wignaraja, OREI	Central Asia: Mapping Future Prospects to 2015	WPS, 80. April 2006
49	Marie Anne Cagas, Geoffrey Ducanes, Nedelyn Magtibay-Ramos, Duo Qin and Pilipinas Quising, ERD	Forecasting Inflation and GDP Growth: Automatic Leading Indicator (ALI) Method versus Macro Econometric Structural Models (MESMs)	TNS, 18. July 2006
50	Masahiro Kawai, OREI	Role of Deposit Insurance for Banking System Stability	February
51	Masahiro Kawai, OREI	Global Payments Imbalances and East Asia's Monetary and Financial Cooperation	April
52	Michael G. Plummer (contributor to the series), OREI	The ASEAN Economic Community and the European Experience	ADB Working Paper on Regional Economic Integration No. 1, July
53	Michael G. Plummer (contributor), OREI	Toward Win-Win Regionalism in Asia: Issues and Challenges in Forming Efficient Trade Agreements	ADB Working Paper on Regional Economic Integration No. 5, July
54	Nimal A. Fernando, EARD	Experiences of the Philippines' Rural Banks in Microfinance	Finance for the Poor, (Vol. 7, No. 2)
55	Nimal A. Fernando, EARD	Rural Development: International Experience and Some Lessons for the People's Republic of China	ADB-PRC Seminar, Beijing, 6 July
56	Olivier Serrat, MKRD	Future Solutions Now – The Tonle Sap Initiative	External Publication on the Tonle Sap Initiative, eight issue
57	Per Bastoe, SPRU	Results Management: Context, Evolution and Basic Principles	AIM Monograph on :Managing for Results, Managers of Results

No.	Name of Staff/Department	Title of Publication/Article	Publication Details (title of journal, volume, and date)
58	Pradumna B. Rana, OREI	Economic Integration in East Asia: Trends, Prospects, and a Possible Roadmap	Economic Growth Centre, Nanyang Technological University, Working Paper No: 2007/01 (date of paper – November)
60	Rana Hasan, Devashish Mitra, and Beyza Ural, ERD	Trade Liberalization, Labor Market Institutions and Poverty Reduction: Evidence from Indian States	<i>India Policy Forum</i> , forthcoming
61	Rana Hasan, Devashish Mitra, Mehmet Ulubasoglu, ERD	Institutions and Policies for Growth and Poverty Reduction : The Role of Private Sector Development	WPS, 82. July
62	S. Nanwani, CRP	Asian Development Bank's Technical Assistance Project on Strengthening Legal Education and Judicial Training in Maldives: A Case Study	International Islamic University Malaysia (IIUM) Journal, 25 pages
63	Shikha Jha, CWRD	Indian Wheat and Rice Sector Policies and the Implications of Reform"	
64	Shiladitya Chatterjee, RSDD	Result-Based Implementation of ADB's Poverty Reduction Strategy: A Challenge	AIM Monograph on Managing for Results, Managers of Results
65	Susan Schierling, Natural Resources Economist (with J.B. Loomis and R.A. Young), EARD	Irrigation Water Demand: A Meta Analysis of Price Elasticities	Water Resources Research, 42(1), January 2006 W01411, doi:10.1029/2005WR004009
66	Susan Schierling, Natural Resources Economist (with R.A. Young and G.E. Cardon), EARD	Public Subsidies for Water-Conserving Irrigation Investments: Hydrologic, Agronomic, and Economic Assessment	Water Resources Research, 42(3), March 2006 W03428, doi:10.1029/2004WR003809
67	Teruo Ujiie, ERD	Trade Facilitation	WPS, 78. January 2006
68	Teruo Ujiie, ERD	Rules of Origin: Conceptual Explorations and Lessons from the Generalized System of Preferences	WPS, 89. December 2006
69	Thomas Hertel and Fan Zhai, ERD	Labor Market Distortions, Rural-urban Inequality and the Opening of China's Economy	<i>Economic Modelling</i> , Vol. 23(1), pages 76–109
70	Thomas W. Hertel, Carlos E. Ludena, and Alla Golub, November 2006	Economic Growth, Technological Change, and Patterns of Food and Agricultural Trade in Asia	WPS, 86. November 2006
71	Vandana Sipahimalani-Rao	Income Volatility and Social Protection in Developing Asia	WPS, 88. November 2006
72	Xavier Giné, Tomoko Harigaya, Dean Karlan, and Binh T. Nguyen, SERD	Evaluating Microfinance Program Innovation with Randomized Control Trials: An Example from Group Versus Individual Lending	TNS, 16. March 2006

