



June 2018

2017 Annual Report of the Development Effectiveness Committee

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
AED	--	alternate executive director
AER	–	annual evaluation review
APPR	–	annual portfolio performance report
CAPE	–	country assistance program evaluation
CEP	–	credit enhancement products
CPS	–	country partnership strategy
DEC	–	Development Effectiveness Committee
DMC	–	developing member country
GAD	–	gender and development
IED	–	Independent Evaluation Department
IT	–	information technology
MDB	–	multilateral development bank
MFF	–	multitranches financing facility
PRC	–	People's Republic of China
PSOD	–	Private Sector Operations Department
RBL	–	results-based lending
SHIPDET	–	Shanghai International Program on Development Evaluation Training
TA	–	technical assistance
WBG	–	World Bank Group

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

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I. INTRODUCTION

1. In accordance with its terms of reference,¹ the Development Effectiveness Committee (DEC) submits this annual report to the Board of Directors of the Asian Development Bank (ADB). This annual report presents the DEC's discussions on evaluation studies conducted by the Independent Evaluation Department (IED) pertaining to ADB policies, strategies, and completed operations. For majority of the period covered by this report (1 January to 31 December 2017), Director Philaslak Yukkanemwong served as the Chair until she was replaced by Director Syurkani Ishak Kasim in November 2017. Director Won-Mok Choi was a member until March 2017 and was replaced by Director Hyoung-Kwon Ko until May 2017. Director Kshapatri Shivaji also served in the committee from July until November 2017, when Director In-Chang Song replaced him until December 2017. Director Muhammad Sami Saeed and Alternate Directors Masashi Tanabe, Joar Strand, Johannes Schneider, Sharafjon Sheraliev, Mario Di Maio, Philip Rose, Scott Dawson and Mahbub Ahmed were the other Board members who have been members of the committee in 2017.

2. The DEC met 10 times in 2017 and reviewed IED's findings and recommendations on ADB's institutional and development effectiveness and provided feedback to IED and ADB Management. (Appendix 1) The DEC also provided feedback on thematic and corporate evaluations conducted by IED, including (i) the role of ADB's credit enhancement products (CEPs), (ii) ADB's support for gender and development, and (iii) a commentary on country partnership evaluation. In view of the importance of monitoring the effective implementation of agreed IED recommendations, in 2015 the DEC began closely tracking Management's follow-up actions on selected topics agreed upon by both the IED and Management. DEC also commissioned and helped implement an external consultant review of IED and the role of evaluation in ADB.

3. This annual report summarizes key points raised by the DEC from its review of IED reports and discussions with IED and Management—including selected chapters of the 2017 Annual Evaluation Review (AER), and the 2016 Annual Portfolio Performance Report (APPR)—and outlines DEC's recommendations for future evaluation activities.² DEC commended IED for its performance in 2017 and for its efforts in producing evaluation knowledge products and services and other related papers on ADB policies, programs, and projects.

II. KEY ISSUES AND FINDINGS FROM THE DEVELOPMENT EFFECTIVENESS COMMITTEE'S REVIEW OF SELECTED EVALUATIONS

4. The DEC discussions highlighted issues specific to projects and countries, as well as systemic factors affecting the development effectiveness of ADB operations. The following paragraphs highlight the DEC's views as documented in the chair's summaries of each DEC meeting.

¹ ADB. Terms of Reference of the Development Effectiveness Committee of the Board Of Directors. <https://www.adb.org/sites/default/files/institutional-document/32128/tor-dec-2011.pdf>.

² IED. 2017. *2017 Annual Evaluation Review: Learning from the Lessons of Project Evaluations*. Manila: ADB; ADB. 2017. *Annual Portfolio Performance Report*. Manila.

