

Evaluation Approach Paper

Evaluation of the One ADB Approach

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A. INTRODUCTION AND RATIONALE

1. Recent trends in the international development architecture and practice suggest that development challenges are becoming more complex, multidimensional, and transnational; and require interdisciplinary solutions that combine investment with policy and institutional improvements, attention to country-specific circumstances, and the leveraging of both public and private initiatives and funding.¹ The Sustainable Development Goals (SDGs), to which the international community subscribed in 2015, focus mostly on issues that cut across sectors and national boundaries (eliminating poverty and hunger, promoting gender equality, sustainable cities and communities as well as climate action, good health and well-being, life below water and on land; responsible consumption and production, among others). United Nations (UN) conferences on Financing for Development, starting from Monterey in 2002, the “billions to trillions” agenda of leveraging available development resources, and culminating with the 2015 Addis Ababa agenda to finance the SDGs, underlined the need to combine domestic public resources; private business and finance; international development cooperation; trade flows; policy reforms; and science, technology, and innovation to achieve inclusive and sustainable economic growth, protect the environment, and promote social inclusion.²

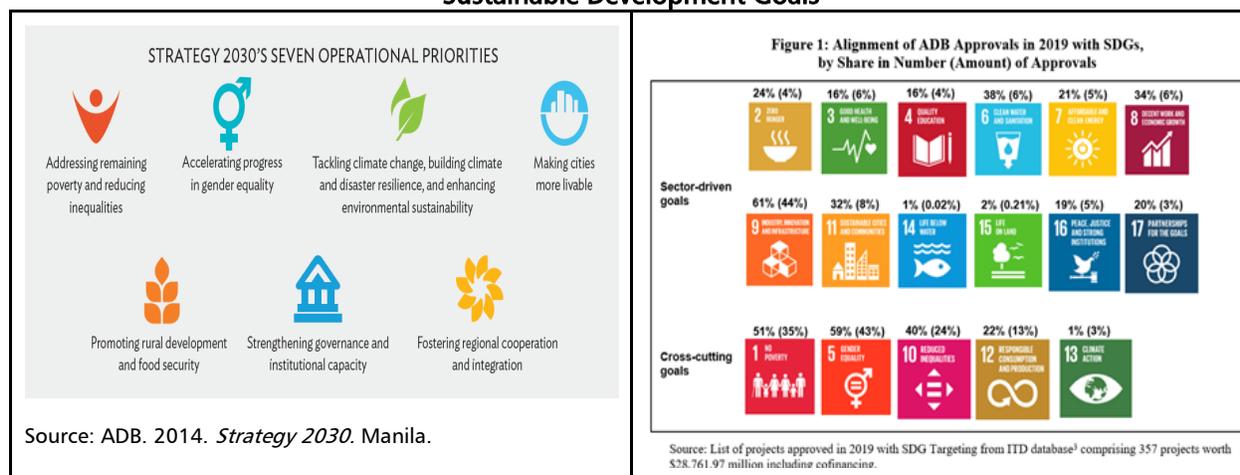
2. **Climate change and the recent coronavirus disease (COVID-19) pandemic are cases in point.** They demand both national climate adaptation or health sector responses and international commitment to emission reduction or to measures limiting the spread of infection. Effective solutions require the translation of knowledge and research on the causes of the problem (carbon emissions or the nature of the virus) into operative solutions (cleaner power generation options or vaccine development) based on science and technology that falls largely in the realm of the private sector, a conducive policy environment that supports their application, and the deployment of funds that typically exceed the capacity of governments and development organizations.

3. **Asian Development Bank’s (ADB) Strategy 2030 reflects these trends, focusing on seven cross-sectoral operational priorities including regional cooperation and integration and committing to deliver integrated solutions.** Strategy 2030’s operating priorities are cross-sectoral and cross-thematic in nature, and closely resemble and align with the SDGs, whose targeting through ADB operations is monitored since 2019 (Figure 1).

¹ R. Nidumolu et al. 2014. *The Collaboration Imperative*; S. Patscheke, et al. 2014. *Shaping Global Partnerships for a Post-2015 World*; S. Vangen et al. 2014. *Governing cross-sector, inter-organizational collaborations*. *Public Management Review*, and G. Okhuysen and B. Bechky. 2009. *10 Coordination in Organizations: An Integrative Perspective*. *Academy of Management Annals* 3, no. 1 (January 2009): 463–502.

² UN. 2015. *Addis Ababa Action Agenda of the Third International Conference on Financing for Development*. New York.

Figure 1: Asian Development Bank Operational Priorities and Alignment of Operations to the Sustainable Development Goals



4. **A One ADB approach is explicitly articulated and promoted in Strategy 2030 as critical to deliver on the directions set in the strategy.** Specifically, a One ADB approach is defined as “bringing together expertise and knowledge in a range of areas across the institution.” Strategy 2030 defines four areas where a One ADB approach is to be implemented to support the multidisciplinary, cross-sectoral, and transnational nature of the challenges Strategy 2030 seeks to resolve. These include (i) public and private sector operations staff will work closely together in planning operations, jointly identifying and working on bottlenecks to development results, and processing projects; (ii) integrated solutions incorporating advanced technologies, with support from sector and thematic groups developed; (iii) research functions enhance the analytical base of operations and policy dialogue with clients; and (iv) staff mobility and recognition through performance management support a One ADB approach.³ Strategy 2030 also emphasizes the role of resident missions (RMs) as a single window for country counterparts for all ADB products and services (Table 1, with the four fundamental One ADB operational areas highlighted in bold). The evaluation will rely on the three operational areas (sovereign-nonsovereign, integrated solutions, knowledge-operations) and two cross-cutting approaches (human resources and RMs) defined in Strategy 2030. The evaluation will compare ADB with established principles and practices in high functioning collaborative organizations, and review how the issues faced by ADB have been addressed by comparators. See Section D (Evaluation Approach and Scope) for further details.

Table 1: Strategy 2030 One Asian Development Bank Definition and Evaluation Operational Areas
Bring together expertise and knowledge in a range of areas across the institution

Sovereign/Nonsovereign	Inter/intra-Department	Knowledge-Operations
Staff working on public and private sector operations will work closely together in planning operations, jointly identifying and working on bottlenecks to development results, and processing projects.	The Asian Development Bank (ADB) will develop integrated solutions incorporating advanced technologies, with support from sector and thematic groups.	Research functions will help enhance the analytical base of operations and policy dialogue with clients.
(iii) Limited public and private sector cooperation	(i) Fragmented operations departments	(ii) Research/knowledge separation from operations
Supported by staff mobility and recognition through performance management		
Resident missions will be further strengthened to function as the single window for country counterparts for all ADB products and services. (iv) Headquarters and resident mission decentralization and delegation		

Source: Asian Development Bank. 2018. *Strategy 2030 Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila (paras. 102 and 111).

³ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila (page 28).

5. **Efforts to better collaborate and coordinate ADB responses to developing member countries' (DMC) needs commenced with the 2001 reorganization** and have progressed over time, with varying intensity and focus, becoming more prominent from 2010 onwards.⁴ The underlying proposition is that promoting internal cooperation will lead to an organization that is better able to address multidimensional problems and mobilize a wider range of knowledge and resources. Through collaboration, ADB will be more than the sum of its parts. Doing so would require ADB to focus its leadership, organization, incentives and management style, human resources, systems and business processes, which were historically geared towards delivering more single-sector, and mostly single-nation solutions through projects, programs, or technical assistance (TA) and knowledge operations.

6. **Strategy 2030 also envisages private sector operations becoming more prominent in ADB operations, underscoring the importance of better integration between sovereign and nonsovereign activities and the need for ADB to be competitive in terms of cost and timing with alternative funding sources.** This is consistent with the growing private sector role in international development,⁵ and private companies' increasingly focus on providing both social and environmental value.⁶ Notably, the 2020 Davos Manifesto declared that business should focus on stakeholders rather than narrowly on shareholders. Private companies are in the midst of a sea change in terms of how "doing good business" is being defined: they should pay their fair share of taxes, show zero tolerance for corruption, uphold human rights throughout their global supply chains, and advocate for a competitive level playing field.⁷ Institutional investors increasingly analyze how issues such as climate risk and gender equality impact financial value in a positive or a negative way. In short, better integration between sovereign and nonsovereign activities and of the socioeconomic and profitability objectives that underpin them constitutes both a challenge and significant opportunity for multilateral development banks (MDBs), the private sector, government agencies, foundations, and multi-stakeholder initiatives alike.

7. **A One ADB approach can also be a powerful motivator for attracting and retaining qualified staff, by providing a stronger sense of common purpose and shared vision and mission.** As argued in the 2011 Our People Strategy, the first corporate policy document that mentioned the term "One ADB", reinforcing "integration and communication among ADB staff at all levels and locations across the organization" would create "a supporting and enabling workplace environment and culture."⁸ Motivated and empowered staff are more likely to go the extra mile to provide the best possible development services to ADB DMC clients.

8. **ADB is committed to improving cooperation internally and with external partners to improve the development impact of its policy instruments by maximizing synergies and reducing duplication and inconsistencies.** Cooperation includes both (i) coordination defined as efforts to integrate the strategies of the institutions (or departments within an institution) to accomplish common objectives such as through division of labor, but which does not necessarily involve interaction on specific interventions⁹

⁴ The "One ADB" key principle of "reinforcing integration and communication among ADB staff at all levels and locations across the organization" is included in the 2010 Our People Strategy. The "One ADB" approach is discussed seven times in the 2014 review of Strategy 2020, as a mean "for all ADB departments to work together to provide knowledge solutions" (page iii and para 119), "sharing of skills across departments and offices" (page iv), "bring the institution together to build synergies" (para 66), "sharing of resources across departments ... [and] ... mobilizing interdepartmental and interdisciplinary teams ... through stronger ICT platforms and greater contact opportunities" (para 144).

