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review  
**2008**

REPORT

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# Abbreviations

ADB	– Asian Development Bank
ADBI	– Asian Development Bank Institute
ADF	– Asian Development Fund
ANR	– agriculture and natural resources
ASEAN	– Association of Southeast Asian Nations
BPMMSD	– Budget, Personnel and Management Systems Department
CAPE	– country assistance program evaluation
CO <sub>2</sub>	– carbon dioxide
CoP	– Community of Practice
COSO	– Central Operations Services Office
CPS	– country partnership strategy
CSO	– civil society organization
CTL	– Controller’s Department
DEfR	– development effectiveness review
DMC	– developing member country
DVA	– direct value-added
EARD	– East Asia Department
GAD	– gender and development
GAP	– gender action plan
GDP	– gross domestic product
GHG	– greenhouse gas
GMS	– Greater Mekong Subregion
IAE	– internal administrative expense
IED	– Independent Evaluation Department
IsDB	– Islamic Development Bank
Lao PDR	– Lao People’s Democratic Republic
MAKE	– Most Admired Knowledge Enterprise
MDG	– Millennium Development Goal
MfDR	– managing for development results
NGO	– nongovernment organization
OCO	– Office of Cofinancing Operations
OCR	– ordinary capital resources
OECD	– Organisation for Economic Co-operation and Development
OECD-DAC	– OECD Development Assistance Committee
OED	– Operations Evaluation Department
OGC	– Office of the General Counsel
P3M	– project processing and portfolio management
PAI	– Project Administration Instructions
PARD	– Pacific Department
PATA	– policy and advisory technical assistance
PBA	– program-based approach
PCR	– project completion report
PDP	– performance and development plan

PPER	– project performance evaluation report
PPR	– project performance report
PRC	– People’s Republic of China
QAE	– quality at entry
RCI	– regional cooperation and integration
RRP	– report and recommendation of the President
RSDD	– Regional and Sustainable Development Department
SME	– small and medium-sized enterprise
SPD	– Strategy and Policy Department
TA	– technical assistance
TCR	– technical assistance completion report
UNAIDS	– Joint United Nations Programme on HIV/AIDS
UNESCAP	– United Nations Economic and Social Commission for Asia and the Pacific
USAID	– United States Agency for International Development
WDI	– World Development Indicators

#### **WEIGHTS AND MEASURES**

ha	– hectare
km	– kilometer
m <sup>3</sup>	– cubic meter
MtCO <sub>2</sub>	– million tons of carbon dioxide
MW	– megawatt
tCO <sub>2</sub> -equiv/yr	– tons of CO <sub>2</sub> equivalent avoided per year

#### **NOTE**

In this report, “\$” refers to US dollars.

# Executive Summary

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

The *2008 DEfR* reviews progress made in Asia and the Pacific toward key development objectives (Level 1). Against this backdrop, it assesses ADB's performance in delivering key sector outputs and their contributions to development outcomes (Level 2), and in improving operational and organizational effectiveness (Levels 3 and 4).

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

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

provide an expanded resource base that will enable ADB to be more responsive to the needs of its developing member countries (DMCs).

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

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

The data show ADB is on track to achieve the majority of operational effectiveness targets. Quality at entry of country partnership strategies improved substantially in 2008. Good progress was also made in the quality of design and implementation of ADB operations. Quality at entry of nonsovereign operations was



assessed for the first time, and indicated a need for attention. While the number of projects at risk declined, ADB is aware that the risks may be underreported. An ongoing initiative will improve ADB's project performance reporting system and ensure timely identification of potential problems. ADB disbursed an unprecedented \$8.8 billion in 2008 and disbursement ratios remain above target. ADB mobilized \$1.6 billion of direct value-added cofinancing.

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

Progress on ADB's organizational effectiveness in 2008 is mixed. ADB is processing projects faster than previously. The level of delegation of project administration to resident missions held steady. ADB is pilot-testing delegation of specific functions to selected resident missions. The proportion of staff in operations departments remained constant, while the proportion of staff in field offices increased slightly. The overall gender balance is regressing, however, and ADB is now unlikely to meet its 2010 gender balance target of 35%. ADB is expanding targeted recruitment strategies for women professionals. The indicators on budget show that ADB's efficiency is increasing mainly because of the rapid growth in ADB operations. Given the expected further increase in ADB operations following the ninth replenishment of ADF and the fifth general capital increase, a corresponding growth in budgetary resources will be vital to sustain operational quality. Although indicators on operational quality show no apparent decline, ADB will monitor trends closely to maintain operational quality.

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

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

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

# Introduction

The *2008 Development Effectiveness Review (2008 DEfR)* is the second corporate performance report of the Asian Development Bank (ADB), using its results framework adopted in 2008 (Figure 1).<sup>1</sup> The review assesses ADB's progress in implementing its long-term strategic framework 2008–2020 (Strategy 2020),<sup>2</sup> covering all operations financed by the Asian Development Fund (ADF) and ordinary capital resources (OCR).<sup>3</sup> Covering two periods after the baseline year, this review presents emerging performance trends and identifies potential issues.

ADB has begun institutionalizing the use of corporate results indicators to manage its performance. ADB Management has steered the implementation of actions committed under the first review.<sup>4</sup> The *2008 DEfR* preparation process intensified internal focus on the results framework, particularly on the indicators, data quality, and performance assessment and reporting mechanisms. ADB also launched impact evaluation studies on selected projects. ADB has improved data collection systems to ensure consistency across the institution and

**Figure 1. Strategy 2020: Results Framework**



Source: Asian Development Bank.

to strengthen analysis (Appendix 1).<sup>5</sup> The main refinements include the following:

- Use of standardized definitions of the key sector output indicators (Level 2), a common data collection methodology across all operations departments, and additional project data to allow deeper analysis.

<sup>1</sup> ADB. 2008. *ADB Results Framework*. Manila. The Board approved the framework in September 2008. The first *Development Effectiveness Review* was published in October 2008. ADB. 2008. *2007 Development Effectiveness Review*. Manila

<sup>2</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

<sup>3</sup> This review covers ADB operations in its 40 borrowing developing member countries (DMCs) ("ADB countries"). It also shows progress for the group of 29 DMCs with access to ADF funding during the eighth replenishment of ADF (2005–2008), including blend countries that also have access to OCR ("ADF countries"). This responds to an ADB-donor agreement reached at the conclusion of the ninth replenishment of ADF (2009–2012) negotiations in 2008. The ADF countries are Afghanistan; Armenia; Azerbaijan; Bangladesh; Bhutan; Cambodia; Cook Islands; Georgia; Indonesia; Kiribati; Kyrgyz Republic; Lao People's Democratic Republic; Maldives; Republic of the Marshall Islands; Federated States of Micronesia; Mongolia; Nepal; Pakistan; Papua New Guinea; Samoa; Solomon Islands; Sri Lanka; Tajikistan; Timor-Leste; Tonga; Tuvalu; Uzbekistan; Vanuatu; and Viet Nam. ADB countries include the 29 ADF countries and People's Republic of China; Fiji Islands; India; Kazakhstan; Malaysia; Myanmar; Nauru; Republic of Palau; Philippines; Thailand; and Turkmenistan.

<sup>4</sup> Table 16 presents the status of these actions and updated actions based on *2008 DEfR* findings.

<sup>5</sup> Improved data collection systems resulted in refinements to some of the baseline and 2007 figures.

- Incorporation of one additional indicator on climate change to reflect Strategy 2020's priority.
- A comprehensive review of 2008 project completion reports (PCRs) as the basis for assessing ADB's recent contribution to achieving development outcomes.
- Adjustments to several indicators to incorporate nonsovereign operations and ADF grants operations consistently across the framework.

# Overall Performance

Table 1 summarizes ADB's overall performance based on a detailed assessment made in subsequent chapters. Progress toward poverty reduction and human development targets continues in Asia and the Pacific—although performance in reducing non-income poverty remains less impressive (Level 1). Increasing numbers of people have access to basic infrastructure and governance indicators are improving. ADB is delivering tangible improvements in people's lives (Level 2). An increase in programmed project outputs indicates that ADB will further expand its contribution. Maintaining recent upward trends

and ensuring positive outcomes become more critical, given the decline in economic growth—and its likely negative impact on poverty reduction. ADB strengthened its operational effectiveness in 2008, with solid progress on operational quality and partnerships (Level 3). However, progress on knowledge management and gender mainstreaming requires attention. ADB's performance on organizational effectiveness is less consistent (Level 4). While ADB is becoming more responsive to clients, challenges remain in ensuring improvement in business processes, quality assurance, and risk management. Progress on gender

**Table 1: Summary of Overall Performance<sup>a</sup>**

	ADB	ADF
<b>Asia and the Pacific Development Outcomes (Level 1)</b>		
Poverty and Human Development Indicators	ⓐ	ⓐ
Other Outcome Indicators	ⓐ	ⓐ
<b>Performance Indicators</b>		
<b>Key Sector Outputs and Their Contributions to Development Outcomes (Level 2)</b>	ⓐ	ⓐ
<b>Operational Effectiveness (Level 3)</b>		
Operational Quality and Portfolio Performance	ⓐ	ⓐ
Finance Mobilization	ⓐ	ⓐ
Gender Mainstreaming	Ⓡ	Ⓡ
Strategic Focus in Operations	ⓐ	ⓐ
Knowledge Management	ⓐ	ⓐ
Partnerships	ⓐ	ⓐ
<b>Organizational Effectiveness (Level 4)</b>		
Human Resources <sup>b</sup>	ⓐ	ⓐ
Budget Adequacy <sup>b</sup>	Ⓡ	Ⓡ
Business Processes and Practices	ⓐ	ⓐ

ⓐ Green: "On track" (More than 50% of indicators in the group have shown improvements over baselines or previous periods)

ⓐ Amber: "Potential regression" (Results are mixed: equal number of indicators improving or beginning to stagnate or regress)

Ⓡ Red: "Stagnated or regressed" (More than half of indicators in the group stagnating or regressing over 2 or more previous review periods)

ADB = Asian Development Bank, ADF = Asian Development Fund.

<sup>a</sup> Assessment on "ADB" generally covers (i) for Level 1, progress in all ADB's borrowing developing member countries (DMCs); and (ii) for Levels 2–4, ADB operations funded by ordinary capital resources and ADF. Assessment on "ADF" generally covers (i) for Level 1, progress in ADF countries (a subgroup of ADB DMCs which have access to ADF); and (ii) for Levels 2–4, ADB performance in managing its ADF-funded operations.

<sup>b</sup> Human and budgetary resource indicators for ADB reported also for ADF.

equality at ADB is slow. Adequacy of ADB's administrative budget requires attention to maintain operational quality. Management will act on performance issues raised in the *2008 DEFR*. ADB made minor adjustments to the definition of the approved indicators to improve consistency in their interpretation and coverage. However, several indicator-related issues require attention:

Level 2:

- Lack of an output indicator capturing a wider range of financial sector operations.
- Varying interpretations of the "beneficiaries of road projects" and the "greenhouse gas emission reduction" indicators.
- Different units of measure for outputs used in the indicators and in project documents.

Level 3:

- Lack of a "quality-at-entry of project" indicator for nonsovereign operations.
- Reliability of an indicator on project implementation performance.
- Need to ensure consistent application of thematic classification systems, particularly gender mainstreaming and regional cooperation and integration (RCI).
- Limitation of current indicators for knowledge management.
- Exclusion of field-level joint activities in the "proportion of country partnership strategy and country portfolio review missions conducted jointly with other development partners" indicator.

Level 4:

- Decreasing relevance of the "proportion of loans and grants administered by field offices" indicator against the evolving resident mission-headquarters working arrangements. The results framework is an evolving process. ADB will assess its relevance and determine the need for further improvement in the next few years in consultation with its Board of Directors.

# Level 1: Asia and the Pacific Development Outcomes

As a multilateral development partner, ADB supports its DMCs in achieving their development objectives. To provide a context for ADB operations and its performance review, this section examines progress in Asia and the Pacific toward objectives in poverty reduction, human development, basic infrastructure, regional cooperation, governance, business climate, and the environment (Appendix 2).<sup>6</sup> The indicators used in the review broadly capture the development agenda ADB set out in Strategy 2020: inclusive growth, environmentally sustainable growth, and regional cooperation and integration. Baseline and target values, along with the latest data available (2006) represent regional estimates of all ADB countries and of ADF countries as a group.<sup>7</sup>

## ► Poverty and Human Development Outcomes

Prior to 2008, Asia and the Pacific saw rapid progress in poverty reduction and improved human development outcomes in several areas (Table 2). In 2008, it faced potent emerging challenges: a series of rising global food<sup>8</sup> and

fuel prices, and later the onset of the global economic crisis. Economic growth in Asia and the Pacific contracted severely. Previously high levels of capital inflows, in the form of both foreign direct investment and portfolio investment, rapidly became unreliable.<sup>9</sup> Trade also fell sharply in many countries. The data presented here do not reflect the impact of the crisis. To present a more realistic picture, this section discusses possible implications of the crisis on development progress.

**Income Poverty.** From 2006 to 2007, ADB countries collectively experienced healthy economic growth of 8.3%, boosted by high growth in the People's Republic of China (PRC) and India. ADF countries—a subset of ADB countries (footnote 3)—recorded more modest economic growth of 5.4%. These positive growth rates helped sharply reduce income poverty in the region. ADB and ADF countries are likely, as a group, to achieve the Millennium Development Goal (MDG) target of halving the proportion of the poor between 1990 and 2015 (Appendix 2).<sup>10</sup> However, individually about 60% of ADB countries are unlikely to achieve the target. The latest data show that 27% of people in ADB countries (about 930

<sup>6</sup> For this review, ADB measures progress against selected Millennium Development Goals (MDGs). The latest estimates of regional MDG values for ADB DMCs are generated by ADB staff with data provided by United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). Adjustments are made to current and past data to capture progress accurately. UNESCAP annually adjusts its statistical databases to reflect the latest updates of indicator values, including past values. Population figures for weighting purposes are adjusted based on the latest estimates: the 2008 revisions made by the United Nations have been used for the 2008 *DEFr*. ADB's lists of ADF countries are likewise adjusted and updated.

<sup>7</sup> The availability of reliable data remains a challenge; ADB will continue to work with its development partners to improve data collection by supporting statistical capacity development in DMCs.

<sup>8</sup> ADB. 2008. *Soaring Food Prices: Response to the Crisis*. Manila.

<sup>9</sup> ADB. 2009. *Asian Development Outlook 2009*. Manila.

<sup>10</sup> Projections on the MDG indicators are based on current trends.

million) and 30% of people in ADF countries (about 225 million) continue to live in extreme poverty.<sup>11</sup>

The rapid gains made in poverty reduction before the economic crisis risk being diminished: current projections suggest that about 60 million people in Asia and the Pacific who would have escaped poverty—had growth remained at pre-crisis levels—will remain poor in 2009.

**Human Development.** Progress toward human and social development MDGs has been notably slower in many cases than those for income poverty, although in some areas persistent efforts have been yielding results. Indicators monitored by ADB record the following:

- **Quality of primary education.** Data for primary education completion indicate that, while ADB countries as a whole maintained a primary completion rate exceeding 90%, ADF countries still lag far behind. Moreover, current progress is slow and greater effort will be required to improve the quality of primary education and achieve MDG targets.
- **Gender equality.** The region made good progress on gender equality in primary and secondary education with ratios above 90% in both ADB and ADF countries. However, progress on gender equality in tertiary education and the region as a whole—particularly ADF countries—has been inadequate. Although women's participation in non-agricultural employment has been increasing in recent years, the pace is

slow and the latest data indicate a small decline over the baseline. This is because of insufficient work opportunities for women outside the agriculture sector, despite strong pre-crisis growth in Asia and the Pacific. Inadequate skills development is also a constraining factor. The economic crisis is likely to further slow women's job opportunities with indications of job losses affecting women disproportionately.<sup>12</sup>

- **Access to health.** Progress on health outcomes remained uneven and slow, indicating insufficient increase in access to primary health care. The region experienced small declines in under-5 child mortality from the very high ADB and ADF averages, for example, but such progress is insufficient to reach the 2015 targets. The number of women living with HIV continued to increase from 2001 for ADB and ADF countries. The 2008 report of the AIDS Commission for Asia warns that the epidemic has entered a new phase with the potential of doubling prevalence rates by 2020 if preventive measures are not intensified now.<sup>13</sup>
- **Access to clean water.** The latest data on access to cleaner water indicates good progress in both ADB countries and ADF countries: the MDG target may be reached in rural areas, although more effort is required to fulfill the target for urban areas. On the other hand, access to improved sanitation remains a concern, particularly in urban areas. Data show a slight drop for ADB countries and a sharper drop for ADF countries, indicating problems in providing basic urban services

<sup>11</sup> Extreme poverty is defined as living on less than \$1.25 a day. ADB adopted this new global poverty threshold in 2008. This has resulted in substantial changes in estimates of poverty and forecasts relating to the achievement of the income poverty target by individual countries.

<sup>12</sup> A recent joint study by the International Labour Organization and All China Women's Federation found, for example, that the crisis has severely affected the export-oriented hubs of PRC's coastal region. As a result, millions of women have lost jobs or face reduced wages. *China Daily*, 2 June 2009.

<sup>13</sup> AIDS Commission for Asia. 2008. *Redefining AIDS in Asia: Crafting an Effective Response*. New Delhi. Data for intermediate years are not reported as the source does not use consistent methodology and its results are noncomparable. Joint United Nations Programme on HIV/AIDS. 2008. *2008 Report of Global AIDS Epidemic*.

**Table 2: Poverty and Human Development in Asia and the Pacific (Level 1)**

Indicator	Asian Development Bank Countries			Asian Development Fund Countries		
	Baseline 2005	Latest 2006	2015 Target	Baseline 2005	Latest 2006	2015 Target
Population living on less than \$1.25 a day (%)	27.5	27.4	26.5	30.2	29.9	26.9
Primary education completion rate (%)	92.4	91.1	100	80.7	80.7	100
Ratio of girls to boys in:						
Primary education	0.95	0.96	1.00	0.91	0.91	1.00
Secondary education	0.93	0.93	1.00	0.92	0.90	1.00
Tertiary education	0.82	0.84	1.00	0.71	0.70	1.00
Women in non-agricultural wage employment (%)	30.4	29.9	Increase	28.0	27.1	Increase
Under-5 child mortality (per 1,000 live births)	59.7	58.0	28.9	73.2	70.8	37.9
Women (aged 15 and above) living with HIV (number, million)	1.58 <sup>a</sup>	1.69 <sup>b</sup>	Halt or reverse	0.11 <sup>a</sup>	0.23 <sup>b</sup>	Halt or reverse
Population with sustainable access to improved water source (%)						
Urban	92.0	95.5	96.7	88.7	90.1	95.4
Rural	76.2	82.3	80.7	74.0	76.8	82.1
Population with access to improved sanitation (%)						
Urban	70.0	69.2	80.1	76.0	72.7	85.9
Rural	33.0	41.8	64.2	42.4	42.4	64.8

Note: Asian Development Bank (ADB) countries include all of ADB's developing member countries. Asian Development Fund countries refer to a subset of ADB's DMCs that have access to the Asian Development Fund.

<sup>a</sup> 2001 data is used for the baseline.

<sup>b</sup> 2007 data.

Sources: ADB estimates of regional averages computed from data sourced from United Nations Economic and Social Commission for Asia and the Pacific; poverty data from World Bank's PovCalNet Online ([go.worldbank.org/HWKGQM6B70](http://go.worldbank.org/HWKGQM6B70)); and HIV indicator data from the Joint United Nations Programme on HIV/AIDS. 2008. *2008 Report on the Global AIDS Epidemic*. Geneva.

in an environment of rapid urbanization and insufficient investment.<sup>14</sup> In contrast, rural access to improved sanitation recorded a 27% increase for ADB countries, while no change was seen for ADF countries.

Progress in human development is mixed, and likely to be adversely affected by crises

beginning in 2008. A fall in regional growth could curtail public spending on health and education. Food and energy account for a large share of private consumption expenditures, particularly of the poor (around 75%). When these costs rise, households are likely to reduce vital expenditures on health and education, further reducing human development outcomes.

<sup>14</sup> UNESCAP. 2008. *Statistical Yearbook for Asia and the Pacific 2008*. Bangkok.



**Table 3: Growth, Regional Cooperation and Integration, Governance, and Environment in Asia and the Pacific (Level 1)**

Indicator	Baseline Values			Latest Values		
	Baseline Year	ADB	ADF	Latest Year	ADB	ADF
Gross Domestic Product (GDP) per capita <sup>a</sup>						
GDP per capita (at constant 2000 prices, \$)	2006	1,099	680	2007	1,198	719
Regional cooperation and integration						
Intraregional trade in the Asia and Pacific region's total trade (%)	2005	52	56	2007	58	56
Access to basic infrastructure <sup>a</sup>						
Access to telecommunications: fixed lines and mobile telephone subscribers (per 1,000 inhabitants)	2006	398	270	2007	472	392
Access of rural population to an all-season road (%)	2003	76	68		N/A	N/A
Household electrification rate (%)	2002	69	47	2005	73	50
Governance						
Cost to start business (% of gross national income per capita)	2006	41	47	2008	31	33
Time to start business (days)	2006	43	45	2008	37	38
Governance and public sector management assessment from country performance assessments	2006	3.3	3.3	2008	3.3	3.3
Environment <sup>a</sup>						
Carbon dioxide emissions (metric tons per capita)	2004	2.4	1.2	2005	2.5	1.2

ADB = Asian Development Bank, ADF = Asian Development Fund, N/A = indicator value not available.

<sup>a</sup> The 2005 population values from 2008 United Nations Population Prospects (esa.un.org/unpp/) were used to compute country weightings for gross domestic product per capita, access to infrastructure indicators, and CO<sub>2</sub> emissions indicators.

Sources: *World Development Indicators* database for GDP per capita, and access to telecommunications, and CO<sub>2</sub> emissions; *Doing Business 2009* for cost to start business, and time to start business; Office of Regional Economic Integration, ADB for intraregional trade; *World Energy Outlook 2006* for electrification; ADB country performance assessment for governance. For unavailable data, GDP per capita was computed from ADB *Asian Development Outlook* worksheets; and fixed line and mobile telephone indicator was sourced from International Telecommunications Union.

### ► Other Regional Outcomes

Table 3 captures the overall progress in other important development outcomes in Asia and the Pacific. As no agreed targets are available for these indicators, this review assesses the status relative to past performance and other comparative information.

#### Per Capita Gross Domestic Product.

Continuing an upward trend in 2007, the average per capita gross domestic product

(GDP) for ADB countries was \$1,198, up 9% from the 2006 baseline figures, compared with slower growth of 4.4% in Latin American countries and 3.8% for Sub-Saharan Africa. ADF countries recorded a slightly lower rise of 5.7% on baseline figures.<sup>15</sup>

#### Regional Cooperation and Integration.

Intraregional trade, an indicator of regional integration, rose from 52% over 2005 baseline values to 58% in 2007 for ADB countries, indicating rapid expansion in the pre-crisis

<sup>15</sup> *World Development Indicators*: [ddp-ext.worldbank.org/ext/DDPQQ/report.do?method=showReport](http://ddp-ext.worldbank.org/ext/DDPQQ/report.do?method=showReport)

period, contributing to regional economic growth. The figure remained constant at 56% for ADF countries, however. Data for 2007 indicate that intraregional total trade was 20% for Latin American countries, and 58% for 15 European Union member countries.<sup>16</sup>

**Access to Basic Infrastructure.** Progress in improving access to basic infrastructure and services is apparent, yet slow. Although the latest available figures for the rate of households with electricity is up compared with the 2002 baseline, the rise is small. Over one-quarter of all ADB country households still do not have electricity (50% of ADF households). ADB countries did, however, experience a healthy increase of 19% in the rate of fixed line and mobile telephone subscribers over 2006–2007. In ADF countries, the increase was even steeper at 45%.

**Governance.** Data suggest that ADB countries are building a more effective enabling environment for business startups: it took 37 days on average—6 days less in 2008 than baseline figures for 2006. ADF countries saw a drop of 7 days, to 38. This compares with 65 days for Latin America. Business start-up costs as a percentage of gross national income per capita continued to fall for the second year running in 2008—down from 41% in 2006 to 31% in 2008 for ADB countries, and from 47% to 33% over the same period for ADF countries. These results are encouraging, although still far from competitive when compared with Singapore, where the time needed to start a business in 2008 was 4 days, and the cost was 0.7% of gross national income per capita.<sup>17</sup> In 2008, the quality of governance in ADF countries—as measured by the average ratings for country performance assessments—remained static at 3.3 out of a maximum 6.0 points.

**Environment.** Available figures indicate that ADB countries have marginally increased their level of energy-related carbon dioxide (CO<sub>2</sub>) emissions from the 2004 baseline. While the 2.5 tons per capita emissions in ADB countries in 2005 is far below the global average (4.3 tons per capita), CO<sub>2</sub> emissions in Asia is forecasted to grow rapidly unless additional measures to reduce these emissions are taken.<sup>18</sup>

### ► Implications of the Economic Crisis and Relevance of ADB Strategy 2020

Results relating to MDGs and other development outcomes presented in this review reflect outcomes of collective efforts by DMC governments and their development partners in the region, including ADB. Yet this is progress made before the onset of the economic crisis. In the short term, the crisis will adversely affect growth prospects through its impact on trade and investment. Moreover, it is likely to retard progress in achieving the MDGs. The gains made over recent years in income poverty reduction could be reversed, and the already slow progress in achieving several of the human development targets will likely be further diminished.

DMC governments are focusing on three complementary approaches to overcome emerging challenges in the short term (i) stabilizing the finance and private sectors; (ii) expanding job opportunities, consumption, and local demand; and (iii) strengthening social protection systems. In the medium term, potential key policy challenges will be to (i) rebalance growth to spur domestic demand, promote intraregional trade, and optimize regional investment of savings; (ii) strengthen structural reforms of finance sectors and regulatory frameworks; and (iii) expand support

<sup>16</sup> Office of Regional Economic Integration, ADB.

<sup>17</sup> World Bank. 2008. *Doing Business 2009*. Washington, DC.

<sup>18</sup> Without these, energy-related CO<sub>2</sub> emissions in 2030 are likely to be 4.1 tons per capita in non-Organisation for Economic Co-operation and Development (OECD) Asia, against 4.9 tons per capita worldwide. OECD/International Energy Agency. 2008. *World Energy Outlook 2008*. Paris, Table 16.3. Asia's emission from energy in the reference scenario is 17.3 billion tons in 2030 with world total at 40.6 billion tons, or 43%.

for health, education, and social protection services.

Given the identified needs and priorities of the DMCs, particularly in light of the global crisis, ADB reconfirms the relevance of Strategy 2020.<sup>19</sup> Interventions in three core sectors—infrastructure, finance, and education—will generate jobs and stimulate the economy, domestic demand, and investor confidence. Interventions supporting regional cooperation and trade will assume greater importance in the current context and help in increasing intraregional trade, monitoring the finance sector, and promoting investments through the use of savings within the region. Private sector development will be critical to boosting investor confidence. The environment remains highly relevant: as DMCs stimulate economic growth, infrastructure investments must be targeted toward low-carbon operations.

ADB is responding to the emerging challenges of the region, in consultation with its DMCs and other development partners. ADB has established a task force to ensure a well-focused and coordinated approach to its crisis response operations. ADB's expanded resource base—through the successful ninth replenishment of the ADF and the fifth general capital increase—will enable ADB to be more responsive in meeting the specific needs of its DMCs. Concessional and nonconcessional operations will grow by more than \$10 billion in 2009–2010, bringing total ADB assistance for these 2 years to about \$32 billion. ADB has recently approved a Countercyclical Support Facility of \$3 billion for fast-disbursing crisis assistance and maintaining credit flows to the real economy.<sup>20</sup> Close to \$4.5 billion in cofinancing is expected to be mobilized with development partners for 2009–2010 projects. ADB is also increasing its ADF assistance to low-income countries to \$3.4 billion this year by front-loading and providing additional resources out of ADF liquidity reserves.

<sup>19</sup> ADB. 2009. *The Global Economic Crisis: Challenges for Developing Asia and ADB's Response*. Manila.

<sup>20</sup> ADB. 2009. *Enhancing ADB's Response to the Global Economic Crisis: Establishing the Countercyclical Support Facility*. Manila. The ADB Board of Directors approved the facility in June 2009.