A. Country Assistance Program Evaluation: India, 2007–2015

5. The DEC discussed the country assistance program evaluation (CAPE) for India.³ The country has ADB's largest program, with a \$22 billion portfolio approved during 2007–2015. The evaluation considers the overall performance of ADB's strategy and program in India *successful*, largely because of: (i) a move by ADB's country strategies from a purely sectoral to a more thematic approach, (ii) a relative focus on lagging states, (iii) a large private sector investment in solar and renewable energy, and (iv) good commitment from the government. The CAPE highlighted that ADB's support for infrastructure improved transport services and increased access to energy and water supply. However, areas for improvement include: (i) monitoring of subproject outcomes, (ii) reduction of non-sovereign project cancellations, (iii) the disbursement ratio, (iv) project delays and cost overruns, and (v) functioning of the multi-tranche financing facility (MFF). From a thematic perspective, the program evaluation found mixed results: (i) the inclusive economic growth agenda was satisfactorily addressed, given the large infrastructure support to lagging states; (ii) environmentally sustainable growth was satisfactorily addressed, but support for climate change has been limited; (iii) the regional cooperation and integration agenda resulted in relatively few actions over the period; (iv) the knowledge management program has not yet met expectations; and (iv) gender mainstreaming has increased, but has not been optimally result-oriented.

6. The DEC members generally agreed with and supported the recommendations of the CAPE. The DEC pointed out some lessons highlighted by the CAPE, including the need (i) to increase ADB's climate finance to India, (ii) to strengthen ADB's knowledge program to ensure its continuing relevance, (iii) for ADB to increase its operations in South Asia subregions in the next country partnership strategy (CPS), and (iv) to further improve private sector operations performance in India.

7. The DEC in particular discussed with IED and the Private Sector Operations Department (PSOD) how to address high cancellation rates. According to IED, there were four major reasons for cancellations: (i) weak market assessment and business plan, (ii) optimistic assumptions in the financial and economic analyses, (iii) additional ADB requirements, and (iv) availability of other private financing. In response, PSOD informed DEC that they had instituted new screening measures from an early stage for all transactions, and that early client engagement will help clients gain a clear understanding of ADB's terms.

8. The DEC pointed out that the CAPE offered important insights for ADB's approach to the region and encouraged Management to increase support for the South Asia Sub-regional Economic Cooperation (SASEC) program, especially through cross-border connectivity. The DEC also emphasized the need to document the process of CPS formulation and share lessons. DEC noted the South Asia Department's approach of focusing on inclusive growth and disaster risk and climate change issues, in particular in infrastructure, and targeting lagging states.

9. The DEC also discussed the IED's synthesis paper on the lessons from country partnership evaluations.⁴ The study focused on the key lessons gathered from CAPEs and validation reports from 2010 to 2017. IED highlighted the learning nature of the document. It was concluded that CPSs do add value to ADB's operations, by articulating ADB's agenda and drivers

³ IED. 2017. *Country Assistance Program Evaluation: India, 2007–2015*. Manila: ADB. <https://www.adb.org/sites/default/files/evaluation-document/182918/files/cape-india.pdf>.

⁴ IED. 2017. *Lessons from Country Partnership Evaluation: A Retrospective*. Manila: ADB.

of change, and by pursuing synergies across sectors and development partners. The DEC noted that the paper does not take account of the effects of the 2016 CPS reforms.⁵

10. Among the points raised by IED in the synthesis report, the DEC discussed concerns related to the CPS results framework and MFF. The DEC welcomed the planned MFF evaluation, which will allow discussion of the concerns raised and assessment of follow-up measures. The DEC also noted the central role played by country results frameworks in CPSs, and the importance of adopting clear and measurable frameworks to assess the progress and the success of CPSs. The DEC noted the differences in views between IED and Management on the country results framework and acknowledged that Management would look at the CPS results framework and work on this with IED in 2018. Management affirmed that the benefit of the MFF is not increased efficiency, but rather predictable financing, policy reforms, and institutional capacity development.

B. Corporate Evaluations

1. Boosting ADB's Mobilization Capacity: The Role of Credit Enhancement Products

11. The DEC discussed the corporate evaluation on the role of ADB's CEPs. The evaluation focused on the importance of mobilizing resources to bring in other resources, especially from the private sector.⁶ The report indicated that ADB's potential to tap CEPs to boost mobilization remained underutilized. The DEC discussed the challenges of expanding ADB's operations, and how this could be achieved.

12. The DEC noted that ADB's three main CEPs are guarantees, loans—including direct ADB loans (A loans), and loans funded by commercial banks and other eligible financial institutions, with ADB acting as lender of record (B loans)—and risk transfers arrangements. The DEC further noted that there were high levels of cancellations for guarantees and B loans, while risk transfers have been successful, with ADB being the leading multilateral development bank (MDB) in terms of risk transfers. IED reported that other MDBs were having difficulties in increasing the use of CEPs, and explained the internal and external factors that caused low utilization, including: (i) the intense competition in the global market; (ii) capacity issues with local DMC banks; (iii) low demand in Asia for A/B loans and political risk guarantees; (iv) poor integration of CEPs by ADB policy frameworks, especially CPSs, and sector and corporate strategies; (v) the guarantees and syndications unit is not appropriately resourced; and (vi) capacity constraints at ADB headquarters and resident missions level.