EARD = East Asia Regional Department, ERD = Economics and Research Department, OCO = Office of Cofinancing, OPR = Office of the President, OREI = Office of Regional Economic Integration, RSDD = Regional and Sustainable Development Department, SERD = Southeast Asia Department, TNS = Technical note series, WPS = Working paper series

Source: ADB Staff

**Table A6.3: Number of Successful Hits on ADB and Poverty Websites**

<b>Item</b>	<b>Number of Hits for Entire Website</b>	<b>Annual Change (%)</b>	<b>Number of Hits on ADB.org/Poverty</b>	<b>Annual Change (%)</b>
<b>Total 2003</b>	<b>119,065,989</b>	<b>30</b>	<b>59,862</b>	<b>(75.30)</b>
<b>Total 2004</b>	<b>140,971,929</b>	<b>18.4</b>	<b>124,391</b>	<b>107.80</b>
<b>Total 2005</b>	<b>165,262,646</b>	<b>17.2</b>	<b>166,764</b>	<b>34.10</b>
January	11,429,369	-5	8,236	5.70
February	10,569,150	-8.1	7,738	18.30
March	14,425,831	10.4	10,572	(55.60)
April	14,429,103	19.9	9,926	58.60
May	14,425,730	18.6	10,301	24.90
June	12,914,022	18.5	9,162	272.40
July	12,761,778	20.5	10,334	317.90
August	13,874,659	18	14,278	463.70
September	14,049,591	18.7	9,729	(58.60)
October	14,603,576	19.2	9,463	(60.40)
November	14,974,548	27.8	32,637	298.30
December	16,805,289	51.1	34,388	296.30
<b>Total 2006</b>	<b>193,308,387</b>	<b>17.0</b>	<b>511,498</b>	<b>206.7</b>
January	15,943,334	<b>39.5</b>	34,365	<b>317.3</b>
February	15,860,576	<b>50.1</b>	36,957	<b>377.6</b>
March	18,567,871	<b>28.7</b>	52,298	<b>394.7</b>
April	16,557,609	<b>14.8</b>	40,366	<b>306.7</b>
May	17,700,684	<b>22.7</b>	44,468	<b>331.7</b>
June	15,475,475	<b>19.8</b>	41,416	<b>352.0</b>
July	15,181,633	<b>19.0</b>	35,061	<b>239.3</b>
August	14,617,872	<b>5.4</b>	30,798	<b>115.7</b>
September	16,886,652	<b>20.2</b>	39,003	<b>300.9</b>
October	16,073,115	<b>10.1</b>	51,216	<b>441.2</b>
November	16,699,097	<b>11.5</b>	59,146	<b>81.2</b>
December	13,744,469	<b>-18.2</b>	46,404	<b>34.9</b>

( ) = negative.

Sources: Department of External Relations website reports.

**Table A7.1: Involvement of Nongovernment Organizations and Civil Society in ADB Projects, 2001–2006**

Item	2001		2002		2003		2004		2005		2006 <sup>a</sup>	
	No.	% of Total	No.	% of Total	No.	% of Total	No.	% of Total	No.	% of Total	No.	% of Total
Loan	43	56.6	40	54.8	47	65.3	48	64.9	48	66.7	55	68.8
Technical Assistance	34	16.7	38	15.4	89	37.6	122	48.6	86	39.1	74	43.3
Regional TA	9	18	13	17.1	28	36.8	26	36.1	30	38	30	33.7

ADB = Asian Development Bank, NGO = nongovernment organization, No. = number, TA = technical assistance.

<sup>a</sup> In 2006, there were 80 loans, 171 advisory and project preparatory TAs, and 89 regional TAs

Source: NGO Center.