⁵ S. Vangen et al. 2014. *Governing cross-sector, inter-organizational collaborations*. Public Management Review, 17:9, 1237-1260.

⁶ M. Porter and M. Kramer. 2011. *Creating Shared Value*. Harvard Business Review, 89, Jan-Feb, (1/2): 62; 2019. The Economist; and E. Maltin. 2019. *What are Companies for? What Successful Public Private Partnerships Do*. Harvard Business Review.

⁷ <https://www.weforum.org/agenda/2019/12/why-we-need-the-davos-manifesto-for-better-kind-of-capitalism/>

⁸ ADB. 2011. *Our People Strategy. Skills and Passion to Improve Lives in Asia and the Pacific*. Manila (pages 16 and 25).

⁹ G. Okhuysen and B. Bechky. *10 Coordination in Organizations: An Integrative Perspective*. Academy of Management Annals 3, no. 1 (January 2009): 463-502; and X. Deng et al. 2007. IFIP International Federation for Information Processing. Volume 254. In L. Xu et al, eds. *Research and Practical Issues of Enterprise Information Systems II*. Volume 1. Boston.

and (ii) collaboration defined as interactions between the institutions (or departments within an institution) on specific intervention.¹⁰

9. **ADB is accelerating its efforts to strengthen internal and external cooperation**, through undertaking studies and review of corporate policies and strategies, establishing operational frameworks, and implementing ongoing reform activities that seek to (i) make RMs the single window for country counterparts, (ii) ensure that staff collaborate on public and private sector operations and that coordination is enhanced between public and private activities, (iii) mobilize sector and thematic groups and departments with research functions to enhance the analytical base of operations and policy dialogue, and (iv) promote value-based culture transformation in its staff and management in operationalizing Strategy 2030's guiding principles. It is therefore timely to take stock and assess how the definition and application of the One ADB approach has evolved, in what areas a collaborative approach has particular merit and in what areas it may be less desirable and coordination is more desirable, what obstacles have prevented the fuller application of collaborative approaches, and what lessons can be learned from other organizations, to help progress in this transition. As such, the evaluation will be both forward and backward looking. This is the purpose of the proposed evaluation.

B. THE ONE ADB APPROACH: From Theory to Practice

10. **ADB's attempts to promote stronger internal cooperation evolved organically and gradually over the last 20 years, but a more comprehensive and targeted definition of the One ADB approach was only issued in 2018.** As a result, progress has been more significant in some areas and slower in others, and the different elements that contribute to the functioning of a cooperative organization developed unevenly. This section reviews the essential features of a high performing collaborative organization. Using organizational theory to examine institutional, cultural, and process aspects of ADB's operational activities, ADB's ability to collaborate effectively can be assessed. The following section describes the historical context for the One ADB approach followed by ADB in the last 2 decades. It also outlines current staff perceptions about One ADB and their alignment with corporate cooperation. Based on this analysis it outlines the proposed focus for the evaluation.

1. Theory and Practice of a Cooperative Organization: The Case of ADB

11. **Approaches to promoting cooperation in an organization can be grouped into three categories: institutional structure, culture, and process.**¹¹ The *institutional* level focuses on the strategies that guide coordination and collaboration and the organization's structure. The *cultural* level highlights the organization's culture and human resource policies that shape management practices, decision making processes, and hiring and promotion policies. The *process* level addresses both the internal business processes that are followed to translate organizational strategies and policies into products and services delivered to outside clients as well as the information technology (IT), budgeting, knowledge sharing, and other systems that support the functioning of the organization. The three organizational levels or lenses are closely interlinked but for simplicity each level is discussed separately below, as it applies to ADB. Starting with Strategy 2030's One ADB definition (Table 1), the evaluation will examine each of the three operational areas (sovereign-nonsovereign, integrated solutions, knowledge-operations) and two cross-cutting approaches (human resources and RMs) through these three organizational cooperation categories.

¹⁰ Independent Evaluation Group. 2010. *World Bank Group Cooperation – Evidence and Lessons from IEG Evaluations – Evaluation Brief*, 11 page 15—citing IEG. 2007. *Development Results in Middle Income Countries: An Evaluation of World Bank Support*. Washington, D.C. On discussion more broadly about the terms cooperation, coordination, and collaboration see for example https://www.egosnet.org/jart/prj3/egos/main.jart?rel=de&reserve-mode=active&content-id=1566433211083&subtheme_id=1574543973961.

¹¹ P. Thornton et al. 2012. *The Institutional Logics Perspective: A New Approach to Culture, Structure and Process*. Oxford Scholarship Online: <https://oxford.universitypressscholarship.com/view/10.1093/acprof:oso/9780199601936.001.0001/acprof-9780199601936>.

Institutional level

12. **An ideal organization from an institutional perspective is one where institutional, cultural, and processes combine and are mutually reinforcing to support the effective delivery of strategic goals.** ADB's own strategic goals as reflected in Strategy 2030's operational priorities such as climate change, gender equality and more livable cities create challenges for how the different parts of the organization will be called upon to respond in a collaborative or at least coordinated manner. Analysis at the institutional level focuses on how ADB can best organize its internal structure and actions to achieve these goals to maximize efficiencies through a coherent approach and minimize fragmentation. It also considers whether the strategies in place provide sufficient clarity and metrics to guide, monitor, and manage cooperation. Literature on the organization of multinational corporations offers useful lessons for MDBs.¹² A transnational firm is composed of dispersed and specialized units worldwide but integrated to achieve strategic goals.¹³ A key feature of the transnational organizational form is the successful allocation of global and local functions. In contrast to the globalized or multi-domestic firm, the transnational adheres neither to a rigidly centralized or decentralized model but is rather flexible and able to optimize the position of different functions. To do so, the firm must consider when and where standardization or localized adaptability is optimal, depending both on internal capabilities and external constraints.¹⁴ This literature can, for example, provide insights on how ADB can optimize the relationship between headquarters (HQ) and RM offices to deliver development services. In addition to HQ-RM interface, the evaluation will consider the extent to which the separation of sovereign and nonsovereign operations in separate departments, and separate departments providing research/knowledge and operations functions foster joint diagnostics, processing, and/or integrated solutions.

Culture and Human Resources Management

13. **Effective leadership and shared strategic vision are crucial culture components for driving a process of organizational change and to empower staff to collaborate.**^{15, 16} ADB management and the internal organizational culture including, but not limited to, recruitment practices, incentive structures, performance measures, pay structures, communication mechanisms, business processes, delegation and established hierarchies all play a role in either supporting or undermining cross-institutional collaboration and coordination.¹⁷ Effective collaboration requires that leadership regularly communicates its commitment to clear strategic goals to staff and also externally to clients.¹⁸ In this document, we will use the term client or clients to refer to both ADB sovereign and nonsovereign external stakeholders or development partners in DMCs. Adoption of Human Resource Management policies that facilitate skill enhancement and flexible deployment of staff and resources to program and project teams, regardless of internal organizational boundaries, all have a role to play in the quest for more effective organizational collaboration. Human resources management policies need to consider the strengths, weaknesses, and motivations of staff to work effectively across institutional boundaries. Incentive structures, including performance review mechanisms also need to align and reinforce desired business outcomes. In order to understand the ability of an enhanced One ADB approach to meet the objectives of Strategy 2030, the evaluation will focus on if and how staff mobility and recognition through performance management supports a One ADB approach (Figure 1). However, it is expected that wider elements in ADB's internal culture (e.g., leadership, staffing recruitment initiatives, career paths, staff development and retention programs) may impact the three One ADB operational areas—the focus of this evaluation.

¹² S. Palmisano. 2006. *The Globally Integrated Enterprise*. Foreign Affairs. Vol.85. No. 3. Pp. 127-136.

¹³ C. Bartlett and S. Ghoshal. 1989. *Managing Across Borders*. Boston, MA: Harvard Business School Press.

¹⁴ D. Brown and J. Knudsen. 2012. *Managing CSR Globally and Locally: Lessons from a CSR Leader*. Business and Politics. 14, no. 3: 1–29.

¹⁵ J. Knudsen et al. 2013. *Corporate Social Responsibility in the Board Room—When Do Directors Pay Attention?* Human Resource Development International 16, no. 2: 238–246.

¹⁶ H. Ibarra and M. Hansen. 2011. *Are You a Collaborative Leader?* Harvard Business Review.

¹⁷ R. Erakovich and T. Anderson. 2013. *Cross-sector collaboration: Management decision and change model*. International Journal of Public Sector Management. 26 (2): 163-173.

¹⁸ Strandberg. 2009. <https://corostrandberg.com/wp-content/uploads/2009/12/csr-hr-management.pdf> (accessed 9 October 2020).

Processes

14. **Processes support the implementation of organizational strategic objectives, for example by facilitating consistent communication among staff, the sharing of knowledge and learning, the tracking of resource allocation across the organization, and business processes that enable agile responses while ensuring quality control.**^{19, 20} Coordination mechanisms such as plans, rules, standard operating procedures, and routines are important for ensuring accountability, predictability, and common understanding in an organization.²¹ Coordination is best enabled when “the interdependence among parties, their responsibilities and the progress on the task are all made visible through accountability. Additionally, coordination relies on the ability of interdependent parties to anticipate subsequent task related activity, that is, predictability. Finally, a shared conception of activities and how they are performed, or common understanding, also enables coordination” (Ibid: 491) and provides the opportunity for higher level collaborative activities to develop. For example, are plans, rules, and standard operating procedures most effectively developed at the HQ level or in RMs? Who defines the responsibility for tasks, resource allocation, and how are agreements reached?