# Level 2: ADB's Key Sector Outputs and their Contributions to Development Outcomes

ADB contributes to regional development outcomes through projects, programs, and technical assistance (TA) responding to country needs prioritized through the country partnership strategy (CPS) process. Demonstrating links between ADB's operational outputs and development outcomes is a challenge, given data gaps and attribution difficulties. This section examines ADB's outputs and illustrates recent contributions to development outcomes based on project completion reports (PCRs) findings in 2008. ADB's country development effectiveness briefs are intended to analyze and illustrate the contributions ADB-supported projects make to country outcomes.<sup>21</sup> The section is structured around Strategy 2020 strategic agendas—inclusive growth, environmentally sustainable growth, and regional cooperation and integration.

## ► ADB Key Sector Outputs in 2008

Following the 2007 *DEFR* action plan, ADB improved the data collection process by developing a more standardized and clear definition for key sector output indicators of ADB's results framework and guidelines for data collection (Appendix 3).<sup>22</sup> It added one new indicator to track climate change: greenhouse gas (GHG) emission reduction (tons of CO<sub>2</sub> equivalent avoided per year or tCO<sub>2</sub>-equiv/yr). The data aggregation process included grant and nonsovereign operations more consistently, and captured relevant outputs across all sectors (including multisector).<sup>23</sup> The results of the improved data collection process led to adjustments in baseline information (Appendix 1). In most cases, outputs delivered and programmed were adjusted upwards.

<sup>21</sup> ADB began preparing country development effectiveness briefs for selected countries in 2007 to report ADB's role and contribution to development in specific countries: [www.adb.org/ADF/development-effectiveness.asp](http://www.adb.org/ADF/development-effectiveness.asp). Based on the refined approach, ADB is expected to develop prototypes of the briefs by the third quarter of 2009.

<sup>22</sup> To lead this exercise, ADB created a working team to design a more consistent data collection methodology. The working team, headed by the director general of the South Asia Department, comprised senior staff from all operations departments, the Central Operations Services Office, and the Strategy and Policy Department.

<sup>23</sup> This ensured, for example, that road outputs delivered in non-transport sector projects (such as rural roads in agriculture and natural resources or multisector projects) are also captured, in addition to those delivered in the transport sector.

Table 4 presents the aggregate outputs that ADB helped deliver in 2004–2008, and programmed for delivery in 2009–2014 through its operations in the five core sectors.<sup>24</sup> These aggregates highlight the scale of standard outputs supported by ADB operations, which should enable contributions to development outcomes. It is likely that the figures are slightly low for various reasons: (i) some PCRs missed out quantitative information or expressed the outputs in units of measurement different from those in the results framework;<sup>25</sup> (ii) some reports and recommendations of the President (RRPs), particularly those with the sector loan modality, did not provide estimates because the detailed project design was developed only during project implementation; and (iii) outputs are not recorded for many programs—which have constituted about 20%–30% of overall lending in recent years—because of problems of attribution.<sup>26</sup>

The key sector output indicators do not comprehensively capture the results of ADB's core sector operations. Aside from programs, almost one-fifth of all recently completed projects in the relevant sectors had no outputs represented in the results framework. Twenty-eight percent of the rural projects did not include the standard outputs listed in the results framework, indicating difficulties in applying standard measures at the rural level.<sup>27</sup> Only 14 of the 33 recently completed finance operations had outputs in microfinance or small and medium-sized enterprises (SMEs), highlighting that most finance sector operations pursue outputs not captured through the results framework. In the other four sectors, at least 75% of total operations produced the standard

outputs. Geographically, the proportion of projects with standard outputs was lowest (less than two-thirds of total operations) in the Pacific region and private sector operations, which both supported different types of outputs. For instance, ADB delivered relatively more maritime and ports-related outputs in the Pacific. About three-quarters of the Southeast Asia region's operations delivered standard outputs, while in East Asia, South Asia, and Central and West Asia, figures were higher than 90%.

ADB provided about 41% of total financing extended to these projects (13% ADF, 28% OCR). Governments provided another 41% of the financing, while cofinancing (direct value-added [DVA] and non-DVA) provided another 13%, and beneficiaries' own contributions 4%. In ADB's East Asia region in particular, ADB financing was much lower (29%) and played a more catalytic role. Few nonsovereign operations contributed to the delivered outputs listed in Table 4. These operations were small in number in the past, and until 2007 only one-quarter was reviewed at completion.

**Growing Levels of Outputs Achieved and Planned.** ADB is expanding its support for operations that produce outputs in most of the Strategy 2020 core sectors. In particular, all road outputs are increasing over the coming years. Similarly, energy generation capacity outputs are expected to be much larger. All water outputs are expected to grow significantly in number, with the exception of piped networks. Outputs relating to piped networks are interpreted in conjunction with trends in the number of beneficiaries in this

<sup>24</sup> The data were collected from PCRs issued over 2004–2008 for “outputs delivered” and reports and recommendations of the President (RRPs) issued over 2003–2008 for “outputs programmed.” The latter calculation assumes that programmed outputs will be delivered 6 years after project approval. For example, outputs programmed in 2003 RRs are assumed to be delivered in 2009.

<sup>25</sup> For example, outputs of irrigation projects were measured in kilometers of irrigation channel, not hectares with irrigation services. Outputs from completed ADB operations in water supply, rural roads, schools, and areas protected from floods may well be much higher than reflected.

<sup>26</sup> Programs represent policy-based relatively quick-disbursing lending products provided to support sector development programs in a DMC, and involve adjustments to policies and investment plans, and capacity building of institutions.

<sup>27</sup> For example, rural water supply projects often measure their outputs in village schemes developed, not in kilometers of piped network constructed.

**Table 4: ADB's Key Sector Outputs—Delivered and Programmed (Level 2)**

Indicator	Outputs Delivered		Outputs Programmed		
	2004–2007	2005–2008	2009–2012	2010–2013	2011–2014
<b>Education</b>					
Classrooms built or upgraded (number)	115,100	51,000	76,100	43,400	25,200
Teachers trained (number)	564,000	598,200	1,518,000	927,400	481,600
Students benefiting from school improvement programs or direct support (number)	19,650,000	18,413,000	22,515,000	8,190,000	2,900,000
<b>Energy</b>					
Installed energy generation capacity (MW equivalent)	4,200	3,700	13,200	12,900	18,100
Transmission lines installed or upgraded (km)	9,100	17,300	6,800	9,700	10,900
Distribution lines installed or upgraded (km)	17,200	26,000	150,200	219,800	217,600
New households connected to electricity (number)	751,900	2,334,000	447,500	2,170,000	2,868,000
Greenhouse gas emission reduction (tCO <sub>2</sub> -equiv/yr)	22,517,000	8,842,000	11,747,000	12,101,000	26,174,000
<b>Finance</b>					
Microfinance accounts opened/end borrowers reached (number)	1,182,000	2,193,000	2,563,000	2,163,000	2,163,000
SME loan accounts opened/end borrowers reached (number)	5,900	176,700	213,900	208,400	36,400
<b>Transport</b>					
Expressways built or upgraded (km)	1,500	1,400	1,300	2,200	2,000
National highways, provincial, district, and rural roads built or upgraded (km)	26,900	39,100	48,000	39,600	46,500
Railways constructed or/and upgraded (km)	2,400	3,200	2,800	2,700	3,700
Beneficiaries from road projects (number)	410,163,000	422,042,000	222,164,000	209,199,000	267,749,000
<b>Water</b>					
Water supply pipes installed or upgraded/length of network (km)	19,300	21,300	14,800	8,400	10,200
New households served with water supply (number)	2,104,000	1,302,000	4,823,000	2,816,000	2,895,000
Wastewater treatment capacity added (m <sup>3</sup> /day)	1,380,000	1,010,000	4,566,000	3,406,000	4,429,000
New households served with sanitation (number)	1,501,000	1,159,000	9,393,000	7,858,000	7,954,000
Land improved through irrigation services, drainage, and flood management (hectares)	1,556,000	1,169,000	2,682,000	2,306,000	2,533,000

ADB = Asian Development Bank, CO<sub>2</sub> = carbon dioxide, km = kilometer, MW = megawatt, m<sup>3</sup> = cubic meter, SME = small and medium-sized enterprise, tCO<sub>2</sub>-equiv/yr = tons of CO<sub>2</sub> equivalent avoided per year.

Note: Indonesia's Tangguh's Liquefied Natural Gas Project, approved in 2005, with expected installation of 12,411 MW equivalent energy generation, partly funded by a nonsovereign ADB loan, is not included in Table 4 as the intended export of gas will not necessarily benefit developing Asia's energy resources.

Source: Asian Development Bank.

Level 2: ADB's Key Sector Outputs and their Contributions to Development Outcomes

sector: rural water supply is not expressed in piped network outputs and hence not captured through this indicator. The higher number of households served with potable water demonstrates increased coverage compared with recent years. The number of additional households served with water supply excludes the very large number of households already served with piped water supply, which are expected to benefit from operations improving networks (over 6 million during 2011–2014). As coverage of the population with access to improved water supply systems is expanding, ADB is increasing its support for repairing and upgrading networks, turning them into 24-hour supply systems. Projects producing wastewater treatment capacity are expected to quadruple from about 1 million m<sup>3</sup> per day over 2005–2008, to over 4 million m<sup>3</sup> per day over 2011–2014. As a result of large urban projects in the PRC and to a lesser extent India, the number of households set to benefit from ongoing operations in improving sewerage and sanitation is increasing rapidly. Land coverage with improved irrigation, drainage, and flood protection services supported by ADB is also expected to double in coming years. ADB expects to approve higher levels of financing in 2009 and subsequent years, which may lead to further increases in outputs delivered.

**Some Reductions in Outputs.** On some indicators, fewer outputs are registered in the future, illustrating the changing nature of ADB's operations. For example, ADB financed the installation of more energy generation capacity and distribution lines, yet slightly less energy transmission in recent years. The portfolio is changing in the education sector: the number of schools and classrooms built or upgraded by ADB-supported projects will decrease from 2012 to 2014. Ongoing operations and programs are focusing more on teacher training, improvements to curriculum quality, and sector reforms. Borrowing for education has been declining—over the past 5 years, one-

third less was approved than over the preceding 5 years.<sup>28</sup> The number of road beneficiaries is also declining, although ongoing ADB projects are delivering more kilometers of roads. More sector information on outputs achieved over the recent past is in Appendix 4.

**Outputs and Beneficiaries of ADF-Supported Operations.** ADF-supported projects helped deliver a considerable number of outputs in education, microfinance, and national roads (Table 5). ADF also contributed to all other outputs in the results framework, although less in energy, expressways, railways, piped water supply, wastewater treatment, and sanitation. Table 5 shows that ADF-supported outputs in many of these areas will increase in absolute numbers over the years. Expansion of ADF-supported outputs is likely with the large increase in the ADF X program starting in 2009.

**Geographic Scope of ADB's Operations.** The data collection exercise for the 2008 *DEFR* shows that ADB's recently completed operations in core areas were relatively more focused on rural and urban areas than ongoing operations (Table 6). Ongoing operations are more nationally targeted; as a result, they include fewer operations targeted at rural and urban areas. However, operational focus on urban areas will increase for operations to be completed during 2011–2014. The number of ongoing rural projects is double that of urban projects. Rural projects are on average smaller than urban and national projects. The highest ratios of ongoing rural operations are in South Asia (34%) and Southeast Asia (42%). The ratio of urban projects is highest in the East Asia region (33%). Most ADF countries have lower rates of urbanization and a higher proportion of ongoing rural operations (36%), compared with urban (11%).<sup>29</sup> Most agriculture and natural resources (ANR) projects are rural (77%), while most water supply, sanitation and waste management projects are urban (69%), although 17% target rural areas. Among

<sup>28</sup> The pipeline lending volume for 2009–2011 is slightly up from 2008, but remains below 5%.

<sup>29</sup> Twenty-five percent of ADB's completed operations in 2008 were rural, and 15% urban.



**Table 5: ADF's Key Sector Outputs—Delivered and Programmed (Level 2)**

Indicator	Outputs Delivered		Outputs Programmed		
	2004–2007	2005–2008	2009–2012	2010–2013	2011–2014
<b>Education</b>					
Classrooms built or upgraded (number)	112,000	50,600	71,400	39,300	25,200
Teachers trained (number)	488,600	535,900	1,517,000	926,400	481,600
Students benefiting from school improvement programs or direct support (number)	17,477,000	17,457,000	20,385,000	6,061,000	2,900,000
<b>Energy</b>					
Installed energy generation capacity (MW equivalent)	252	23	8	41	598
Transmission lines installed or upgraded (km)	2,200	3,300	1,200	1,600	1,600
Distribution lines installed or upgraded (km)	17,000	9,600	3,800	2,200	543
New households connected to electricity (number)	673,500	834,400	152,500	95,500	154,300
Greenhouse gas emission reduction (tCO <sub>2</sub> -equiv/yr)	4,308,500	2,000,000	1,200	1,200	251,200
<b>Finance</b>					
Microfinance accounts opened/end borrowers reached (number)	1,182,000	2,150,600	433,000	33,000	33,000
SME loan accounts opened/end borrowers reached (number)	5,800	176,600	202,000	202,000	29,800
<b>Transport</b>					
Expressways built or upgraded (km)	162	162	0	0	0
National highways, provincial, district, and rural roads built or upgraded (km)	18,600	24,800	18,700	20,500	23,700
Railways constructed or/and upgraded (km)	507	656	888	888	888
Beneficiaries from road projects (number)	140,964,000	133,757,200	97,449,000	77,262,600	86,052,000
<b>Water</b>					
Water supply pipes installed or upgraded/length of network (km)	8,600	7,400	11,100	5,100	6,400
New households served with water supply (number)	415,800	310,200	1,292,600	656,800	770,000
Wastewater treatment capacity added (m <sup>3</sup> /day)	235,000	240,700	572,600	253,000	278,000
New households served with sanitation (number)	94,800	76,500	2,165,900	493,200	575,900
Land improved through irrigation services, drainage, and flood management (hectares)	1,278,000	830,400	667,500	531,100	473,200

ADF = Asian Development Fund, CO<sub>2</sub> = carbon dioxide, km = kilometer, MW = megawatt, m<sup>3</sup> = cubic meter, SME = small and medium-sized enterprise, tCO<sub>2</sub>-equiv/yr = tons of CO<sub>2</sub> equivalent avoided per year.

Note: Outputs of sovereign and nonsovereign lending operations are included, as well as those of ADF grant-based operations.

Source: Asian Development Bank.

Level 2: ADB's Key Sector Outputs and their Contributions to Development Outcomes



**Table 6: Geographic and Regional Scope of Completed and Ongoing Operations (Percentage)**

Scope	Operations Completed		Ongoing Operations <sup>a</sup>		
	2004–2007	2005–2008	2009–2012	2010–2013	2011–2014
<b>Geographical Scope</b>					
National	56	56	64	68	65
Rural	29	28	25	20	21
Urban	15	16	11	12	14
<b>Regional Scope</b>					
Nonregional	96	95	90	87	88
Regional	4	5	10	13	12

<sup>a</sup> These operations are expected to be completed in 2009–2012, 2010–2013, or 2011–2014.

Sources: Asian Development Bank project completion reports issued from 2004 to 2008; reports and recommendations of the President, issued from 2003 to 2008, and Asian Development Bank estimates.

programmed outputs, 30% of ongoing ADF-financed operations target rural areas and 11% urban areas.

**Regional Scope of ADB's Operations.** Only 13 of the 314 recently completed operations (4%) reviewed in PCRs of 2004–2008 promoted RCI in core areas.<sup>30</sup> Operations departments classified 59 operations of the 495 approved since 2003 in core areas as promoting this theme (12%), indicating increased outputs for RCI (Table 6).

### ► ADB's Contribution to Development Outcomes

To examine how ADB's recently delivered outputs contributed to development outcomes, this report examined 68 PCRs issued by its operations departments in 2008 (Appendix 4).<sup>31</sup> The PCRs represented projects and programs funded by 84 loans<sup>32</sup> (49 ADF and 34 OCR) covering ANR, education, energy, finance, transport, water, and multisector projects. The PCRs rated 8% of projects as "highly successful,"<sup>33</sup> 61% "successful," 25% "partly successful," and 6% "unsuccessful." While ADB-supported projects performed best in transport,

<sup>30</sup> Many recently completed operations were approved when RCI was not a strategic priority of ADB.

<sup>31</sup> While ADB requires PCR preparation within 1 year after project and/or program completion, the review of PCRs suggests that this is not consistently followed: the PCRs examined covered projects and programs closed in 2007–2008 (76%); 2005–2006 (13%); and 2004 and earlier (11%). A supplementary appendix is available on [www.adb.org](http://www.adb.org), discussing in detail the sector and other outcomes reported in PCRs by sector.

<sup>32</sup> This includes one loan (TIM: Emergency Infrastructure Rehabilitation Project—Phase II) funded under the Trust Fund for East Timor.

<sup>33</sup> For an explanation of rating descriptions used in ADB evaluation reports, see: ADB. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*. Manila.

**Table 7: Analysis of Outcomes Targeted and Achieved as Reported in 2008 Project Completion Reports (Percentage)**

Outcomes Achieved by Projects Reviewed	Infrastructure		Education		Finance	
	Projects Targeting Specific Outcome	Projects Achieving Target Outcome	Projects Targeting Specific Outcome	Projects Achieving Target Outcome	Projects Targeting Specific Outcome	Projects Achieving Target Outcome
Main intended sector benefits achieved	100	80	100	92	100	64
Gender equity advanced and women empowered	37	94	77	80	57	75
Human, institutional capacity, management capacity developed	39	53	69	89	71	50
Governance improved	53	54	85	73	71	80
Private sector role expanded/improved	27	62	54	57	36	80

Source: All 49 project and program completion reports (PCRs) in 2008 for infrastructure sectors (agriculture and natural resources [irrigation, drainage], energy, multisector, transport, and water supply and sanitation, and solid waste management); all 13 PCRs for education sector; and all 14 PCRs for finance sector.

energy, and education, their achievements in water and finance were more varied.<sup>34</sup>

In addition to PCRs, ADB reviewed TA completion reports (TCRs) prepared in 2008 to assess nonlending operation outcomes. Studies prepared in 2008 by the Independent Evaluation Department (IED)<sup>35</sup> were also examined. While PCRs and TCRs rely on self-evaluation by operations departments of all operations completed, IED evaluates only a sample of completed operations from an independent perspective.

### Inclusive Growth

ADB supports inclusive growth through a range of mutually reinforcing sector operations to remove key constraints to growth, and increase access to jobs and basic services. ADB's operations also promote development themes

that underpin inclusive growth, including gender equality, governance and capacity development, safeguarding interests of the vulnerable, and strengthening the role of the private sector.

**Infrastructure Operations.** Recently completed infrastructure operations—covering energy, transport, water and sanitation, and water management—performed satisfactorily in achieving their development outcomes and boosting economic growth. Table 7 shows a comparison of sectors.

**Energy.** Eight energy projects among recently completed operations delivered energy to significantly more people and businesses than anticipated, and much more efficiently (two projects in other sectors also produced some energy outcomes). Indonesia's \$420 million Power XXIII Project added 229

<sup>34</sup> The performance by types of outcomes was (i) transport: 95% "successful;" (ii) energy: 90% "successful;" (iii) education: 85% "successful;" (iv) water: 65% "successful;" and (v) finance: 50% "successful."

<sup>35</sup> Formerly the Operations Evaluation Department.

megawatts (MW) of hydropower generation capacity and significantly decreased power interruptions in southern Sumatra. India's \$390 million Power Transmission Improvement Sector Project led to increased power, fewer supply interruptions, and less load shedding. The additional power supply increased industrial productivity and jobs in manufacturing. In Cambodia's Provincial Power Supply Project, all project provincial towns reported increased economic activity as a result of improved power supply. Expanded and more reliable power supplies allowed small businesses, hotels, and factories to function efficiently. Mongolia's Heat Efficiency Project benefited about 2,000 new customers by providing reliable heat during Mongolia's harsh winters. Pakistan's Bahawalpur Rural Development Project installed electric lighting in communities, making it possible to extend productive work hours, which increased household income and living standards. In Bahawalpur and Rahim Yar Khan districts, ADB helped bring electricity to 428 villages, against an initial target of 150.

In India, two large power sector development programs helped improve financial performance and utilities' internal efficiency. The Gujarat Power Sector Development Program reduced transmission and distribution losses from 34% in 2002 to 22% in 2008. The Madhya Pradesh Power Sector Development Program helped unbundle the state electricity board into separate companies, thereby increasing efficiency, governance, and competition.

**Transport.** Outcomes in transport typically include improved connectivity, reduced travel times, and lowered vehicle operation costs. These are produced mainly by stand-alone transport sector projects, although some ANR and multisector projects also delivered transport outcomes. ADB reported the completion of 22 projects in 2008 with transport outcomes. The Guangxi Roads Development Project in the PRC cut expressway travel times from Nanning to Youyiguan by 3 hours, increasing the number of day traders using the route. Improved connectivity contributed to economic and social development in the project area. India's National Highways Project reduced vehicle operating costs by about 30% for passenger

cars and 35% for trucks and buses; trip times were reduced by 30%–50%. In the Lao People's Democratic Republic (Lao PDR), an ANR sector operation cut the production of opium by providing feeder roads to improve farmers' access to markets where they can sell alternative cash crops.

ADB road projects generate employment opportunities during the construction and maintenance phases, especially for the unskilled and poor. In PRC's Chongqing–Guizhou Roads Development Project, the construction of an expressway created an extra 7.9 million work days, with an additional remuneration of almost \$49 million. This helped reduce poverty in the area. The Kyrgyz Republic's Third Road Rehabilitation, and the PRC's Shanxi Road Development and Ganzhou–Longyan Railway projects ensured that women also benefit from immediate employment opportunities created through project-related civil works.

**Water Sector.** A review of 19 PCRs in the water sector (usually combined with sanitation) shows that 65% of recently completed projects helped either increase access to cleaner water and sanitation, or to better irrigation, drainage, and flood management services. Two projects were rated "highly successful"—Pakistan's Community Water Supply and Sanitation Sector Project in Punjab, which brought water to over 500 villages; and Bangladesh's Emergency Flood Damage Project, which rehabilitated water and irrigation structures, protected or improved 93,000 hectares of land, and restored transport infrastructure in large areas damaged by the devastating flood of 2004. The Nepal Community Groundwater Irrigation Sector Project managed to increase cropping intensity by 79%, exceeding the target of 50%. Total farm output increased by 26%, and local household income almost tripled. Water sector infrastructure improvements benefit health and living conditions. For example, in Vientiane, the Ministry of Health noted major reductions in cases of intestinal worms and waterborne diseases including typhoid, dysentery, and diarrhea subsequent to the Vientiane Urban Infrastructure and Services Project. India's Urban and Environmental Infrastructure Facility Project failed because of inadequate assessment

of the executing agency's capacity, and an ambitious subproject pipeline.

Water supply projects often have positive outcomes for women because they reduce the drudgery of obtaining and treating water (mostly the responsibility of women). One example is the Punjab Community Water Supply and Sanitation Sector Project which reduced women's water-fetching obligations. Community-based organizations involved women in alternative activities such as handicrafts, carpet and rug weaving, and livestock and poultry raising.

Some infrastructure operations also promoted private sector participation. Under India's Gujarat Power Sector Development Program, the Gujarat Electricity Regulatory Commission took steps to rationalize tariffs, improve revenue realization, and create a better enabling environment for private sector investment. The Kyrgyz Republic's Road Rehabilitation Project helped develop an efficient policy and regulatory framework that promoted competition and private sector participation in transport facility provision and operation. In the Vientiane Urban Infrastructure and Services Project, solid waste collection was contracted out to private sector operators. Nepal's Community Groundwater Irrigation Project led to a zero-subsidy approach for shallow tube wells, benefiting private contractors and farmers through lower costs.

**Education.** ADB's operations in education emphasized reforms, capacity development, and increased teacher training. The review of 13 education sector projects with PCRs in 2008 shows a considerable increase in access to quality education. Over 90% of these projects were successful, and more than three-quarters provided equal opportunity for women, girls, and the disadvantaged. ADB helped DMCs strengthen education policies and institutions, as well as the capacity of central agencies, teachers and trainers-of-trainers. Lao PDR's Basic Education (Girls) Project improved curricula and exceeded targets in teacher training. Uzbekistan's Education Sector Development Program helped delegate administrative and management responsibilities

from central agencies to schools. It contributed to improved governance and quality by creating school trustee councils and increasing the involvement of parent committees and communities. Sri Lanka's Secondary Education Modernization Project provided computer learning centers in rural areas to narrow urban-rural digital divides, and benefit over 600,000 grade 10-13 students. On the other hand, the Employment-Oriented Skills Development Project in Papua New Guinea was rated "partly successful". It was 30,000 short of its target of training 40,000 participants. Male youth participation was 10%-15%, less than the 40% desired. Although 20%-30% of the trainees increased their income after the training, this was less than the intended 75%. Nevertheless, the project achieved 40% female participation. It also led to (i) enactment of the 2004 Informal Sector Development and Control Act, (ii) development of the integrated community development policy, (iii) endorsement of the national youth policy, and (iv) establishment of the national education plan.

ADB attempted to expand the role of the private sector in education. Sri Lanka's Secondary Education Modernization Project was unable to attract private sector interest or promote public-private partnerships in making the education sector competitive. It nonetheless paved the way for several public-private partnership agreements in information technology (software delivery and computer skills training for teachers). Some success was seen in Viet Nam, where local industries and private entities worked jointly under the Vocational and Technical Education Project. In Bangladesh, an ADB operation helped privatize the publishing of 19 of the 33 required textbooks for primary schools.

**Finance Sector.** PCRs from the finance sector show mixed results: only 7 out of 14 were rated "successful" and/or "highly successful" in 2008. Three of the operations rated "partly successful" and/or "unsuccessful" were funded through program loans, and four by project loans. In general, the lack of success in program loans was attributed to complex designs that led to implementation problems.

In specific cases, such as the Kyrgyz Republic's Rural Financial Institutions Project, the lack of supporting facilities for credit unions, as well as weak legal and regulatory frameworks, resulted in low access to finance. PCRs show some notable successes such as Cambodia's "highly successful" Financial Sector Program Loan Cluster, which developed a sound, market-based financial system, including accounting and auditing practices. Pakistan's Financial (Nonbank) Markets and Governance Program raised proficiency among market participants by establishing the Pakistan Institute of Corporate Capital Markets. PCRs for recent operations reflect less quantifiable yet important results, including: (i) improved urban and rural livelihoods through microlending, and creation of microfinance banks; (ii) improved access to SME loan and equity financing; (iii) more efficient banking systems, capital markets, and insurance; (iv) better regulatory frameworks, including anti-money laundering rules; and (v) use of best practices and international standards in accounting and auditing.

Less than half of all finance sector operations with 2008 PCRs were successful in increasing the role of the private sector. Bangladesh's Rural Livelihood Project helped landless poor households set up new microenterprises or expand existing ones, but about one-third of the new credit groups became dormant. Likewise, policy and institutional strengthening in the finance sector did not always yield anticipated results. Viet Nam's Rural Enterprise Finance, India's Urban and Environmental Infrastructure Facility, and the Kyrgyz Republic's Rural Financial Institutions projects did not deliver reforms or better legislation. Three out of four finance sector programs were rated "partly successful."<sup>36</sup> Pakistan's Financial (Nonbank) Markets and Governance Program was considered too broad, too rigid and with too many policy actions. Indonesia's Industrial

Competitiveness and SME Development Program loan was not fully disbursed, pointing to design problems and unrealistic implementation processes.

Seven projects targeting gender equality in the finance sector showed some success. Indonesia's multisector Rural Income Generation Project facilitated economic and social empowerment of poor women by providing access to financial capital from formal credit institutions, and capacity building in livelihood development. Out of 1,500 people employed in credit unions under the Rural Financial Institutions Project in the Kyrgyz Republic, the majority were women. Likewise, 58% of the Viet Nam Bank for Agriculture and Rural Development's sub-borrowers and 40% of the People's Credit Funds' sub-borrowers were women.