13. IED presented the DEC with the following recommendation to increase utilization of CEPs: (i) the establishment of a dedicated guarantees and syndications unit; (ii) the improvement of ADB's mobilization figures, and the reporting of cofinancing as well as mobilized capital; (iii) the use of data committed instead of approval figures when reporting mobilization; (iv) a better linkage between CEPs and strategy frameworks; (v) the need for capacity building; and (vi) better information technology (IT) systems. The DEC generally supported IED's recommendations on how to improve utilization of CEPs, especially the establishment of a dedicated unit for guarantees and syndications, and the need for capacity building through the enhancement of Management's understanding of ADB's role in mobilizing private resources. The Strategy, Policy and Review

⁵ ADB. 2015. *Reforming the Country Partnership Strategy*. Manila.

⁶ IED. 2017. *Boosting ADB's Mobilization Capacity: The Role of Credit Enhancement Products*. Manila: ADB. <https://www.adb.org/documents/boosting-adb-mobilization-capacity-role-credit-enhancement-products>.

Department noted that Management had started the work on several of the recommendations, and that there was already a dedicated unit handling CEPs in PSOD. Management committed to strengthening this unit and adding more resources, given the increasing demand for their products.

2. Results-based Lending at the ADB: An Early Assessment

14. In compliance with the results-based lending (RBL) policy, IED conducted an interim assessment of the modality before the end of the pilot experience.⁷ The evaluation aimed to demonstrate that RBL added value to ADB's operations, and its scope covered the 12 RBL programs approved from June 2013 to December 2016. No program had reached completion at the time of the evaluation, although most programs were reported as being on track, and the DEC agreed with IED that this was a limitation of the assessment. IED argued that the report provided enough information for the Board to make a decision on the future direction of the RBL modality.

15. The DEC highlighted the following key findings: (i) implementation of the modality was successful to date; (ii) high client demand indicated a wide scope for future RBLs; (iii) RBL design displayed good potential, but there were significant areas in which the modality needed to be strengthened; and (iv) some contexts were particularly favorable for RBLs.

16. The DEC acknowledged and generally supported IED's recommendations. A specific discussion focused on the recommendation about involuntary resettlement, in which the DEC noted a disagreement between IED and Management. Several DEC members expressed support for IED's recommendation that involuntary resettlement category A activities should be excluded from the modality, given the fact that most of complaints received by ADB were related to involuntary resettlement issues. However, the other members agreed with Management that a formal exclusion of such activities would not be justified. Several members accepted Management's argument that the relatively low threshold of affected persons assigned to category A by ADB (in comparison, for example, to the World Bank) would unduly constrain RBL. IED suggested it might be possible to adjust the criteria in specific situations. IED explained that a decision to exclude activities classified as involuntary resettlement category A from RBLs would be a judgment call that depended on Board's risk appetite and including such involuntary resettlement activity in RBLs that rely on country program systems would pose a reputational risk for ADB. Conversely, IED explained that RBL processing, from loan approval to disbursement, is relatively faster than other modalities. The potential for development effectiveness is high, especially because the modality uses and thereby strengthens country systems, and with potentially tangible effects in terms of sector-wide improvements and institutional development. Management did not agree with the recommendation to exclude involuntary resettlement category A activities from the RBL modality, explaining that the issue related to involuntary resettlement is about proper identification of risks and how they can be managed. Management stated its belief that this can be addressed through improved monitoring and reporting, and through an integrated risk assessment process. Management further noted that the safeguard policy issue requires further assessment and that a review of the Safeguard Policy Statement (2009) is planned.

17. The DEC also discussed the RBL ceiling issue and emphasized it should be kept separate from the discussion on RBL mainstreaming, because a decision on mainstreaming would be taken up at the end of the pilot period. The DEC also indicated that disbursement-linked indicators as

⁷ IED. 2017. Results-Based Lending at the Asian Development Bank: An Early Assessment. Manila: ADB. <https://www.adb.org/documents/results-based-lending-asian-development-bank-early-assessment>.

the core of the RBL modality were not consistent in terms of their level of ambition but noted that IED found the disbursement-linked indicator matrices well-structured.