15. A learning organization is skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights. Good knowledge integration requires: (i) a plausible, well-grounded definition of what it means to be a learning organization; (ii) clear guidelines for practice, and (iii) clear measures for how to share knowledge. Mechanisms to support the two-way integration of research activities into the design of operations, and of lessons learned through operations to provide insights for the future research agenda must be supported by easily accessible knowledge storage and retrieval systems. Business processes must enable agile responses while ensuring adequate quality control. Effective IT and budget systems (that allow seamless communication regardless of location and the attribution of time and resources to tasks throughout the organization) must also be in place. Following the three operational areas (Table 1), the evaluation will consider, for example, the extent to which public and private sector business processes and timelines, country partnership strategy (CPS) planning processes, and selected IT Department digital reforms enable cross-department collaboration and knowledge sharing.

16. **The evolution of the One ADB approach (Appendix A) spanning 2 decades highlights four fundamental entry points that the organization has attempted to address over time:**

- (i) **Internal strengthening of fragmented operations departments.** In an environment characterized by departmental lending targets and relatively small sector divisions, the incentive structure has been less than conducive to staff collaborating flexibly across sector and departmental lines, and more towards growing self-reliance of operations departments.
- (ii) **Separation of research and knowledge functions from more regional operations functions.** Through management level coordination and horizontal connection by Communities of Practice, renamed Sector and Thematic Groups in 2014, attempts have continued to ensure the production of operationally relevant knowledge and the feedback of lessons learned from the field into the research agenda.
- (iii) **Limited cooperation between public sector and private sector operations.** In a strategic framework that assigns public sector DMC development interventions to regional departments (RDs) and private sector operations to Private Sector Operations

¹⁹ D. Garvin. *Building a Learning Organization*. Harvard Business Review. 199.3

²⁰ J. Ladley and T. Redman. 2020. *Use Data to Accelerate Your Business Strategy*.

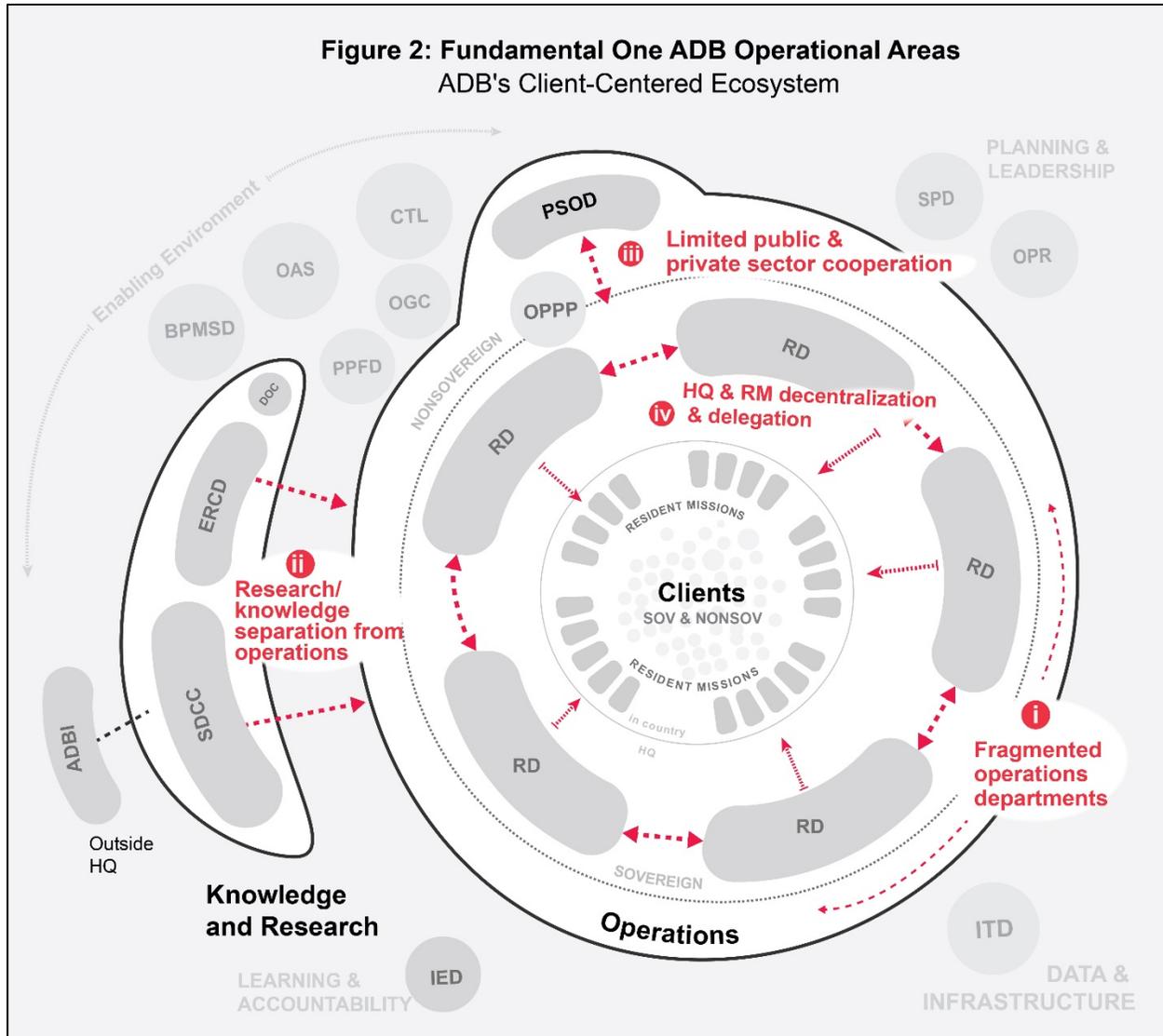
²¹ G. Okhuysen and B. Bechky. *10 Coordination in Organizations: An Integrative Perspective*. Academy of Management Annals 3, no. 1 (January 2009): 463–502. <https://doi.org/10.5465/19416520903047533>.

Department (PSOD), the incentives for cooperation are often occasional and transaction driven. RDs could better cooperate upstream with PSOD to perform diagnostics of the policy constraints that the private sector faces. Similarly, early engagement with PSOD could enable RDs to better consider areas where the effective crowding in of the private sector may successfully address identified development and financing needs.

- (iv) **HQ and RMs** have seen a gradual decentralization and delegation of responsibilities, and both have strengthened in each regional silo but seamless collaboration between HQ and RM staff within these silos and the ability to respond rapidly to client requests from the field are still a work in progress.

17. Figure 2 illustrates the four fundamental One ADB entry points (highlighted in red text) in the context of a DMC client-focused ADB organizational ecosystem. The ADB DMC Client-Centered ecosystem illustrates a layering of inter-relationships in operationalizing a One ADB approach. DMC clients, both sovereign and nonsovereign, are placed at the center of the diagram to highlight the key strategic focus of ADB's operational activities in line with the Theory of Change (TOC), namely addressing more complex, multi-disciplinary developmental constraints of ADB's DMC clients identified in the seven operational priorities of Strategy 2030. Regional departments and RMs, largely coordinating sovereign ADB operational responses, and PSOD and Office of Public-Private Partnership (OPPP), leading private sector and public-private partnership responses, are the primary entry point for the DMC clients. This illustrates the internal challenges of the RMs' single window role with ADB's DMC clients. Planning and leadership, enabling support, and learning and accountability functional departments surround and inform the bank's operational activities. Primary global, thematic, and interregional knowledge and research functions, located in Sustainable Development and Climate Change Department (SDCC) and Economic Research and Regional Cooperation Department (ECRD), while outside of operational departments, provide a knowledge production role to inform operations departments and RMs. While the evaluation will examine the three identified fundamental One ADB operational areas and cross-cutting approaches in turn, it will also assess the interrelationship between each operational area. For example, does the separation of knowledge and research in SDCC and ECRD (operational area ii) contribute positively or negatively to cross-regional departments' isolation and fragmentation (operational area i)? Can potential weaknesses identified between public sector and private sector operations (operational area iii) be addressed by more effective HQ and RM coordination and collaboration (a cross-cutting approach)?

18. As confirmed by consultations with staff across the bank (Appendix B), the Strategy 2030 One ADB definition is well reflected in staff perceptions and can be used as a base for the evaluation. The history of initiatives to promote collaboration at ADB suggests that in addition, the analysis should pay particular attention to the three "operational areas" and cross-cutting issues just discussed.



ADB = Asian Development Bank, ADBI = Asian Development Bank Institute, BPMMSD = Budget, People, and Management Systems Department, CTL = Controllers Department, DMC = developing member country, DOC = Department of Communication, ERCD = Economic Research and Regional Cooperation Department, HQ = headquarters, IED = Independent Evaluation Department, ITD = Information Technology Department, NONSOV = nonsovereign, OAS = Office of Administrative Services, OGC = Office of the General Counsel, OPPP = Office of Public-Private Partnership, OPR = Office of the President, PPF = Procurement, Portfolio and Financial Management Department, PSOD = Private Sector Operations Department, RD = regional department, RM = resident mission, SDCC = Sustainable Development and Climate Change Department, SOV = sovereign, SPD = Strategy, Policy and Partnerships Department.

Source: Independent Evaluation Department.

C. THEORY OF CHANGE

19. While ADB gradually evolved towards a more coordinated and collaborative approach to respond to more complex developmental issues and more sophisticated financing requirements of Asia-Pacific countries, it did so but perhaps less systematically, in addressing the constraints in its institutional setup, culture and human resources, and processes. The proposed TOC (Figure 3) identifies an ecosystem of mutually reinforcing actions at the institutional, cultural, and process levels that need to underpin a One ADB approach, to guide the evaluation.

20. **The overall objective of the One ADB approach is to better enable ADB to support Asia-Pacific countries in addressing more complex, multi-dimensional developmental constraints** and to promote innovative, sustainable, and high-quality institutional responses in the seven key operational priority areas set out in Strategy 2030.²² These priorities mirror the cross sector and cross thematic integrated demands of the SDGs.

