

MANAGEMENT RESPONSE TO THE 2021 ANNUAL EVALUATION REVIEW: SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS

On 5 April 2021, the Director General, Independent Evaluation Department, received the following response from the Special Senior Advisor to the President on behalf of Management:

A. General Comments

1. Management welcomes the 2021 Annual Evaluation Review (AER) conducted by the Independent Evaluation Department (IED) and appreciates the efforts of the AER team under such difficult times. The overview of the response of the ADB to the coronavirus disease (COVID-19) pandemic presents early findings that will help management navigate future support on this front. The special chapter on ADB's Institutional Approach to the Sustainable Development Goals (SDGs) is timely as the pandemic triggers severe public and economic crises across the world including the member countries of ADB. The overall conclusions of the AER align with the 2020 Development Effectiveness Review (DEfR) and the President's Planning Directions for 2021, which focus on continuous support to the developing member countries (DMCs) of ADB in combating the COVID-19 pandemic and for post-pandemic recovery.

2. Management would like to offer four broad observations on the report:

i. **On ADB's approach to the Sustainable Development Goals.**

Management appreciates the recognition of the role of ADB as a pioneer among development finance institutions in establishing a strong framework for relating its projects and results to the SDGs through Strategy 2030 and establishing global, regional, and country partnerships to support progress on the SDGs. The recommendations to deepen the approach, building on this strong foundation, are well aligned with those Management has identified as key priorities. The first corporate report on the support of ADB for the SDGs, released in March 2021, further affirms our strong commitment to helping countries pursue a green, resilient, inclusive, and sustainable recovery aligned with the SDGs.

ii. **On ADB's response to the COVID-19 pandemic.** Management appreciates the timely assessment of early findings on the response of ADB to the COVID-19 pandemic. The report found that the assistance provided by ADB to its DMCs was fast and comprehensive and contributed to immediate needs for liquidity and urgent support. The report also evidenced the speedy approval of operations accompanied by COVID-related knowledge products and solutions. More thorough analysis could be conducted, especially of the regional and country context, which would be beneficial to the intended customized support of ADB.

iii. **On the use of concluded evaluations.** The report includes observations from a synthesis of three sector-wide evaluations undertaken by IED in the last 3 years on transport, energy, and agriculture and natural resources. In recent years, all AER recommendations have been mainly derived from new data, new findings, and new conclusions for greater value

addition. In contrast, the first two recommendations of the 2021 AER draw on closed and completed evaluations, to which Management has already thoroughly responded and uploaded action plans to the Management Action Record System (MARS). Management finds that there is no new evidence base from which to draw these conclusions, and as articulated below, ADB is already responding robustly in these areas.

iv. **On MARS action plan validation approach.** Validation of MARS action plan implementation is an important exercise led by IED in the development of the AER report. It is recognized that updates of the action implementation status in MARS may not fully capture all the details needed for validation. The basis for determining completion status should be clear and transparent. Action implementation should be judged based on implementation progress against objectively verifiable indicators with baselines and targets. Management looks forward to working with IED to strengthen action plan validation in 2021.

B. Comments on the Special Chapter: Assessing ADB's Institutional Approach to the Sustainable Development Goals

3. The special chapter on supporting the SDGs recognizes that the institutional approach and tools of ADB have been adequately articulated and organized to support the achievement of the SDGs. It notes the role of ADB as a pioneer in linking the corporate results framework and project tracking systems to the SDGs. The findings and lessons of the 2021 AER are largely consistent with those that Management has identified and align with ongoing efforts.

4. The contributions of ADB to the SDGs are mediated through the operational priorities of Strategy 2030 and the associated corporate results framework indicators. The seven operational priorities capture themes at the heart of the 2030 Agenda for Sustainable Development that will enable progress against all 17 SDGs. Pathways to achieve the SDGs through ADB projects and programs are therefore inextricable from the efforts of ADB to concretize and implement its seven operational priorities through projects and programs at the country level.

5. The systems of ADB for linking projects to the SDGs using e-Operations are updated regularly to address lessons learned and wider institutional developments. ADB reviews the data generated from this system and makes corrections where necessary. The data are reported every year in the DEfR, as the corporate results framework, 2019–2024 includes a tracking indicator capturing the SDG alignment of ADB projects.

6. On 10 March 2021, ADB launched its first corporate report articulating its institutional approach to the SDGs. The report draws on project examples to highlight how ADB operations contribute to clusters of interconnected SDGs related to people, planet, prosperity, and sustainable infrastructure, and illustrates efforts to help mobilize finance and knowledge for the SDGs. In December 2020, ADB, in its capacity as chair of the Multilateral Development Bank Working Group on Managing for Development Results, worked with the Islamic Development Bank to develop the first joint report showcasing the collective contributions of 11

multilateral development banks and the International Monetary Fund in support of the SDGs and setting out common priorities for recovery from COVID-19.

C. Management Response to the Recommendations

7. On Recommendation 1: Accelerate efforts beyond energy and transport to develop the sector frameworks needed to implement Strategy 2030 operational priorities at the sector level and ensure that these sector frameworks are mainstreamed and guide the selection of sector priorities in CPSs.