In 2008, IED undertook a special evaluation study of ADB assistance for domestic capital market development.<sup>37</sup> The study found that ADB's assistance for capital market reforms was "borderline successful" at best. Although ADB support for developing regulatory frameworks and expanding government and corporate bond markets was generally effective, support for expanding the institutional investor base—mutual, insurance, and pension funds—was not. Constraining factors noted were (i) non-implementation of agreed reforms; (ii) unaddressed impediments in the economic, business, institutional, and legal environment; and (iii) limited potential for capital market development in very small economies.

**Outside its core operational areas,** ADB has supported outcomes in health; industry and trade; and law, economic management, and public policy. These activities support development themes such as gender development, private sector development, and good governance. A significant portion

<sup>36</sup> Financial (Nonbank) Markets and Governance Program (Pakistan, \$260 million), Industrial Competitiveness and Small and Medium Enterprise Development Program (Indonesia, \$200 million), and Metro Manila Air Quality Improvement Sector Development Program (Philippines, \$200 million).

<sup>37</sup> ADB. 2008. *Special Evaluation Study on ADB Assistance for Domestic Capital Market Development*. Manila. The study covered operations over 1986–2006 in Indonesia, Mongolia, Pakistan, Philippines, Sri Lanka, and Viet Nam.

of overall lending operations—about 14% in the last 3 years—was in law, economic management, and public policy. PCRs and evaluations describe mixed results, which confirm the considerable challenges facing institutional and governance reforms. One example is Pakistan's Balochistan Resource Management Program that was rated "partly successful." It suffered from design flaws, lack of ownership, coordination gaps among implementing agencies, and limited program implementation support. Several intended outcomes were not achieved. Nevertheless, the program was able to (i) build the capacity of treasury officers, (ii) finance the upgrading of district accounts offices, (iii) improve the content of budget documents, (iv) improve asset management, and (v) establish a public accounts committee. A 2007 IED study noted that the performance of program lending improved since the mid-1990s and that 61% of programs in law, economic management and public policy had been rated "successful" for loans approved from 1996 to 2006.<sup>38</sup>

### **Policy Reforms and Capacity Development through Technical Assistance.**

In addition to investment projects and programs, ADB promotes policy reforms and institutional strengthening through TA. In 2008, more than 100 such TA projects were completed. Their TCRs indicate that more than 80% achieved their objectives fully. Most TA projects helped develop government capabilities to design and implement specific reforms. One outstanding example is the TA for improving financial governance and social security for Indonesia. Approved following the Asian financial crisis, it helped restructure the insurance industry, develop actuarial capacity, and draft and eventually enact the national social security system law. Another ADB TA helped the

government of Sikkim (India) introduce value-added tax in 2005, contributing to a tax revenue surplus, up from 11% in 2003–2005 of the gross state domestic product to 23% in 2006.

Some recently completed TA projects successfully assisted specific agencies and state-owned enterprises to manage investments and develop service delivery. ADB support for the Solomon Islands' Ministry of Infrastructure and Development helped rebuild its capacity to manage investment programs for reconstruction, following years of civil conflict. In Bangladesh, ADB helped manage the loss of employment among garment workers who are mostly women. ADB also helped the Bhutan Power Corporation adopt best international practices in accounting, enterprise resource planning, and performance-based incentive systems. As a result, the corporation made net profits in 2006 after recording losses since 2002.

ADB helped DMCs increase capacity on gender equality, completing 12 such TAs in 2008.<sup>39</sup> TA for Cambodia supported the Ministry of Agriculture, Forestry and Fisheries to implement a gender action plan. A similar TA in Viet Nam supported the Ministry of Agriculture and Rural Development to sensitize its staff through training, although it did not result in integrating gender into the ministry's public administration provision.

Many TCRs note that the sustainability of reforms and capacity development benefits depend on DMC ownership and commitment, particularly at the highest political levels, and requires a longer-term engagement with governments. A recent IED study on capacity development assistance reinforces this point.<sup>40</sup>

<sup>38</sup> ADB. 2007. *Special Evaluation Study on Policy-Based Lending: Emerging Practices in Supporting Reforms in Developing Member Countries*. Manila.

<sup>39</sup> Many of these projects were financed by the Poverty Reduction Cooperation Fund (PRF) and the Gender and Development Cooperation Fund (GDGF). PRF, established in 2002, is a \$75 million grant facility from the Department for International Development (DFID) of the United Kingdom. The GDGF was established in May 2003 with contributions from the governments of Canada, Denmark, Ireland, and Norway, totaling about \$11.3 million.

<sup>40</sup> ADB. 2008. *Special Evaluation Study on the Effectiveness of ADB's Capacity Development Assistance: How to Get Institutions Right*. Manila.



## Environmentally Sustainable Growth

Environmentally sustainable growth has been central to ADB's development agenda even before Strategy 2020. Asia continues to experience problems of air, water, and land pollution; growing soil erosion, desertification, and water scarcity; and loss of endangered species and vital natural habitats, including forests, wetlands, and coral reefs. During 2008, PCRs reported 30 out of 49 projects with infrastructure outputs targeted at improving environment or environmental management. At least 24 of these 30 achieved a positive result.

Many of ADB's transport and water sector projects helped improve environmental management capacity. Nineteen water-related projects improved environment outcomes by improving water quality, drainage in flood-prone areas, waste management, biodiversity conservation, and environmental awareness. Indonesia's Central Sulawesi Integrated Area Development and Conservation Project stopped further encroachment on protected park areas and reclaimed some parkland. Though rated "unsuccessful," India's Urban and Environmental Infrastructure Facility Project funded industrial subprojects that improved solid waste management and lowered pollutant emissions. The Metro Manila Air Quality Improvement Sector Development Program in the Philippines did not deliver its intended outcomes, largely because it was hampered by the involvement of too many executing and implementing agencies.

Energy projects helped with the delivery of clean energy, energy efficiency, and lower carbon emissions. Quality of life for the population of Ulaanbaatar, Mongolia improved as ADB's Heat Efficiency Project rehabilitated and modernized the district heating system—a far cleaner energy alternative to replacing the entire system with new heat-only boilers. Bhutan's Rural Electrification and Network Expansion brought clean energy and to over

9,000 new rural customers by increasing its hydropower capacity. ADB projects also advanced energy efficiency. The Madhya Pradesh Power Sector Development Program in India replaced old low-voltage lines with 11 kilovolt lines, which almost totally eliminated leakage and illegal power tapping.

Data collection for greenhouse gas (GHG) reduction related to energy projects remains incomplete. While PCRs from 2004 to 2008 estimate that eight projects reduced about 23 million tons of carbon dioxide (MtCO<sub>2</sub>) per year, seven other PCRs were unable to quantify the CO<sub>2</sub> reduction effect.<sup>41</sup> Of the energy projects approved in 2003–2008, at least 30 are expected to have a positive impact on CO<sub>2</sub>, and 22 are estimated to avoid or reduce emissions by MtCO<sub>2</sub>.<sup>33</sup> In 2008, ADB exceeded its \$1 billion annual lending target for clean energy investments. ADB worked closely with other multilateral development banks and donors in the establishment of the Climate Investment Funds, and provided supplementary financing for clean energy projects and TA projects through its Clean Energy Financing Partnership Facility.

## Regional Cooperation and Integration

RCI is a Strategy 2020 priority. The number of completed RCI operations in ADB's portfolio is still modest, and confined mainly to the Greater Mekong Subregion (GMS). In 2008, ADB circulated two regional road PCRs. By connecting landlocked areas in northeast Thailand to the Viet Nam coast via Lao PDR, the GMS East–West Corridor Project promoted regional economic integration—national investment in the project area increased several times and created job opportunities. The number of local bus services in Lao PDR has more than doubled since 2000, while in Viet Nam half of the current 16 services are new and six have seen an increase in frequency—a major benefit to people living and/or working along the corridor. As noted in IED's project

<sup>41</sup> The MtCO<sub>2</sub>23 annual reductions reported in the 2004–2008 PCRs match the amount of reduction that would occur if 65% of the electricity used in the Philippines were to come from carbon-free sources.

performance evaluation report, the project brought the communities, including ethnic groups and women, better access to markets and basic social services, and increased consumer choice.<sup>42</sup> While the project generated significant national benefits, its regional impacts—cross-border traffic and trade—remain modest. These are likely to strengthen once the cross-border transport agreement is fully implemented. Implementation of this agreement is also key to realizing the full benefits of the GMS Phnom Penh to Ho Chi Minh City Highway Project.

Recent IED sector assistance program evaluations confirm that the GMS program and projects foster mutual benefits that would otherwise not be available through national initiatives.<sup>43</sup> The evaluation on energy found that ADB-supported projects have resulted in significant economic benefits and raised investor confidence. IED evaluation on transport and trade facilitation noted significant savings in vehicle operating costs and travel time, and a reduction in border-crossing times in Cambodia, Lao PDR, and Viet Nam. ADB assistance resulted in increased domestic economic activities, with new industries and special industrial zones developing along the road. The evaluation noted the need to improve the “software” side—cross-border agreements and regional institutions—to ensure full delivery of investment benefits. The evaluations urged ADB to raise more financing from the private sector and other development partners to increase the program’s impact.

IED’s first regional assistance program evaluation in 2008 concluded that GMS member countries benefited from subregional cooperation, although progress on regional economic impact remained slow.<sup>44</sup> Since the

launch of the program in 1992, ADB provided 40% of the funds (about \$3.5 billion in loans and grants, and about \$82 million in TA projects), while 35% came from member countries and 25% from development partners. The program was rated “successful.” Despite problems in individual sectors and projects, ADB played an important role in the power sector, leveraging significant private sector funds. Remaining challenges were (i) infrastructure needs far exceeding ADB’s funding capacity; (ii) insufficient private sector involvement outside the power and tourism sectors; (iii) low cross-border trade and tourist flows; and (iv) limited progress in environmental planning and social impacts of infrastructure projects, and labor migration. The evaluation recommended that ADB help strengthen the capacity of DMCS and regional institutions, expand cofinancing, improve coordination, and pursue regional cooperation within Strategy 2020.

PCRs in 2008 discuss some projects that had not been classified as regional cooperation but produced, often unforeseen, regional connectivity outcomes. The expressway in the PRC’s Guangxi Roads Development Project—an essential part of the GMS economic corridor—enabled the Guangxi government to establish three joint Guangxi-Association of Southeast Asian Nations (ASEAN) industrial zones to attract investments from ASEAN countries. Similarly, the Wantong Logistics Center at Pingxiang improved trade with Viet Nam. Uzbekistan’s Railway Modernization Project has made regional transport more efficient.

While the GMS Program has brought benefits to people living in its member countries, improved connectivity—combined with rural poverty—has also brought unintended negative

<sup>42</sup> ADB. 2008. *Evaluation Study on Lao People’s Democratic Republic and Socialist Republic of Viet Nam: Greater Mekong Subregion: the East–West Corridor Project*. Manila.

<sup>43</sup> ADB. 2008. *Sector Assistance Program Evaluation of Energy Sector in the Greater Mekong Subregion*. Manila; ADB. 2008. *Sector Assistance Program Evaluation of Transport and Trade Facilitation in the Greater Mekong Subregion—Time to Shift Gears*. Manila; and ADB. 2008. *Sector Assistance Program Evaluation of Tourism Sector in the Greater Mekong Subregion*. Manila. The study on the tourism sector did not assess impacts since the tourism loan projects are ongoing.

<sup>44</sup> ADB. 2008. *Regional Cooperation Assistance Program Evaluation of the Greater Mekong Subregion: Maturing and Moving Forward*. Manila.



### Box 1. Reducing Cross-Border Vulnerabilities and Risks through Regional Technical Assistance Projects

In 2008, Asian Development Bank completed two regional technical assistance (TA) projects that supported ongoing initiatives among Greater Mekong Subregion (GMS) countries to understand and respond to a range of vulnerabilities arising from increased connectivity and integration.

HIV/AIDS Vulnerability and Risk Reduction among Ethnic Minority Groups through Communication Strategies. Implemented in partnership with the United Nations Education, Scientific and Cultural Organization, this TA used innovative information communication technologies—including radio dramas—to reach out to ethnic minorities living in the Mekong subregion and raise their awareness on HIV/AIDS, trafficking, and drug use. This led to a significant increase in knowledge of sexual and nonsexual means of HIV transmission.

Preventing the Trafficking of Women and Children and Promoting Safe Migration in the Greater Mekong Subregion. The TA funded research and community-based monitoring activities in Ratanakiri, Cambodia, and the Northern provinces in the Lao People's Democratic Republic to determine key factors contributing to trafficking vulnerabilities. It also contributed to the signing of a memorandum of understanding by all GMS members to combat human trafficking through cooperation.

Sources: ADB. 2008. *Technical Assistance Completion Report on HIV/AIDS Vulnerability and Risk Reduction among Ethnic Minority Groups through Communication Strategies*. Manila; and ADB. 2008. *Technical Assistance Completion Report on Preventing the Trafficking of Women and Children and Promoting Safe Migration in the Greater Mekong Subregion*. Manila.

consequences. Among them are increased communicable disease transmission and human trafficking. ADB, through regional TA projects, has helped minimize the risks of HIV/AIDS and human trafficking among vulnerable groups, such as ethnic minorities, women, and children (Box 1).

ADB continued to support knowledge activities that build capacity for regional economic integration, and develop networks among policy research institutes and think tanks focusing on RCI. In 2008, ADB helped define strategies for energy, transport, trade, research, and capacity development for the Central Asia Regional Economic Cooperation (CAREC) Program. ADB is working closely with

ASEAN+3<sup>45</sup> to promote regional monetary and financial integration. This culminated in key milestones including (i) multilateralization of the Chiang Mai Initiative and the plan to establish an independent regional surveillance unit to support it, (ii) establishment of the Credit Guarantee and Investment Mechanism as a trust fund of ADB with initial capital of \$500 million, and (iii) rapid development of local currency bond markets in recent years. ADB has worked closely with the World Trade Organization on the Aid for Trade Initiative, which has the potential to evolve into an effective mechanism to assist developing countries liberalize trade and better integrate with regional and global economies.

<sup>45</sup> ASEAN+3 countries are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam, PRC, Japan, and Republic of Korea.

# Level 3: Operational Effectiveness

ADB's operational effectiveness has direct bearing on the success and impact of its development agenda. This chapter examines ADB's performance in five areas: (i) improving the quality of ADB's operations (at entry, during implementation, and at completion); (ii) mobilizing development finance for DMCs; (iii) prioritizing ADB operations in line with Strategy 2020; (iv) mobilizing knowledge for development; and (v) fostering partnerships with other stakeholders.

## ► Has the Quality of ADB's Country Operations Improved? (Table 8)

### Results-Based Country Partnership Strategy Outcomes (Indicator not yet available)

With the CPS forming the key platform for prioritizing country operations, achieving CPS objectives is essential to ADB's development effectiveness. To manage its country operations for development results better, ADB introduced a results-based CPS approach in 2006. Since then, ADB has prepared 20 such CPSs, of which 5 were approved in 2008.<sup>46</sup> ADB targets a minimum 70% success rate of results-based CPSs by 2012.

Results-based CPS evaluations are not yet available. IED has assessed the quality of ADB's past country operations through its country assistance program evaluations (CAPEs). Among the 13 CAPEs completed since 2004, nine were rated "successful" (including three CAPEs completed in 2008 for Mongolia, Philippines, and the Greater Mekong Subregion), three "partly successful," and one received no overall rating.<sup>47</sup> In 2008, IED examined lessons learned from 10 years of conducting CAPEs (Box 2).<sup>48</sup>

### Quality-at-Entry of CPSs (ADB on track)

The 2008 ADB quality-at-entry (QAE) assessment reviewed all eight CPSs approved during 2006 and 2007, and noted substantial improvement since the last review period (2004–2006).<sup>49</sup> Most improvement was seen in (i) identification of lessons (improved coverage of CAPE findings); (ii) strategic coherence among country assessment, national strategy, and ADB's strategic focus; and (iii) linkages between country strategy and program. The assessment suggests that the following factors contributed to improvements: (i) greater understanding of the application of results-based management tools and practices, (ii) regular training for ADB staff, (iii) stronger

<sup>46</sup> The five CPSs approved in 2008 were for Cook Islands, PRC, Samoa, Sri Lanka, and Tuvalu. Information on CPSs is available at [www.adb.org/Documents/CSPs/default.asp](http://www.adb.org/Documents/CSPs/default.asp)

<sup>47</sup> The 2004 CAPE for Nepal was conducted prior to IED standardizing the CAPE process. Although the net effect of the lending program was considered to have been positive, the country strategy and program was not given an overall assessment.

<sup>48</sup> ADB. 2008. *Annual Evaluation Review: Lessons from a Decade of ADB Country Assistance Program Evaluations*. Manila.

<sup>49</sup> The assessment followed the same methodology as in 2006 and examined 8 CPSs, 47 sovereign projects, and 14 nonsovereign projects approved in 2006–2007. ADB. 2008. *Quality-at-Entry Assessment—Final Report*. Manila.

### Box 2: Lessons from a Decade of the Asian Development Bank's Country Assistance Program Evaluations

The Independent Evaluation Department's review indicated a gradual upward trend in the overall quality of the Asian Development Bank's (ADB's) country operations over the past decade. The review suggested that country partnership strategy implementation has benefited from incorporating the following lessons:

- Focus on long-term engagement underpins positive development outcomes.
- Focus and selectivity achieve sustainable results.
- Delegation of responsibility, together with commensurate resources, to resident missions is vital.
- Streamlined policies, procedures, and practices create efficient and responsive services.
- Greater country ownership, adequate risk assessment, readiness of implementing agencies matter.
- Results-oriented assistance is at early stages and requires changing institutional culture and incentives in both developing member countries and ADB.
- Better alignment of technical assistance resources to the country strategy improves quality of nonlending support.

Source: ADB. 2008. *2008 Annual Evaluation Review: Lessons from a Decade of ADB's Country Assistance Program Evaluations*. Manila.

leadership by country team leaders based in resident missions, (iv) improved functioning of country teams, (v) greater efforts to harmonize strategic planning processes among development partners, (vi) improved CPS guidelines and business processes, and (vii) gradual adoption of results-based strategic planning tools among DMC governments.

While recognizing progress made, the assessment noted further room for improvement of CPS QAE by (i) adding analytical rigor in macroeconomic, sector, and thematic diagnostics; (ii) strengthening linkages between IED evaluation lessons and CPSs; (iii) clarifying principles for linking thematic objectives to relevant sectors; and (iv) further improving performance indicators and monitoring arrangements. ADB has begun strengthening country results monitoring and reporting by improving results-monitoring tools, such as country results frameworks and results-based country portfolio reviews. It also initiated a study in 2008 to identify the emerging challenges faced in monitoring CPSs and actions for improvement. Led by a working

team established in late 2008, ADB is refining its approach to reporting its contribution to country results through country development effectiveness briefs (footnote 21).

#### ► Has the Quality of ADB's Projects Improved? (Table 8)

##### **Project Performance at and after Completion (ADB off track : ADF off track)**

Combined ratings of project performance evaluation reports (PPERs), PCRs, and PCR validation reports for 2006–2008 show a small decline for ADB operations and a larger drop for ADF operations (Figure 2). It is concerning that more than a quarter of completed projects did not fully attain their stated objectives either in ADB or ADF operations (Appendix 5).<sup>50</sup> The reasons for this decline are unclear. IED suggested in a study on ADF VIII and IX operations, that goal congestion and complex designs emanating from ADB's 2000–2004 poverty reduction drive may lead to somewhat

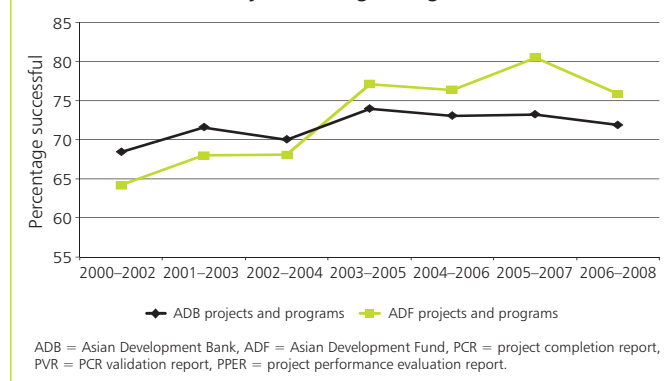
<sup>50</sup> This ratings methodology differs from IED methodology, wherein success rates are presented against approval years of the projects and programs. The IED methodology ensures that the PPERs and PCRs cover the same projects.

lower success rates.<sup>51</sup> A sample of operations approved from 2001 to 2004 and close to completion in 2007, appeared to indicate this. IED also predicted that the strategy review and issuance of ADB's Enhanced Poverty Reduction Strategy in 2004,<sup>52</sup> might decrease complex designs, thereby increasing the likelihood of success of operations approved after 2004. The Enhanced Poverty Reduction Strategy confirms poverty reduction as a goal to be pursued at the country level, but not necessarily at the level of each ADB-supported operation.

### Project Quality During Implementation (ADB on track : ADF on track)

ADB's ongoing sovereign projects maintained a 92% "highly satisfactory" or "satisfactory" rating over 2006–2008, keeping this indicator on track for both ADB and ADF operations. In 2008, the proportion of projects that ADB identified, using its project performance report (PPR) system, as being at risk of not fully achieving their objectives continued to decline: from 14% in 2004 to 7% in 2008.<sup>53</sup> As of end-2008, the proportion of private sector operations rated at risk was 9.1% of the total outstanding portfolio in terms of number of accounts. In terms of outstanding amounts, the total rated at risk was 1.1% (\$43 million). The number of private sector operations and amounts at risk have declined since 2006.<sup>54</sup> IED has long stated that the PPR system to

**Figure 2: Combined Ratings of PCR, PVR, and PPER, 2000–2008  
(3-year moving averages)**



identify projects and programs "at risk" is weak. The review of 2006–2008 PPRs shows that even among older projects (more than 5 years after approval), only 12% were rated "partly satisfactory" or "unsatisfactory." This compares to close to 30% of completed projects with "partly successful" or "unsuccessful" ratings.<sup>55</sup> ADB has launched several initiatives to resolve this issue, including establishing a working group to increase the reliability of its performance rating system. As part of its project processing and portfolio management (P3M) initiative, ADB plans to introduce PPR system improvements in 2009.<sup>56</sup>

### QAE of Sovereign Projects (ADB on track : ADF on track)

ADB's 2008 QAE assessment noted improved QAE of sovereign projects during the review period 2006–2008: 85% of the 47 ADB projects assessed were rated "satisfactory" or better,

<sup>51</sup> ADB. 2007. *Special Evaluation Study on the Asian Development Fund VIII and IX Operations*. Manila. ADB adopted its Poverty Reduction Strategy in 1999. The strategy urged ADB to promote projects directly targeted at reducing poverty.

<sup>52</sup> ADB. 2004. *Enhanced Poverty Reduction Strategy*. Manila.

<sup>53</sup> Operations Review Meeting 1st Quarter 2009.

<sup>54</sup> The performance rating system for private sector projects applies risk ratings based on international credit standards. It requires ADB to identify the risk of repayment or timely sale of equities. Projects at risk in this system include those in need of restructuring or rescheduling, and/or close supervision and regular contact with the project's management and principal sponsors.

<sup>55</sup> The 2006–2008 PPRs covered on average 461 projects annually. Out of these, 170 projects (37%) had been under implementation for more than 5 years.

<sup>56</sup> The project processing and portfolio management (P3M) Initiative will provide an information technology solution in support of ADB's business processes and management reports by replacing different applications currently used by ADB, and improving access to seamless data. ADB will launch the P3M solutions in a phased manner beginning September 2009.

**Table 8: Operational Quality and Portfolio Performance (Level 3)**

Indicator	Asian Development Bank					Asian Development Fund			
	Baseline Year <sup>a</sup>	Base-line	2007	2008	2012 Target	Base-line	2007	2008	2012 Target
Evaluation ratings of results-based CPS (% successful)	TBD	TBD	—	—	70	—	—	—	70
Quality-at-entry rating of CPS (% satisfactory)	2006	33	—	75	80	33	—	75	80
Average annual combined ratings of PPERs, PVRs and PCRs (% successful) <sup>b</sup>	2004–2006 average	72	73	71	80	76	81	74	80
Project performance rating at implementation (% satisfactory)	2004–2006 average	90	92	92	Maintain	90	92	92	90
Quality-at-entry rating of sovereign projects (% satisfactory)	2006	81	—	85	85	76	—	83	85
Perceptions on ADB effectiveness in reducing poverty (% with excellent and good perception) <sup>c</sup>	2006	45	—	—	60	Same as the Asian Development Bank			

— = data not available. ADB = Asian Development Bank, CPS = country partnership strategy, PCR = project completion report, PPER = project performance evaluation report, PVR = PCR validation report, TBD = to be determined.

<sup>a</sup> For indicators with a 3-year average as baseline, the figures represent the 2005–2007 average for 2007, and 2006–2008 average for 2008.

<sup>b</sup> Where available, PPER ratings are taken as the final rating. If no PPER is prepared, an available PVR rating is used. Otherwise, PCR ratings are used. Counting of “successful” projects rated in PCRs, PVRs, and PPERs is based on the year of their circulation. Baseline and later values may change as more PPERs and PVRs become available. IED started preparing PVRs on all PCRs prepared in 2008.

<sup>c</sup> Perceptions survey is conducted every 3 years.

Sources: Central Operations Services Office, Independent Evaluation Department, and Strategy and Policy Department, Asian Development Bank.

against 81% during 2006–2008 (footnote 49). This achieves the 2012 target. The strongest performance areas—with over 90% of projects rated “satisfactory” or better—were (i) strategic relevance and approach; (ii) poverty, social, and environmental aspects; and (iii) policy and institutional aspects. Over 80% of the projects were rated as “satisfactory” or better on (i) technical and economic aspects, (ii) implementation arrangements, (iii) risk assessment, and (iv) achievability and sustainability of development objectives. On the other hand, greater attention should be paid to

the design and monitoring framework process, and fiduciary aspects, as only 72% of the sample projects had a “satisfactory” score for the design and monitoring framework process and 77% for fiduciary aspects. Responding to these recommendations, each regional department is reinforcing a quality assurance mechanism.

#### **QAE of Nonsovereign Projects (No indicator and/or target)**

The 2008 QAE assessment included nonsovereign operations for the first time.

It sampled 14 nonsovereign projects, approved from 2006 to 2007. Half were rated “satisfactory” and half marginally satisfactory, leaving clear room for improvement. Environmental and social responsibility scored highest (3.1 out of 4.0), followed by strategic alignment and project design (2.9), and achievability of development objectives (2.8). The lowest scores went to implementation arrangements and definition of development objectives, outcomes, and impacts (2.4); financial, economic, and technical feasibility (2.6); and risk assessment and management (2.6). Infrastructure development projects tended to do much better than finance sector nonsovereign operations, which reflect earlier findings from PCRs in sovereign operations. ADB will consider integrating QAE ratings of nonsovereign projects into the project QAE indicator.

A high-level task force was created in 2008 to review ADB’s private sector development and nonsovereign operations. The task force recommended actions to ensure their alignment with Strategy 2020, to increase their development effectiveness, and to strengthen risk management.<sup>57</sup> The recommendations are being implemented to consolidate ADB’s private sector development operations and allow further expansion of nonsovereign operations.

### Perceptions on ADB’s Development Effectiveness (Not measured in 2008)

In response to a 2006 independent multinational survey on ADB’s perceived effectiveness,<sup>58</sup> ADB is improving communications with its key stakeholders. Management continues to lead ADB’s outreach program for its target audiences. In 2008, Management participated in 107 high-level and strategic speaking engagements (53 in DMCs and 54 in donor countries). Management

proactively engaged global top-tier media, taking part in 124 press interviews, conferences and briefings—a 77% increase over 2007. Press articles that mention ADB rose by 31% from 2007 to 2008, including 15 opinion editorials in top-tier print media. This rise continued a healthy upward trend from 2006 supported by more proactive and targeted media outreach activities.

ADB’s website played an increasing and dynamic role in disseminating information: unique users<sup>59</sup> on the website peaked at almost 500,000 in October 2008, a 55% rise over the same month in 2007. Moreover, ADB’s website (www.adb.org) recorded a monthly average of over 1 million user sessions in 2008. ADB upgraded several facets of its website to provide more user-friendly access to information, revamped topical sites and management pages, and added a new publications portal to improve access to ADB’s knowledge products. ADB YouTube, where videos and channels have been viewed over 35,000 times, was also launched in 2008. ADB published 10% more project-related information on its website in 2008 than the previous year, yet fell just short of its goal of 100% by the end of 2008.<sup>60</sup> ADB also launched its new issues-based magazine *Development Asia* in 2008.