21. **To achieve this longer-term development impact (that falls outside the scope of the evaluation), ADB must succeed in producing three interrelated, quality-focused final results.** The delivery of high-quality responsive solutions to client needs through a One ADB approach is summarized in the final results row (purple boxes in Figure 3):

- (i) Country, regional programs, and operations address key policy and investment constraints regardless of sector boundaries or funding modality (sovereign or nonsovereign), to deliver integrated, high quality development outcomes;
- (ii) ADB staff is motivated to collaborate, innovate, and focus on corporate (and not only unit) objectives; and ²³
- (iii) DMC clients see ADB as delivering utility and value addition.

22. **To plan and execute more complex cross-sector quality focused operations, ADB will aim to mobilize, as needed, cross-functional, cross-departmental, fluid, sufficiently resourced teams** that work together from an early stage and are able to leverage expertise as required, relying on knowledge and skills available across ADB and from external partners (illustrated in the first intermediate result). At the programming stage, the country team needs to draw upon multiple sources of expertise to undertake diagnostics, identify key development constraints and policy obstacles together with clients to develop a program of economically viable, environmentally, and socially sustainable assistance. At the project identification stage, the full range of financing options, policy instruments, TA, and financing modalities whether sovereign or nonsovereign, should be considered. During the design phase, the team must consider the most suitable technical options and be able to draw on solid research to consider alternative options.

23. **An ecosystem of mutually reinforcing foundational inputs is needed to promote collaboration in operations.** They are illustrated in the TOC first row. Corporate strategies and policies must encourage collaboration and define the modalities for collaboration towards ADB's operational priorities. ADB's organizational structure must facilitate collaboration and knowledge exchange, for example through well-functioning Sector and Thematic Groups. Since organizational units must be of a manageable size and are guided by their work programs and objectives, human resources policies must be in place to allow the flexible deployment of staff and budget as needed across internal organizational boundaries, and the culture and management style must promote and reward collaboration and facilitate coordination, instead of competition. Leadership and a shared vision throughout One ADB are crucial for success. Organizational culture needs to empower staff to collaborate across organizational units, promoting quality and innovation and delegating decision making. Processes and systems must be attuned to these objectives, for example by recording level of effort on extra-department assignments so that inputs beyond the immediate supervisor can be used for balanced performance reviews, and by facilitating the storage and retrieval of knowledge.

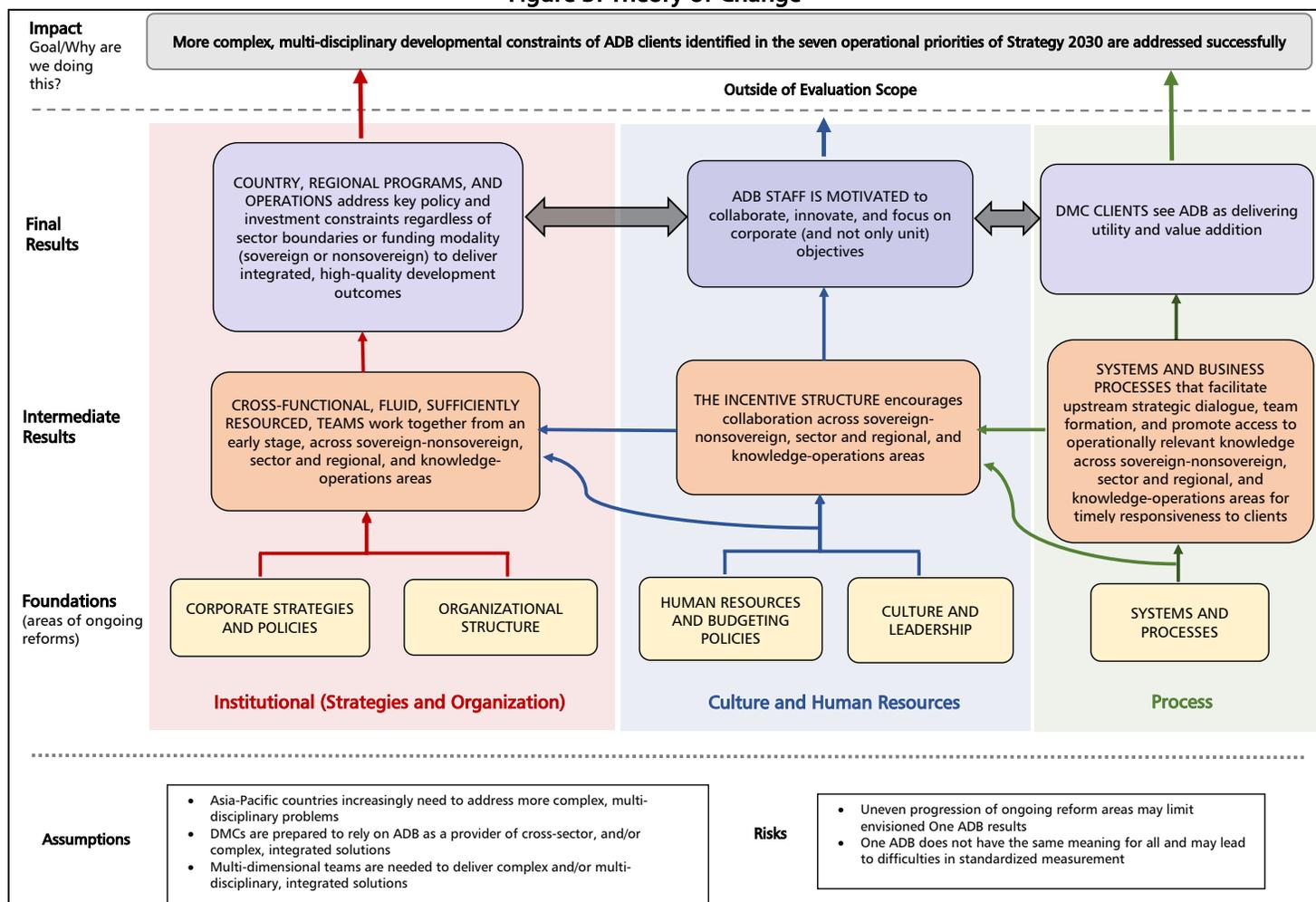
24. It is crucial to identify if there are areas where cultural biases may play a role (i.e., impacting performance assessments, budgeted cross support markets, or reporting lines). It is also important to

²² Addressing remaining poverty and reducing inequality; Accelerating progress in gender equality; Tackling climate change, building climate and disaster resilience and enhancing environmental sustainability; Making cities more livable; Promoting rural development and food security; Strengthening governance and institutional capacity; Fostering regional cooperation and integration.

²³ For example, the choice of whether to support construction and operation of a power plant or waste management facility with sovereign or nonsovereign funding or through private-public partnerships can be unduly influenced by departmental lending targets, possibly overriding technical and economic considerations.

identify ways in which collaboration can be made more efficient through new organizational structures or processes. Also, are there new ways that ADB can monitor and assess collaboration as a basis for evaluating the progress and success of projects? Thus, coordinated action at the institutional structure, culture, and process level is needed to optimize the One ADB approach.

Figure 3. Theory of Change



Source: Independent Evaluation Department.

25. **The ecosystem of foundational inputs, especially human resource policies and practices and corporate culture and management style, together create an incentive system that encourages collaboration.** The incentive structure (illustrated in the second intermediate result) must be in place to allow the mobilization of cross-functional and cross-departmental teams. It will, in turn, orient staff behavior that focuses on corporate (rather than unit) goals (illustrated in the second final result).

26. **Systems and Business processes** that facilitate upstream strategic dialogue, team formation, and promote access to operationally relevant knowledge across operational areas for timely responsiveness to clients complete the ecosystem (illustrated in the third intermediate result). They support a well-coordinated ADB that is easily accessible to clients and ready to partner with them, whether their requirements demand the intervention of sovereign, nonsovereign, HQ, or RM operations units.

27. Organizational strategies require sound human resources and budgeting policies that facilitate skills enhancement and flexible deployment of staff and resources to programs and project teams needed

for Strategy 2030 higher order goals. In turn, the organizational culture strengthens collaboration between sovereign and nonsovereign entities and strengthens multidisciplinary and cross-sectoral solutions, contributing to optimizing ADB responses. Human Resource management programs also facilitate a greater staff focus on corporate rather than primarily on unit goals. It is important to identify if there are areas where ADB policies create adverse incentives to collaboration for example if staff find that they lack the necessary resources (e.g., adequate time, skills, or finances) to engage in such collaboration. Another obstacle to more collaborative work could be if there is a perception amongst ADB staff that this is not valued and rewarded. If, for example, the organization aspires for collaboration but rewards individual performance, cooperation will quickly suffer. Meanwhile, it is good to recognize that certain exercises may not require cross-functional or cross-departmental collaboration and coordination between departments and units may suffice and be efficient.

28. The TOC rests on three specific assumptions related to the growing need for more complex, multidisciplinary, and cross-sector development solutions.

- (i) Asia-Pacific countries increasingly need to address more complex, multi-disciplinary problems;
- (ii) DMCs are prepared to rely on ADB as a provider of cross-sector, and/or complex, integrated solutions; and
- (iii) Multi-dimensional teams are needed to deliver complex and/or multi-disciplinary, integrated solutions

29. The TOC has identified two risks that could impede ADB's ability to reach the desired goals.

- (i) Uneven progression of ongoing reform areas may limit envisioned One ADB results; and
- (ii) One ADB does not have the same meaning for all and may lead to difficulties in standardized measurement.

30. If ADB is not able to recruit and retain managers and staff who embrace this vision, or to reorient its current human resources in this direction by adjusting its institutional structure, culture, systems, and processes, or if narrower lending and non-lending targets at the division or department level prevail over this broader vision, application of the One ADB approach may continue to remain partial.