18. In general, DEC members sought and obtained Management confirmation that they would seriously consider the entire IED report and its recommendations (footnote 7).

C. Thematic Evaluation: ADB Support for Gender and Development (2005–2015)

19. The DEC discussed the evaluation study on ADB's support for gender and development (GAD).⁸ The study aimed to explain, from an economic and social perspective, the impact of gender equality on development work, how it affects productivity, and how it eliminates barriers that discriminate against women working in certain fields. The evaluation considered 504 gender-mainstreamed projects approved from 2005 to 2015, and conducted gender portfolio assessments for eight countries, including ADB's three top borrowers (India, Pakistan, and the People's Republic of China).

20. The DEC noted IED's key messages, in particular that (i) ADB has been a pioneer among MDBs in ensuring quality-at-entry for gender projects; (ii) ADB's work contributed more to narrowing gaps in human development and time poverty than in women's economic empowerment; (iii) there was room to increase gender mainstreaming in infrastructure projects; and (iv) ADB's gender work can be enhanced with sufficient staffing, skills and funding; (v) the need to increase awareness among project staff of gender issues and the potential to address them; and (vi) the need for gender issues to have a more prominent position in the CPS. The DEC commended IED's study and generally supported IED's recommendations on how to address GAD issues. In particular, the DEC encouraged ADB to more actively share successful GAD stories among project officers, and with its members and development partners.

21. Management welcomed IED's recognition of ADB's achievements and noted that more projects were approved with gender mainstreaming following completion of the study. Management also emphasized the continuing commitment to facilitate the achievement of the Sustainable Development Goals on gender equality and women's empowerment by 2030.

22. The DEC reiterated that Strategy 2030 (currently under development) offers an opportunity to reconfirm the importance of gender equality targets, and to address the issues highlighted in IED's study.

⁸ IED. 2017. *Asian Development Bank Support for Gender and Development (2005–2015)*. Manila: ADB. <https://www.adb.org/sites/default/files/evaluation-document/181135/files/tes-gender-and-development.pdf>.

D. Topical Paper: Knowledge, Finance, and the Quality of Growth: An Evaluative Perspective on Strategy 2030

23. The DEC discussed IED's topical paper entitled Knowledge, Finance, and the Quality of Growth: An Evaluative Perspective on Strategy 2030,⁹ which presents a possible framework for Strategy 2030 based on the principle that a strategy is a set of activities that should position ADB as a unique provider of its type of services, deliver a unique value proposition for ADB's clients, and define a selected agenda.

24. IED explained that in the rapidly changing socioeconomic, financial, and institutional landscape, ADB needs to pursue better-quality growth as its primary strategic interest under Strategy 2030. The DEC acknowledged the findings of the paper and noted that to deliver better results and strengthen its agility, ADB needs to further reform its business processes as they relate to institutional arrangements. This can be achieved by improving implementation support and other processes, by focusing more on outcomes and sustainability, and by rebalancing the scope of interventions. The DEC also underlined the importance of focusing on inclusive growth and inequality, as well as resilience and the sustainability of ADB's projects. There was agreement that the diverging needs of ADB's DMCs require specific approaches (such as for fragile and conflicted-affected situations, and small island developing states). Some DEC members also mentioned the need to revisit the current graduation policy.

25. IED presented its recommendations, highlighting the following actions that ADB should take: (i) focus on better-quality growth for the region; (ii) adopt a thematic approach that catalyzes drivers of change crucial for quality growth; (iii) embrace a more cross-sectoral and integrated approach to operations; (iv) align organization structures and incentives; (v) further diversify lending products and other instruments, and strengthen project development skills to boost the number of bankable projects for syndications and cofinancing; and (vi) introduce the concept of process excellence by expanding efficiency improvements.

26. The DEC generally supported IED's recommendations on the Strategy 2030 framework and agreed that ADB needs a new strategy to clarify its strategic direction for quality growth. The DEC also agreed on the importance of IT's convergence into industry, and of innovation for countries to sustain their growth. Furthermore, IED indicated that ADB should build on its strengths – most fundamentally, that it is an infrastructure bank with many years of knowledge and expertise.