### ► How Successful is ADB in Mobilizing Development Finance for Clients? (Table 9)

#### Disbursements (ADB on track : ADF on track)

In 2008, ADB disbursed notably more funds out of its total commitments for sovereign operations than in 2007: its disbursement ratio was 29% for ADB sovereign operations (Figure 3) and 25% for ADF operations.

<sup>57</sup> ADB. 2009. *Private Sector Development and Nonsovereign Operations—A Model for Improved Strategic Alignment, Interdepartmental Collaboration, Development Effectiveness, and Risk Management*. Manila.

<sup>58</sup> ADB. 2006. *ADB Perceptions Survey: Multinational Survey of Opinion Leaders 2006*. Manila. The second global perceptions survey will be undertaken in 2009.

<sup>59</sup> Unique user is defined as an individual visitor to ADB’s website.

<sup>60</sup> This goal was set in ADB’s Public Communications Policy (2005).



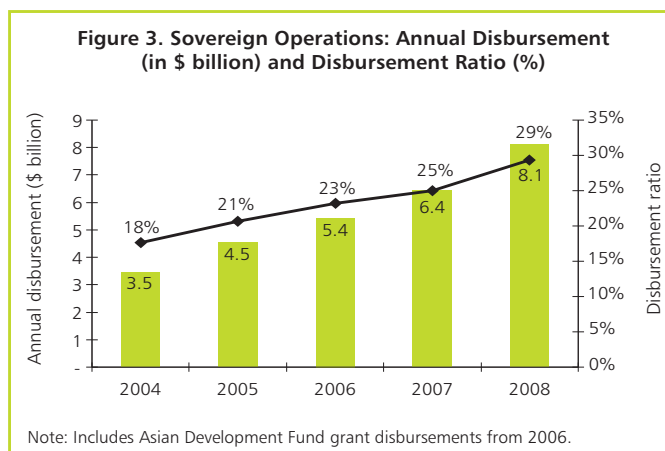
Both ADB and ADF disbursement ratios remain above target. This is attributed to the overall increase in program loan disbursement, as well as greater efficiency in project loan disbursement (Appendix 6). For sovereign and nonsovereign operations, the total amount disbursed in 2008 was \$8.8 billion, a record in this decade and a sharp increase over previous years.

The disbursement ratio of nonsovereign operations rose over the 2006 baseline. Disbursement ratios spiked in 2007 (from 43% to 61%) because lower amounts became effective in that year than in the previous years.<sup>61</sup> The overall trend in nonsovereign disbursement ratios is consistent with the 2012 target. For nonsovereign operations, the total amount disbursed in 2008 was \$726 million, including equity investments.

In addition to disbursements, ADB has steadily increased its approval volumes over the last 5 years. Its approvals more than doubled since 2004—up from \$5.0 billion in 2004 (\$4.9 billion for sovereign operations and \$93 million for nonsovereign operations) to about \$11.2 billion (\$9.4 billion for sovereign operations and \$1.8 billion for nonsovereign operations) in 2008. This responds to an increasing demand for ADB's services, complemented by its ability to offer competitive financing terms.

### Cofinancing (ADB on track : ADF off track)

In 2008, DVA cofinancing totaled \$1.6 billion, corresponding to 14% of the \$11.2 billion in approved ADB loans and grants (Appendix 7). This level of cofinancing is higher than the 8% equivalent ratio for 2007).<sup>62</sup> The 3-year rolling average of 13% for 2006–2008 improved steadily over the baseline value of 10% (2004–2006) and, with sustained



effort, is on track to achieve the 2012 target of 20%. Cofinancing remains a core element of ADB's business model. Cofinancing was further integrated more formally into the work program and budget framework (WPBF) cycle, and the annual operations review planning exercise. In parallel, and to increase predictability, ADB is vigorously pursuing partnership-based cofinancing operations by establishing framework cofinancing agreements with partners who share common objectives and operational priorities. In 2008, framework cofinancing agreements were signed with the Islamic Development Bank and the Republic of Korea, in addition to the framework cofinancing agreement with Japan. Similar negotiations are underway with other financing partners. ADB is further promoting credit enhancement, including guarantees and B-loan syndications, in support of commercial cofinancing in public and private sector operations.

For ADF operations in 2008, DVA cofinancing totaled \$149 million, corresponding to around 6% of the \$2.5 billion ADF loan and grant total. The 2006–2008 DVA cofinancing ratio stood at 11%, a drop from the baseline value of 13% (2004–2006). ADB is analyzing the reasons for this drop. ADB is intensifying efforts to increase grant cofinancing by actively inviting

<sup>61</sup> The disbursement ratio for a year is computed by dividing disbursements by the sum of the unwithdrawn balances and amounts made effective, net of cancellations. A lower amount made effective increases the disbursement ratio.

<sup>62</sup> DVA cofinancing definitions have changed, resulting in new baseline and 2007 values from those reported in 2007 *DEfR*. See Appendix 7.

**Table 9: Finance Mobilization (Level 3)**

Indicator	Baseline Year <sup>a</sup>	Asian Development Bank				Asian Development Fund			
		Base-line	2007	2008	2012 Target	Base-line	2007	2008	2012 Target
Overall disbursement ratio for sovereign operations (%)	2006	23	25	29	Maintain	18	21	25	20
Overall disbursement ratio for nonsovereign loans and equity (%)	2006	43	61	45	At least 50	N/A	N/A	N/A	N/A
Proportion of DVA cofinancing relative to ADB loans and grants approved annually (%)	2004–2006 average	10	10	13	20	13	13	11	20

DVA = direct value added, N/A = indicator not applicable.

Note: Disbursement ratio is defined as the ratio of total disbursement in a given year and/or period over the net loan amount available at the beginning of the year/period, plus loans that have become effective during the year/period, less cancellations made during the year/period.

<sup>a</sup> For indicators with a 3-year average as baseline, the figures represent the 2005–2007 average for 2007 and 2006–2008 average for 2008.

Sources: Controller's Department and Office of Cofinancing Operations, Asian Development Bank.

new donors to existing trust funds, pursuing replenishments, and establishing new funds that are thematic in support of projects in priority sectors. In 2008, ADB succeeded in mobilizing new commitments close to \$80 million through trust fund operations.

DVA cofinancing is only one of the resources available to complement funds offered by ADB to finance projects. DMC governments also contribute substantial amounts to overall financing, as well as non-DVA cofinancing resources (\$14 billion in 2008), such as commercial loans to projects supported but not initiated by ADB, or beneficiary contributions (in kind or other).

### ► Is ADB Improving Its Strategic Focus and Selectivity? (Table 10)

#### Financing for Strategy 2020 Core Operational Areas (ADB baseline established)<sup>63</sup>

ADB's new operations underpin Strategy 2020 priorities and, during 2008, 79% of new financing (\$9.0 billion) supported the five core operational areas. ADB is on track to meet the 2012 target. In addition, \$1.7 billion out of \$2.5 billion ADF loans and grants (67%) supported Strategy 2020 core areas. ADB's support for the core areas is dominated by infrastructure operations: 75% for ADB operations (59% for ADF operations) (Appendix 8). ADB support for the other two core sectors was 1.4% for finance and 1.3% for education. This is much lower than historical trends: in 2005–2007, the proportion of ADB operations for these sectors ranged from 8%

<sup>63</sup> For strategic focus in operations, ADF's results framework has adopted an indicator and target only in gender mainstreaming. However, the *DEFr* process tracks progress in the other areas—private sector development, RCI, and environmental sustainability—against the targets set for ADB.



to 27% for finance, and from 2% to 3% for education. ADB is examining its pipeline of projects and approaches in supporting these two sectors in preparing the next WPBF for 2010–2012.

### **Private Sector Development (ADB on track : ADF on track)**

ADB envisages that private sector development operations will account for 50% of total ADB operations by 2020, and its results framework has set an interim target of 30% for 2012. Data for 2006–2008 show that ADB operations exceeded the interim target and are advancing steadily toward the 2020 target. During the review period, ADF operations supporting this theme rose sharply from 13% in 2005–2007 to 19% in 2006–2008. In 2008, ADB approved 38 operations—21 sovereign and 17 nonsovereign—supporting private sector development. These aim to promote public–private partnerships in developing infrastructure and urban services; to increase support partnerships between private agro-enterprises and farmers; and to improve regulatory frameworks for private investors. New nonsovereign operations focused on energy, urban infrastructure, and finance. These covered areas such as clean energy private equity funds, renewable energy generation, and energy-efficient initiatives.

### **Regional Cooperation and Integration (ADB no change : ADF no change)**

During 2006–2008, ADB’s support for RCI remains below target, showing no advance over the level reached in 2005–2007. However, a review of project documents revealed that at least seven projects that support RCI had not been classified as such. Counting these projects, the proportion of RCI projects would increase to 10% for ADB and 15% for ADF. ADB’s RCI operations in 2008 focused on physical connectivity under the CAREC and GMS programs, regional tourism development under the GMS programs, and one power project in Bhutan that promotes regional clean power trade. An increase for 2009–2012 in ADF resources earmarked for subregional projects—up to 10% of the total resources, an increase of up to 5% from the previous replenishment

period—will help expand further ADB support for RCI in ADF countries.

RCI is one of ADB’s strategic priorities for its research and development and knowledge agendas for 2009–2011. ADB approved 44 regional TA projects in 2008 (out of the total 102 regional TA projects) that support RCI, including ASEAN+3 initiatives and development of bond and securitization markets.

### **Environmental Sustainability (ADB on track : ADF on track)**

During 2006–2008, projects supporting environmental sustainability rose in ADB operations, representing a 29% increase over the baseline period (2004–2006). A slight increase was seen in ADF operations. In 2008, ADB’s total investments in energy efficiency and renewable energy amounted to \$1.7 billion: clean energy investments from sovereign operations totaled about \$1.1 billion, and those from the private sector totaled about \$0.6 billion. The main areas of focus for clean energy projects were renewable energy (35%), large hydropower (27%), energy efficiency (26%), and regional private sector equity funds (6%). Starting in 2013, ADB will increase its target of clean energy investments to \$2 billion a year (from \$1 billion). ADB’s clean energy steering committee allocated resources to support TA components of investment projects that will contribute to CO<sub>2</sub> emission reductions and energy savings.

### **Gender Mainstreaming (ADB off track : ADF off track)**

A downward trend in gender mainstreaming continued as the overall ADB 3-year average dropped from 30% in 2005–2007 to 27% in 2006–2008 (for ADF operations, from 40% to 38%). In 2008, however, the proportion of overall ADB projects with gender mainstreaming began to rise from the 2007 levels: from 23% to 27% for ADB operations and from 30% to 39% for ADF operations. ADB will have to sustain and strengthen these gains if it is to meet the 2012 overall targets. The challenge now is to ensure that gender outcomes are effectively delivered in Strategy 2020 core operations, particularly transport

**Table 10: Proportion of Financing for Strategy 2020 Core Operational Areas (Level 3)**

Indicator	Asian Development Bank					Asian Development Fund			
	Baseline Year <sup>a</sup>	Base-line	2007	2008	2012 Target	Base-line	2007	2008	2012 Target
Proportion of financing for Strategy 2020 core operational areas (%)	2008	79	—	79	80	67	N/A	67	N/A
Proportion of projects supporting private sector development (%)	2004–2006	29	35	37	30	14	13	19	N/A
Proportion of projects supporting regional cooperation and integration (%)	2004–2006	7	7	7	15	11	11	11	N/A
Proportion of projects supporting environmental sustainability (%)	2004–2006	14	17	21	25	9	12	13	N/A
Proportion of projects with gender mainstreaming (%) <sup>b</sup>	2004–2006	35	30	27	40	46	40	38	50

— = data not available, N/A = not applicable.

Note: For proportion of financing for Strategy 2020, figures represent volume. For the other four indicators, figures represent number. The first four indicators cover both sovereign and nonsovereign projects approved while gender mainstreaming covers only sovereign projects.

<sup>a</sup> For indicators with a 3-year average as baseline, the figures represent the 2005–2007 average for 2007 and 2006–2008 average for 2008. (Asian Development Fund framework only includes the indicator on gender mainstreaming.)

<sup>b</sup> Includes projects identifying gender as a theme and other projects with effective gender mainstreaming. Projects financed by supplementary loans and grants are not included. For the gender project categories, see: [www.adb.org/Gender/gender-categories.asp](http://www.adb.org/Gender/gender-categories.asp)

Sources: Reports and recommendations of the President, Regional and Sustainable Development Department, and Strategy and Policy Department, Asian Development Bank.

and energy. Innovative approaches applied to 2008 projects include (i) establishing a gender unit as part of program management offices in multitranches financing facilities, (ii) incorporating gender-responsive components in rural transport projects, (iii) adopting women's employment targets in project construction and maintenance, (iv) including measures in transport projects to prevent HIV transmission and human trafficking, and (v) encouraging behavior changes among construction workers. ADB will review its approach and expertise to improve its delivery of gender outcomes under Strategy 2020.

In 2008, ADB began increasing internal capability to design and implement effective gender mainstreaming efforts. ADB has appointed a full-time gender specialist, two more are under recruitment, and another position will open in mid-2009. This will result in having at least one staff in each regional department dedicated to promoting gender mainstreaming in operations. ADB will continue to implement the Gender and Development (GAD) Plan of Action 2008–2010 to (i) increase ADB's staff resources and skills to promote gender mainstreaming through targeted seminars and workshops; (ii) raise GAD awareness of executing agencies facilitated

by resident mission-based gender specialists; and (iii) promote the use of innovative gender-responsive project designs supported by the GAD Cooperation Fund, other trust funds, and ADB's knowledge sharing initiatives.

► **Is ADB Becoming a Learning Organization and Sharing Knowledge Better? (Table 11)**

**Knowledge Creation and Sharing at ADB (ADB off track : ADF off track)**

In 2008, ADB and external stakeholders jointly reviewed knowledge management in ADB. While confirming progress, the review identified several areas for improvement.<sup>64</sup> ADB also assessed the challenges faced in becoming a learning organization.<sup>65</sup> Based on this assessment, ADB is developing a knowledge management action plan for 2009–2011 to more effectively guide its transformation into a knowledge-based institution. The plan aims to sharpen the knowledge focus in ADB operations, reinforce the communities of practice, strengthen external partnerships, and improve staff learning and skills development. ADB created and disseminated knowledge to help DMCs respond to the emerging challenges confronting the region. ADB produced a special section in *Asian Development Outlook*

*2008 Update, Developing Asia's Prospects in the Global Slowdown.*<sup>66</sup> Other relevant ADB publications covered (i) economic issues shaping a new regional economic architecture,<sup>67</sup> (ii) the impact of higher global commodity prices on developing Asia,<sup>68</sup> and (iii) causes of the United States financial crisis and its spread to the rest of the world.<sup>69</sup> Jointly with ADB Institute, ADB published *Infrastructure for Seamless Asia*, which examines the challenges in fostering regional cooperation through infrastructure development. ADB launched the *Knowledge Solutions* series, a collection of quick guides to tools, methods, and approaches; and the *Knowledge Showcase* series, highlighting innovative ideas from ADB TA projects and other knowledge products.<sup>70</sup> Overall in 2008, ADB produced 159 publications, including books, reports, working papers, and policy briefs.

At the country level, ADB conducted studies to underpin policy dialogue and advice. In the PRC, for example, ADB developed policy papers on areas such as inclusive growth, disaster response, climate change and energy security, worker safety, and environmentally sustainable transport. ADB advised policy makers in Pakistan on the diversification of exports, and industrialization potential based on a growth diagnostic and product space model.<sup>71</sup> ADB supported a study on development constraints

<sup>64</sup> Benchmarking progress of ADB against that of the German Technical Cooperation (GTZ), the review identified the following issues: (i) weak links between organizational and technological components of knowledge management building blocks, (ii) inadequate incentive structures to expand systematic learning, (iii) limited staff understanding and use of ADB's knowledge management resources and activities, and (iv) ADB's inability to respond fast to clients' knowledge requests.

<sup>65</sup> See ADB. 2009. *Learning for Change in ADB*. Manila. Available: [www.adb.org/documents/books/learning-for-change/default.asp](http://www.adb.org/documents/books/learning-for-change/default.asp)

<sup>66</sup> [www.adb.org/Documents/Reports/developing-Asia-growth-forecast/AEM-Report.pdf](http://www.adb.org/Documents/Reports/developing-Asia-growth-forecast/AEM-Report.pdf)

<sup>67</sup> ADB. 2008. *Emerging Asian Regionalism: A Partnership for Shared Prosperity*. Manila. [www.aric.adb.org/emergingasianregionalism/](http://www.aric.adb.org/emergingasianregionalism/)

<sup>68</sup> ADB. 2008. *Food Prices and Inflation in Developing Asia: Is Poverty Reduction Coming to an End?* Manila. [www.adb.org/documents/reports/food-prices-inflation/](http://www.adb.org/documents/reports/food-prices-inflation/)

<sup>69</sup> ADB. 2008. *US Financial Crisis, Global Financial Turmoil, and Developing Asia: Is the Era of High Growth at an End?* Manila. [www.adb.org/Documents/Working-Papers/2008/Economics-WP139.pdf](http://www.adb.org/Documents/Working-Papers/2008/Economics-WP139.pdf)

<sup>70</sup> ADB. 2008. *Knowledge Solutions*. Manila. Available: [www.adb.org/knowledgesolutions/ADB](http://www.adb.org/knowledgesolutions/ADB). ADB. 2008-. *Knowledge Showcase*. Manila. Available: [www.adb.org/knowledgeshowcase/](http://www.adb.org/knowledgeshowcase/)

<sup>71</sup> The Product Space is a network presentation of products showing the degree of similarity in the required capabilities for producing them. It presents products that are close to each other (in terms of similarity) and the groups they form, and shows which products have small or high impact on the structural transformation of the economy. The original paper is available: [www.nd.edu/~networks/productspace/papers.htm](http://www.nd.edu/~networks/productspace/papers.htm)

in the Philippines. ADB also sponsored seminars and workshops to promote knowledge sharing among DMC officials and global experts. ADB held a series of seminars for ministry of finance and central bank officials on regional economic and financial monitoring. It supported a policy workshop on interregional trade and investment in South Asia. ADB also organized country workshops on statistical capacity building and MDG indicator data for Cambodia, Lao PDR, Mongolia, Nepal, Sri Lanka, and Viet Nam. Other topics covered by ADB-supported seminars include finance sector regulations and supervision; public resource management reforms; free trade agreements; results-based management at country, sector, and project levels; subnational government debt management; public–private partnerships; cross-border agreements; customs inspection techniques; and mainstreaming nongovernment organizations (NGOs) in government poverty programs.

ADB collaborated with global experts and other development partners in disseminating knowledge on important development issues. For example, on clean energy, ADB and the United States Agency for International Development jointly organized the Asian Clean Energy Forum. Started in 2005, the forum has now become the largest conference on clean energy in Asia. On HIV/AIDS, ADB, together with the United Nations Programme on HIV/AIDS, and the United Nations Children’s Fund, assembled Asian data and analyses of HIV/AIDS for dissemination through a common website.<sup>72</sup> The joint ADB/OECD anticorruption initiative for Asia and the Pacific sponsored the sixth regional conference on fighting corruption, and issued five major publications in 2008, including a thematic review of *Mutual Legal Assistance, Extradition and Recovery of the Proceeds of Corruption*.<sup>73</sup>

Despite these achievements, data from an independent survey in 2008 indicate that many staff remain unconvinced of ADB’s commitment in knowledge creation and sharing. ADB’s fourth Most Admired Knowledge Enterprise (MAKE) survey,<sup>74</sup> conducted in 2008, recorded a 7% overall decline in staff perceptions of knowledge management implementation. Comparative data of the four surveys conducted over the period 2005–2008 show the number of voluntary participants increased from 66 to 203. Yet response is patchy: during 2006–2008 at least half of all participating departments returned only one or two responses and some did not respond at all. The survey indicates that professional staff perceptions of ADB’s knowledge management implementation efforts are now lower than they were in 2005, when the first survey was done. Moreover, professional staff is growing more skeptical that knowledge management initiatives will succeed: 60% of participating professional staff gave ADB’s knowledge management implementation process a score of less than 40 points out of a possible 80, and 16% gave it less than 20 out of 80. Knowledge management is an ADB-wide responsibility and all departments have important roles and accountability. To provide conclusive evidence of progress or lack thereof, ADB will develop mechanisms—additional to the MAKE survey—with which to assess progress at distinct organizational levels and on different components of knowledge management.<sup>75</sup>

### **Quality of Advisory and Regional Technical Assistance (ADB on track : ADF off track)**

Ratings of TCRs for 2006–2008 for ADB operations as a whole were similar to those of 2005–2007 and the baseline figure (78% of

<sup>72</sup> [www.aidsdatahub.org](http://www.aidsdatahub.org)

<sup>73</sup> ADB/OECD. 2008. *Mutual Legal Assistance, Extradition and Recovery of the Proceeds of Corruption*. Manila.

<sup>74</sup> Available: [www.adb.org/knowledge-management/assessment.asp](http://www.adb.org/knowledge-management/assessment.asp)

<sup>75</sup> These may involve customized surveys as used by IED in its comprehensive knowledge audit. ADB. 2008. *Auditing the Lessons Architecture*. Manila. *Learning for Change in ADB* also offers a structured, longer questionnaire with which to gauge perceptions of competences to learn for change that can be applied at high, middle, and low levels (footnote 65).

**Table 11: Knowledge Management (Level 3)**

Indicator	Baseline Year <sup>a</sup>	Asian Development Bank				Asian Development Fund			
		Base-line	2007	2008	2012 Target	Base-line	2007	2008	2012 Target
Annual MAKE survey assessment rating (%)	2006	54	58	56	60	Same as the Asian Development Bank			
Ratings of TCRs (% successful)	2004–2006 average	78	78	77	80	72	69	67	80

MAKE = Most Admired Knowledge Enterprises, TCR = technical assistance completion report.

<sup>a</sup> For indicators with a 3-year average as baseline, the figures represent the 2005–2007 average for 2007 and 2006–2008 average for 2008.

Sources: Central Operations Services Offices, Regional and Sustainable Development Department, and Strategy and Policy Department, Asian Development Bank.

TAs rated “successful”),<sup>76</sup> while ADF operations slipped slightly further from the 2012 target of 80% (67%) (Appendix 9). One reason behind the decline in ADF operations may be ADB’s increasing TA engagement with fragile situations over recent years, where development progress is more challenging.<sup>77</sup> This is seen in weaker-than-average TCR completion rates in 2008.<sup>78</sup> In its 2008 TA review,<sup>79</sup> ADB identified specific TA “enhancers” in fragile situations.<sup>80</sup> Lessons drawn from current fragile situation TCRs will inform the forthcoming Pacific regional cooperation strategy.

ADB is implementing TA reforms designed to improve quality. In 2008, ADB established an annual strategic forum to guide and set priorities for its research and development

and knowledge agendas, as well as ADB’s research and development TA program. The forum prioritized five key research areas for 2009–2011: (i) inclusive growth, (ii) response to climate change for sustainable development, (iii) knowledge for regional integration, (iv) response to increasing commodity prices, and (v) demographic changes and implications for urban development. For the next 2 years, two-thirds of research and development TAs will target these key areas. ADB created the technical expert panel in late 2008 to advise in TA project design and implementation. To improve the quality of TCRs, executing agencies and TA consultants will assess TA performance upon completion and these assessments will inform the overall TA completion rating.

<sup>76</sup> Note that the baseline TCR ratings for ADB of 82% in the 2007 *DEfR* have been adjusted to 78% to capture end-2007 figures, and that the target has been set at 80%. For ADF countries, the 2007 figure was adjusted to 69%. Appendix 9 contains the yearly success rates.

<sup>77</sup> TA operations in fragile countries typically require longer lead times and can be eroded through weak state capacity, instability, and fluid political environments.

<sup>78</sup> For example, out of the 25 TCRs for 2008 in the Pacific Department, 12 are rated “successful” but 11 are rated “partly successful.” Of these “partly successful” TA projects, 7 were in fragile situations and 2 were regional TA projects covering fragile situations. Both of the activities rated “unsuccessful” for 2008 were in fragile situations.

<sup>79</sup> ADB. 2008. *Increasing the Impact of the Asian Development Bank’s Technical Assistance Program*. Manila.

<sup>80</sup> Enhancers include (i) longer-term TA projects with predictable levels of financing, (ii) greater use of cluster TA projects and a focus on long-term capacity development, (iii) greater use of harmonized approaches, (iv) more use of international expertise and nontraditional executing agencies, and (v) flexible use of the requirement governing counterpart funds.

► **Is ADB Forming Better Partnerships?**  
(Table 12)

**Participation of Nongovernment Organizations and Civil Society Organizations (ADB off track : ADF on track)**

ADB involved NGOs and civil society organizations (CSOs) in preparing 77% of ADB's loan projects and 84% of ADF loan projects approved in 2008. In addition to consultations during project design, some NGOs and CSOs are also involved in land acquisition and resettlement, training for project beneficiaries, and project implementation and performance monitoring. NGOs and CSOs have been actively participating in policy development and updates (such as safeguard policy updates, and energy policy formulation) and in CPS preparation. ADB has partnered with organizations such as Public Services International, the World Wildlife Fund for Nature, the Nature Conservancy, and the International Union for Conservation of

Nature to promote core labor standards, and environmental and biodiversity protection.

**Program-Based Approaches (ADB on track : ADF on track)**

One key component of ADB's commitment to the 2005 Paris Declaration on Aid Effectiveness is the advancement of program-based approaches in its DMCs. This operational approach promotes active participation of the DMC's leadership and development partners, ultimately strengthening capacity and experience in the DMC. In 2008, ADB approved financing for 13 new program-based approaches (over the 2006 baseline value of 5), including 8 (over the 2006 baseline value of 4) for ADF operations (Appendix 10). This represents a significant increase: it already meets the ADF target and exceeds the ADB target. Yet it also indicates a notable drop from 2007 values.<sup>81</sup> While annual fluctuations in these numbers are inevitable, further progress in this area is important given ADB's commitment to effective harmonization.

**Table 12: Partnerships (Level 3)**

Indicator	Asian Development Bank					Asian Development Fund			
	Baseline Year	Base-line	2007	2008	2012 Target	Base-line	2007	2008	2012 Target
Proportion of sovereign operations with NGO and/or CSO participation (%)	2006	79	81	77	80	80	89	84	80
New program-based approaches approved (number)	2006	5	19	13	10	4	14	8	8
Proportion of CPS and CPR missions conducted jointly with at least one other development partner (% annually) <sup>a</sup>	2006	33	37	39	60	40	37	44	60

CPS = country partnership strategy, CPR = country portfolio review, CSO = civil society organization, NGO = nongovernment organization.

<sup>a</sup> Count is for missions from headquarters. If joint activities at the field level are counted, the proportion of joint CPS and CPR missions would be 63% for the Asian Development Bank and 67% for the Asian Development Fund.

Sources: Regional and Sustainable Development Department, and Strategy and Policy Department, Asian Development Bank.

<sup>81</sup> One of the reasons behind the spike in figures for 2007 is that pipeline program-based approaches were included in the Work Program and Budget Framework 2007—2009, and not subsequently.



### **Joint Country Partnership Strategies and Country Portfolio Review Missions (ADB on track : ADF on track)**

ADB expanded its collaboration with development partners on country strategy and portfolio reviews. Relative to 2007, the proportion of joint missions rose 5% in ADB countries in 2008 and 19% in ADF countries. Yet, these figures are still far from the 2012 target of 60%. One constraining factor is that this Paris Declaration indicator refers only to those missions that originate from ADB headquarters or from outside the country. Yet much of ADB's country strategy and portfolio review is conducted in country with other donors, and these field-level joint activities are not registered by this indicator.<sup>82</sup> The figures rise by almost a quarter when the number of activities managed by resident missions is added. ADB will review the indicator relevance considering the growing resident mission role in promoting joint strategy and portfolio work.