Management agrees. Management recognizes the importance of sector frameworks in carrying forward the Strategy 2030 operational priorities of ADB. The sector groups of the Sustainable Development and Climate Change Department have been preparing five sector frameworks on education, finance, health, transport, and water to replace the old sector operational plans and better align with Strategy 2030. The new sector frameworks will include theories of change and results frameworks to formalize operational support, knowledge sharing, and support for policy dialogue. New sector frameworks will be presented for Management consideration by late 2021. Meanwhile, a revision of the energy policy, which will guide energy sector work, is underway and is expected for Board consideration by the end of 2021. The urban sector is well covered under the Operational Plan on Making Cities More Livable. Given our comments in para. 2 (iii), no actions will be recorded in the MARS for this recommendation.

8. On Recommendation 2: Enhance sector management and planning to ensure the cross-fertilization and collaboration demanded by the thematic approach of Strategy 2030.

Management agrees. Management has been focusing on and investing resources to ensure cross-fertilization and collaboration across all sector work. All sector and thematic groups are proactive in providing their expertise to operations and in disseminating knowledge. They will continue to expand their efforts to contribute to multisector teams, including through the One ADB approach. Peer reviews conducted by sector groups begin at concept preparation and continue throughout the project cycle. These principles and processes will be captured and further emphasized in the sector frameworks under development, which are expected for Management consideration in 2021. Given our comments in para. 2 (iii), no actions will be recorded in the MARS for this recommendation.

9. On Recommendation 3: Strengthen the link between institutional strategic intentions and actual operational practices and outcomes relating to the SDGs.

Management agrees. There is a need to build on the strong foundation established to align ADB operations with the SDGs and deepen this approach at both the country and project levels. Measures are being taken to better reflect the SDGs in country partnership strategies (CPSs), including in the CPS results frameworks, where the national goals and development impacts supported are being linked to the SDGs. ADB has supported analysis of SDG implementation priorities to inform CPSs in some DMCs on a pilot basis. Systems for linking

projects with the SDGs in e-Operations are reviewed regularly. ADB has also established mechanisms to seek inputs from the sector and thematic groups, the Economic Research and Cooperation Department, and operations departments on corporate initiatives related to the SDGs.

Moving forward, Management will explore further improvements to the CPS process, template, and guidance to prompt deeper attention to SDG progress, implementation needs, and pathways. Systems for capturing and reviewing project links to the SDGs will continue to be refined, including through revisions to the e-Operations system to capture the Strategy 2030 operational priorities and enhance SDG tagging in 2021, and the new sovereign operations information technology system. ADB will also enhance its institutional mechanisms to deepen exchange between sector and thematic groups and operations departments on SDG implementation. ADB will continue to support convening and learning efforts that showcase good practice initiatives and programs both within and beyond ADB operations.

10. On Recommendation 4: Deepen institutional engagement on the achievement of the SDGs at the country and local levels.

Management agrees. It is important to deepen country engagement on the SDGs. In a large number of DMCs, ADB has supported national policy dialogue, capacity building, and knowledge on SDG implementation, including through partnerships with the United Nations system. ADB also provides significant technical assistance on various aspects of the SDGs, including by supporting localization and subnational action on the SDGs.

Moving forward, Management will strengthen its efforts to address DMCs' SDG implementation priorities through One ADB approaches that foster proactive early engagement across operations departments (particularly country teams), sector and thematic groups, and knowledge departments, with the Strategy, Policy and Partnerships Department providing an active supporting role. ADB will sustain its work on SDG localization, taking a multi-level governance approach as reflected in operational priority 6. It will support continued cross-fertilization between sector and thematic groups and teams bank-wide to deepen the emphasis on the SDGs in the implementation of the seven operational priorities of Strategy 2030.

11. On Recommendation 5. Ramp up partnerships with other development organizations to assess the implications of the COVID-19 crisis on the achievement of the SDGs, support better mobilization of financing, and improve the collection and management of data on the SDGs.

Management agrees. It is important to sustain and enhance the diverse partnerships that ADB has established to support regional progress on the SDGs, including with the United Nations system and other multilateral development banks. To support the achievement of the SDGs, ADB's long-standing partnerships with the Economic and Social Commission for Asia and the Pacific and the United Nations Development Programme support data and policy dialogue on achieving the SDGs, with the 2021 report considering the implications of COVID-19 on SDG attainment in the region. ADB has also analyzed the implications of COVID-19 on various dimensions of the SDGs, including on gender

equality, poverty, labor, and education. As the Mobilization of Financing is a core objective of Strategy 2030, ADB has provided a wide range of financing support for the SDGs, including through promoting domestic resource mobilization, public–private partnerships, and capital market development, with a growing focus on green and social finance. To improve SDG data collection, ADB has extended significant technical assistance support to help its DMCs meet their data needs, including providing support for national statistics offices. Recent programs have sought to harness big data and web technologies. Furthermore, the initiative of ADB on Key Indicators has a special focus on the SDGs.

Moving forward, Management will further articulate its approach to helping DMCs finance the SDGs in a post-COVID-19 context, including through efforts to mobilize private financing for the SDGs and strengthen domestic resource mobilization. It will explore opportunities for expanded support based on the demands and needs of DMCs. Additional knowledge and implementation partnerships, including with development partners, universities, civil society, and the private sector, will be supported and established as needed.