III. KEY ISSUES AND FINDINGS FROM THE DEVELOPMENT EFFECTIVENESS COMMITTEE'S REVIEW OF VARIOUS ANNUAL REPORTS

A. 2017 Annual Evaluation Review

27. The DEC discussed two chapters—Learning from Documented Lessons from Project Evaluation, and Update on Implementation of IED Recommendations—from the 2017 AER.¹⁰ IED indicated its appreciation for the fact that Management agreed with IED's recommendations and assured the DEC that IED will continue making recommendations actionable, and monitor actions taken. IED further reiterated the critical role of learning from documented lessons from project

⁹ IED. 2017. *Topical Paper: Knowledge, Finance, and the Quality of Growth—An Evaluative Perspective on Strategy 2030*. Manila: ADB. <https://www.adb.org/sites/default/files/evaluation-document/295281/files/tp-s2030.pdf>.

¹⁰ IED. 2017. *2017 Annual Evaluation Review: Learning from the Lessons of Project Evaluations*. Manila: ADB.

evaluations, and recommended strengthening ADB's learning culture and systems. IED also informed the DEC about their plan to launch, in coordination with Management, an initiative to understand failed projects and identify related issues.

28. The DEC observed and commended the close communication between IED and Management in finalizing the AER and was pleased to note the sharp reduction in unacceptance of recommendations, which was achieved by making recommendations more actionable. The DEC also noted: (i) the improvement in project design, with 77% of ADB projects (measured on a 3-year rolling average) rated *successful*; (ii) successful performance in ordinary capital resource-only and Asian Development Fund-only countries, and lagging performance in blend countries; and (iii) the importance of technical assistance (TA) to strengthen the performance of ordinary capital resource and Asian Development Fund blend countries, and the need to scale up TA. The DEC urged IED to do more TA evaluations and emphasized that PSOD should better align their operations with initiatives by regional departments to improve the general conditions for private sector development.

29. Regarding learning from documented lessons, the DEC expressed concern that ADB is lagging in terms of the implementation of and instruments used to promote a learning culture, and further reiterated the importance of a learning culture as ADB seeks to be a knowledge bank. The DEC urged IED and Management to work together to develop an action plan and roadmap to strengthen learning from documented lessons, and suggested various initiatives, including (i) introducing an incentive system to encourage learning activities, (ii) incorporating learning activities as an annual performance review parameter, (iii) enhancing IT supporting systems, and (iv) strengthening training programs to enhance understanding of the importance of lessons and their documentation.

B. Annual Report on 2016 Portfolio Performance

30. The DEC discussed the 2016 APPR,¹¹ which showed 2016 as a record year, with very strong performance in sovereign and nonsovereign portfolios. Sovereign approvals, contract awards and disbursements were at a record high as a result of the concerted efforts of regional departments. Nonsovereign operations performance, in terms of commitments and disbursements, was strong, with a significant decrease in droppages and cancellations, while approvals declined slightly.¹²

31. The DEC members commended the APPR as a valuable report and welcomed the improvements in several performance indicators and active learning between departments. The DEC also generally supported recommendations of the Procurement, Portfolio and Financial Management Department (formerly the Operations Services and Financial Management Department) for sovereign and nonsovereign operations. In particular, members of the DEC highlighted the importance of enhancing the capacity of countries to improve performance in both sovereign and nonsovereign operations and argued that ADB should allocate more resources for capacity development. The DEC further emphasized that ADB should put more effort into learning about recipient countries where projects are implemented. The DEC welcomed the strong performance of the ADF portfolio, as well as the efforts by PSOD to reduce droppages.

¹¹ ADB. 2017. *Annual Portfolio Performance Report*. Manila.

¹² Droppage describes a project that is canceled before the signing of the legal agreements. ADB. Glossary of Terms: Sovereign and Non-Sovereign Operations. <https://www.adb.org/sites/default/files/institutional-document/33458/files/glossary-sovereign-nonsovereign-operations.pdf>.

32. Regarding DEC questions on local currency finance, the Procurement, Portfolio and Financial Management Department agreed that it is very important for ADB to expand its lending currencies, because many borrowers are small and medium-sized enterprises or receive project finance with revenues generated in local currency. ADB is lending in local currency in six countries: Georgia, India, Indonesia, the People's Republic of China, the Philippines, and Thailand. However, overcoming associated challenges—such as market conditions and regulatory constraints—requires concerted efforts from ADB departments.