31. Collaboration (and coordination without competition), along with knowledge and innovation, is a key factor that will drive transformation of ADB to achieve the objectives of Strategy 2030.^{24, 25} Cooperation makes sense when partners can establish a "win-win situation" of shared goals. Development banks serve the dual goals of making financially sound investments while seeking to reduce poverty and promote development. One of the most profound trends since 2000 is the marketization and rationalization of the non-profit and philanthropic sector.²⁶ During the same period, corporations and institutional investors that traditionally focused on shareholder value have increasingly defined their strategy as "shared value" seeking to integrate social and environmental goals with financial objectives.²⁷ As a result, a range of different organizations face the same governance challenge of how to meet different and often conflicting goals. Lessons from both nonprofit and for-profit organizations are relevant for MDBs.

32. Collaboration, underlying a One ADB approach, may not always be applicable. It should be noted that collaboration is not an end itself and that there may be areas where it may not make much sense or where the costs may outweigh the benefits. The same is not the case for coordination between

²⁴ ADB. Various years. *Planning Directions for 2021–2023*. Manila.

²⁵ R. Nidumolu, et al. 2014. *The Collaboration Imperative*. Harvard Business Review.

²⁶ A. Ebrahim, et al. 2014. *The Governance of Social Enterprises: Mission Drift and Accountability Challenges in Hybrid Organizations*. <https://doi.org/10.1016/j.riob.2014.09.001>.

²⁷ M. Porter and M. Kramer. 2006. *Strategy and Society*.

departments and units, which is generally assumed to be beneficial within an institution, and a prerequisite for any effective action. However, it should not inadvertently lead to an increase in unhealthy competition. Also, the value of collaboration may be context dependent with specific countries or sectors more likely to be involved in collaborative work with successful outcomes.

33. Collaboration may be more desirable in specific countries²⁸ or sectors and/or products²⁹ reflecting an ability to create synergies. At this point it is not clear exactly where and how such synergies can be created but the evaluation will seek to identify successful and less successful examples to determine when and how to best engage in collaboration.

34. Understanding the experiences of clients³⁰ and their interactions with ADB operational units will inform the evaluation. Lessons from the World Bank indicate that some clients expressed a preference for more collaboration “especially in infrastructure and the business environment” (IEG, 2010: 9). Other World Bank clients found that collaboration worked better at the strategic level than during implementation. To the extent possible, case studies in this evaluation will seek to draw lessons from an ADB clients’ perspective on the merits or demerits of efforts towards greater internal collaboration.

D. EVALUATION APPROACH AND SCOPE

35. Strategy 2030 explicitly defined in 2018 the One ADB approach, committing to reinforce the uneven but increasing efforts to promote collaboration under implementation since at least 2010.³¹ ADB is now undertaking further initiatives on RMs’ role, cultural transformation, and integration of sovereign and nonsovereign operations, complementing past reforms of knowledge operations and departments. The evaluation will analyze what efforts were made and what obstacles were encountered in bringing together expertise and knowledge across the institution and identify potential opportunities and existing gaps in collaboration. This formative evaluation aims at informing the Board of Directors and ADB management as ADB directionally pivots its organizational structure, processes, and institutional culture towards a systemic One ADB approach. A formative evaluation is normally carried out during a project or program, often at the midpoint, with its purpose being to help shape the future of the project or program concerned, and thereby improve performance. This evaluation will be more focused on learning and management, than accountability, to shape future interventions. In contrast, a summative evaluation is often undertaken when a project or program has ended or is about to end. It is usually designed to assess what was achieved, and how.³² While the evaluation will be process-leaning rather than results-oriented, it will focus on progression of One ADB’s intermediate results and expected final results.

36. The evaluation will broadly assess how the application of a One ADB approach has evolved, in what situations a cooperative approach has particular merit, what challenges have prevented or can impede fuller collaboration when beneficial, and what lessons can be learned from other private sector, multilateral, and bilateral development agencies focused on development. The aim is to identify from past operations and comparators’ experience key specific bottlenecks preventing collaborative approaches, and solutions leading to more client-centered, integrated solutions for complex development problems. Rather than assign evaluation ratings at the program, country, or institutional levels, the evaluation intends to take a “pulse reading” of the unfolding One ADB approach.

²⁸ M. Porter. 1990. *The Competitive Advantage of Nations*. First Free Press Edition. New York.

²⁹ M. Piore and C. Sabel. 1984. *The Second Industrial Divide: Possibilities for Prosperity*. Basic Books.

³⁰ F. Edward. 1984. *Strategic Management: a stakeholder approach*. Boston.

³¹ “One ADB” is a key principle included in the 2010 Our People Strategy. The “One ADB” approach is discussed seven times in the 2014 review of Strategy 2020 (see footnote 4) and was further fleshed out in the “Changes in Institutional Settings” section of the ensuing Action Plan.

³² A formative evaluation is normally carried out during a project or program, often at the midpoint. The purpose of a formative evaluation is to help shape the future of the project or program concerned, and thereby improve performance. A formative evaluation is more focused on learning and management than accountability. In contrast, a summative evaluation is often undertaken when a project or program has ended or is about to end. It is usually designed to assess what was achieved, and how. Lessons learned, in this second case, aim at shaping future interventions.

<https://www.intrac.org/wpcms/wp-content/uploads/2017/01/Types-of-Evaluation.pdf>

37. The evaluation will rely on the three organizational categories of institutional structure, culture, and process. The analysis will look at ADB as an ecosystem, since strategies, organizational structure, culture, human resources policies and practices, systems, and processes affect all the dimensions of collaboration and coordination. In doing so, specific focus will be devoted, as needed, to deepening the analysis on the four entry points identified as most significant in Section B: (i) fragmentation of geographic departments, (ii) separation of research and operations functions, (iii) separation of public sector and private sector operations, and (iv) HQ and RM distribution of responsibilities and resources. While the evaluation will take as its starting point the four entry points where ADB has focused its efforts, the portfolio analysis, country assessments, and comparative institutional analysis may raise other areas of interest in assessing the overall effectiveness of the One ADB approach and its desirability in achieving intended development outcomes.

38. While the One ADB approach is mostly internal, the evaluation will aim to incorporate client perspectives to understand to what extent evolving internal collaboration mechanisms are responsive to the needs of ADB clients. It will identify strengths and specific bottlenecks in the use of collaboration at different stages and levels of ADB operations to deliver development solutions responsive to Strategy 2030 operational priorities and country circumstances.

39. In addition to studying ongoing and proposed initiatives, the evaluation will analyze data from past efforts (e.g., 2000 RM Review and 2001 reorganization), particularly those after the 2011 Our People Strategy and the 2014 Midterm Review of Strategy 2020 which emphasized the One ADB approach. The evaluation will also consider the applicability of the One ADB approach during the COVID-19 pandemic, examining operational changes enacted to facilitate extended work from home arrangements and leveraging the work of the Independent Evaluation Department (IED) team conducting the real time evaluation of ADB's COVID-19 crisis response.

40. The evaluation will integrate the findings of recent operational reviews and evaluations that consider some of the features of the HQ-RM and knowledge-operations operational areas (e.g., 2020 RM Operations Review,³³ 2020 Knowledge Solutions for Development Evaluation³⁴) relevant to a "One ADB" perspective. The evaluation will seek to add value, rather than duplicate the analysis, including more in-depth quantitative and qualitative analysis to substantiate findings and conclusions that have One ADB relevance, where needed. In light of proposed cross-support initiatives between HQ and RMs and across RMs, the evaluation will focus on (i) how nonsovereign hubs and regional hubs have operated and identify possible areas for improvement; (ii) how mixed HQ-RM teams have functioned in programming, processing and implementation activities; (iii) the role of RMs in nonsovereign operations; and (iv) review the evidence on staff out-posting and staff mobility across locations and categories. Other dimensions of RM operations will not be addressed. Regarding research and knowledge creation and enhancement of operations, the evaluation will focus on the role of different actors within ADB (knowledge departments, regional departments, RMs, PSOD) in (i) setting the corporate knowledge and research agenda, (ii) defining and conducting diagnostic work at the country and sector level, and (iii) contributing to project innovation and design quality through the analysis of alternative approaches. Particular attention will be paid to the opportunities for interface and collaboration (sector and thematic groups, interdepartmental committees, CPS, and project teams). Dimensions of knowledge production and management that do not involve cooperation within the institution will not be addressed.

41. Taking a comparative institutional analysis of organizational strategies and structures, culture and human resources, and systems and processes of selected comparable organizations, the evaluation will identify lessons and good practices of how others have organized change management processes. In considering determinants of desirable and less desirable elements, the evaluation will construct a

³³ ADB. 2020. *Review of ADB's Resident Mission Operations*. Manila. Draft for interdepartmental review.

³⁴ ADB. 2020. *Knowledge Solutions for Development: An Evaluation of ADB's Readiness for Strategy 2030*. Manila.

framework of a high functioning collaborative organization. The comparison will highlight relevant issues such as matrix reporting and costing of cross-sector inputs.

42. Another MDB such as the World Bank Group constitutes an important comparative case study because of its series of organizational reforms. Since 1997, the World Bank's operating model has been the matrix system. Strategies were adopted to address the problem that the Bank's development programs were "excessively driven by a culture of lending, with insufficient attention to client needs and the quality of results" (IEG, 2012: XV). Reforms in 1987 had strengthened the country focus but quality remained a problem. In addition, Bank lending was declining in importance as a source of external financing for developing countries. Before 1997, the World Bank operated as six regional banks, making it difficult to move staff and knowledge across Regions. It was also difficult for the entire World Bank Group to coherently manage its global corporate priorities. The 1997 reforms sought to address these challenges through a matrix system with the goal to ensure a creative tension between technical product delivery units and the units that service clients. This resulted in increased client responsiveness through increased decentralization, with strengthened country managers closer to the client and having budget authority and accountability for delivering country programs and results. Further, it increased the quality of services through strong technical networks with strong sector groups working together as a network sharing knowledge and expertise across sectors and the Bank.