### **Progress on the Paris Declaration Agreements (ADB on track)**

ADB has made good progress on the majority of Paris Declaration on Aid Effectiveness ("the

Paris Declaration") targets. Three indicators fall short, however, and risk not achieving their targets: (i) use of parallel implementation structures, (ii) joint analytical work, and (iii) joint missions. ADB is assessing the problems—institutional and country-specific—and developing a monitoring framework to improve its performance. Using the OECD methodology, ADB conducted in 2007 an international monitoring survey of 13 ADF countries to assess ADB efforts to implement the Paris Declaration. In 2008, ADB expanded the survey to cover 17 countries (14 ADF and 3 OCR) to highlight areas where targets are likely to be achieved and identify those requiring additional effort.<sup>83</sup> In 2008—working in partnership with the Government of Japan, OECD's Development Assistance Committee (OECD-DAC), United Nations Development Programme, and World Bank—ADB initiated the Capacity Development Facility for Development Effectiveness. The principal objective of the facility is to support DMCs in their efforts to improve development effectiveness while implementing the Paris Declaration and the Accra Agenda for Action.<sup>84</sup>

<sup>82</sup> In-country missions are not counted because of their frequency and unpredictability.

<sup>83</sup> ADB. 2009. *Asian Development Bank's Progress on the Paris Declaration: Results of the 2008 Survey*. Manila.

<sup>84</sup> [www.aideffectiveness.org/cdde/](http://www.aideffectiveness.org/cdde/)

# Level 4: Organizational Effectiveness

ADB's organizational effectiveness underpins its operational effectiveness. ADB's results framework focuses on two areas that reflect ADB priorities: management of human and budgetary resources, and business processes and practices.

► **Is ADB Aligning Its Human and Budgetary Resources to Increase Operational Effectiveness? (Tables 13 and 14)**

**Staff Resources at Operations Departments and Resident Missions (ADB on track)**

ADB is increasing staffing levels in operations departments and resident missions (Appendix 11). In absolute terms over 2004–2008, 97 positions have been added to operations departments out of an ADB total of 152 new positions.<sup>85</sup> Overall, ADB created 37 positions in 2008, of which 21 were provided to operations. In 2008, total positions allocated to operations departments stood at 732. Of the 21 new positions in operations, almost all (18 positions) were assigned to resident missions. In resident missions, a total of 63 positions were added from the baseline to the review period (14 professional staff and 49 national officers).

**Gender Balance at ADB (ADB off track)**

To heighten institutional attention to improving the gender balance, ADB established an ambitious target of 35% representation of women professional staff<sup>86</sup> by 2010 in its third Gender Action Program (GAP III, 2008–2010).<sup>87</sup> ADB began implementing the gender action program in 2008 and initiated specific measures to attract and retain women professionals, such as the spouse employment pilot program and work-life balance initiatives. ADB has increased the representation of women in its senior levels from 14% at the end of 2007 to 18% at the end of 2008. However, the overall representation of women professionals declined from the 2007 baseline of 29% to 28% at the end of 2008. This decrease is primarily because of the continued decline in both the numbers of applications from women professionals and the percentage of new hires that were women (39% in 2003, 26% in 2007, and 19% in 2008). It now appears unlikely that ADB will reach the 2010 target of 35% overall. To promote focused efforts on gender balance, ADB began monitoring gender representation against set targets at department level. ADB is also expanding recruitment strategies to target a broader pool of women professionals through specific website and print media, recruitment missions, and international job fairs.

<sup>85</sup> Figures in this paragraph define operations staff as the total number of professional staff and national officers in regional departments and the Private Sector Operations Department.

<sup>86</sup> The gender ratio is the number of women professional staff over the number of all professional staff in ADB; the end of 2007 serves as the baseline.

<sup>87</sup> ADB. 2007. *Third Gender Action Program (2008–2010)*. Manila. GAP III aims to increase representation and leadership by women professional staff, improve the work environment to foster gender equality, and ensure clear management accountability for gender equality and results. The ADB-wide targets for representation of women professionals by the end of 2010 are 35% overall, 40% at entry levels, 35% at pipeline levels, and 25% at senior levels.



**Table 13: Human Resources (Level 4)**

Indicator	Baseline Year	Asian Development Bank			
		Base-line	2007	2008	2012 Target
Budgeted professional staff and national officers in operations departments (%) <sup>a</sup>	2004–2006 average	52	53 <sup>b</sup>	53 <sup>b</sup>	56 <sup>b</sup>
Budgeted professional staff and national officers in resident missions (%) <sup>c</sup>	2004–2006 average	42	44 <sup>b</sup>	46 <sup>b</sup>	48 <sup>d</sup>
Representation of women professional staff in total (%) <sup>d</sup>	2007	29	—	28	35
Staff engagement survey results (index)	2008	60	—	60	67

— = data not available.

<sup>a</sup> “Operations departments” means regional departments and the private sector operations department.

<sup>b</sup> These figures represent annual percentages only, rather than the three-year rolling average.

<sup>c</sup> Represents the proportion of professional staff and national officer positions in resident missions out of those assigned to regional departments (Appendix 11). Includes staff outposted at resident missions from regional departments.

<sup>d</sup> This indicator follows the baseline used for the third gender action program (2008–2010), where the target relates to 2010. Specification of a target after 2010 will be reviewed before the end of the program.

Source: Budget, Personnel and Management Systems Department, Asian Development Bank.

### Staff Engagement Levels (Not measured in 2008)

To promote positive organizational change, ADB conducted a staff engagement survey in the first quarter of 2008.<sup>88</sup> As an immediate response to the survey results, ADB introduced improvements in (i) salaries and benefits, (ii) performance management, (iii) learning and development, (iv) work-life balance, and (v) career progression. To monitor progress, the staff engagement survey will be conducted every 2 years, with the next survey in 2010. Moreover, based on the survey’s findings, ADB conducted a comprehensive review of its human resources strategy 2005–2007,<sup>89</sup> assisted by external experts Mercer. The review identified several areas that required attention to support and implement Strategy 2020 effectively.

Following the review, ADB developed a human resources action plan in March 2009<sup>90</sup> that updates its human resources management to attract, motivate, and retain the skills, behaviors, and values required to implement Strategy 2020. ADB will develop a human resources management system that highlights the responsibility of all line managers in successful implementation. ADB is developing a results-based monitoring framework to measure progress.

ADB implemented several initiatives to improve its human resources management in 2008. For example, the electronically accessible Performance and Development Plan (PDP) was rendered more transparent and interactive by allowing ratee, supervisor, and rater to view the PDP form at each PDP milestone. To foster leadership talent, ADB held 50% more

<sup>88</sup> Discussed in 2007 DEfR, pp 29–31.

<sup>89</sup> ADB. 2008. *Comprehensive Review of the Human Resources Strategy (2005–2007)*. Manila.

<sup>90</sup> ADB. 2009. *Human Resources Action Plan: A Roadmap Towards a More Effective Management of Human Resources*. Manila.

**Table 14: Budget Adequacy (Level 4)**

Indicator	Baseline Year <sup>a</sup>	Asian Development Bank			
		Base-line	2007	2008	2012 Target
Internal administrative expenses per \$1million of public and private sector project approval (\$'000)	2004–2006 average	43	36	32	Maintain
Internal administrative expenses per project approved (\$ million in 2000 constant prices)	2004–2006 average	2.8	2.5	2.4	Maintain
Internal administrative expenses per \$1 million disbursement (\$'000)	2004–2006 average	62	53	46	Maintain
Internal administrative expenses per project under implementation (\$'000 in 2000 constant prices)	2004–2006 average	427	411	399	Maintain or increase

<sup>a</sup> For indicators with a 3-year average as baseline, the figures represent the 2005–2007 average for 2007 and 2006–2008 average for 2008.

Source: Budget, Personnel and Management Systems Department, Asian Development Bank.

sessions at the Assessment and Development Center in 2008 than in 2007,<sup>91</sup> and introduced the Assessment and Development Center for directors and country directors in 2008. In addition, recognizing the necessary alignment of staff skills with Strategy 2020 priorities, ADB introduced more flexible recruitment provisions to hire staff for hard-to-fill positions.

### Budget Adequacy (ADB off track)

Data for 2008 highlight continued improvements in ADB's efficiency in the use of budgetary resources, indicating a prevailing downward spending trend compared with baseline figures for 2004–2008. During the review period of 2006–2008, the four key internal administrative expenses (IAE) ratios declined despite the fact that targets are for the first three ratios to remain the same, and the last ratio to remain the same or increase. This is mainly because the number and volume of projects being added and administered grew faster than the administrative budget.

Whereas average IAE grew by only 6% per annum, comparable project approval volumes grew by 23% and disbursement volumes by 24%. In real terms, IAE grew by 1% per annum, while the number of new projects approved grew by 10% per annum and the number of projects under administration by 4%. A pronounced downward trend raises potential concern for project quality, yet Level 3 indicators of ADB's results framework, which monitor its operational effectiveness, show no apparent decline in quality. Given the expected increase in ADB operations following the ninth replenishment of ADF and the fifth general capital increase, a corresponding growth in budgetary resources will be vital to sustain operational quality. ADB will monitor trends closely to maintain operational quality without overstressing staff resources and examine this issue during the WPBF process for 2010–2012 and annual budget exercise.

<sup>91</sup> The Assessment and Development Center, established in 2007 and managed by an external consulting firm, allows ADB to objectively identify high potential leadership talent and manage their development and succession through a comprehensive range of assessments methods and tools.

Table 15: Business Processes and Practices (Level 4)

Indicator	Baseline Year	Asian Development Bank				Asian Development Fund			
		Base-line	2007	2008	2012 Target	Base-line	2007	2008	2012 Target
Average time from approval to first disbursement in sovereign operations (months)	2006	12	12	12	10	13	13	12	12
Average sovereign operations processing time (months from fact-finding to approval)	2006	21	18	16	18	22	18	13	20
Proportion of loans and grants administered by field offices (%) <sup>a</sup>	2006	39	39	38	43	36	37	39	43

<sup>a</sup> Loans and grants refer to ordinary capital resources loans, and Asian Development Fund loans and grants.

Sources: Central Operations Services Office, and Strategy and Policy Department, Asian Development Bank.

► **Are ADB's Business Processes and Practices More Efficient? (Table 15)**

**Implementation Start-Up (ADB no change : ADF on track)**

Delays in starting projects—measured through the average time required for loans to move from approval to first disbursement—remained the same for ADB operations overall in 2008. For ADF operations, the start-up time has decreased slightly. ADB is applying project readiness filters more consistently to shorten the start-up delays.<sup>92</sup>

As a practical guide for executing agencies, consultants, and ADB staff during project implementation start-up, ADB launched the *e-Handbook on Project Implementation* on its website in 2008.<sup>93</sup> The *e-Handbook* contains templates on project management and procurement and recruitment schedules, links to ADB policies, procedures, and project-related documents. The *e-Handbook* attracts a monthly average of over 44,000 hits, and almost 3,000 unique visitors. This is among the most visited pages on ADB's website.

**Project Processing Time (ADB on track : ADF on track)**

Data for 2008 indicate that ADB continues to process projects faster than previously. The average processing time for ADB operations (sovereign operations) continued to fall steadily in 2008 and has already reached the 2012 target. Processing time for ADF operations was shortened by 5 months in 2008 compared with 2007, exceeding the 2012 target. An exceptionally high number of emergency assistance projects (four) and supplementary projects (six), which were processed quickly, contributed to this. However, the average processing time for operations excluding these projects for ADB countries, remains at 18 months. The average for ADF operations remains well below the target at 15 months.

In 2008, ADB further simplified consultant recruitment processes for TA, grant, and loan projects by delegating more authority to the user department in the process. ADB improved its Consultant Management System (Phase II). The system aims to automate the consulting services recruitment process fully, with the goal

<sup>92</sup> ADB regional departments now have focal points to verify adequate and correct use of project readiness filters.

<sup>93</sup> [www.adb.org/Documents/Handbooks/Project-Implementation/](http://www.adb.org/Documents/Handbooks/Project-Implementation/)

of increasing efficiency (shortening recruitment time by 5 weeks), quality, and transparency, while reducing staff resource costs. ADB's comprehensive review of TA business processes, approved in 2008, introduced measures<sup>94</sup> expected to save 87 days out of the average 166 days ADB used to spend for processing project preparatory TA projects (footnote 79). Promising results were noted as early as the second half of 2008: the processing time for project preparatory TA projects using the new procedures was reduced by 1.5 months, and the no-objection approach for TA letter signing saved an additional month. ADB's client countries are demanding faster and better services. In 2009, ADB will assess business processes, identifying where quality and efficiency can be further improved and transaction costs reduced. The review will focus on CPS and sovereign project preparation and implementation, and development of new modalities and instruments.

### **Resident Missions (ADB on track : ADF on track)**

ADB continued to delegate authority and responsibility to resident missions to increase client responsiveness. The level of delegation of project administration to field offices fell slightly in 2008 for ADB operations, while it rose steadily in ADF operations. The decline for overall ADB operations may have occurred in 2008 because of the increase in multitranche financing facility projects. These projects require substantial up-front work to be done at headquarters before they can be delegated to resident missions. ADB's Board of Directors approved three new resident missions in 2008—in Armenia, Georgia, and Turkmenistan.<sup>95</sup>

In 2008, ADB reviewed resident missions' operations to assess implementation progress

of the 2000 resident mission policy,<sup>96</sup> and determine options for strengthening their operations. Based on the review, ADB decided on priority actions to expand resident mission functions gradually. These actions aim to (i) raise responsibility for country programming and country economic analysis at field level, (ii) increase joint resident mission and headquarters project review missions, (iii) delegate more project administration responsibilities, (iv) expand knowledge production and sharing at field level, (v) delegate disbursement functions to selected resident missions, (vi) increase field-level procurement staff, and (vii) assess the need to recruit safeguards officers in resident missions. To implement these actions, ADB is determining, based on eight pilot resident missions, (i) desirable scope of resident mission functions, (ii) adequate implementation models for delegating needed functions, and (iii) resources needed to implement the models.

As another approach to increase client responsiveness and expand synergy between headquarters and resident missions, ADB implemented an innovative joint-venture approach in several Central and West Asian DMCs. This aims to remove constraining factors in the current ADB approach to delegation by (i) introducing a single resident mission sector focal point for clients covering all sector-level functions; (ii) establishing a coordinating project and portfolio management function at resident missions; (iii) clarifying responsibility and accountability lines for country-level and sector-level functions; and (iv) creating a better field level platform for services such as safeguards, gender mainstreaming, legal, and contracting services. This model was first implemented in Afghanistan and Pakistan in 2008, and will expand to all the Central Asian DMCs in 2009. To-date, results include better use of staff resources, greater team spirit,

<sup>94</sup> Improvements include (i) using the concept paper for TA approval instead of a full TA report, (ii) discrete retroactive financing of consultants for project preparatory TA design, (iii) replacing the interdepartmental review and staff review committee with direct inputs from expert panels for complex TA projects, and (iv) introducing a no-objection approach to TA letter signing.

<sup>95</sup> ADB. 2008. *Proposal for the Establishment of a Regional Hub and Office Network for the South Caucasus and Central Asia*. Manila.

<sup>96</sup> ADB. 2008. *Review of Resident Mission's Operations*. Manila.

clearer accountability, and increased efficiency and responsiveness in operations.

► **Is ADB Managing Itself With More Focus on Development Results? (ADB on track)**

In 2008, ADB consolidated its results management system and reinforced the organizational change needed to fully implement its managing for development results (MfDR) agenda. After adopting its corporate results framework and preparing the first *DEfR*, Management and senior staff regularly evaluated progress and introduced further actions to improve performance. Clear accountability was established for delivering specific actions committed under the *2007 DEfR*. Results-based decisions became more prominent.

ADB's thrust for greater results focus on operations continued in 2008. To improve results monitoring at country and sector levels, ADB began reviewing its experience in monitoring results-based CPSs. Led by a director general, a working team began refining ADB's approach to producing country development effectiveness briefs (footnote 21). ADB continued to improve staff skills on MfDR: about 800 staff members have been trained in design and monitoring framework preparation. A comprehensive MfDR curriculum, targeting different staff categories, was also developed and implemented.

ADB assists country capacity development for MfDR. It supports the Asian Community of Practice (CoP) on MfDR, which promotes peer-to-peer learning to raise DMCs' results management capacity. The CoP membership expanded to more than 100 individuals from 18 DMCs. Through TA grants, ADB helped 23 DMCs improve the country capabilities on MfDR of national (including statistical capacity) and sector agencies.

ADB remains an active member of the global partnership on MfDR, including the multilateral


development bank Working Group on MfDR, and the OECD-DAC Joint Venture on MfDR. ADB also contributes to the multilateral development banks' Common Performance Assessment (COMPAS), the annual Global Monitoring Report, and other publications on MfDR good practices.

Building on the assessments of achievements and challenges in MfDR, ADB is developing a new MfDR action plan for 2009–2011. While retaining the three principal conduits of MfDR at DMCs, MfDR at ADB, and partnerships, the plan will focus on the following:

- Cascading the corporate results framework throughout the organization. ADB will align its performance management at department, division, and staff levels with the corporate results framework.
- Improving the design and use of MfDR tools at country and project levels. ADB will continue refining MfDR tools, ensure their quality, and promote wider use of these tools for decision making.
- Supporting country MfDR systems. ADB's capacity development support in this area will be better coordinated and more selective.
- Communicating MfDR. ADB will communicate more clearly and widely this agenda—purpose, benefits, and actions—to gain the staff's awareness and commitment.

Independent evaluation of ADB operations is vital to ensure effective implementation of MfDR. In 2008, ADB consolidated the independent status of its evaluation department. ADB adopted the following recommendations of a working group to review evaluation operations:<sup>97</sup> (i) continue ADB's clearly developed model of independent evaluation; (ii) distinctly separate the evaluation department's systems and working budget

<sup>97</sup> ADB. 2008. *Review of the Independence and Effectiveness of the Operations Evaluation Department*. Manila.



from overall ADB administrative systems and budgets; (iii) rename the department the independent evaluation department, to reflect a more autonomous status; and (iv) establish rigorous monitoring systems to assess how IED's recommendations are translated into

actions. In response to the latter point (establish rigorous monitoring systems), ADB developed a management action record system, an automated computerized tracking system. The system is being pilot tested and will be launched ADB-wide on 1 July 2009.

Level 4: Organizational Effectiveness

# Actions

ADB is already responding to many of the performance issues noted last year through the actions adopted under the *2007 DEF*. Based on this year's review, Management has updated these actions to sustain its progress and resolve performance problems identified in this review (Table 16). In particular, ADB will

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

Management is committed to maintaining the momentum created by this review process by guiding actions and allocating adequate resources. The review's findings will inform the next work program and budget framework for 2010–2012.

**Table 16: Updated Actions**  
(Shaded actions respond to issues highlighted in the 2008 Development Effectiveness Review)

Key Challenges and Actions	2007 or 2008 DEfR Action	Responsibility	Time Frame	Status of 2007 DEfR Actions as of May 2009
<b>Level 2: Key Outputs</b>				
<b>Systematic output aggregation.</b> Design a methodology and process to enable a more systematic aggregation of priority sector outputs at the institutional level.	2007 DEfR	A working team led by a director general and consisting of senior staff from operations departments, COSO, and SPD, in coordination with the P3M working group. SPD to coordinate.	Q1 2009	A working team, headed by the DG of SARD, formed in December 2008.  Indicator definitions and data collection guidelines prepared and applied to output aggregation for 2008 DEfR.  Guidelines for incorporating standard sector output indicators in projects and country results frameworks in 3Q 2009.
<b>Indicator relevance and data consistency.</b> Examine possible improvement to output indicators, particularly finance, transport (road beneficiaries), and energy (green gas emission reduction).	2008 DEfR Appendix 3	Sector and thematic communities of practice. SPD (Results Management Unit) to coordinate.	Q4 2009	
<b>Country development effectiveness briefs.</b> Develop a methodology to demonstrate ADB's contribution to country outcomes envisaged in country results frameworks.	2007 DEfR	A working team led by a director general consisting of senior staff from operations departments, SPD, and COSO. SPD (Results Management Unit) to coordinate.	Q1 2009	A working team, headed by the DG of PARD, formed in December 2008. Based on the initial outline and procedures developed by the team, two country prototypes (Bhutan and Pakistan) to be prepared by Q3 2009.
<b>Level 3: Operational Effectiveness</b>				
<b>Project performance management.</b> Improve implementation of the PPR and TPR systems by identifying issues and developing actions to ensure the quality of PPR and TPR information, and the reliability of project and TA ratings.	2007 DEfR	A working team led by a director general consisting of senior staff from RDs, SPD, and COSO, in coordination with the P3M working group. SPD to coordinate.  P3M working group to refine the PPR system	Q1 2009	Working team, headed by the DG of EARD, formed; work ongoing.
	2008 DEfR		Q2 2009	Decision on PPR system improvements expected Q3 2009.

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Key Challenges and Actions	2007 or 2008 DEfR Action	Responsibility	Time Frame	Status of 2007 DEfR Actions as of May 2009
<b>Cofinancing.</b> Adopt cofinancing as a key results area for operations departments and staff. Pursue medium-term strategic cofinancing frameworks with key partners.	2007 DEfR	Operations departments and OCO	Ongoing	Framework cofinancing agreements signed with the Islamic Development Bank and the Republic of Korea, and Japan. Similar negotiations with other financing partners underway.
Assess reasons for the drop in cofinancing for ADF operations.	2008 DEfR	OCO in consultation with operations departments	2009	
<b>Strategic focus—finance, education.</b> Examine ADB's pipeline of projects and approaches supporting finance and education.	2008 DEfR	Operations departments. SPD to coordinate in consultation with the Communities of Practice	Q3 2009	This issue is being examined as part of the work program and budget framework (2010–2012) process.
<b>Gender mainstreaming.</b> Strengthen RD staff resources and skills to manage activities to deliver desired gender outcomes.	2007 DEfR	RDs with support from RSDD	Ongoing	ADB recruited one full-time gender specialist in one RD in Q1 2009. Two other positions under recruitment. Staff training on GAD ongoing.
Examine ADB's approach and expertise to improve its delivery of gender outcomes under Strategy 2020.	2008 DEfR	Operations departments, RSDD, and SPD. SPD to coordinate.	Q3 2009	
<b>Knowledge management.</b> Adopt and implement a knowledge management action plan (2009–2011) to pursue the knowledge agenda envisaged in Strategy 2020.	2007 DEfR	All departments and offices. Knowledge management center of RSDD to coordinate.	Beginning 2009	Approval of the knowledge management action plan expected in Q3 2009.
	2008 DEfR			
Review the indicators and suggest alternatives.	2008 DEfR	All departments and offices. Knowledge management center of RSDD to coordinate.	2009	
<b>Operations evaluations.</b> Implement recommendations by ADB's Board of Directors and Management working group to improve OED's effectiveness and independence.	2007 DEfR	All departments and offices	Beginning 2009	Ongoing. New Operations Manual section K1 on independent evaluation (effective January 2009) reflects the R-paper recommendations.
				The Management Action Record System soft launch ongoing. Full launch in Q3 2009.

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Key Challenges and Actions	2007 or 2008 DEfR Action	Responsibility	Time Frame	Status of 2007 DEfR Actions as of May 2009
<p><b>Paris commitments.</b> Implement actions to sustain progress on commitments and targets set in the Accra Agenda for Action.</p> <p>Adopt RD initiatives to achieve the targets fully by 2010 and monitor progress through ADB-wide monitoring plan.</p>	2007 DEfR	All departments and offices. SPD to coordinate.	Beginning 2009	Monitoring survey of 17 DMCs completed.
	2008 DEfR		Beginning 2009	The President in March 2009 instructed RDs and SPD to assess underlying causes for the shortfall of ADB performance in the areas of use of parallel implementation structures, joint analytical work, and joint missions.
<b>Level 4: Organizational Effectiveness</b>				
<p><b>Human resources management.</b> Complete human resources strategy review and implement recommended actions effectively, and implement GAP III (2008–2011).</p>	2007 DEfR	BPMSD, in cooperation with all other departments and offices.	Beginning 2009 for human resources actions	Review completed in January 2009.
			GAP III ongoing	New human resources action plan approved by the President in March 2009, and under implementation.
Monitor progress on departmental targets. Implement targeted recruitment strategies for women.	2008 DEfR	BPMSD, in cooperation with all other departments and offices.	2009 quarterly	
<p><b>Implementation start-up delays.</b> Tighten approval to effectiveness limits through changes in relevant sections of PAI. Expand the use of project readiness filters considering specific country conditions.</p>	2007 DEfR	RDs with support from COSO on PAI changes.	Q1 2009	PAI being revised.
		All RDs on project readiness filters.	Ongoing	All RDs applying project readiness filters more consistently.
<p><b>Budget.</b> Examine the budget adequacy issue in preparing the work program and budget framework for 2010–2012 to ensure balance between efficiency and quality.</p>	2008 DEfR	BPMSD in consultation all departments and offices	Q3 2009	
<p><b>Business processes.</b> Review the implementation of streamlined business processes and identify options for further streamlining.</p>	2007 DEfR	SPD in cooperation with RDs and other departments and offices.	Q1 2009	Review of business process implementation completed in April 2009.
		Working groups on business process streamlining. SPD to coordinate.	Q4 2009	Working groups established in Q2 2009 to recommend specific streamlining of business processes for CPS and sovereign project preparation and implementation; and to develop new modalities and instruments.

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Key Challenges and Actions	2007 or 2008 DEfR Action	Responsibility	Time Frame	Status of 2007 DEfR Actions as of May 2009
<b>Resident missions.</b> Promote more flexible field-driven management of operations in line with specific department and country conditions.	<i>2007 DEfR</i>	RDs, BPMSD, COSO, CTL, OGC, RSDD, and SPD. BPMSD and SPD to coordinate.	Ongoing	Pilot-testing (8 RMs) launched in Q1 2009 to define possible implementation models and resource requirements to increase delegating.  Concrete arrangements for the pilot RMs being developed for implementation in 2010.
<b>Managing for development results (MfDR).</b> Implement actions in the 2009–2011 MfDR action plan, which will focus on mainstreaming the MfDR approach within ADB and in DMCs.	<i>2007 DEfR</i> <i>2008 DEfR</i>	All departments and offices. SPD (results unit) to coordinate.	Q2 2009	<i>2007 DEfR</i> developed and its action plan being implemented. Department-wide progress monitored regularly. A study on CPS monitoring ongoing and priorities on country MfDR systems being defined.  Workshop on new action plan held in March 2009. Management approval for new action plan (2009–2011) expected in July 2009.

ADB = Asian Development Bank; ADF = Asian Development Bank; BPMSD = Budget, Personnel and Management Systems Department; COSO = Central Operations Services Office; CPS = country partnership strategy; CTL = Controller's Department; DEfR = Development Effectiveness Review; DG = director general; DMC = developing member country; EARD = East Asia Department; GAD = gender and development; GAP = gender action plan; OCO = Office of Cofinancing Operations; OED = Operations Evaluation Department; OGC = Office of the General Counsel; PAI = project administration instructions; PARD = Pacific Department; PPR = project performance report; P3M = project processing and portfolio management; Q = quarter; RD = regional department; RM = resident mission; RSDD = Regional and Sustainable Development Department; SARD = South Asia Department; SPD = Strategy and Policy Department; TA = technical assistance; TPR = TA performance report.

Source: Asian Development Bank.



# Conclusion

The 2008 *DEfR* assessment confirms that ADB is improving its development effectiveness. ADB operations delivered significant levels of outputs in key sectors. And the analysis of 2008 PCRs indicates that these outputs did help achieve development outcomes and increase peoples' living standards in its DMCs. Indicators show that ADB has improved its operational quality and transferred substantially increased financial resources to its DMCs in 2008. ADB is intensifying efforts to improve its human resource management and introducing measures to further strengthen its resident missions.

However, several challenges remain. The steep increase in the size of ADB operations in recent years is straining its organizational capacity. Although 2008 data suggest no sign of decline in operational quality to-date, ADB needs to monitor trends closely and secure adequate administrative budget and human resources.

The *DEfR* process has helped ADB Management identify key performance issues and determine priority actions. Successful implementation of these actions is essential to ensure effective implementation of Strategy 2020.

