

**Consultations with Stakeholders from the United States and Canada
on “Road to 2030”: ADB’s New Strategy
Note-to-File**

A. Introduction

1. A mission led by Indu Bhushan, Director General, Strategy and Policy Department consulted government officials and representatives from civil society organizations in Washington D.C. and Ottawa during 11–13 October 2016.¹ The mission sought views and perspectives of stakeholders on ADB’s mission, strategic priorities, positioning, and value addition under the new strategy leading to 2030. The list of officials and stakeholders consulted is attached.

B. Main Inputs from Stakeholders

2. Participants highlighted the need for ADB to adopt a highly strategic approach in thinking about its mission, key objectives, and operational priorities. They agreed on the emerging global and regional trends affecting Asia and the Pacific and their implications on ADB’s future directions. They appreciated ADB’s openness to seek views from various stakeholders through the strategy consultation process; and encouraged ADB to carefully rethink its operational approach going forward.

3. Officials stressed the need for ADB to maintain its operational support for areas where it has comparative advantage, particularly in infrastructure development. They stressed that ADB should take a strategically selective approach to supporting the sustainable development goals (SDGs) as it will not be possible with given resources and capacities to assist developing member countries (DMCs) on each goal. Officials noted that while being selective, ADB should remain reasonably flexible and open to new ideas. Furthermore, the strategy should strike the right balance between continuity and change. For example, it was suggested that while maintaining a focus on infrastructure, ADB should consider new ways in which infrastructure development projects could exercise a strong and direct impact on the proposed agendas of prosperity, inclusiveness and resilience.

4. Canada stressed that following the ground-breaking and innovative ADF-OCR merger, ADB has not fundamentally changed or improved its business model and institutional structure necessary to take full advantage of the opportunity presented by the merger. Measures that can be considered in this regard include reallocating internal financial and human resources towards fast-expanding areas (such as private sector operations), and streamlining business processes to increase the ADB’s overall agility and responsiveness. Other stakeholders also emphasized the need to carefully address and emphasize the “how” question in developing the new strategy document.

5. A summary of the main inputs and perspectives emerging from the consultations is as follows.

¹ The mission included Craig Steffensen, Representative, North America Representative Office (NARO); Safdar Parvez, Principal Planning and Policy Economist; and Jane Barcenas-Bisuña, Strategy and Policy Officer. NARO’s Michael Reyes, External Relations Officer; and Natsuki Kimura Tyler, Associate Administration and Communications Coordinator also joined the meetings in Washington D.C. and provided support on preparations. The mission met with government officials and CSOs in Washington D.C. during 11–12 October and on 13 October in Ottawa.

- a) **ADB's mission and strategic agendas.** ADB's support to the region in achieving the Sustainable Development Goals (SDGs) through the three proposed strategic agendas of prosperity, inclusiveness and resilience is fully supported. ADB's role and leadership on the climate finance agenda is appreciated. However, climate change goes beyond the resilience agenda. ADB should also place a focus on broader environmental issues. Updating of ADB's energy policy is needed with a view to accelerating Asia and Pacific's transition to renewable energy.

There are more opportunities now for ADB and other development banks to mobilize financing for climate and environment related projects through the Global Environmental Facility. ADB should have a strategy to optimize the use of such external funds. ADB should also uphold high environmental, social and core labor standards, as well as human rights, in its operations.

Continued and sustained efforts for gender mainstreaming and improving the quality of lives of women and girls are a must. Support for the disabled should be part of ADB's approach to inclusiveness. Interventions for financial inclusion based on new technologies should be prioritized. Support should also be provided for quality education and skills generation.

- b) **ADB's value propositions.** ADB's capacity to mobilize private resources to supplement public resources available for development is a clear strength. ADB should also actively support the domestic resource mobilization agenda in DMCs. ADB's role as a regional bank that supports regional cooperation and integration is one of its most important value propositions. ADB also has a comparative advantage in promoting good governance and deepening structural and sector reforms. Such governance and reform considerations are crosscutting areas and apply to ADB's support for infrastructure development and all other areas of assistance. ADB's role as a knowledge institution is among its greatest assets and should be prioritized in the strategy.
- c) **ADB's engagement principles.** ADB's approach to upper-middle income countries (UMICs) should demonstrate clear value-added of multilateral engagement in country contexts where there already may be sufficient internal resources and capacities to support national development. Greater flexibility in ADB's policy of graduation from regular assistance may be needed. But such flexibility should not result in ADB continuing to just lend to UMICs on an interminable basis without a careful assessment of specific areas in which support is merited and justified. The use of differentiated pricing such that UMICs pay more to access ADB lending in line with their higher ability to pay should be actively explored. Reimbursable technical assistance may also be utilized. Allocation of ADB's resources should continue to prioritize low income DMCs and fragile and conflict-affected situations (FCAS).

Expanding ADB's private sector operations is, in general, supported but ADB should help develop greater understanding of its strategic directions for such operations and the ways in which these contribute to enhancing development impact. Pro-actively supporting small- and medium-sized enterprises is a particularly useful means to help create more jobs. Assistance for comprehensive supply chain management is needed.

The use of country systems is a complex issue. The long-term approach should be to progressively use such systems in operations. However, caution is warranted because

of variable strengths of country systems that lack equivalence with international standards and because of constrained institutional capacities in the various DMCs.