43. Bilateral organizations such as the United Kingdom's Department for International Development (DfID) also provide helpful lessons. DfID has been undergoing organizational reforms in recent years and has for example sought to simplify its projects by organizing project streams into four primary avenues while also clearly defining rules and providing templates for Memorandum of Understanding and project planning.

E. KEY EVALUATION QUESTIONS

44. **The evaluation will focus on the overarching question:** To what extent do ADB's core institutional structure; culture; and systems and processes facilitate or impede the application of a One ADB approach in three key operational areas: (i) sovereign-nonsovereign, (ii) integrated solutions (sectors and regions), and (iii) knowledge-operations, to effectively implement Strategy 2030 and deliver high quality client-centered solutions? In support of this overarching question, the following sub-questions are proposed:

- i) Subquestion 1: To what extent does ADB's core institutional structure, as reflected by strategies and organization, facilitate or impede One ADB practices, in the three main operational areas identified?
- ii) Subquestion 2: To what extent does ADB's core institutional culture, as reflected in staff mobility and performance management, facilitate or impede One ADB practices in the three main operational areas identified?
- iii) Subquestion 3: To what extent do ADB's core systems and processes facilitate or impede One ADB practices in the three main operational areas identified?

F. EVALUATION METHODS, RESOURCE REQUIREMENTS, AND TENTATIVE TIMETABLE

45. **Evaluation method.** The evaluation will apply a mixed-methods approach in triangulating qualitative and quantitative data from various data sources. IED will take both a rigorous systems and client-centered approach starting with the literature review, comparator organization review, and background paper to provide context. Desk review assessments will include a portfolio review and mapping of countries and projects where One ADB operations have been prevalent. Country case assessments of selected countries and assessments of selected projects that exemplify a One ADB approach to operationalizing the range of Strategy 2030 strategic priorities will be included. The staff survey and semi-structured interviews of key clients will provide operational insights to support the country case and portfolio assessments. Given the complex and interwoven layers of actors and processes

in One ADB, innovative qualitative tools and approaches, including design thinking and service design, will be utilized to support the mapping of interrelationships within the One ADB ecosystem.

46. **COVID-19's impact and mitigating its effect.** In light of evolving travel restrictions and health concerns related to the current COVID-19 pandemic, the evaluation envisages virtual project field assessments in selected countries with a significant presence of lending activities reflecting a One ADB approach (e.g., prevalence of multi-sector, sovereign-nonsovereign, cross regional department/RM/ADB support department). The evaluation team will establish a cloud-based research repository to facilitate communication and collaboration across the geographically distributed evaluation team. The repository will allow for shared data tagging and analytics, and insight generation across many different data sources, including transcripts and document review. Early tools like MAXQDA have previously been used for data analysis, but are limited by being on one physical computer, resulting in reduced utility given COVID-19 work from home operations.

47. The specific data collection sources and methods for the evaluation are discussed below.

1. Literature review

48. The literature review will be a comprehensive investigation of internal documents (policy papers, reports) as well as relevant theoretical literature pertaining to the three organizational lenses and the role that each plays in shaping the four organizational operational areas that have been identified. The review will include relevant IED evaluations completed in recent years (on knowledge, RMs, safeguards, private sector operations, private-public partnerships, and Strategy 2020) to provide context for sections of the evaluation, and their analysis and findings will be incorporated.

2. Comparator organizational review

49. A review and synthesis of comparable organizations will be undertaken to identify lessons and good practices in managing organizational challenges, restructuring, and change management processes. It will include evaluations of past organizational reforms and interviews with selected representatives involved in the change management process. Comparable organizations will be selected to explore how they approach and organize their work on the increasingly cross-sectoral and cross-national development agenda of the SDGs similar to ADB's Strategy 2030. Particular attention will be paid to how the three potential "operational areas" between units responsible for different geographic, sector, and thematic areas; research and operations; sovereign and nonsovereign; and HQ and field offices have been addressed to strengthen cooperation.

3. Portfolio Review

50. There is no defined portfolio of One ADB projects, and cooperation can cover a wide range of actions, from casual informal consultation of colleagues to formalized arrangements for team formation and division of labor. The most practical way to identify operations that bring together expertise and knowledge in a range of areas across ADB³⁵ is to analyze the composition of processing teams and review missions during implementation, and relate them to the three principal operational areas analyzed in the evaluation. The evaluation will use team composition of loan, grant, and TA projects at three points in time (2010, 2015, and 2020) as a first indicator of collaboration across divisions and departments. The information will be supplemented by documentary review of the projects identified and of other projects (e.g., multi-sector operations, disaster response operations, regional cooperation and integration operations) that by their nature tend to require collaboration. Lists of "One ADB" projects prepared by the Strategy, Policy and Partnerships Department (SPD), Central and West Asia Department (CWRD), and other departments and framework cooperation agreements between PSOD, regional departments, and

³⁵ The definition given in Strategy 2030.

OPPP will also be used to supplement and triangulate the analysis. This information will provide some indications on: (i) What percentage of ADB operations have One ADB practice fingerprints for each of the three Strategy 2030 operational areas?; (ii) Has there been evolution over time?; (iii) What departments/sectors/countries have most One ADB projects?; and (iv) What modalities (multitranches financing facility, policy-based lending, etc.) were most used for One ADB interventions?

4. Case studies with a focus on Strategy 2030 Operational Priorities

51. Case studies covering 2010–2020 will focus on seven clusters of projects and TA in selected countries where ADB operates, covering both public and private sector operations. To provide background context and ground the analysis in the upstream assessment of country strategy and sector analysis formulation, the case studies will be based in a limited number of countries (preliminarily identified in Georgia, Fiji, India, Indonesia, and the People’s Republic of China). Table 2 shows the proposed combination of operational priorities and countries. In addition, more focused assessments will be performed for fragile and conflict affected situations and for special situations where a coordinated approach is required (multi-sector and transboundary operations, the Pacific Private Sector Development Initiative, and disaster and emergency response projects, including the recent COVID-19 pandemic response option). The objective is to assess the extent to which the potential for cooperation has been fully utilized, and how it can be enhanced. Main criteria in the selection of case studies were (i) coverage of all or most Strategy 2030 operational priorities; (ii) analysis of both sovereign and nonsovereign operations; (iii) selection of project clusters in countries with a well-established RM, preferably with several outposted staff, and at least in some cases, private sector PSOD “hubs”;³⁶ and (iv) a country sample representative of ADB’s five regions and of various levels of development measured in terms of per capita gross national income.

52. The focus of the case studies will be to gain insight into the key operational areas previously identified. Specifically, how effective sovereign/nonsovereign; HQ/RMs; knowledge/operations and interdepartmental collaboration and coordination have been. The review of CPS will provide the context and facilitate the selection of project clusters. The assessment of individual projects in each cluster will focus on the stages where cooperation can be most valuable during project identification, design, and implementation.

53. For the case studies, the evaluation will largely rely on:

- (i) desk reviews of relevant documents (CPS and annexes, Country Operations Business Plans [COBPs], project/program Reports and Recommendation of the President [RRPs], project completion reports [PCRs], and validations for both sovereign and nonsovereign operations);
- (ii) data on ADB operations and cofinancing, RM activities, staff and budgets, and similar sources, and available data from the recently completed ADB Review of Resident Mission Operations; and
- (iii) interviews conducted remotely with ADB Country Directors, CPS planning teams, and staff in both HQ and RMs on One ADB project teams, DMC clients, project personnel, and development partners’ representatives (if COVID-19 related travel restrictions become less severe, field visits will be considered).

³⁶ PSOD hubs are present in Georgia, India, Indonesia, and the People’s Republic of China.

Table 2: Case Studies by Operational Priority and Country

Country	Poverty and inequality	Climate, disaster and environment	Rural Development	Regional Cooperation and Integration	Gender	Livable cities	Governance and institutions
Fiji		Climate resilience	Improved access to markets		Economic participation and opportunity, political empowerment, and entrepreneurship		Public sector/SOE management and private sector enabling environment
Georgia	Reduction of regional and provincial inequalities			Transport sector projects under CAREC umbrella		Urban centers development, services and transport	
India		Renewable energy and power sector				Urban development in selected states	
Indonesia		Renewable energy Disaster response					Public financial management
People's Republic of China			Rural infrastructure/ Economic development/ Climate resilience			Urban Climate resilience/cross province public good	TA support for 14th 5-Year government plan
FCAS (Afghanistan)		Private sector investment in cleaner energy sources			Violence against women RETA		SOE reform in PNG
COVID-19 Response	COORDINATED WITH COVID-19 (CPRO) RESPONSE EVALUATION TEAM						

CAREC = Central Asia Regional Economic Cooperation, FCAS = fragile and conflict-affected situation, PNG = Papua New Guinea, RETA = regional technical assistance, SOE = state-owned enterprise, TA = technical assistance.

Source: Independent Evaluation Department.

5. Staff survey

54. Qualitative data will be supported by staff surveys to assess how ADB staff and management at various levels view the One ADB approach from institutional structure, culture, and process levels. Consistent with Board consultations, the evaluation is recommending an outside-in approach from the discipline of Service Design (See Appendix C for definition). A staff survey representing different organizational units (geographic, sector); functions (senior leadership, management, knowledge, operations, and support); roles in leading/supporting One ADB operational applications (projects and geographical spread), and staff designations (HQ, RM, international staff, national staff, administrative staff) will build on design thinking workshop findings undertaken during the evaluation approach paper.³⁷

6. Semi-structured interviews

55. Interviews will be semi-structured using approaches from service design thinking to understand and map systemic challenges from a human perspective. Interviews will seek to address the key evaluation questions from participant perspective to identify challenges and enabling factors in the process and system. Transcripts will be generated for all interviews and entered into the research repository and tagged for thematic and content analysis.³⁸ While powerful for insights, these qualitative interviews will

³⁷ ADB. 2013. *ADB Perceptions Survey. Multinational Survey of Stakeholders 2012*. Manila. Similar surveys are available for 2006 and 2009, and a new one was planned for 2020.