The 2008 *DEfR* process has reinforced ADB's internal focus on results. Senior leadership has become more directly involved in managing corporate performance for results. Quarterly senior staff meetings on the results framework, chaired by the managing director general, have become a dynamic platform for decision making on actions. Management and senior staff attention to project and portfolio performance has intensified—this is now a main agenda item of Management's quarterly operations review meetings. Introduction of the executive and operations dashboard is also helping this process. Guided by the *DEfR* process, ADB continues to transform itself into a results-based institution.

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# Appendixes

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# Appendix 1

## Changes to ADB Results Framework Data

This appendix explains changes made in 2008 to the Asian Development Bank (ADB) results framework indicators and data reported in the *2007 Development Effectiveness Review (2007 DEFR)*. Tables in this appendix include only those indicators for which data have been revised, presenting the revised data (highlighted) below the original data.

### ► Level 1: Asia and the Pacific Development Outcomes

In line with the new globally accepted poverty threshold,<sup>1</sup> ADB has revised the indicator on the percentage of population living on less than \$1 a day to the percentage of population living on less than \$1.25 a day. The baseline and the 2015 target have been adjusted accordingly (Table A1.1). Changes are highlighted below.

The baseline year for the indicator on women (aged 15 and above) living with HIV has been changed to 2001 as intermediate year data between 2001 and 2007 are non-comparable, having used different methodologies.<sup>2</sup>

The baselines and targets for all other poverty and human development indicators were revised to (i) include an updated list of ADB-borrowing developing member countries, and (ii) incorporate revised population weights based on the latest (2008) revision of United Nations Population Prospects databases. This led to the changes shown in Table A1.1.

The baselines for other Level 1 outcome indicators—growth, regional cooperation and integration, governance, and environment—were also aligned to incorporate (i) changed baseline indicator values reported in source

**Table A1.1: Poverty and Human Development in Asia and the Pacific (Level 1)—Revised Data**

Indicator	Asian Development Bank		Asian Development Fund	
	Baseline (2005)	2015 Target	Baseline (2005)	2015 Target
Population living on less than \$1 a day (%)	18.52	17.14	15.50	15.25
Population living on less than \$1.25 a day (%)	27.46	26.46	30.15	26.86
Primary education completion rate (%)	92.09		80.43	
	92.40		80.65	
Under-5 child mortality (per 1,000 live births)	61.12	29.68	77.56	38.75
	59.70	28.88	73.21	37.87
Women (aged 15 and above) living with HIV (number, million)	2.39		0.24	
	1.58 <sup>a</sup>		0.11 <sup>a</sup>	

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<sup>1</sup> ADB adopted this new global poverty threshold in 2008 in place of \$1 a day. *2007 DEFR*, page 4. Chen, S. and M. Ravallion. 2008. *The Developing World is Poorer than We Thought, But No Less Successful in the Fight against Poverty*. Policy Research Working Paper 4703. Washington, DC: World Bank.

<sup>2</sup> Joint United Nations Programme on HIV/AIDS (UNAIDS). 2008. *2008 Report on the Global AIDS Epidemic*. Geneva.



Table continued

Indicator	Asian Development Bank		Asian Development Fund	
	Baseline (2005)	2015 Target	Baseline (2005)	2015 Target
Population with sustainable access to improved water source (%)				
Urban		97.03 96.70	88.58 88.65	94.93 95.36
Rural	75.92 76.15	81.40 80.68	73.43 73.97	82.24 82.11
Population with access to improved sanitation (%)				
Urban	70.16 70.03	80.39 80.06	76.12 75.95	83.96 85.93
Rural	33.10 33.02	56.25 64.20	42.46 42.43	63.19 64.84

Note: Highlighted terms and numbers indicate revisions made for the 2008 DEF. Statistically minor changes are not included.

<sup>a</sup> Baseline moved to 2001.

Sources: ADB estimates of regional averages computed from data sourced from United Nations Economic and Social Commission for Asia and the Pacific; poverty data from World Bank's PovCalNet Online ([go.worldbank.org/HWKGQM6B70](http://go.worldbank.org/HWKGQM6B70)); and HIV indicator data are from the Joint United Nations Programme on HIV/AIDS. 2008. *2008 Report on the Global AIDS Epidemic*. Geneva.

**Table A1.2: Growth, Regional Cooperation and Integration, Governance, and Environment in the Asia and Pacific Region (Level 1)—Revised Baseline**

Indicator	Asian Development Bank	Asian Development Fund
<b>Gross domestic product (GDP) per capita</b>		
GDP per capita (at constant 2000 prices, \$)	1,086 1,099	682 680
<b>Regional cooperation and integration</b>		
Intraregional trade in the Asia and Pacific region's total trade (%)	57 52	59 56
<b>Access to basic infrastructure</b>		
Access to telecommunications: fixed lines and mobile phone subscribers (per 1,000 inhabitants)	325 398	173 270
Household electrification rate (%)		70 47

Note: Highlighted numbers indicate revisions made for the 2008 DEF. The 2005 population values from 2008 United Nations Population Prospects ([esa.un.org/unpp/](http://esa.un.org/unpp/)) were used to compute country weightings for gross domestic product per capita and access to infrastructure indicators.

Sources: World Development Indicators database for GDP per capita, and access to telecommunications; Office of Regional Economic Integration, ADB for intraregional trade; and World Energy Outlook 2006 for electrification. For unavailable data, GDP per capita was computed from ADB Asian Development Outlook worksheets; fixed line and mobile telephone indicator was sourced from International Telecommunications Union.

data,<sup>3</sup> and (ii) updated population weights for the gross domestic product and access to infrastructure indicators.<sup>4</sup> A new source was located for the indicator on access to electricity,<sup>5</sup> as the previous source (*World Development Indicators* [WDI]) discontinued this data set. This provided a new baseline for Asian Development Fund (ADF) countries. The intraregional trade indicator baselines were revised to make the list of developing member countries used in the estimation consistent with the other indicators. These resulted in the changes shown in Table A1.2. No value is given for the indicator on access of rural population to an all-season road, as WDI no longer tracks this indicator. ADB will consider the need to replace this indicator if it is not restored in the WDI database.

## Level 2: ADB's Key Sector Outputs and their contributions to Development Outcomes

ADB improved its data collection process for the *2008 Development Effectiveness Review (2008 DEFr)* by using standardized definitions of the Level 2 indicators and a common data collection methodology across all operations departments (Appendix 3).<sup>6</sup> It also covered grant and nonsovereign operations more consistently, and captured relevant sector outputs across all sectors (including multisector).<sup>7</sup> This process led to changes in data between those reported in the *2007 DEFr*, and data gathered for the *2008 DEFr* on aggregate outputs delivered in 2004–2007,<sup>8</sup> programmed aggregate outputs for 2009–2012 (Table A1.3), and ADF outputs (Table A1.4).<sup>9</sup>

**Table A1.3: ADB's Key Sector Outputs—Delivered and Programmed (Level 2)—Revised Data**

Indicator	Outputs Delivered 2004–2007		Outputs Programmed 2009–2012	
	Original	Revised	Original	Revised
<b>Education (at all levels)</b>				
Classrooms built or upgraded (number)	27,500	115,100	43,100	76,100
Teachers trained (number)	465,700	564,000	635,500	1,518,000
Students benefiting from school improvement programs or receiving direct support through scholarships, feeding, or similar programs (number)	17,105,600	19,650,000	22,875,900	22,515,000
<b>Energy</b>				
Installed energy generation capacity (MW equivalent)	9,700	4,200	8,900	13,200
Transmission lines installed or upgraded (km)	5,600	9,100	6,400	6,800
Distribution lines installed or upgraded (km)	15,000	17,200	18,300	150,200

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<sup>3</sup> *World Development Indicators* ([ddp-ext.worldbank.org/ext/DDPQQ/report.do?method=showReport](http://ddp-ext.worldbank.org/ext/DDPQQ/report.do?method=showReport))

<sup>4</sup> 2008 United Nations Population Prospects ([esa.un.org/unpp/](http://esa.un.org/unpp/)).

<sup>5</sup> Organisation for Economic Co-operation and Development/International Energy Agency. 2008. *World Energy Outlook 2008*. Paris.

<sup>6</sup> A detailed discussion on improved Level 2 data collection processes for the *2008 DEFr* is in Appendix 3.

<sup>7</sup> This is to ensure that the standard project outputs are counted not only in the most closely related sector (for example, road outputs in transport sector projects) but also other sectors, including multisector (for example, rural road outputs delivered in agriculture and natural resources or multisector projects).

<sup>8</sup> Based on project completion reports circulated from 2004 to 2007.

<sup>9</sup> Based on reports and recommendations of the President approved from 2003 to 2006.

Table continued

Indicator	Outputs Delivered 2004–2007		Outputs Programmed 2009–2012	
	Original	Revised	Original	Revised
New households connected to electricity (number)	870,400	751,900	685,100	447,500
Greenhouse gas emission reduction (tCO <sub>2</sub> -equiv/yr)		22,517,000		11,747,000
<b>Finance</b>				
Microfinance loan accounts opened/end borrowers reached (number)	192,600	1,182,000	660,000	2,563,000
Small and medium-sized enterprise loan accounts opened/end borrowers reached (number)	14,000	5,900	54,000	213,900
<b>Transport</b>				
Expressways built or upgraded (km)	2,700	1,500	2,500	1,300
National highways, provincial, district, and rural roads built or upgraded (km)	18,700	26,900	79,600	48,000
Railways constructed or/and upgraded (km)	2,100	2,400	2,200	2,800
Beneficiaries from road projects (number)	71,062,200	410,163,000	162,661,500	222,164,000
<b>Water</b>				
Water supply pipes installed or upgraded/length of network (km)	3,500	19,300	5,100	14,800
New households served with connected to water supply (number)	1,502,000	2,104,000	4,806,700	4,823,000
Wastewater treatment capacity added (m <sup>3</sup> /day)	413,200	1,380,000	4,369,200	4,566,000
New households served with new sanitation connections (number)	1,802,800	1,501,000	7,602,100	9,393,000
Land improved through irrigation services, drainage, and flood management drainage, floods, and irrigation works (hectares)	941,100	1,556,000	1,562,200	2,682,000

ADB = Asian Development Bank, CO<sub>2</sub> = carbon dioxide, km = kilometer, MW = megawatt, m<sup>3</sup> = cubic meters, tCO<sub>2</sub>-equiv/yr = tons of CO<sub>2</sub> equivalent avoided per year.

Note: Highlighted terms and numbers indicate revisions made for the 2008 DEFIR.

Sources: Project completion reports issued from 2004 to 2007; reports and recommendations of the President issued from 2003 to 2006; operations departments; and Strategy and Policy Department, Asian Development Bank.

Table A1.4: ADF's Key Sector Outputs—Delivered and Programmed (Level 2)—Revised Data

Indicator	Outputs Delivered 2004–2007		Outputs Programmed 2009–2012	
	Original	Revised	Original	Revised
<b>Education (at all levels)</b>				
Classrooms built or upgraded (number)	22,000	112,000	43,000	71,400
Teachers trained (number)	325,000	488,600	553,000	1,517,000
Students benefiting from school improvement programs or receiving direct support through scholarships, feeding, or similar programs (number)	11,810,000	17,477,000	19,900,000	20,385,000

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Table continued

Indicator	Outputs Delivered 2004–2007		Outputs Programmed 2009–2012	
	Original	Revised	Original	Revised
<b>Energy</b>				
Installed energy generation capacity (MW equivalent)	11	252	4	8
Transmission lines installed or upgraded (km)	330	2,200	1,288	1,200
Distribution lines installed or upgraded (km)	15,090	17,000	1,160	3,800
New households connected to electricity (number)	675,000	673,500	167,000	152,500
Greenhouse gas emission reduction (tCO <sub>2</sub> -equiv/yr)		4,308,500		1,200
<b>Finance</b>				
Microfinance loan accounts opened/end borrowers reached (number)	192,600	1,182,000	658,000	433,000
Small and medium-sized enterprise loan accounts opened/end borrowers reached (number)	14,000	5,800	38,000	202,000
<b>Transport</b>				
Expressways built or upgraded (km)	463	162	490	0
National highways, provincial, district, and rural roads built or upgraded (km)	12,904	18,600	28,100	18,700
Railways constructed or/and upgraded (km)	128	507	103	888
Beneficiaries from road projects (number)	7,449,500	140,964,000	30,962,400	97,449,000
<b>Water</b>				
Water supply pipes installed or upgraded/length of network (km)	1,153	8,600	2,600	11,100
New households served with <del>connected to</del> water supply (number)	703,400	415,800	1,146,500	1,292,600
Wastewater treatment capacity added (m <sup>3</sup> /day)	5,700	235,000	172,800	572,600
New households served with new sanitation connections (number)	679,790	94,800	585,900	2,165,900
Land improved through irrigation services, drainage, and flood management <del>drainage, floods, and irrigation works</del> (hectares)	748,134	1,278,000	597,300	667,500

ADF = Asian Development Fund, CO<sub>2</sub> = carbon dioxide, km = kilometer, MW = megawatt, m<sup>3</sup> = cubic meter, SME = Small and medium-sized enterprise, tCO<sub>2</sub>-equiv/yr = tons of CO<sub>2</sub> equivalent avoided per year.

Note: Highlighted terms and numbers indicate revisions made for the 2008 DEF.

Sources: Project completion reports issued from 2004 to 2007; reports and recommendations of the President issued from 2003 to 2006; operations departments; and Strategy and Policy Department, Asian Development Bank.

**Table A1.5: Finance Mobilization (Level 3)—Revised Data**

Indicator	Baseline Year	Asian Development Bank			Asian Development Fund		
		Baseline	2012 Target	2007	Baseline	2012 Target	2007
Overall disbursement ratio for public sector loans sovereign operations (%)	2006	23 23	Maintain	25	19 18	20	22 21
Overall disbursement ratio for private sector nonsovereign loans and equity (%)	2006	55 43	At least 50	51 61	N/A	N/A	N/A
Proportion of DVA cofinancing relative to ADB loans and grants approved annually (%)	2004–2006 average	10 9	20	12 10	16 13	20	17 13

DVA = direct value added, N/A = indicator not applicable.

Note: Highlighted terms and numbers indicate revisions made for the 2008 DEFR.

Sources: Controller’s Department and Office of Cofinancing Operations, Asian Development Bank.

► **Level 3: Operational Effectiveness**

Revised figures for disbursements in sovereign operations include ADF grants, which were not previously part of the computation (Table A1.5). As of 2008, disbursements in nonsovereign operations were more systematically captured.

Revised computations for the indicator on proportion of direct value-added cofinancing relative to ADB loans and grants approved annually include ADF and other grants in 2008 that were not included in 2007 DEFR computations.<sup>10</sup> In 2008, ADF grants were included when calculating revised figures for

**Table A1.6: Strategic Focus in Operations (Level 3)—Revised Data**

Indicator	Baseline Year	Asian Development Bank			Asian Development Fund		
		Baseline	2012 Target	2007	Baseline	2012 Target	2007
Proportion of projects supporting private sector development (%)	2004–2006	20 29	30	27 35	13 14	N/A	12 13
Proportion of projects supporting environmental sustainability (%)	2004–2006	17 14	25	20 17	12 9	N/A	13 12
Proportion of projects with gender mainstreaming (%)	2004–2006	38 35	40	35 30	45 46	50	42 40

N/A = indicator not applicable.

Note: Highlighted numbers indicate revisions made for the 2008 DEFR.

Sources: Regional and Sustainable Development Department, and Strategy and Policy Department, Asian Development Bank.

<sup>10</sup> Other grants in 2008 computations include: the Japan Fund for Poverty Reduction, and Japan Fund for Information and Communication Technology.

**Table A1.7: Knowledge Management and Partnerships (Level 3)—Revised Data**

Indicator	Baseline Year	Asian Development Bank			Asian Development Fund		
		Baseline	2012 Target	2007	Baseline	2012 Target	2007
<b>Knowledge Management</b>							
Ratings of TCRs (% successful)	2004–2006 average	82 78	Maintain 80	83 78	72 72	80	70 69
<b>Partnerships</b>							
New program-based approaches approved (number)	2006	4 5	10	19	4	8	18 14

TCR = technical assistance completion report.

Note: Highlighted numbers indicate revisions made for the 2008 DEFR.

Source: Strategy and Policy Department, Asian Development Bank.

indicators falling under strategic focus on operations. For the gender mainstreaming indicator, revised figures are computed based on project count rather than loan and grant approvals to be consistent with the approach used for the other themes: in the 2007 DEFR, gender mainstreaming figures were based on loan and grant approvals.

Revised ratings of technical assistance completion reports (TCRs) incorporate reports prepared during the fourth quarters of 2006 and 2007 (Table A1.7). The 2012 target for ADB is adjusted to 80%, reflecting the proportion of TAs rated successful for ADB. ADF program-based approaches reported in the 2007 DEFR

show program-based approaches in ADF countries, including those financed by ordinary capital resources in blend countries. The revised figures present program-based approaches financed by ADF.

#### ► Level 4: Organizational Effectiveness

The total number of professional staff and national officers in resident missions is now compared with staff in regional departments (instead of total ADB staff—Table A1.8). This definition better presents the level of staff resources allocated to resident missions in support of operations.

**Table A1.8: Human Resources (Level 4)—Revised Data**

Indicator	Baseline Year	Asian Development Bank		
		Baseline	2012 Target	2007
Budgeted professional staff and national officers in resident missions (%)	2004–2006 average	21 42	23 48	21 44

Note: Highlighted numbers indicate revisions made for the 2008 DEFR.

Source: Budget, Personnel and Management Systems Department, Asian Development Bank.

Project processing time and implementation start-up time (time elapsed from loan approval to first disbursement) were revised to include processing and implementation start-up time of ADF grants (Table A1.9). For the indicator

on proportion of loans and grants administered by field offices, the ADB figure was repeated for ADF in the 2007 *DEFr*, but in 2008 the ADF figure was computed independently.

**Table A1.9: Business Processes and Practices (Level 4)—Revised Data**

Indicator	Baseline Year	Asian Development Bank			Asian Development Fund		
		Baseline	2012 Target	2007	Baseline	2012 Target	2007
Average time from loan approval to first disbursement in sovereign operations (months)	2006	12	10	13 12	13	12	14 13
Average loan sovereign operations processing time (months from fact-finding to loan approval)	2006	22 21	18	20 18	24 22	20	23 18
Proportion of loans and grants administered by field offices (%)	2006	38 39	43	39	38 36	43	39 37

Note: Highlighted terms and numbers indicate revisions made for the 2008 *DEFr*.

Sources: Central Operations Services Office, and Strategy and Policy Department, Asian Development Bank.

# Appendix 2

## Millennium Development Goals in Asian Development Bank Developing Member Countries

Item	Asian Development Bank					Asian Development Fund				
	1990	2006	Target 2015	2015 Projection	Target Achievement	1990	2006	Target 2015	2015 Projection	Target Achievement
Population below \$1.25 (PPP) per day (%)	52.92	27.41	26.46	16.05	yes	53.71	29.86	26.86	15.65	yes
Children under 5 moderately or severely underweight (%)	39.09	30.59	20.70	22.45	no	48.66	34.63	24.20	24.27	no
Total net enrolment ratio in primary education, both sexes	80.8	94.1	100.00	100.00	yes	75.0	87.2	100.00	94.35	no
Pupils starting grade 1 who reach last grade of primary, both sexes (%)	62.71	83.34	100.00	88.10	no	74.59	75.93	100.00	75.07	no
Primary completion rate, both sexes (%)	71.95	91.12	100.00	92.61	no	81.74	80.69	100.00	83.63	no
Gender parity index in primary level enrollment	0.85	0.96	1.00	1.02	yes	0.83	0.91	1.00	0.96	no
Gender parity Index in secondary level enrollment	0.73	0.93	1.00	1.05	yes	0.78	0.90	1.00	0.99	no
Gender parity index in tertiary level enrollment	0.61	0.84	1.00	0.97	no	0.71	0.70	1.00	0.69	no
Women in wage employment in the non-agricultural sector (%)	27.87	29.88				26.92	27.10			
Children under 5 mortality rate per 1,000 live births	86.65	57.95	28.88	41.72	no	113.60	70.79	37.87	46.12	no
Infant mortality rate (0–1 year) per 1,000 live births	66.01	45.21	22.00	33.77	no	82.84	56.82	27.61	41.61	no
Adults (15+) living with HIV (number, million)	4.55 <sup>a</sup>	4.83 <sup>b</sup>	<4.55		no	0.50 <sup>a</sup>	0.90 <sup>b</sup>	<0.50		no
Women (15+) living with HIV (number, million)	1.58 <sup>a</sup>	1.69 <sup>b</sup>	<1.58		no	0.11 <sup>a</sup>	0.23 <sup>b</sup>	<0.11		no
Tuberculosis prevalence rate per 100,000 population	436.6	254.09	<436.6	155.87	yes	457.54	276.03	<457.54	183.23	yes
Tuberculosis death rate per 100,000 population	39.30	24.70	<39.30	17.36	yes	62.44	35.04	<62.44	20.96	yes
Land area covered by forest (%)	22.23	22.09	> 22.23	22.00	no	30.70	26.02	>30.70	23.30	no
Protected area to total surface area (%)	6.79	9.54 <sup>b</sup>	>6.79	10.85	yes	4.07	8.27 <sup>a</sup>	>4.07	10.28	yes
Consumption of ozone-depleting CFCs in ODP metric tons	24,716.82	13,808.11	<24,716.82	0	yes	398.41	405.88	<398.41	0	yes
CO <sub>2</sub> emissions (metric tons per capita)	1.49	2.53 <sup>c</sup>				0.87	1.16 <sup>c</sup>			
Population using improved drinking water sources, urban (%)	93.41	95.51	96.70	94.10	no	90.71	90.13	95.36	88.64	no
Population using improved drinking water sources, rural (%)	61.36	82.30	80.68	90.35	yes	64.22	76.80	82.11	82.36	yes
Population using improved sanitation facilities, urban (%)	60.12	69.23	80.06	75.44	no	71.85	72.72	85.93	75.79	no
Population using improved sanitation facilities, rural (%)	28.39	41.83	64.20	43.22	no	29.67	42.39	64.84	50.27	no

CFC = chlorofluorocarbon, CO<sub>2</sub> = carbon dioxide, ODP = ozone depleting potential, PPP = purchasing power parity.

<sup>a</sup> 2001 data.

<sup>b</sup> 2007 data.

<sup>c</sup> 2005 data.

Sources: Asian Development Bank; United Nations Economic and Social Commission for Asia and the Pacific; and Joint United Nations Programme on HIV/AIDS. 2008. *2008 Report on the Global AIDS Epidemic*. Geneva.



# Appendix 3

## Refinement of Level 2 Indicators and Data

**Actions Following the 2007 Development Effectiveness Review.** Following the *2007 Development Effectiveness Review (DEFr)* action plan, the Asian Development Bank (ADB) created a working team in January 2009 to ensure consistent aggregation of key sector outputs measured through Level 2 indicators of its results framework.<sup>1</sup> Responding to the request of ADB's Board of Directors, the team also reviewed the possibility of adding indicators to measure effects of operations on climate change and refining the finance sector indicators to more adequately capture ADB outputs. In doing so, the team consulted relevant Communities of Practice (CoPs).

**New Indicators.** In consultation with the Energy CoP, the team adopted "greenhouse gas emission reduction (tons of carbon dioxide equivalent avoided per year or tCO<sub>2</sub>-equiv/yr)" as the climate change indicator. Initially, this indicator will be applied mainly to energy generation projects, although estimates of emission reduction have also been used for some transmission projects that presented this information in the project documents. The team requested the Finance CoP to review the existing indicators and propose alternative indicators. However, no alternatives were adopted because of the difficulty in identifying indicators that can be applied across projects and countries.

**Refined Definitions.** Recognizing inconsistencies in applying Level 2 indicators, the working team developed indicator definitions to more efficiently capture delivered

outputs in project completion reports (PCRs) and programmed outputs in reports and recommendations of the President (RRPs). The team also developed a more consistent data collection methodology across all departments and issued extensive guidelines (Table A3). Based on the CoPs' advice, the team adopted additional indicators and sub-indicators to allow deeper sector analysis and to improve future data collection for PCRs and RRP. The table juxtaposes original Level 2 results framework indicators with revisions made by the working team, including additional indicators and sub-indicators used in data collection, together with clarifications of changes made.<sup>3</sup>

Following the agreed definitions and guidelines, the working team coordinated the collection of 2008 data for PCRs, and 2007–2008 data for RRP. The team also validated all earlier data reported in the *2007 DEFr*. Significant numbers of project staff in all operations department participated in the data collection process, strengthening their results-based skills and experience. This exercise led to the adjustment of the figures provided in the *2007 DEFr* (Appendix 1).

**Definitional Issues.** The working team noted that indicator definition and guidelines for collection and validation constitute work-in-progress, and may need further work. There are three types of issue: (i) in sectors such as finance, additional indicators are required to capture a minimum range of representative outputs; (ii) for several outputs, project designs use different units of measurement so that the

<sup>1</sup> The 2008 Level 2 results framework includes 18 indicators for key outputs and beneficiaries in ADB's five core operational areas of Strategy 2020: transport, energy, and water as key areas in the infrastructure sector; education; and finance sector development.

<sup>2</sup> These additional indicators and sub-indicators were adopted for data collection only. Apart from the climate change indicator, no new indicators were added to the results framework.

<sup>3</sup> The table does not include the definitions and guidelines themselves, which will be issued separately.

indicators in the results framework capture only a part of the actual outputs;<sup>4</sup> and (iii) for some indicators, unresolved methodological issues result in varying interpretations of the indicator.

Varying interpretations pertain particularly to the indicators “beneficiaries of road projects” and “greenhouse gas emission reduction.”

- **Road project beneficiaries.**

No standardized interpretation of this indicator could be determined. As an intermediate measure, RRP and PCR will provide these numbers, their own interpretations of the indicator notwithstanding. Over 70% of data sources for road projects contain no figure for the approximate number of beneficiaries. The working team established guidelines for using available population data to estimate these figures. Population data for the areas traversed by the road is counted as follows: (a) expressways count the total population of province(s) or state(s) through which the expressway runs (a smaller administrative unit is used if the expressway does not fully traverse the province); (b) highways count the total population of province or state through which the highway runs (with the same proviso as expressways); (c) district roads count the total population of district(s) through which the road runs; and (d) rural roads count the total population living in the direct vicinity of the road (approximately 2 km either side). Use of this data collection methodology, however, identified measurement-related issues, particularly where the size of the administrative areas vary significantly. The Transport CoP has suggested traffic volumes (in passengers per road km and tons per road km) as an alternative or additional indicator.

- **Greenhouse gas emission reduction.**

The 2008 DEF uses various methods to estimate greenhouse gas (GHG) emission reduction or avoidance. It used a quantified estimate when provided in individual RRP and PCR. Recent RRP and PCR usually state the quantity of GHG emission reduction as a direct result of the project. However, the 2008 DEF estimates the GHG emissions reduction for most ongoing and completed projects using other output data (such as energy savings, loss reduction, renewable energy generation capacity added, or amount of coal saved by fuel switching). In cases where no country-specific GHG emissions factor is indicated, a proxy emission factor of 739.73 tons of carbon dioxide per gigawatt-hour is used, based on 2006 electricity generation rates of various energy sources in developing Asia. ADB uses this proxy as GHG emissions relate to global climate change, rather than only the country where the reduction occurs. Taking 2006 as the baseline year provides a conservative estimate of reduction as energy-related emissions from Asia have been increasing and are projected to continue increasing. GHG emissions from transmission line projects are only included if the RRP or PCR indicates the reduction in losses in terms of kilowatt-hour. In cases where only the percentage reduction is provided, without the estimated annual energy flow, GHG reduction resulting from improved efficiency of transmission lines is excluded. ADB also helped implement energy projects that would add to the carbon footprint but were of high priority for inclusive economic growth.<sup>5</sup>

The working team’s aggregation exercise resulted in a better understanding of the

<sup>4</sup> For example, indicators capture piped water supply networks when estimated in kilometers of pipe, but not when estimated in number of water schemes or villages served.