**Table A7.2: Sector Involvement of Nongovernment Organizations, 2006**

Sector	Loans		TA		RETA	
	No.	%	No.	%	No.	%
Agriculture and Natural Resources	13	23.6	13	17.6	3	10.0
Education	5	9.1	4	5.4		
Energy	6	10.9	2	2.7	2	6.7
Finance	6	10.9	2	2.7		
Health, Nutrition, and Social Protection		0.0	5	6.8	3	10.0
Industry and Trade	1	1.8				0.0
Law, Economic Management, and Public Policy	2	3.6	12	16.2	11	36.7
Multisector	5	9.1	16	21.6	7	23.3
Transport and Communications	7	12.7	11	14.9	4	13.3
Water Supply, Sanitation, and Waste Management	10	18.2	9	12.2		
<b>Total</b>	<b>55</b>	<b>100</b>	<b>74</b>	<b>100.0</b>	<b>30</b>	<b>100</b>

NGO = nongovernment organization, No. = number, RETA = regional technical assistance, TA = technical assistance..

Sources: NGO center; and loans, TA, grants, and equity database.

Table A8.1: Program-Based Approaches Supported by ADB, 2000–2006

Year	Central and West Asia	East Asia	Pacific	South Asia	Southeast Asia
2001					Education Sector Development Program approved in 2001 (CAM)
2002				Secondary Education Support Project (NEP)	Health Sector Support Project (CAM)
2003				Second Primary Education Development Program (BAN)	
2004					Health Sector Development Project (PHI) Second Education Sector Development Program approved in 2004 (CAM) Support to the Implementation of the Poverty Reduction Strategy (VIE)
2005			Education Sector Project II (SAM)		Support to the Implementation of the Poverty Reduction Program II (VIE)
2006		Third Education Development Project (MON)		Education Sector Program I (NEP)	Support to the Implementation of the Poverty Reduction Program III (VIE) Basic Education Sector Development Program (LAO)

BAN = Bangladesh, CAM = Cambodia, LAO = Lao People's Democratic Republic, NEP = Nepal, PHI = Philippines, SAM = Samoa, VIE = Viet Nam.

Source: Strategy and Policy Department.

**Table A8.2: Country Partnership Strategies Formulated and Country Portfolio Review Missions Conducted with Development Partners**

Region	2005				2006			
	Total Number of CPRs <sup>b</sup>	Number of CPRs Formulated Jointly with WB and Other Development Partners <sup>a</sup>	Total Number of CPS Missions <sup>a</sup>	Number of CPS Missions Conducted Jointly with WB and Other Development Partners <sup>a</sup>	Total Number of CPRs <sup>b</sup>	Number of CPRs Formulated Jointly with WB and Other Development Partners <sup>a</sup>	Total Number of CPS Missions <sup>a</sup>	Number of CPS Missions Conducted Jointly with WB and Other Development Partners <sup>a</sup>
Central and West Asia	3 (AFG, TAJ, UZB)	0	2 (KGZ, UZB)	1 (KGZ)	4 (AFG, PAK, TAJ, UZB)	4 (AFG, PAK, TAJ, UZB)	2 (ARM, AFG)	0
East Asia	2 (PRC, MON)	0	1 (MON)	0	2 (MON, PRC)	2 (MON, PRC)	0	0
Pacific	3 (FIJ, PNG, RMI)	0	1 (PNG)	0	3 (PNG, RMI, SAM)	0	2 (FIJ, PNG)	1 (FIJ)
South Asia	4 (BAN, BHU, MLD, NEP)	2 (BAN, NEP)	3 (BAN, BHU, RCSP)	1 (BAN)	8 (BAN, BHU, IND(3), MLD, NEP, SRI)	2 (BAN, NEP)	0	0
Southeast Asia		4 (INO, LAO, PHI, VIE)	2 (VIE)	1 (VIE)	11 (CAM(2), INO(1), LAO(1), PHI(6), VIE(1))	2 (CAM, LAO)	4 (CAM, INO, LAO, VIE)	1 (LAO)
<b>Total</b>	<b>16</b>	<b>6</b>	<b>9</b>	<b>3</b>	<b>28</b>	<b>10</b>	<b>8</b>	<b>2</b>

BAN = Bangladesh, BHU = Bhutan, CAM = Cambodia, FIJ = Fiji Islands, IND = India, INO = Indonesia, KGY = Kyrgyz Republic; LAO = Lao People's Democratic Republic, MLD = Maldives, MON = Mongolia, NEP = Nepal, PAK = Pakistan, PHI = Philippines, PNG = Papua New Guinea, PRC = People's Republic of China, RCSP = Regional Cooperation and Strategy Program, RMI = Republic of Marshall Islands, SRI = Sri Lanka, TAJ = Tajikistan, UZB = Uzbekistan, VIE = Viet Nam.