- d) Policies, business processes, products and organization.** The quality of operations matter at least as much as the overall volume. Emphasis on strengthening development impact of ADB operations is crucial. ADB should continue to optimize its existing financial and human resources. Balance sheet optimization is important. Further progress is needed in hiring and promoting more female staff, particularly at senior levels.

There is nothing wrong, in principle, with providing policy-based and results-based lending to DMCs. However, such support should not be seen as “easy money” and one that compromises borrowing discipline in DMCs and the role of the International Monetary Fund. The use of budget support instruments should be clearly justified based on strong analytical foundation and background work, viable program designs, and a strong and substantive policy reform agenda. ADB should proceed cautiously on results-based lending and any proposal to increase the ceiling for such lending should be grounded in sufficient experience on the use of the results-based lending instrument.

New financing instruments to support climate and natural resource related activities, such as green bonds, should be actively pursued. Equity and local currency products should be utilized.

ADB should continue to improve its results-based planning and reporting, including with a focus on how outputs contribute to achieving outcomes and development impact.

- e) Partnerships.** Civil society organizations (CSOs) have a clearly identified and prominent role in the implementation of the 2030 agenda. CSOs are, however, sometimes frustrated with multilateral development banks. ADB staff should be better incentivized to work more closely with CSOs. Country partnership strategies should help mainstream the role of CSOs in ADB’s support. Innovative financing mechanisms should be explored to involve CSOs. The new results framework for the strategy should include meaningful indicators to measure ADB’s engagement with CSOs. ADB should also consult with other MDBs in the preparation of the strategy.

C. Next Steps

6. This valuable feedback and perspectives received from the consultations is being disseminated online through the ADB website. The perspectives gained from the mission will be taken into account in preparing the new strategy.

List of Persons Consulted

I. United States

Government Officials

1. Alexia Latortue, Deputy Assistant Secretary for International Development Policy, U.S. Department of the Treasury
2. Roland F. de Marcellus, Acting Director, Office of Development Finance, Bureau of Economic and Business Affairs, U.S. Department of State
3. John Keeton, Economic Officer, Office of Economic and Development Affairs, Bureau of International Organization Affairs, U.S. Department of State
4. Caryn R. McClelland, Acting Principal Deputy Assistant Secretary, Bureau of Oceans and International Environmental and Scientific Affairs (OES), U.S. Department of State
5. Rachel Licker, Ph.D., Foreign Affairs Officer, OES, U.S. Department of State
6. Chuck Moravec, Deputy Director Office of Multilateral Development Banks, U.S. Department of the Treasury
7. Molly Brennan, Deputy Director Office of Development Results and Accountability, U.S. Department of the Treasury
8. Victor Tineo, International Economist, U.S. Department of the Treasury
9. Michael Strauss, Alternative Executive Director, Asian Development Bank

Representatives from Civil Society, Think Tanks and Academia

1. Peter Bakvis, International Trade Union Confederation (ITUC)/Global Unions
2. Vinay Bhargava, Partnership for Transparency Fund (PTF)
3. Shyamadas Banerji, Consultant, International Development and Finance, PTF
4. Ladd Connell, Conservation International
5. Cinnamon Dornsife, School of Advanced International Studies (SAIS), Johns Hopkins University
6. Cole Taylor, Accountability Counsel
7. Tittaphan Vachananda, Bank Information Center

II. Canada

Government Officials

1. Patricia Pena, Director General (Economic Development), Global Affairs Canada
2. Josée de Menezes, Deputy Director (Regional Development Banks), Economic Growth and International Financial Institutions, Global Issues and Development, Global Affairs Canada
3. Laura Atar, Senior Analyst (Asian Development Bank), Global Affairs Canada
4. Devyn Wallenius, Development Analyst (Asia-Development – GAC-OGMA), Global Affairs Canada
5. Miriam Pierre-Louis, Development Analyst (Asia-Development – GAC-OGMA), Global Affairs Canada
6. Marc Blanchette, Analyst (Economic Growth Policy), Global Affairs Canada
7. Tom Bui, Director (Vietnam Program), Global Affairs Canada
8. Elizabeth Burges-Sims (Partnerships), Global Affairs Canada
9. Neil Saravanamuttoo, Chief (Multilateral Institutions), Department of Finance Canada

10. Sarah Tessier, Economist (Multilateral Institutions), International Finance and Development Division, International Trade and Finance Branch, Department of Finance Canada

Representatives from Civil Society, Think Tanks and Academia

1. April Ingham, Pacific Peoples' Partnership
2. Jocelyne Dubois, Canadian Labour Congress
3. Sarah Pentlow, CUSO International
4. Myroslava Tataryn, Handicap International
5. Joanne Owens, CARE Canada
6. Nick Kootnikoff, CARE Canada
7. Elmer Lighid, World Vision (*via teleconference*)
8. Vanessa Saraiva, World Vision
9. Asha Gervan, Humber College (*via teleconference*)
10. Dilip Chinnakonda, Centre for International Studies and Cooperation
11. Carrie McElroy, Centre for International Studies and Cooperation
12. Stephanie Hoey, World University Service of Canada
13. Derek Cameron, Canadian Cooperative Association
14. David Dern, Canadian Cooperative Association
15. Japhet Ndhlovu, United Church of Canada (*via teleconference*)
16. Johnny Sarker, Christian Children's Fund of Canada (*via teleconference*)
17. Maggie Zeng, Christian Children's Fund of Canada (*via teleconference*)