<sup>5</sup> Low-carbon technologies have yet to develop sufficiently to enable a reduction in the aggregate amount of GHG emissions while more energy is used for inclusive economic growth and fighting poverty in Asia and Pacific. ADB gives high priority to projects that increase the efficiency of energy use and supply, thereby directly reducing GHG emissions and enabling higher economic activities without increasing GHG emissions. ADB supports projects that use renewable resources or switch to cleaner fuels to avoid GHG emissions, in cases where the continued use of fossil fuels would produce the same amount of electricity.

size dimension of the outputs and numbers of beneficiaries of ADB-supported projects. ADB is more aware of the limitations of the data available to monitor and aggregate its programs and their outputs. This will help in identifying and applying meaningful indicators and targets in ongoing and future projects. To allow more systematic aggregation of sector outputs, ADB is integrating the key output

indicators into project design and monitoring frameworks, and country and sector results frameworks. Some CoPs have suggested further indicators to improve the potential for sector analysis. ADB will continue reviewing the relevance of Level 2 indicators based on its implementation experiences, good practices, and the CoPs' ongoing work on the adequacy of indicators and their definitions.

**Table A3: Results Framework Changes in Definitions and Guidelines (Work-In-Progress)**

Indicators in Results Framework	Indicators used for data collection for 2008 Development Effectiveness Review in 2009	Changes in Definitions and Guidelines; added (sub) indicators for purposes of countercheck and analysis
Education		
1 <b>Classrooms built or upgraded (number)</b>	<b>Classrooms built or upgraded (number)</b>  Associated facilities built or upgraded (number)  Learning institutions built or upgraded (number)	<b>No change.</b> The number may include estimates of classrooms for projects that use learning institutions as the unit of measurement.  <b>Added sub-indicator</b> (for purposes of countercheck)  <b>Added sub-indicator</b> , for purposes of countercheck - if the unit of measurement is schools or universities and not classrooms, then the number of classrooms will be estimated, and added to the classrooms total. The education specialist will make the estimate, guided by country specific practices as to the average number of classrooms per type of school.
2 <b>Teachers trained (number)</b>	<b>Teachers trained (number)</b> , of which:  Teachers trained pre-service (number)  Teacher participants in in-service training events (number)	<b>No change</b>  <b>Added sub-indicator</b> , for purposes of countercheck and on request of the Education Community of Practice (CoP)  <b>Added sub-indicator</b> , for purposes of countercheck and on request of the Education CoP
3 <b>Students benefiting from school improvement programs or receiving direct support through scholarships, feeding, or similar programs (number)</b>	<b>Students benefiting from school improvement programs or direct support (number)</b> , of which:  Students benefiting from school improvement programs (number)  Students benefiting from special assistance (number)	<b>No change</b> , shortening in wording for convenience  <b>Added sub-indicator</b> , for purposes of countercheck and on request of the Education CoP  <b>Added sub-indicator</b> , for purposes of countercheck and on request of the Education CoP

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Table continued

Indicators in Results Framework	Indicators used for data collection for 2008 Development Effectiveness Review in 2009	Changes in Definitions and Guidelines; added (sub) indicators for purposes of countercheck and analysis
Energy		
4	<b>Installed energy generation capacity (megawatts)</b>	<b>Installed energy generation capacity (MW equivalent)</b>
		<b>Adjusted definition.</b> In the 2007 Development Effectiveness Review (2007 DEfR), only generation of electricity was taken into account. For the 2008 DEfR, installed energy generation capacity (expressed in megawatts) is defined as incremental capacity created by the project, and it is the aggregate of the following categories: 1. Megawatt (MW) capacity of new power plant projects; 2. Incremental MW as the result of rehabilitation project; 3. MW-equivalent capacity of heating supply added; 4. MW-equivalent of hydrocarbon-based energy added by way of production or importation. Energy export is excluded from Level 2 measurement as it does not add to the energy resources of a developing member country.
5	<b>Transmission lines installed or upgraded (kilometer)</b>	<b>Transmission lines installed or upgraded (km)</b>
		<b>Adjusted definition.</b> In the 2007 DEfR, only transmission of power was taken into account. In 2008, transmission of oil and gas is included.
6	<b>Distribution lines installed or upgraded (km)</b>	<b>Distribution lines installed or upgraded (km)</b>
		<b>Adjusted definition.</b> In the 2007 DEfR, only distribution of power was taken into account. In the 2008 DEfR, transmission of oil and gas is included.
7	<b>New households connected to electricity (number)</b>	<b>New households connected to electricity (number)</b>
		<b>No change.</b> Clarification: only projects incorporating distribution of electricity can allow connection of new—additional—households to electricity networks. Businesses and government buildings are not included.
8		<b>Greenhouse gas emission reduction (tons of carbon dioxide equivalent avoided per year or tCO<sub>2</sub>-equiv/yr)</b>
		<b>Added indicator,</b> at the request of the ADB's Board of Directors regarding inclusion of a climate change indicator in the results framework.
Finance		
9	<b>Microfinance accounts opened (number)</b>	<b>Microfinance accounts opened/end borrowers reached (number)</b>
		<b>Refined definition.</b> To maximize accuracy of data and avoid overcounting, the number of end borrowers is assessed. Some agriculture and natural resources (ANR) lending requires new accounts for each crop cycle, so beneficiaries may open more than one account over the course of a year or project duration.
	Microfinance loans provided (amount in \$ million)	<b>Added indicator,</b> for purposes of countercheck and at the request of the Finance CoP. Loans in circulation can provide valuable analytical information beyond the number of end borrowers.

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Table continued

Indicators in Results Framework	Indicators used for data collection for 2008 Development Effectiveness Review in 2009	Changes in Definitions and Guidelines; added (sub) indicators for purposes of countercheck and analysis
10 <b>Small and medium-sized enterprise (SME) loan accounts opened (number)</b>	<p><b>SME loan accounts opened/end borrowers reached (number)</b></p> <p>SME loans provided (amount in \$ million)</p>	<p><b>Refined definition.</b> To maximize accuracy and avoid overcounting, number of SME end borrowers will be provided. Some beneficiary SMEs may have more than one account.</p> <p><b>Added indicator,</b> for purposes of countercheck and at the request of the Finance CoP. Loans in circulation can provide valuable analytical information beyond the number of end borrowers.</p>
<b>Transport</b>		
11 <b>Expressways built or upgraded (km)</b>	<b>Expressways built or upgraded (km)</b>	<b>No change,</b> but a definition of expressways is now provided.
12 <b>National, provincial, district, and rural roads built or upgraded (km)</b>	<b>National highways, provincial, district, and rural roads built or upgraded (km)</b>	<b>No change,</b> but the definition of roads has been sharpened. All types of non-access-controlled roads are included.
13 <b>Railways constructed and/or upgraded (km)</b>	<b>Railways constructed and/or upgraded (km)</b>	<b>No change.</b>
14 <b>Number of beneficiaries from road projects</b>	<p><b>Beneficiaries from road projects (number)</b></p> <p>Road beneficiaries based on area population data (number)</p>	<p><b>Refined definition.</b> If project documentation has no specific number, an estimate will be based on population data.</p> <p><b>Added indicator,</b> to assess and countercheck the quality of the previous indicator. For projects that do not specify road beneficiary numbers or general population data in the project area, the number of beneficiaries will be estimated from other data sources.</p>
<b>Water</b>		
15 <b>Water supply pipes installed or upgraded/length of network (km)</b>	<b>Water supply pipes installed or upgraded/length of network (km)</b>	<b>No change.</b>
16 <b>New households connected to water supply (number)</b>	<p><b>New households served with water supply (number),</b> of which:</p> <p>New households connected to water supply (piped) (number)</p> <p>New households connected to water supply (not piped) (number)</p> <p>Already connected households with improved piped water supply (number)</p>	<p><b>No change,</b> but sub-indicators are added as counterchecks and to increase the analytical potential of the indicator.</p> <p><b>Added sub-indicator,</b> for purposes of countercheck and at the request of the Urban and Water CoPs.</p> <p><b>Added sub-indicator,</b> for purposes of countercheck and at the request of the Urban and Water CoPs.</p> <p><b>Added sub-indicator,</b> for purposes of countercheck and at the request of the Urban and Water CoPs. This indicator reflects likely growth area in ADB's water project portfolio.</p>

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Table continued

Indicators in Results Framework	Indicators used for data collection for 2008 Development Effectiveness Review in 2009	Changes in Definitions and Guidelines; added (sub) indicators for purposes of countercheck and analysis
17 <b>Wastewater treated (cubic meter [m<sup>3</sup>])</b>	<b>Wastewater treatment capacity added (m<sup>3</sup>/day)</b>	<b>Changed definition.</b> Wastewater treated (m <sup>3</sup> ) is not an output, but rather an outcome (in other words, how an output is used). Indicator has been reformulated as a clear output.
18 <b>Households served with new sanitation connections (number)</b>	<b>New households served with sanitation (number)</b> , of which:	<b>No change</b> , but sub-indicators are added as counterchecks and to increase the analytical potential of the indicator.
	Households served with new piped sanitation connections (number)	<b>Added sub-indicator</b> , for purposes of countercheck and at the request of the Urban and Water CoPs.
	Households served with new sanitation (not piped) (number)	<b>Added sub-indicator</b> , for purposes of countercheck and at the request of the Urban and Water CoPs.
19 <b>Land irrigated or improved through drainage, floods, and irrigation works (hectare)</b>	<b>Land improved through irrigation services, drainage, and flood management (hectare)</b> , of which:	<b>Adjusted definition.</b> Based on the decision of the Urban and Water CoPs, the indicator reflects both works and services. Sub-indicators are added as counterchecks and to increase the analytical potential of the indicator.
	Land improved through irrigation (and drainage) services (hectare)	<b>Added sub-indicator</b> , for purposes of countercheck and at the request of the Urban and Water CoPs.
	Land improved through flood management (hectare)	<b>Added sub-indicator</b> , for purposes of countercheck and at the request of the Urban and Water CoPs.

ADB = Asian Development Bank, ANR = agriculture and natural resources, CoP = Community of Practice, SME = small and medium-sized enterprise, km = kilometer, m<sup>3</sup> = cubic meter, MW = megawatt, tCO<sub>2</sub>-equiv/yr = tons of CO<sub>2</sub> equivalent avoided per year.

Source: Asian Development Bank.

# Appendix 4

## Discussion on Key Sector Outputs

### ► Education Sector

Eighteen of the 25 education sector loans and grants discussed in project completion reports (PCRs) in 2005–2008 financed construction or upgrading of classrooms, and 20 financed the training of teachers. Overall, 20 loans and grants led to students benefiting from either school improvement programs or direct support. Seven additional loans for multisector projects had education components. The total number of students benefiting from these projects was estimated at over 18 million and the number of teachers trained almost 600,000. Outputs are expected to fall in the coming years, partly as a result of changes in the focus of the operations and also lower numbers of projects approved. Fourteen out of 18 reports and recommendations of the President (RRPs) approved over 2005–2008 report classroom construction and upgrading, and 15 report teacher training. The total number of students having benefited from school improvement programs and direct support in 2011–2014 is estimated at about 3 million and the number of teachers trained almost 500,000.

### ► Energy Sector

Eight of the 32 closed loans with PCRs in 2005–2008 helped install energy generation capacity, which delivered an equivalent of 3,700 megawatts (MW), mostly for electric power. Nineteen loans supported installation or upgrading of 17,300 kilometers (km) of transmission lines; 11 supported distribution lines, which enabled over 2.3 million households throughout the region to connect to electricity. Clean energy or energy efficient technologies led to about 8.8 millions tons of

CO<sub>2</sub> emission reduction or avoidance through nine loans. Two additional PCRs did not calculate the reduction effect.

Out of a total 60 RRP approved over 2005–2008, 25 reported greatly increased energy generation outputs, at an equivalent of 18,100 MW to be delivered over 2011–2014. Some of the largest energy generation outputs are in the private sector and gas exploitation rather than electric power. The Tangguh Liquid Natural Gas project in Indonesia, equivalent to energy generation of over 12,400 MW a year and supported by a nonsovereign loan, was not included in the aggregate: exporting the energy means it no longer fits the definition of energy generation capacity leading to increased energy resources for the country (or surrounding countries). Twenty-two operations are involved in power and gas transmission lines and 13 operations are involved in distribution. Distribution operations will add an estimated minimum of 2.9 million electricity connections. Estimates are not yet available for five distribution operations.

### ► Finance Sector

Ten of the 33 finance loans supported microfinance operations in 2005–2008. Six loans in the agriculture and natural resources (ANR) sector and four multisector loans also supported microfinance-based activities. PCRs for 14 of these loans (\$500 million) reported benefit to over 2 million end borrowers. For 6 loans, however, no estimate was made of the number of end borrowers. About 2.1 million small and medium-sized enterprises (SMEs) benefited from Asian Development Bank (ADB) loans, although this includes many



**Table A4.1: ADB Private Sector Non-Loan Financing for Small and Medium-Sized Enterprises**

Item	2004–2007	2005–2008
Number of Investee SMEs (equity investment)	123	108
Number of distressed companies assisted through purchase of their debt or equity investment	35	6
Number of leases extended to SMEs	0	292

ADB = Asian Development Bank, SME = small and medium-sized enterprise.

Note: Investee SMEs benefit from equity infusion by the Private Equity Fund, which ADB partly financed. Distressed companies are assisted through the purchase of their debt, or through equity participation. ADB also lends to financial intermediaries who extend leases to SMEs.

Source: Asian Development Bank.

microbusinesses that could also be categorized as microfinance end borrowers.<sup>1</sup> In addition to loans, ADB supported equity funds over the same period and invested in over 100 SMEs (Table A4.1).

From 2011–2014, ADB will complete operations to provide microfinance options to similar number of end borrowers as 2005–2008. However, only 5 of the 68 finance sector operations are expected to result in the opening of microfinance loan accounts, and 14 operations in the opening of SME accounts. Operations in other sectors, such as ANR and multisector, are also planning microfinance outputs over 2011–2014. Although the overall proportion of these planned outputs may be lower than in previous years, the total number of beneficiaries is expected to remain comparable to past operations.

### ► Transport and Communications Sector

Thirty of the 46 closed loans in the transport and communications sector constructed roads. Although road beneficiaries should be among the outputs of these loans, many PCRs did not specify the number of beneficiaries. Using population data and staff estimates, this review estimates that about 350 million people benefited from over 1,300 km of expressway and 13,700 km of other types of roads, recently constructed or upgraded.

Sixteen of the 49 loans and grants closed in the ANR sector supported a total of 5,300 km in (feeder) road construction or upgrading, and 25 of the 44 multisector loans added a further 20,100 km. In total, ADB loans and grants constructed or upgraded over 39,000 km of roads. Based on RRP approved over 2005–2008, the length of expressways built or upgraded will rise to 2,000 km over 2011–2014, and the length of other roads supported by ADB loans and grants to almost 47,000 km. The number of beneficiaries from these roads projects is estimated at about 270 million.

Analysis of beneficiary numbers and costs of road projects (Table A4.2) suggests that the cost of expressway construction has increased over recent years, while the number of direct beneficiaries per km has decreased. Costs have remained approximately the same for other types of roads, but the number of beneficiaries per km has decreased.

Eleven ADB loans were closed that financed railway projects in the transport and communications sector, and associated projects constructed or upgraded 3,200 km in Asia and the Pacific. Eleven further loans supported sea- and airport projects, and reform and capacity development projects. Over 2010–2013, railway projects in Asia and the Pacific are expected to construct or upgrade an additional 2,700 km of track.

<sup>1</sup> The definition of SME and the distinction between microfinance end borrowers varies between countries.



**Table A4.2: Analysis of Expressways and Other Roads Built or Upgraded by ADB**

<b>Indicator</b>	<b>Delivered 2004–2008</b>	<b>Programmed 2009–2014</b>
Km of roads built or upgraded	47,704	72,841
Average beneficiaries per project	6,592,939	3,622,494
<b>Expressways</b>		
Km built or upgraded	2,106	2,837
Average length of project in km	132	167
Total beneficiaries	160,885,408	92,878,102
Average beneficiaries per km	70,511	32,743
Average estimated cost (\$) per km	3,203,774	5,669,044
Average beneficiaries per project	9,062,463	5,463,418
Median beneficiaries of project	8,087,500	2,120,000
<b>National highways, district and rural roads</b>		
Km built or upgraded	45,597	70,005
Average length of project in km	523	815
Total beneficiaries	458,850,872	254,881,360
Average beneficiaries per km	10,063	3,641
Average estimated cost (\$) per km	191,128	205,936
Average beneficiaries per project	6,086,370	3,226,346
Average beneficiaries per km	11,239	3,957
Median beneficiaries of project	637,821	1,450,000

ADB = Asian Development Bank, km = kilometer.

Sources: Asian Development Bank estimates, based on project completion reports issued 2004–2008, and reports and recommendations of the President, issued 2003–2008.

### ► **Water Supply, Sanitation, and Waste Management Sector**

In addition to outputs in ADB's water supply, sanitation, and waste management sector, ANR and multisector projects produce water outputs. Twenty-eight completed loans in these three sectors helped finance water supply piped networks. PCRs estimate that 15 of these loans financed 21,300 km of piped network. The remaining 13 PCRs reported outputs in different units of measurement that could not be converted to km of piped network.<sup>2</sup> In addition to piped networks, several projects built water reservoirs, installed hand pumps or provided other solutions. Over 1.3 million households benefited from water supply solutions, 1.1 million of which were provided piped house connections. Increasingly, ADB operations are

improving the quality of water supply of already connected households, which is not captured in the indicator in ADB's results framework. Seven loans increased wastewater treatment capacity by over 1 million m<sup>3</sup>/day; outputs in this area are expected to increase dramatically in the near future (4 million m<sup>3</sup>/day). Most of the 1.2 million hectares of land improved through irrigation, drainage or flood management services was facilitated by 19 ANR projects; 9 multisector projects also contributed.

Looking forward to 2011–2014, ADB expects to deliver many water and sanitation outputs and connections, in particular in the People's Republic of China. ADB will increase support for water supply solutions for households already connected to piped water supply.

<sup>2</sup> For example, water supply schemes built or upgraded in small towns or rural villages were often reported in number of schemes, rather than in km.

**Table A4.3: List of 2008 Project Completion Reports Reviewed**

Loan No.	Fund Source	Country	Project Name	Loan Count	Loan Amount (\$ million)	Project Count	Rating
Agriculture and Natural Resources				11	360.80	10	
1643	ADF	BAN	Sundarbans Biodiversity Conservation Project	1	37.00	1	U <sup>a</sup>
1469	OCR	INO	Integrated Pest Management for Smallholder Estate Crops Project	1	44.00	1	S
1526	OCR	INO	Participatory Development of Agricultural Technology	1	63.80	1	S
1570	ADF	INO	Coastal Community Development and Fisheries Resources Management	1	15.00	1	S <sup>a</sup>
1571	OCR	INO	Coastal Community Development and Fisheries Resources Management	1	26.00		S
1605	OCR	INO	Central Sulawesi Integrated Area Development and Conservation Project	1	32.00	1	S
1609	ADF	NEP	Community Groundwater Irrigation Sector Project	1	30.00	1	S
1650	ADF	NEP	Rural Microfinance Project	1	20.00	1	S
1467	ADF	PAK	Bahawalpur Rural Development Project	1	38.00	1	S
1552	ADF	SRI	Second Perennial Crops Development Project	1	20.00	1	S
1639	ADF	SRI	Tea Development Project	1	35.00	1	PS
Education				8	441.30	8	
1690	ADF	BAN	Secondary Education Sector Improvement Project	1	60.00	1	S <sup>a</sup>
1792	OCR	INO	Technological and Professional Skills Development Sector Project	1	180.00	1	S
1621	ADF	LAO	Basic Education (Girls) Project	1	20.00	1	S <sup>a</sup>
1706	ADF	PNG	Employment-Oriented Skills Development Project	1	20.00	1	PS
1707	ADF	SRI	Skills Development Project	1	18.80	1	S <sup>a</sup>
1756	ADF	SRI	Secondary Education Modernization Project	1	50.00	1	S
1960	OCR	UZB	Education Sector Development Program	1	38.50	1	S
1655	ADF	VIE	Vocational and Technical Education Project	1	54.00	1	S
Energy				9	1,293.00	7	
2009	ADF	BHU	Rural Electrification and Network Expansion Project	1	9.40	1	HS
1794	ADF	CAM	Provincial Power Supply Project	1	18.60	1	S
1764	OCR	IND	Power Transmission Improvement (Sector) Project	1	250.00	1	S
1803	OCR	IND	Gujarat Power Sector Development Program	1	200.00	1	S
1804	OCR	IND	Gujarat Power Sector Development Program	1	150.00		S

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Table continued

Loan No.	Fund Source	Country	Project Name	Loan Count	Loan Amount (\$ million)	Project Count	Rating
1868	OCR	IND	Madhya Pradesh Power Sector Development Program	1	150.00	1	S
1869	OCR	IND	Madhya Pradesh Power Sector Development Project	1	200.00		S
1271	OCR	INO	Power XXIII Project	1	275.00	1	PS
1548	ADF	MON	Ulaanbaatar Heat Efficiency Project	1	40.00	1	S
<b>Finance</b>				<b>14</b>	<b>901.10</b>	<b>8</b>	
1634	ADF	BAN	Rural Livelihood Project	1	42.60	1	PS
1859	ADF	CAM	Financial Sector Program Cluster (Subprogram I)	1	10.00	1	HS
1951	ADF	CAM	Financial Sector Program Cluster (Subprogram II)	1	10.00		HS
2185	ADF	CAM	Financial Sector Program Cluster (Subprogram III)	1	10.00		HS
1759	OCR	IND	Housing Finance II Project (National Housing Bank)	1	40.00	1	U
1761	OCR	IND	Housing Finance (ICICI)	1	80.00		S
1738	OCR	INO	Industrial Competitiveness and Small and Medium Enterprise Development Program	1	200.00	1	PS
1529	ADF	KGZ	Rural Financial Institutions Project	1	12.50	1	PS
1805	ADF	PAK	Microfinance Sector Development Program	1	70.00	1	PS
1806	ADF	PAK	Microfinance Sector Development Project	1	80.00		PS
1955	OCR	PAK	Financial (Nonbank) Markets and Governance Program	1	260.00	1	PS
1956	ADF	PAK	Strengthening Pension, Insurance and Savings Systems	1	3.00		PS
1957	ADF	PAK	Strengthening Regulation, Enforcement and Governance of Nonbank Financial Markets	1	3.00		PS
1802	ADF	VIE	Rural Enterprise Finance Project	1	80.00	1	S
<b>Law, Economic Management, and Public Policy</b>				<b>2</b>	<b>130.00</b>	<b>1</b>	
2107	OCR	PAK	Balochistan Resource Management Program	1	110.00	1	PS
2108	ADF	PAK	Balochistan Resource Management Program	1	20.00		PS
<b>Multisector</b>				<b>17</b>	<b>1,710.20</b>	<b>14</b>	
2156	ADF	BAN	Emergency Flood Damage Rehabilitation Project	1	152.30	1	HS
1720	OCR	IND	Urban and Environmental Infrastructure Facility Project	1	30.00	1	U
1826	OCR	IND	Gujarat Earthquake Rehabilitation and Reconstruction Project	1	500.00	1	S
1583	OCR	INO	Rural Income Generation	1	136.90	1	S

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Table continued

Loan No.	Fund Source	Country	Project Name	Loan Count	Loan Amount (\$ million)	Project Count	Rating
1587	OCR	INO	Metropolitan Medan Urban Development Project	1	116.00	1	PS
2045	ADF	KGZ	Emergency Rehabilitation Project	1	5.00	1	S
1834	ADF	LAO	Vientiane Urban Infrastructure and Services Project	1	25.00	1	S
2047	OCR	PAK	Sindh Devolved Social Services Program	1	110.00	1	PS
2048	ADF	PAK	Sindh Devolved Social Services Program	1	100.00		PS
1663	OCR	PHI	Metro Manila Air Quality Improvement Sector Development Program (Policy loan)	1	200.00		PS
1664	OCR	PHI	Metro Manila Air Quality Improvement Sector Development Program (Air Pollution Control Quality)	1	25.00	1	PS
1665	OCR	PHI	Metro Manila Air Quality Improvement Sector Development Program (Investment loan)	1	71.00		PS
1797	OCR	PRC	Tianjin Wastewater Treatment and Water Resources Protection Project	1	130.00	1	S
8198	TFEF	TIM	Emergency Infrastructure Rehabilitation	1	9.00	1	S
1702	ADF	VIE	Ho Chi Minh City Environmental Improvement Project	1	70.00	1	U
2194	ADF	VIE	Support the Implementation of the Poverty Reduction Program II	1	15.00	1	S
2262	ADF	VIE	Support the Implementation of the Poverty Reduction Program III	1	15.00	1	S
<b>Transport</b>				<b>18</b>	<b>1,654.80</b>	<b>16</b>	
1659	ADF	CAM	Greater Mekong Subregion: Phnom Penh to Ho Chi Minh City Highway Project	1	40.00	1	S <sup>b</sup>
1902	OCR	FIJ	Ports Development Project	1	16.80	1	S
1274	OCR	IND	National Highways Project	1	245.00	1	S <sup>a</sup>
1798	OCR	INO	Road Rehabilitation (Sector) Project	1	190.00	1	S
1853	ADF	KGZ	Third Road Rehabilitation	1	40.00	1	S
1727	ADF	LAO	Greater Mekong Subregion: East–West Corridor Project	1	32.00	1	S <sup>b</sup>
1795	ADF	LAO	Rural Access Road Project	1	25.00	1	S
1891	OCR	PAK	Road Sector Development Program	1	50.00	1	S
1783	OCR	PRC	Chongqing–Guizhou Roads Development Project (Leichong Expressway)	1	120.00	1	S <sup>a</sup>
1784	OCR	PRC	Chongqing–Guizhou Roads Development Project (Chongzun Expressway)	1	200.00	1	S
1850	OCR	PRC	Ganzhou–Longyan Railway Project	1	200.00	1	HS
1851	OCR	PRC	Guangxi Roads Development Project	1	150.00	1	S
1967	OCR	PRC	Shanxi Road Development II Project	1	124.00	1	S
1819	ADF	TAJ	Road Rehabilitation Project	1	20.00	1	S
1948	ADF	RMI	Outer Island Transport Infrastructure Project	1	7.00	1	U

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Table continued

Loan No.	Fund Source	Country	Project Name	Loan Count	Loan Amount (\$ million)	Project Count	Rating
1773	OCR	UZB	Railway Modernization Project	1	70.00	1	S <sup>a</sup>
1728	ADF	VIE	Greater Mekong Subregion: East–West Corridor Project	1	25.00		S
1660	ADF	VIE	Greater Mekong Subregion: Phnom Penh to Ho Chi Minh Highway Project	1	100.00		S
Water Supply and Sanitation				5	106.50	4	
1725	ADF	CAM	Provincial Towns Improvement Project	1	20.00		S
2013	ADF	CAM	Provincial Towns Improvement Project	1	6.26	1	S
1648	ADF	KIR	Sanitation, Public Health, and Environment Improvement	1	10.24	1	PS
1710	ADF	LAO	Water Supply and Sanitation Sector Project	1	20.00	1	PS
1950	ADF	PAK	Punjab Community Water Supply and Sanitation Sector Project	1	50.00	1	HS
<b>Total</b>				<b>84</b>	<b>6,597.70</b>	<b>68</b>	

ADF = Asian Development Fund, BAN = Bangladesh, BHU = Bhutan, CAM = Cambodia, FIJ = Fiji Islands, HS = highly successful, IND = India, INO = Indonesia, KGZ = Kyrgyz Republic, KIR = Kiribati, LAO = Lao People's Democratic Republic, MON = Mongolia, NEP = Nepal, OCR = ordinary capital resources, PAK = Pakistan, PHI = Philippines, PNG = Papua New Guinea, PRC = People's Republic of China, PS = partly successful, RMI = Marshall Islands, S = successful, SRI = Sri Lanka, TAJ = Tajikistan, TIM = Timor-Leste, UZB = Uzbekistan, U = unsuccessful, VIE = Viet Nam.

<sup>a</sup> With project completion report validation report.

<sup>b</sup> With project performance evaluation report.

Source: Asian Development Bank.