Sources: <sup>a</sup> Regional departments.

<sup>b</sup> Central Operations Services Office and quarterly portfolio updates.

**Table A9.1: Professional Staff of the Regional Departments, Private Sector Operations Department, Regional and Sustainable Development Department, and Resident Missions, 2005 and 2006**

(filled positions, excluding senior supervisory positions)

	Total HQ		Total RM	
	2005	2006	2005	2006
<b>A. Economists, Programs and Regional Cooperation Specialists</b>	<b>103</b>	<b>100</b>	<b>23</b>	<b>25</b>
Economists	89	86	20	18
Programs and Regional Cooperation Specialists	14	14	3	7
<b>B. Sector Specialists</b>	<b>169</b>	<b>190</b>	<b>7</b>	<b>9</b>
Management (Operations and Administration)	10	11	-	-
Infrastructure	50	66	1	4
Agriculture, Environment and Natural Resources	21	22	2	1
Social Sectors:				
Urban Services and Water Supply	15	20	2	1
Education, Health, Population, and General				
Social Sector	23	25	1	2
Finance and Trade/Private Sector Operations <sup>a</sup>	50	46	1	1
<b>C. Portfolio Management</b>	<b>16</b>	<b>16</b>	<b>21</b>	<b>21</b>
<b>D. Thematic</b>	<b>63</b>	<b>59</b>	<b>4</b>	<b>4</b>
Environment, Poverty Reduction and Social Development <sup>b</sup>	47	40	-	2
Governance and Capacity Building	10	13	3	2
Private Sector Development	6	6	1	-
<b>Total</b>	<b>351</b>	<b>365</b>	<b>55</b>	<b>59</b>

- = not applicable, RD = regional department, PSOD = Private Sector Operations Department, RSDD = Regional and Sustainable Development Department, RM = resident missions.

<sup>a</sup> Although the number of positions in finance and private sector operations declined, the number of authorized positions in the governance and finance divisions and PSOD rose from 84 to 91 from 2005 to 2006.

<sup>b</sup> Reduction largely from lower number of poverty reduction and social development specialists (non safeguards compliance).

Source: Budget, Personnel and Management Systems Department.

**Table A9.2: Budgeted Staff Complement, 1/ 2004 and 2006**

Item	Operations Departments (HQ and RMs) <sup>a</sup>				Knowledge Management and Risk Management <sup>b</sup>				Management, Operations Support and Service Departments <sup>c</sup>				Total		
	End Sept	PS	NO <sup>d</sup>	Total	% of Total	PS	NO <sup>d</sup>	Total	% of Total	PS	NO <sup>d</sup>	Total	% of Total	PS <sup>e</sup>	NO <sup>d</sup>
2004	450	185	635	53.4	103	35	138	11.6	244	172	416	35.0	797	392	1,189
2005	467	208	675	53.9	106	44	150	12.0	251	177	428	34.2	824	429	1,253
2006	465	222	687	54.1	109	47	156	12.3	250	178	428	33.7	824	447	1,271
2007	474	234	708	54.5	111	50	161	12.4	251	180	431	33.2	836	464	1,300

Item	Operations Departments (HQ and RMs) <sup>a</sup>						Total			% of RMs to Operations			% of RMs to ADB		
	HQ			Resident Mission											
	End Sept	PS	NO <sup>d</sup>	Total	PS	NO <sup>d</sup>	Total	PS	NO <sup>d</sup>	Total	PS	NO <sup>d</sup>	Total	PS	NO <sup>d</sup>
2004	363	32	395	87	153	240	450	185	635	19.3	82.7	37.8	10.9	39.0	20.2
2005	367	45	412	100	163	263	467	208	675	21.4	78.4	39.0	12.1	38.0	21.0
2006	363	51	414	102	171	273	465	222	687	21.9	77.0	39.7	12.4	38.3	21.5
2007	371	48	419	103	186	289	474	234	708	21.7	79.5	40.8	12.3	40.1	22.2

ADB = Asian Development Bank, HQ = headquarter, NO = national officer, PS = professional staff, RM = resident mission.