³⁸ Otter.ai <https://otter.ai/> is a tool IED has used for previous research in the Knowledge Solutions for Development for cloud-based transcript editing and repository.

be triangulated by quantitative methods (staff surveys) to determine the strength and commonality of the findings.

56. Interviews will also be conducted with clients. Clients will be selected based on their relevance for particular ADB projects examined in this evaluation (i.e., actors that play a role in shaping the delivery and impact of particular ADB projects or collaborations and other stakeholders to the extent possible).³⁹ Interviews will also be undertaken with selected representatives, involved in change management, from comparable organizations which have undertaken organizational reforms. A review of external clients’ perceptions surveys will also provide comparable benchmarks over time.⁴⁰

57. **Dissemination Plan.** The findings will be disseminated internally, within ADB through IED’s knowledge outreach activities and internal forums (e.g., Country Directors forum) as appropriate, and externally within the region through presentations at cross-MDB learning platforms and participation in relevant dissemination seminars. The final report will be posted on the IED website. Cross knowledge sharing activities will be conducted following the Development Effectiveness Committee discussion of the final report.

58. **Resource requirements.** The evaluation will be conducted by a team of IED staff comprising: (i) Linda Adams and Alexander Wellsteed, co-team leaders, with overall responsibility for the evaluation implementation and report delivery; (ii) Erik Bloom, Senior Evaluation Specialist; (iii) Lauren Hauck, Senior Evaluation Specialist, (iv) Sergio Villena, Evaluation Officer, and (v) Glennie Castillo, Evaluation Analyst.

59. A team of consultants will be engaged: (i) international consultants: country system and portfolio evaluation expert, organizational development/governance expert, service design expert; information technology expert; (ii) national research and evaluation associates to provide research and analytical support, including quantitative analysis of the staff survey; and (iii) in-country national consultants in each country program assessment field visit to support collection, validation, and review of country-level and project data and facilitate client consultations. The terms of reference for the experts to be engaged are in Appendix D and cost estimates are provided in Appendix E (available upon request).

60. **Tentative timetable.** The evaluation will be carried out with the following tentative schedule:

Activities/Milestones	Target Date
Approval of evaluation approach paper	II December 2020
Consultants recruited	IV December 2020
Staff survey and Service Design completed	IV February 2021
Country and project assessments completed	I March 2021
Draft Report for interdepartmental review	II June 2021
Heads of department meeting	II August 2021
Development Effectiveness Committee Meeting	IV September 2021

Source: Evaluation team estimates.

61. **Quality Assurance and Peer Review.** Dr. Dana Brown, Dean of Sprott School of Business, Carleton University; and Dr. Cheryl Gray, former Director of the Office of Evaluation and Oversight at the Inter-American Development Bank and former Director at the Independent Evaluation Group at the World Bank, will be the external peer reviewers. Mr. Andrew Brubaker will be the internal commenter.

³⁹ R. Brugha. 2000. *Stakeholder Analysis: A Review*. Health Policy and Planning. 15, no. 3: 239–46. <https://doi.org/10.1093/heapol/15.3.239>.

⁴⁰ ADB. 2006. *ADB Perceptions Survey: Multinational Survey of Opinion Leaders 2006*. Manila; ADB. 2010. *ADB Perceptions Survey: Multinational Survey of Stakeholders 2009*. Manila; and ADB. 2013. *ADB Perceptions Survey. Multinational Survey of Stakeholders 2012*. Manila. A similar survey was planned for 2020.

G. LIMITATIONS

62. As a formative evaluation, evidence gathering will prioritize organizational issues and ongoing reform processes that are perceived as most critical for the success of One ADB. The selection of those issues will center around the three operational areas and two cross-cutting approaches discussed above. Within each operational area the evaluation will prioritize core institutional, culture, and process challenges to become the focus of the evaluation. Unlike a summative evaluation where the performance and operational results of a defined project portfolio would act as the basis for a detailed evidence based review, the One ADB evaluation seeks to draw lessons and recommendations from a broad range of ADB operational activities mapped as foundations, intermediate, and final results within the TOC (Figure 3). The analysis of ADB operations and knowledge departments and their interactions in support of addressing more complex, multi-disciplinary developmental constraints of ADB's DMC clients will be the primary focus, with some attention also given to their interaction with support departments. Considering the recent RM Operations Review and Knowledge evaluation, the scope of the HQ-RM and knowledge-operations interface assessments are outlined in para. 40.

63. Given COVID-imposed travel restrictions, case studies will be conducted using primarily desk and document reviews, complemented by distance interviews. This will reduce the amount and richness of information that can be normally derived from field visits unless business travel can resume during the evaluation.

64. Candid expression of views from DMC clients will likely prove challenging to obtain in a more remote, non-face-to-face interview format. As indicated in the overarching and subquestions, the evaluation will concentrate on a formative evaluation of core institutional structures, culture, systems, and processes. The evaluation will not aim to evaluate the contribution of each and every internal ADB IT support system, shared transaction processing application or information database, but look to examine those IT support systems, processing applications and databases that add or detract in terms of critical functionality for the promotion of a One ADB approach. The evaluation will focus on selected Digital Agenda Strategy 2030 reforms undertaken in support of sovereign and nonsovereign operations, and integrated data architecture.

APPENDIXES:

- A. Evolution of the One ADB Approach
- B. One ADB: View from the Ground Up
- C. Service Design
- D. Terms of References (not for public disclosure)
- E. Cost Estimates (not for public disclosure)

SUPPLEMENTARY APPENDIX (available on request):

- A. Service Design Illustrative Figures

EVOLUTION OF THE ONE ADB APPROACH

1. The use of a “One ADB” approach in Asian Development Bank’s (ADB) 2011 Our People Strategy was a key principle for improving the workplace environment and culture by reinforcing integration and communication among ADB staff at all levels and locations. Specifically, it was meant to (i) increase ADB’s flexibility to respond to a more diverse and complex external environment by deploying teams across departmental lines; and (ii) ensure staff motivation and full utilization of their skills and competencies, whether located in headquarters (HQ) or resident missions (RMs).

2. Efforts to enhance collaboration and coordination in ADB are a constant of ADB’s evolution and were reaffirmed by the 2001 reorganization. Previous reorganizations from 1969 to 1994 generally promoted a stronger country focus and sharper sector and geographic specialization within operations departments and field offices and enhanced the status of private sector operations. The 2001 reorganization reconfigured three country-focused programs departments and four sector-focused projects departments into five regional departments (RD), each with sector divisions responsible for the design and implementation of specific operations and upgraded the Private Sector Group to a Private Sector Operations Department (PSOD). To remedy the resulting fragmentation of sector expertise triggered by the reorganization, sector and thematic networks were established to provide a horizontal link among them. The Regional and Sustainable Development Department (RSDD) was also created to backstop expertise gaps in sector divisions. To promote clearer complementarity between private sector operations (by PSOD) and RD activities, an enabling environment was instituted in the preparation by RD of country-specific private sector development strategies, case-by case-collaboration on specific projects, and networking and sharing of professional expertise.

3. The linkage between research and operations departments and between sovereign and nonsovereign operations continued to be a theme in subsequent ADB internal reforms. In 2014, demands by middle income countries for more technical and policy advice and ADB’s internal push to be a more knowledge-based organization led to realignments of knowledge departments: RSDD became the Sustainable Development and Climate Change Department (SDCC), while the Office of Regional Economic Integration was merged into the Economic Research and Regional Cooperation Department (ERCD). Communities of practice were transformed into Sector and Thematic Groups anchored in SDCC and were allocated resources. The interdepartmental review process was streamlined to distinguish between fundamental and advisory comments. Targets for private sector development and operations were set in Strategy 2020 and increased in Strategy 2030 and subsequent directional documents, but the framework for RD-PSOD collaboration which assumes the maintenance of these fundamental silos and voluntary ad-hoc collaborations where needed was maintained.

4. The 2000 RM Policy aimed at building up the role of field offices to become “the primary operational interface between ADB and the host DMC,” by expanding RM responsibilities in the areas of macroeconomic policy dialogue and analysis, aid coordination, external relations, country programming, portfolio management, and, on a pilot basis, project processing. Over the next 2 decades and through subsequent policy reviews, RM staffing levels were expanded (from 9% of ADB in 2000 to 26% in 2019). While responsibility for country strategy and program formulation continued to be consolidated at the RM level, the country portfolio review function delegated procurement authority, safeguard and private sector capacity strengthened through the increased delegation of approval authority and by out-posting of HQ staff. Some institutional, process, and HR issues are still outstanding such as reporting lines of outposted staff, RM staff involvement in project processing teams, and incentives for country directors to devote greater attention to nonsovereign operations.

5. Systems and processes for coordination were periodically strengthened. Senior management level committees were created to ensure strategic direction for ADB as a whole and specifically for knowledge products and services – this favored mostly the clear division of work between departments and units. The corporate results framework introduced with Strategy 2020 was continually refined and

gradually cascaded to work programs and targets at the department, division, and individual level. A staff time management system was introduced in 2011, potentially allowing for the tracking of collaboration exercises with other parts of ADB. A major push was provided by ADB's 2014 Midterm Review of Strategy 2020, when the One ADB approach for further horizontal collaboration between departments and units was elaborated on. The incremental improvement of ADB's information and communication technology systems and links to support the Bank's operations and knowledge exchange received a boost when the Information Technology Department (ITD) was established in January 2020. It signaled the importance of IT tools in enabling more collaboration both within ADB between departments and units and between ADB and external partners.