**Table A4.4: List of Technical Assistance Completion Reports Reviewed**

TA No.	Country	Project Name	Rating
3874	AFG	Capability Building for Reconstruction and Development	S
4235	AFG	Institutional Strengthening of the Gas Sector	U
4334	AFG	Capacity Building for Agriculture Policy Reform	PS
4354	AFG	Establishing a Gas Regulatory Framework	GS
4502	AFG	Capacity Building of the Ministry of Finance	S
4594	AFG	Capacity Strengthening of the Civil Aviation Sector	PS
4758	AFG	Capacity Building for Regional Cooperation	PS
4465	AZE	Institutional Strengthening of the Water Supply and Sanitation Sector in Secondary Towns	PS
4140	BAN	Supporting Good Governance Initiatives	S
4320	BAN	Social Protection of Poor Female Workers in the Garment Sector in the Context of Changing Trade Environments Project	S
4517	BAN	Development of National Involuntary Resettlement Policy	S
4398	BHU	Strengthening the Debt Management Capacity of the Department of Aid and Debt Management	S
4412	BHU	Small and Medium Enterprise Development	S

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Table continued

TA No.	Country	Project Name	Rating
4599	BHU	Capacity Building for the Bhutan Power Corporation	HS
4636	BHU	Capacity Building to Implement Environmental Assessment Procedures	S
3947	CAM	Sustainable Employment Promotion for Poor Women	S
4316	CAM	Harmonizing Loan Project Implementation Procedures	HS
4376	CAM	Capacity Building for the Tonle Sap Poverty Reduction Initiative	HS
4441	CAM	Support to Public Financial Management Reform Program	S
4459	CAM	Implementation of the Action Plan for Gender Mainstreaming in the Agriculture Sector	S
4777	CAM	Dormitories and Learning Centers for Secondary Schoolgirls	S
4605	COO	Strengthening Disaster Management and Mitigation	S
4789	FSM	Implementation of the Public Sector Capacity Building Roadmap	PS
2001	IND	Road Safety	S
2002	IND	Environmental Management of Road Projects	S
2003	IND	Technical Standards of Highway Concrete Structures	S
4226	IND	Pension Reforms for the Unorganized Sector	S
4242	IND	Institutional Development for Rural Electrification (Assam)	S
4297	IND	Capacity Building for Fiscal Reforms in Sikkim	S
4518	IND	Capacity Building for Kerala Sustainable Urban Development	S
4024	INO	Financial Governance and Social Security Reform	S
4251	INO	Improvement of the Administration of the Supreme Court	S
4473	INO	Support for the Implementation of the State Audit Reform Program	S
4501	INO	Institutionalizing the Clean Development Mechanism Project	HS
4543	INO	Sustaining Decentralization and Local Governance Reforms	S
4444	KGZ	Improving Road Maintenance and Strengthening the Transport Corridor Management Department	S
4450	KGZ	Capacity Building and Institutional Strengthening for the Customs Modernization and Infrastructure Department	S
4705	KGZ	Support to the Development and Implementation of the National Poverty Reduction Strategy II	S
4521	LAO	Institutional Strengthening for Poverty Monitoring and Evaluation	S
3606	MON	Capacity Building in Agriculture	PS
4393	MON	Establishing an Effective Anti-Money Laundering Regime	S
4590	NAU	Reform of the Nauru Phosphate Corporation	PS
3580	NEP	Corporate and Financial Governance	PS
3622	NEP	Institutional Support for Governance Reforms	PS
4141	NEP	Supporting Government Disengagement from Public Enterprise	PS
4249	NEP	Strengthening Performance-Based Management	PS
4760	NEP	Enhancing Poverty Reduction Impact of Road Projects	HS
4774	NEP	Economic and Social Inclusion of the Disadvantaged Poor through Livelihood Enhancement with Micro-Irrigation	S
3711	PAK	Restructuring the Gas Sector	S
4400	PAK	Transport Policy Support	S
4449	PAK	Strengthening Program Implementation for Balochistan Resource Management Program	S
4520	PAK	Support for the Subprogram 2 of the Punjab Resource Management Program	S
4537	PAK	Implementing Public Safety Reforms in Four Districts of the Province of Punjab	S

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Table continued

TA No.	Country	Project Name	Rating
3693	PHI	Strengthen the Independence of the Judiciary	S
4168	PHI	Support for Nonbank Financial Governance II	S
4321	PHI	Strengthening Governance of Securities Trading Markets	S
4512	PHI	Strengthening Provincial and Local Planning and Expenditure Management	S
4686	PHI	Harmonization and Managing for Results	S
3971	PRC	Enforcement of World Trade Organization Rules by the Judicial System	S
3979	PRC	Fiscal Management Reforms	S
4125	PRC	Improving Services Sector Statistics	HS
4399	PRC	Agricultural Taxation Reform Project	S
4404	PRC	Implementation of the National Strategy for Soil and Water Conservation	S
4454	PRC	Developing a Poverty Monitoring System at the County Level	S
4553	PRC	Support for Environmental Legislation	S
4581	PRC	Developing a Results-Based National Monitoring and Evaluation System for Key Projects	S
5876	REG	Organization and Management of Government Legal Services	PS
5949	REG	Study of Interlinkages between Governance and Poverty in Sectoral Development and Reform Activities	U
6009	REG	Capacity Building and Regional Cooperation for Economic Statistics in Selected Pacific Developing Member Countries	PS
6043	REG	Promoting Good Governance in East and Central Asia	S
6058	REG	Trade Facilitation and Customs Cooperation	S
6091	REG	Capacity Building for Resettlement Risk Management	S
6123	REG	Promoting Effective Water Management Policies and Practices-Phase 3	S
6148	REG	Strengthening the Capacity of Financial Sector Regulators and Supervisors	PS
6155	REG	Capacity Building in Environmental Information Management Systems in Central Asia	PS
6157	REG	Strengthening Poverty Analysis and Strategies in the Pacific	PS
6170	REG	Pilot Project on Institutionalizing Civil Society Participation to Create Local Pro-Poor Budgets	HS
6176	REG	Building Capacity for Participatory Approaches to Poverty Reduction in ADB Operations	PS
6190	REG	Preventing the Trafficking of Women and Children and Promoting Safe Migration in the Greater Mekong Subregion	S
6192	REG	Transboundary Animal Disease Control in the Greater Mekong Subregion	HS
6218	REG	Decentralization in Social Sectors	S
6225	REG	South Asia Subregional Economic Cooperation Human Resource Development and Capacity Building in the Tourism Sector	S
6248	REG	Legal Empowerment for Women and Disadvantaged Groups	HS
6267	REG	Establishment of Central Asia Regional Economic Cooperation Members Electricity Regulators Forum	S
6296	REG	Developing Pro-Poor Governance Capability and Knowledge	HS
6404	REG	Capacity Building for Small Business and Microfinance Banks	PS
4513	SAM	Strengthening State-Owned Enterprise Corporate Governance	PS
4482	SOL	State-Owned Enterprise Reforms and Private Sector Participation	PS
4494	SOL	Institutional Strengthening of the Ministry of Infrastructure and Development	HS
4588	SOL	Implementation of Interisland Transport Reforms	S

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Table continued

TA No.	Country	Project Name	Rating
3822	SRI	Enabling Small and Medium Enterprise Growth	PS
4049	SRI	Strengthening the Regulatory Regional Framework for Water Supply and Sanitation	S
4075	SRI	Passenger Transport Services Improvement	U
4132	TAJ	Institutional Strengthening of Microfinance Systems	HS
4294	TAJ	Strengthening Implementation of Road Maintenance	S
4451	TAJ	Capacity Building and Institutional Strengthening for the Customs Modernization and Infrastructure Development	S
4217	UZB	Furthering Reforms in the Grain Sector	PS
4302	UZB	Support to Policy and Institutional Reforms in the Water Sector	PS
4396	UZB	Capacity Building for Woman and Child Health Development	S
3568	VIE	Support of Rural Businesses	U
4080	VIE	Support to the Office of the Government in the Implementation of Administrative Modernization including Computerization and E-Government Initiatives	PS
4081	VIE	Institutional and Capacity Building Support to the Ministry of Home Affairs	S
4082	VIE	Policy Coordination Support to the Office of the Government	S
4290	VIE	Capacity Building for the Financial Sector and Capital Markets	S
4331	VIE	Support for Pro-Poor Health Policies	HS
4452	VIE	Gender Mainstreaming Action Plan in Agriculture and Rural Development	PS

ADB = Asian Development Bank, AFG = Afghanistan, AZE = Azerbaijan, BAN = Bangladesh, BHU = Bhutan, CAM = Cambodia, COO = Cook Islands, FSM = Federated States of Micronesia, GS = generally successful, HS = highly successful, IND = India, INO = Indonesia, KGZ = Kyrgyz Republic, LAO = Lao People's Democratic Republic, MON = Mongolia, NAU = Nauru, NEP = Nepal, PAK = Pakistan, PHI = Philippines, PRC = People's Republic of China, PS = partly successful, REG = regional, S = successful, SAM = Samoa, SOL = Solomon Islands, SRI = Sri Lanka, TA = Technical assistance, TAJ = Tajikistan, U = unsuccessful, UZB = Uzbekistan, VIE = Viet Nam.

Source: Asian Development Bank.



# Appendix 5

## Successful Projects at and after Completion

**Table A5.1: Number of Project Completion Reports, Validation Reports and Project Performance Evaluation Reports Circulated, 2004–2008**

Year	PCR	PVR	PPER	Total
2004	59	—	12	71
2005	50	—	7	57
2006	49	—	—	49
2007	48	—	—	48
2008	68	29 <sup>a</sup>	6 <sup>b</sup>	103

— = not available; PCR = project completion report, PVR = PCR validation report, PPER = project performance evaluation report.

<sup>a</sup> Includes seven PVRs of the 2008 PCRs.

<sup>b</sup> Includes two PPERs on projects for which PCRs were prepared in 2008.

Sources: Central Operations Services Office and Independent Evaluation Department. Asian Development Bank.

**Table A5.2: Number and Percentage of Successful<sup>a</sup> Projects and Programs**

Year	Asian Development Bank		Asian Development Fund	
	Number	%	Number	%
2004	47	66	26	65
2005	43	75	30	88
2006	38	78	22	76
2007	32	67	24	77
2008	66	69	43	72

<sup>a</sup> Where available, project performance evaluation report (PPER) ratings are taken as the final rating. If no PPER is prepared, an available PCR validation report (PVR) rating is used. Otherwise, the project completion report (PCR) ratings are used. Counting of successful projects rated in PCRs, PVRs, and PPERs is based on the year of their circulation.

Source: Strategy and Policy Department, Asian Development Bank.

# Appendix 6

## Disbursements

**Table A6.1: Annual Disbursements for Sovereign Operations, 2006–2008** (\$ million)

Item	Asian Development Bank			Asian Development Fund		
	2006	2007	2008	2006	2007	2008
Project loans	3,214	3,822	4,473	1,046	1,053	1,329
Program loans	2,186	2,539	3,447	293	566	713
ADF grants	34	63	178	34	63	178
<b>Total Disbursements</b>	<b>5,434</b>	<b>6,424</b>	<b>8,098</b>	<b>1,373</b>	<b>1,680</b>	<b>2,220</b>

ADF = Asian Development Fund.

Note: Totals may not add up because of rounding.

Source: Controller's Department, Asian Development Bank.

**Table A6.2: Disbursement Ratio for Sovereign Operations, 2006–2008** (Percentage)

Year	ADB	ADF
2006	23	18
2007	25	21
2008	29	25

ADB = Asian Development Bank, ADF = Asian Development Fund.

Source: Controller's Department, Asian Development Bank.

**Table A6.3: Disbursement for Nonsovereign Loans and Equity Investments, 2006–2008** (\$ million)

Item	2006	2007	2008
Private Sector Operations	489	606	716
Nonsovereign Public Sector	—	—	10
<b>Total</b>	<b>489</b>	<b>606</b>	<b>726</b>

— = not applicable.

Source: Controller's Department, Asian Development Bank.

**Table A6.4: Disbursement Ratio for Nonsovereign Loans and Equity Investments, 2006–2008**  
(Percentage)

<b>Item</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Private Sector Operations	43	61	45
Nonsovereign Public Sector	—	—	100
<b>Total</b>	<b>43</b>	<b>61</b>	<b>45</b>

— = not applicable

Source: Controller's Department, Asian Development Bank.

# Appendix 7

## Cofinancing Arrangements

Direct value-added cofinancing involves active coordination and formal agreements among financing partners that bring about defined client benefits, including contractual commitments by ADB to facilitate mobilization, administration, or participation in cofinancing. Starting in 2006, cofinancing statistics indicate direct value-added cofinancing.<sup>1</sup>

**Table A7.1: DVA Cofinancing<sup>a</sup> and DVA Cofinancing Ratio<sup>a</sup>**

Year	Asian Development Bank		Asian Development Fund	
	Amount (\$ million)	Cofinancing Ratio %	Amount (\$ million)	Cofinancing Ratio %
2004	255	5	95	8
2005	348	6	223	14
2006	1,332	18	276	18
2007	820	8	209	9
2008	1,604	14	149	6

DVA = direct value-added.

<sup>a</sup> Excludes technical assistance.

<sup>b</sup> Total DVA cofinancing (loans, grants for loan components, guarantees, and syndications) divided by total investment projects (ordinary capital resources and Asian Development Fund loans, and Asian Development Fund grants).

Source: Office of Cofinancing Operations, Asian Development Bank.

**Table A7.2: Non-DVA Cofinancing<sup>a</sup> (\$ million)**

Item	2004	2005	2006	2007	2008
Commercial Loans	1,246	5,186	4,118	1,848	11,287
Official Loans	335	1,836	188	255	2,630
Grants	88	107	111	126	125
Total Non-DVA Cofinancing	1,669	7,128	4,418	2,230	14,042

DVA = direct value-added.

<sup>a</sup> Excludes technical assistance.

Source: Office of Cofinancing Operations, Asian Development Bank.

<sup>1</sup> ADB. 2006. *ADB's Financing Partnership Strategy*. Manila.

# Appendix 8

## Strategic Focus in Operations

Table A8.1: Proportion of ADB Financing<sup>a</sup> for Strategy 2020 Core Operational Areas (2008 approvals)

Item	Asian Development Bank		Asian Development Fund	
	Amount (\$ million)	%	Amount (\$ million)	%
<b>A. Financing for Core Sectors</b>	8,754	77.5	1,644	65.8
Infrastructure	8,450	74.8	1,471	58.9
Energy	3,032	26.8	284	11.4
Transportation	2,951	26.1	319	12.8
Water	869	7.7	277	11.1
Others <sup>b</sup>	1,598	14.2	591	23.7
Finance Sector Development	156	1.4	26	1.0
Education	148	1.3	148	5.9
<b>B. Financing for Other Areas</b>	2,540	22.5	854	34.2
Agriculture	333	2.9	80	3.2
Health	223	2.0	184	7.4
Disaster and Emergency	240	2.1	240	9.6
Industry	178	1.6	28	1.1
Law, Economic Management, and Public Policy	1,567	13.9	322	12.9
<b>C. Operations under B with environment or regional cooperation as theme</b>	203	1.8	20	0.8
<b>D. Total Financing (A + B)</b>	11,294	100.0	2,498	100.0
<b>E. Total Financing in ADB Core Operational Areas (A + C)</b>	<b>8,957</b>	<b>79.3</b>	<b>1,664</b>	<b>66.6</b>

ADB = Asian Development Bank.

<sup>a</sup> Includes ordinary capital resources loans, and Asian Development Fund loans and grants.

<sup>b</sup> Includes multisector projects with infrastructure components (for example, urban sector development and disaster rehabilitation) and law, economic management, and public policy projects supporting policy reforms in core sectors.

Note: Totals may not add up because of rounding.

Source: Strategy and Policy Department, Asian Development Bank.

**Table A8.2: Projects Supporting Selected Thematic Areas (\$ million)**

Indicator	Asian Development Bank			Asian Development Fund		
	2004–2006	2005–2007	2006–2008	2004–2006	2005–2007	2006–2008
Private sector development	1,352	2,497	3,496	162	170	282
Regional cooperation and integration	210	754	867	125	222	248
Environmental sustainability	960	1,179	1,825	144	147	160
Gender mainstreaming <sup>a</sup>	1,172	1,370	1,345	743	895	907

<sup>a</sup> Includes projects specifically identifying gender as a theme under the project classification system and other projects with effective gender mainstreaming.

Note: Amounts represent three-year average.

Sources: Reports and recommendations of the President (2004–2008), Central Operations Services Office, Strategy and Policy Department, and Regional and Sustainable Development Department. Asian Development Bank.

**Table A8.3: Proportion of Asian Development Bank Financing Supporting Selected Thematic Areas (Percentage)**

Indicator	Asian Development Bank			Asian Development Fund		
	2004–2006	2005–2007	2006–2008	2004–2006	2005–2007	2006–2008
Private sector development	20	29	34	11	9	13
Regional cooperation and integration	3	9	9	9	12	13
Environmental sustainability	14	14	18	10	8	7
Gender mainstreaming <sup>a</sup>	19	18	19	51	48	43

<sup>a</sup> Includes projects specifically identifying gender as a theme under the project classification system and other projects with effective gender mainstreaming.

Note: Percentage represents 3-year average of approval volume.

Sources: Reports and recommendations of the President (2004–2008), Central Operations Services Office, Regional and Sustainable Development Department, and Strategy and Policy Department. Asian Development Bank.

# Appendix 9

## Successful Technical Assistance Projects Based on Completion Reports Prepared in 2004–2008

Year	Asian Development Bank		Asian Development Fund	
	Number	%	Number	%
2004	129	78	74	73
2005	128	76	57	70
2006	140	79	59	72
2007	110	79	47	66
2008	148	73	61	63

Source: Central Operations Services Office, Asian Development Bank.

# Appendix 10

## Partnerships

Table A10.1: Program-Based Approaches Supported by the Asian Development Bank in 2008

Loan/ Grant No.	DMC	Project Title	ADF Loan (\$ million)	OCR Loan (\$ million)	Total Loan (\$ million)	TA/Grant (\$ million)	Approval Date	Development Partners (Cofinanciers)	PBA Characteristics
Grant 0105	NEP	Education Sector Program Cluster (ESP) - Subprogram II				8.0 (ADF)	24 Jan 2008	Parallel grant (EUR 6 million) from European Commission	The ESP uses program lending and adjusts it to a program-based approach (PBA) features. Tranche releases are contingent upon annually agreed program outcomes and progress rather than policy milestones.
2430	BAN	Emergency Assistance for Food Security Project	170.0		170.0	0.6 (TASF)	22 Jul 2008	JBIC, IsDB and World Bank possible financing partners	With support of development partners, the Government developed a plan of action for implementing the national food policy with 26 areas of intervention and 314 targeted actions. ADB supports the government's safety net programs for food security.
2449	INO	Rural Infrastructure Support to PNPM Mandiri Project	50.0		50.0		29 Sept 2008		The Project forms part of the ongoing flagship poverty reduction program of the government—the National Program for Community Empowerment.
2450	PHI	Development Policy Support Program (DPSP) - Subprogram II		250.0	250.0	0.8 (TASF)	30 Sept 2008	Parallel financing from World Bank	The DPSP and World Bank's parallel development policy loan represent a joint ADB-World Bank effort in supporting a common reform agenda. It is also supported by the governments of Australia, Japan, and the United States.
Grant 0118	NEP	Governance Support Program - Subprogram I				106.3 (ADF)	22 Oct 2008		The project will establish a broad decentralization approach that will contribute to a more holistic and PBA to local governance.

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Table continued

Loan/Grant No.	DMC	Project Title	ADF Loan (\$ million)	OCR Loan (\$ million)	Total Loan (\$ million)	TA/Grant (\$ million)	Approval Date	Development Partners (Cofinanciers)	PBA Characteristics
Grant 0125	MON	Education Sector Reform Project				10.0 (ADF grant)	21 Nov 2008		The project supports a sector-wide approach in education agreed by the government and the donor community. It is coordinated through the Ministry of Education, Culture, and Science and the Education Donors' Consultative Mechanism which is co-chaired by ADB and the Government of Japan.
2475	INO	Infrastructure Reform Sector Development Program (IRSDP) - Subprogram 2		280.0	280.0		27 Nov 2008	Parallel financing from Japan and World Bank	Complementing each other, separate interventions from ADB and Japan (IRSDP loan series) help maintain momentum across the breadth of the government's reform agenda. IRSDP also complements World Bank's Infrastructure Development Policy Loan.
2478	INO	Second Local Government Finance and Governance Reform Program Cluster (LGFG 2) - Subprogram I		350.0	350.0	1.5 (TASF)	4 Dec 2008		ADB collaborates closely with other development partners in all six core output areas of LGFG 2, involving sector-wide planning and policy formulation. It supports the Decentralization Support Facility, which was established in 2005 as a decentralization umbrella organization to harmonize the government's needs and development partners' interventions.
2480	CAM	Promoting Economic Diversification (PED) Program - Subprogram I [formerly Private Sector and SME Development Program]	20.0		20.0	2.0 (ADF) 0.8 (TASF)	5 Dec 2008		The PED program supports the Cambodian government's national strategy and its new initiative, a sector-wide approach for its trade development agenda, which articulates a consistent and well-sequenced policy framework for private sector reforms over the medium-term.

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Table continued

Loan/ Grant No.	DMC	Project Title	ADF Loan (\$ million)	OCR Loan (\$ million)	Total Loan (\$ million)	TA/Grant (\$ million)	Approval Date	Development Partners (Cofinanciers)	PBA Characteristics
2490	VIE	Support for the Implementation of the Poverty Reduction Program V (subprogram 1)	25.0		25.0		8 Dec 2008	Parallel financing from World Bank, Spain, France, Australia, Canada, Denmark, European Commission, Germany, Ireland, Japan, the Netherlands, and United Kingdom	Supports Poverty Reduction Credit Support (PRCS) 7. The PRCS process comprises several closely related activities jointly undertaken each year by participating development agencies to help implement policy reforms needed to implement the government's poverty reduction strategies. The World Bank coordinates PRSC activities of participating development agencies.
2488	INO	Fourth Development Policy Support Program (DPSP)		200.0	200.0		16 Dec 2008	Parallel financing from World Bank and Japan	The DPSP facility provides a useful platform for donor coordination of policies and programs. Participation of ADB and Japan in the World Bank-led development policy loan series ensures more coordinated policy support among the three development partners.
2489	PHI	Governance in Justice Sector Reform Program (GJSRP) - subprogram I		300.0	300.0	1.5 (TASF) 0.5 (GDGF)	16 Dec 2008	Parallel financing from UNDP, Australia, World Bank, United States, Canada, Japan, and European Commission	GJSRP supports the broad priorities of the government's justice sector reform measures. The reform program is coordinated with other development partners supporting Philippine justice sector reforms.
2500/ 2501	INO	Integrated Citarum Water Resources Management Investment Program -Tranche 1	30.0	20.0	50.0	3.8 (GEF) 1.0 (TASF) 5.0 (Netherlands) 2.0 (WFPF)	22 Dec 2008	GEF, The Netherlands, WFPF, and parallel TA from the Republic of Korea	The MFF ensures the long-term engagement of ADB with multiple projects to sustain the integrated approach and reform process.

ADB = Asian Development Bank, ADF = Asian Development Fund, ADTA = advisory technical assistance, BAN = Bangladesh, CAM = Cambodia, DMC = developing member country, EUR = euro, GDGP = Gender and Development Cooperation Fund, GEF = Global Environment Fund, INO = Indonesia, IsDB = Islamic Development Bank, JBIC = Japan Bank for International Cooperation, MFF = multitranches financing facility, MON = Mongolia, NEP = Nepal, OCR = ordinary capital resources, PBA = program-based approach, PHI = Philippines, PNM Mandiri = Program Nasional Pemberdayaan Masyarakat (National Program for Community Empowerment), TA = technical assistance, TASF = Technical Assistance Special Fund, UNDP = United Nations Development Programme, VIE = Viet Nam, WFPF = Water Financing Partnership Facility.

Note: PBA is defined by the Organisation for Economic Co-operation and Development and Learning Network on Program Based Approaches (LENPA) as a way of engaging in development cooperation based on the principle of coordinated support for a locally owned program of development, such as a national poverty reduction strategy, a sector program, a thematic program, or a program of a specific organization. PBAs share the following features: (i) leadership by the host country or organization; (ii) a single comprehensive program and budget framework; (iii) a formalized process for donor coordination and harmonization of donor procedures for reporting, budgeting, financial management, and procurement; and (iv) efforts to increase the use of local systems for program design and implementation, financial management, and monitoring and evaluation. A sector-wide approach is a PBA operating at the level of an entire sector.

Source: Strategy and Policy Department, Asian Development Bank.

**Table A10.2: Country Partnerships Strategies and Country Portfolio Review Missions<sup>a</sup>  
Conducted with Development Partners in 2008**

Regions	CPR Missions Conducted (number)	CPRs Conducted Jointly with other Development Partners (number)	CPS Missions Conducted (number)	CPS Conducted Jointly with other Development Partners (number)
Central and West Asia	Afghanistan (4), Azerbaijan (3), Kyrgyz Republic (1), Pakistan (1), Tajikistan (1), Uzbekistan (1)	Azerbaijan (1), Kyrgyz Republic (1), Pakistan (1), Tajikistan (1), Uzbekistan (1)	Afghanistan (1), Tajikistan (3)	Tajikistan (2)
East Asia	Mongolia (1), PRC (1)		Mongolia (7), PRC (2)	Mongolia (3)
Pacific	RMI (1), FSM (1), Solomon Islands (4), Vanuatu (2)	Solomon Islands (4)	Palau (1), Papua New Guinea (1), Timor-Leste (3)	
South Asia	Bangladesh (1), India (1), Nepal (1), Sri Lanka (1)	Bangladesh (1), Nepal (1)	India (1), Nepal (2)	Nepal (2)
Southeast Asia	Indonesia (1), Lao PDR (1), Viet Nam (1)	Lao PDR (1)		
<b>Total</b>	<b>28</b>	<b>12</b>	<b>21</b>	<b>7</b>

CPR = country portfolio review, CPS = country partnership strategy, FSM = Federal States of Micronesia, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China, RMI = Republic of Marshall Islands.

<sup>a</sup> Counts only missions from headquarters. Resident missions also participated in around 31 CPS and CPR meetings with other development partners.

Sources: Central Operations Services Office, and Regional Departments. Asian Development Bank.

# Appendix 11

## Human Resources

**Table A11.1: Budgeted Staff Complement in Operations Departments, 2004–2008**

Year	No. of PS and NO in Operations <sup>a</sup>	Total No. of PS and NO in ADB <sup>b</sup>	% of PS and NO in Operations
2004	635	1,222	52
2005	675	1,290	52
2006	681	1,308	52
2007	710	1,341	53
2008	732	1,378	53

ADB = Asian Development Bank, NO = national officer, PS = professional staff.

<sup>a</sup> Refers to the five regional departments and Private Sector Operations Department.

<sup>b</sup> Excluding directors' advisors, staff in the Independent Evaluation Department and Office of the Compliance Review Panel, and young professionals.

Source: Budget, Personnel and Management Systems Department, Asian Development Bank.

**Table A11.2: Budgeted Staff Complement in Resident Missions, 2004–2008**

Year	No. of PS and NO in Resident Missions <sup>a</sup>	No. of PS and NO in Regional Departments	% of PS and NO in Resident Missions
2004	241	599	40
2005	267	635	42
2006	280	635	44
2007	293	659	44
2008	314	680	46

NO = national officer, PS = professional staff.

<sup>a</sup> Including outposted staff.

Source: Budget, Personnel and Management Systems Department, Asian Development Bank.

**Table A11.3: Gender Distribution among Professional Staff, 2007–2008**

Item	2007		2008	
	Number	%	Number	%
Entry Levels (levels 1–4)				
Male	218	64.5	245	68.6
Female	120	35.5	112	31.4
Pipeline Levels (levels 5–6)				
Male	273	71.1	269	70.8
Female	111	28.9	111	29.2
Senior Levels (levels 7–10)				
Male	108	86.4	112	81.8
Female	17	13.6	25	18.2
<b>Total ADB professional staff<sup>a</sup></b>				
<b>Male</b>	<b>599</b>	<b>70.7</b>	<b>626</b>	<b>71.6</b>
<b>Female</b>	<b>248</b>	<b>29.3</b>	<b>248</b>	<b>28.4</b>

ADB = Asian Development Bank.

<sup>a</sup> Including staff on special leave without pay.

Source: Budget, Personnel and Management Systems Department, Asian Development Bank.