<sup>a</sup> Operations departments includes regional departments and private sector operations department.

<sup>b</sup> Knowledge management and risk management includes Regional and Sustainable Development Department, Economics and Research Department, Office of Cofinancing Operations, Office of Regional Economic Integration, Risk Management Unit, and OSPF.

<sup>c</sup> Service departments include Office of the President, Department of External Relations, European Representative Office, Japanese Representative Office, North American Regional Office, Office of the Auditor General, Strategy and Policy Department, Central Operations Services Office, Office of the Secretary, Office of the General Counsel, Budget Personnel, and Management Systems Department, Office of Administrative Services, Controllers' Department, and Office of Information and System and Technology.

<sup>d</sup> National Officer (NO) Category was created in 2004, prior to that NO was not differentiated from other local staff category. Figures provided for 2000–2003 are for local staff level 8 and above which are equivalent to today's NOs.

<sup>e</sup> Bankwide PS and NO total excludes young professionals and departments under BOD, i.e., OCRP, OED and director's advisors.

Source: BPBM.

**Table A10: ADB Administrative Expenses, 2002–2006**

Item	2002	2003	2004	2005	2006	2002–2004	Averages	
							2003–2005	2004–2006
Total Administrative Expenses (\$ million)	234	253	275	294	303	254	274	291
Administrative Expenses per \$1 million (Public and Private Sectors) Approval (\$'000)	41.4	41.5	54.6	51.1	41.0	45.8	49.1	48.9
Administrative Expenses per \$1 million (Public and Private Sectors) Disbursements (\$'000)	55	64.3	74.9	59.5	49.6	64.7	66.2	61.3

ADB = Asian Development Bank.

Source: Budget and Management Services Division.

**Table A11: Effectiveness Results Framework and Overall Assessments**

Indicator <sup>i</sup>	Benchmarks	Targets	Overall Assessment per Indicator Set <sup>ii</sup>
<b>A. Country Outcomes: Poverty Reduction in Asia and the Pacific Region</b>			
1a. Millennium Development Goals 1–7		Achievement of goals by 2015	Mixed Results. Progress on income poverty reduction continued with growth in per capita GDP but other indicators have shown no significant improvements.
1b. Other country outcomes (growth, infrastructure, business environment)		Improvement over benchmarks	
<b>B. Operational Effectiveness</b>			
<b>Outcomes: Improvements in ADB's Operational Outcomes</b>			
2. Annual evaluation ratings of results-based CPSs and RCSPs		Satisfactory ratings for 90% of CPSs and RCSPs evaluated by 2010	No rating. As results-based CPSs have yet to be evaluated.
3a. Project performance evaluation report (PPER) ratings	2002–2004 = 70%	2008–2010 = 80%	Mixed Results over benchmarks but improvements over long-term. PCR average rating in 2004–2006 improved over benchmark, however PPER average rating for same period is lower than benchmark.
3b. Project completion report (PCR) rating	2002–2004 = 72.8%	2008–2010 = 80%	
4a. Technical assistance performance evaluation report (TPER) ratings	2002–2004 = 54.4%	2008–2010 = 70%	Mixed Results. TCR average rating in 2004–2006 improved over benchmark, however, TPER average rating for the same period is lower than benchmark.
4b. Technical assistance completion (TCR) rating	2002–2004 = 80%	2008–2010 = 85%	
5. Governance and public sector management assessment from Country Performance Assessments	2005 = 3.27	Maintain or increase	Target met. Rating in 2005 was maintained in 2006.
6. Partnership survey results every 3 years	2006 perception survey ratings	Improvement over 2006	No rating. As next survey is in 2009
<b>Outputs/Activities: Improved Operational Quality, Finance, Knowledge and Partnerships</b>			
7a. Number of results-based CPSs and RCSPs	2004 = 1 results-based CPS	All CPSs and RCSPs will be results-based	Improvement. The target of preparing results-based CPSs by 2006 has been achieved. Quality-at-entry rating of CPSs will be undertaken again in 2008, hence no assessment in this report.
7b. Quality-at-entry rating of CPSs	Assessment made by staff panel in 2006	Improvement over benchmark	
8a. Quality-at-entry rating of projects	Assessment made by staff panel in 2006	Improvement over benchmark	Improvement. There was notable improvement in portfolio ratings over benchmark and target rating was also met. Quality-at-entry rating of projects will be undertaken in 2008, hence no assessment in this report.
8b. Portfolio performance ratings	2002–2004 = 86.6%	2008–2010 = 90%	
9a. Level of approved loans		Annual growth target of 8.5% till 2010	Improvement. Lending and disbursements have exceeded targets significantly.
9b. Level of private and public sector disbursements		Annual growth target of 5% till 2010	
10. Amount of cofinancing mobilized	2002–2004 = 46%	Maintain increase till 2010	Improvement. Significant improvement over benchmark.
11a. Number of articles from ADB staff in refereed publications	2005 = 61	Increase over benchmark	Improvement. Notable improvements in all three areas.
11b. Number of hits on ADB and poverty websites		10% annual increase	
11c. Annual MAKE survey assessments of knowledge management activity	2005 = 39.5	Increase over 2005	
12a. Proportion of projects with NGO or civil society participation	2004 = 65%	2010 = 75%	Improvement. Notable improvements in all three areas.
12b. Number of program based approaches supported	2004 = 3	Increase over 2004	