6. Strategy 2030, approved in 2018, devoted an entire section to One ADB, and provided a framework for bringing expertise and knowledge in a range of areas across the institution to deliver its operational priorities. The institutional areas identified in a One ADB approach relying on more collaboration include departments with responsibility for research, knowledge, information technology and business process functions; public and private operations; and human resource management. It is in these functional responsibility areas that ADB has increasingly focused its efforts.

One ADB: View from the Ground Up

1. **Staff perceptions of a corporate objective can differ, even significantly, from management intentions, if communication and reinforcement have been weak.** This is even more likely if there is no clear and formal operational guidance on the objectives.¹ To inform the evaluation approach paper (EAP), the team conducted a series of design thinking workshops aimed at ascertaining Asian Development Bank (ADB) staff understanding of what One ADB means, perceptions on the current status and obstacles to applying the approach, and the desired future (what “good” looks like) of ADB as a collaborative organization. A total of 52 staff participated in the workshops, representing all regional departments (RDs), Private Sector Operations Department (PSOD), Sustainable Development and Climate Change Department (SDCC), Economic Research and Regional Cooperation Department (ERCD), Procurement, Portfolio and Financial Management Department (PPFD), Information Technology Department (ITD), Strategy, Policy and Partnerships Department (SPD), and Budget, People, and Management Systems Department (BPMSD). Overall, staff feedback confirmed many of the challenges already discussed.
2. **There was a consensus among staff that the meaning of One ADB is very similar to the definition provided by Strategy 2030.** Staff defined One ADB as “a way of working or a mindset in which individuals collaborate or work seamlessly together across departments/divisions/locations - easily or fluidly, to achieve a common vision/objective.” Staff also mentioned that One ADB means leveraging the collective knowledge, experience and skills towards the same goal, and empowering collaboration as opposed to interdepartmental competition. Further, One ADB should also ensure that ADB makes full use of the potential of nonsovereign operations to deliver Strategy 2030 operational priorities. Staff saw the one ADB approach as a means to deliver solutions to complex and emerging problems, serve clients better and faster, maximize development impact, and remain relevant in a changing world. All these concepts are contained in the Strategy 2030 definition of the One ADB approach. While One ADB also relies on smooth coordination between departments and units, it is clear that the approach assumes a greater role for more directly collaborative exercises to deal with increasingly complex challenges.
3. **At the institutional level, staff expressed concerns that teams operate mainly within silos only and that knowledge products are not aligned with country needs.** This was also found by the Independent Evaluation Department’s (IED) recent Knowledge Solutions evaluation.² While there are very positive instances of collaboration across silos, at present the ADB approach is perceived by several staff as one more “tick-the-box” exercise rather than a drive for more genuine collaboration exercises across these silos. Going forward, staff expressed the opinion that ADB should pursue a closer engagement with clients through decentralization of authority and increased trust in staff.
4. **Corporate culture and human resources policies and practices that can prevent a more collaborative approach include a strong silo-based hierarchy that encourages competition with other divisions and departments for resources as well as limiting collaboration between departments and divisions; and different business cultures and incentive structures between PSOD and regional departments.** Staff indicated that a clearly communicated shared vision, accompanied by leadership that empowers collaboration, would make the ADB approach more tangible and valued. Incentives would be aligned to reward collaborations, learning from mistakes and constructive criticism would be embraced, and a client-centered attitude, including appreciation for the importance of speed, would prevail over the desire to please the internal hierarchy.
5. **Systems and processes more flexible and mindful of the need for substantial collaboration, reducing inefficient interdepartmental reviews to favor early and meaningful inputs when program and project design is still supple, were seen by staff as desirable.** Fluid, cross-functional and cross-

¹ Strategy 2030, formulated in 2018, contained the first comprehensive definition of the One ADB approach, and guidance has been issued selectively over time (for example on the working of Sector and Thematic Groups or on sovereign-nonsovereign operations interface).

² IED. 2020. *Knowledge Solutions for Development: An Evaluation of ADB’s Readiness for Strategy 2030*. Manila: ADB.

departmental teams would leverage ADB's collective knowledge, experience, and skills regardless of institutional placement or location. Research and knowledge generation would be integrated in upstream analysis and grounded in country needs, with a less academic focus. Staff training and mobility would favor knowledge sharing, and IT systems would facilitate the tracking and monitoring of collaboration.

SERVICE DESIGN

What is design thinking (DT)?

1. Design thinking is an approach to systems (interactive, digital, and operational) that intends to make these systems usable and useful by focusing on the users, their needs and requirements, and applying human factors/ergonomics and usability knowledge and techniques.¹ DT borrows elements from both cognitive psychology and ethnographic research in this initial phase of problem understanding.² DT is different from more traditional approaches as a researcher/practitioner/designer communicates, interacts, empathizes, and stimulates the people (or users) involved by obtaining an understanding of their needs, desires, pain points, and experiences.³ DT is distinct from many traditional research and business approaches because the natural focus of the questions, insights, and collaborative activities that involves the people (including indirect stakeholders) for whom the product, system, or service is intended. DT projects and approaches are highly contextualized, and as a result, there is no 'one size fits all' approach that can be applied to the issue at hand.



2. As a discipline, design thinking is more common in business management literature and corporate practice rather than academic study.⁴ McKinsey's 2018 study the *Business Value of Design* quantifies the financial value of design Design Thinking in business.⁵ Its practices have become increasingly commonplace.⁶

3. As a practice, design thinking relies on the importance of **empathy** to understand the needs, desires, pain points, and experiences of the different perspectives of the users. To build deep empathy and understanding, researchers actively listen when conducting qualitative, semi-structured interviews with various categories of users. Design thinking values **collaboration** of multidisciplinary teams – in which usually a combination of researchers, designers, scientists, or engineers – each bringing in their sense of aesthetics, creativity, critical thinking mindset, optimism, and storytelling skills. DT further values **Iterative and testing driven with real users** - because teams rarely are correct the first time.⁷ Learning through building improve and iterate based on the feedback.⁸

4. Practiced in its most basic form, the relevancy of design thinking leads to products, services, systems, that are physically, perceptually, and emotionally intuitive.

¹ See ISO 9241-210:2019 Ergonomics of human-system interaction — Part 210: Human-centred design for interactive systems <https://www.iso.org/standard/77520.html> for the most clear definition of Human-centered Design and its practice.

² B. Laurel. (Ed.) 2003. *Design Research: Methods and Perspectives*. MIT Press. Human-centered-design (HCD) is often referred to in business and management literature as "design thinking" though the term can be somewhat loosely defined. See Johansson-Sköldberg et al. 2013. *Design Thinking: Past, Present and Possible Futures*. Creativity and Innovation Management. Volume 22 Number 2.

³ The following text is partially adapted from A. Hendra. 2017. ACDP-026 *Preparing Skilled and Highly Skilled Manpower for Indonesia's Modernizing Maritime Sector*.

⁴ Johansson-Sköldberg et al. 2013. *Design Thinking: Past, Present and Possible Futures*. Creativity and Innovation Management. Volume 22 Number 2.

⁵ McKinsey. 2018. *Business Value of Design*.

⁶ Conferences, papers, books, and think pieces take on the topic with exhausting regularity: There's the Design Management Institute's The Value of Design, Design Council annual survey about value of design in the UK; frog's 2017 paper *The Business Value of Design* the Design in Tech report. IBM

⁷ J. Kolko. 2011. *Exposing the Magic of Design: A Practitioner's Guide to the Methods and Theory of Synthesis*. New York: Oxford.

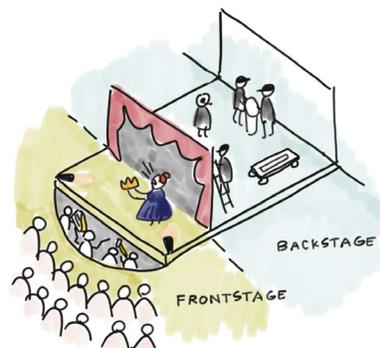
⁸ T. Kelley and J. Littman. 2001. *The Art of Innovation: Lessons in Creativity from IDEO, America's Leading Design Firm*. New York: Currency/Doubleday.

Service Design Thinking

5. A popular discipline related to design thinking is that of service design. Originally articulated by Lynn Shostack in HBR in 1983.⁹ Whereas design thinking historically focused on digital and physical product innovation to meet human needs, “Service design involves the orchestration of clues, places, processes, and interactions which together create holistic service experiences for customers, clients, employees, business partners or citizens.” Service design is the coordination of the customer with the employee and its support services. It is essentially design thinking for business applied to services.

Frontstage vs. Backstage and a coordinated vision of ADB

6. In service design, service components are broken down into frontstage and backstage, depending on whether the customers can see them. In the example of a theater performance. The audience sees everything in front of the curtain: the multiple sequence of actors, costumes, orchestra, and set. However, behind the curtain there is a whole ecosystem: the director, stage-hands, lighting coordinators, and set designers.¹⁰



7. Service design as a model is useful for ADB and One ADB. How does ADB coordinate its front stage and backstage activities? Strategy 2030 articulates this coordinated ecosystem focused on the country's needs.

Role	Theater	General Business	ADB
Client	Ticket Holder	Customer	DMCs and Private Sector Clients
Front Stage	actors, costumes, orchestra, set	Channels, Products Touchpoints Interfaces	Resident Mission Regional Departments PSOD Knowledge Products TA
Backstage	director, stage-hands, lighting coordinators, and set designers	Technology Infrastructures Systems Policies	Knowledge Services BPMSD ITD SPD

Source: Evaluation team.

⁹ L. Shostack. 1984. *Designing Services that Deliver*. Harvard Business Review. No. 84115.

¹⁰ S. Gibbons. 2017. Service Design 101 Nielsen Norman Group <https://www.nngroup.com/articles/service-design-101/> retrieved 1 August 2020.