Indicator <sup>i</sup>	Benchmarks	Targets	Overall Assessment per Indicator Set <sup>ii</sup>
12c. Proportion of joint CPS/ CPR missions conducted annually	2004 = 26%	Increase over 2004	
<b>Institutional Effectiveness: Inputs: Human and budgetary resources</b>			
13a. Internal administrative expenses per \$1million of public and private sector loan approval	2004 = \$54,600	Maintain or lower ratio till 2010	Improvement. Both indicators have shown improvement.
13b. Internal administrative expenses per \$1million of loan disbursements	2004 = \$74,900	Maintain or lower ratio till 2010	
14a. % share of budgeted PS and NO in operations departments to total PS and NO	2004 = 53.4%	Increase over 2004	Improvement. Data for indicators 14a, b, and c confirm improvement; data not available for 14d; for 14e and f, assessment is feasible only from 2007/2008.
14b. % share if budgeted PS and NO in resident missions	2004 = 20%	Increase over 2004	
14c. Hiring time		Reduction targets: internal = 15% External = 24%	
14d. % of operational staff with mission experience	Processing 4 loans = 58% Administering 4 loans = 54%	Improvement over benchmark	
14e. % of staff completing learning and development option within a given cycle		75%	
14f. Staff engagement index	2003 survey = 48%	Improvement over benchmark	

ADB = Asian Development Bank, CPR = country portfolio review, CPS = country partnership strategy, MAKE = most admired knowledge enterprise, NO = national officer, PCR = project completion report, PPER = project performance evaluation report, PS = professional staff, RCSP = regional strategy partnership, TCR = technical assistance completion report, TPER = technical assistance performance evaluation report.

<sup>i</sup> The indicators in the development effectiveness have been harmonized with the International Development Association (IDA) 14 monitoring system which includes the Tier I and II indicators. Tier I indicators which measure the “big picture” progress are captured under the MDG and other growth indicators used under 1a and 1b. Tier II indicators which cover intermediate outcomes and outputs which relate to actual performance of programs are captured by indicator sets 2-12.

<sup>ii</sup> Assessment categories and criteria for assessing each indicator set are as follows: (i) improvement – if all or the majority of indicators assessed have shown improvement; (ii) mixed results – if one indicator shows improvement and the other regression (out of a set of two indicators); (iii) no change- if the indicator(s) have neither progressed nor regressed; (iv) regression- if the majority or all of the indicators have regressed. No assessments were made for indicator sets where majority of the indicators have been benchmarked in the previous years or where data were not available.

Sources: ADB reports, departments and staff.