IV. INDEPENDENT REVIEW OF THE INDEPENDENT EVALUATION DEPARTMENT

33. During 2017, the DEC oversaw an external review of IED and the role of evaluation in ADB, including how IED's recommendations are mainstreamed. This review was conducted by two independent evaluation consultants. The DEC chairs appointed a 3-person DEC task team to set up the review and supervise the consultants. The task team consisted of AED Tanabe, AED Sheraliev and AED Schneider, succeeded by AED di Maio and AED Rose. It facilitated contacts between the consultants and other Board members, Management and IED. Extensive consultations led to a first draft report by the end of 2017, on which task team members gave detailed feedback. In addition, the DEC discussed the directions of the report with the consultants. The independent review will be finalized and considered by the DEC in early 2018.¹³

V. DEVELOPMENT EFFECTIVENESS COMMITTEE RECOMMENDATION

34. The DEC recommends that the Board approve the public disclosure of this annual report.

¹³ IED review was finalized as of 5 June 2018.

**DEVELOPMENT EFFECTIVENESS COMMITTEE
2017 MEETING PROGRAM**
(as of 23 November 2017)

15 February	Briefing on Evaluation Methods for Private and Public Sector Operations
7 April	2017 Annual Evaluation Review - Chapters on Learning from Documented Lessons from Project Evaluation, and Update on Implementation of IED Recommendations
26 April	Discussion of the Annual Portfolio Performance Report (OSFMD)
28 April	Directions for Strategy 2030: An Evaluative Perspective (TP)
25 May	ADB's Support to Gender and Development (TES)
14 June	Country Assistance Program Evaluation: India
30 August (2PM)	Corporate Evaluation on Boosting ADB's Mobilization Capacity: The Role of ADB's Credit Enhancement Products
17 October	IED Work Program for 2018-2020 and 2018 Budget
23 November	Synthesis paper on country evaluations
4 December (2PM)	ADB's Results-based Lending Pilot (CES) Proposed DEC Work Program for 2018

CES - Corporate Evaluation Study; TES - Thematic Evaluation Study; TP - Topical Paper

HIGHLIGHTS OF ADB'S INDEPENDENT EVALUATION DEPARTMENT ACTIVITIES IN 2017

1. The work program of Independent Evaluation Department (IED) for 2017–2019 was endorsed by the Asian Development Bank (ADB) Development Effectiveness Committee (DEC) and later approved on a no-objection basis by the Board of Directors on 7 December 2016.¹ The core evaluation activities focused on learning and accountability at the project, sector, country, thematic, and corporate levels. Evaluation reports completed by IED during 2015–2017 are in Table A2.1. IED continues to give feedback to the ADB Board and Management, with priority on areas not covered by independent evaluation in recent years.

Table A2.1: Independent Evaluation Department Reports Completed in 2015–2017 (No.)

Evaluation Type	2015	2016	2017	2015–2017	
				Total	Average
Cross-cutting evaluations	3	3	3	9	3.0
Corporate	2	1	2	5	1.7
Thematic	1	2	1	4	1.3
Annual Report					
Annual Evaluation Review	1	1	1	3	1.0
Country/Project/Program/TA	91	74	84	249	83.0
Country Assistance Program Evaluation	2	1	1	4	1.3
Validation of CPS Final Reviews	3	4	5	12	4.0
PPER-Sovereign Operations	4	8	10	22	7.3
PPER-Nonsovereign Operations	1	3	1	5	1.7
TA Performance Evaluation Report	1	1	1	3	1.0
Validation of PCRs	64	49	58	171	57.0
Validation of XARRs	16	8	8	32	10.7
Others	5	5	5	15	5.0
Total	100	83	93	276	92.0

CPS = country partnership strategy, IED = Independent Evaluation Department, PCR = project or program completion report, PPER = project or program performance evaluation report, TA = technical assistance, XARR = extended annual review report.

Note: "Others" include topical and working papers, evaluation syntheses, and special and other publications.

Sources: : IED. *2016 Annual Evaluation Review*. Manila: Asian Development Bank (ADB); IED. 2017. *2017 Annual Evaluation Review*. Manila: ADB; IED. 2018. *2018 Annual Evaluation Review*. Manila: ADB.

A. Key Accomplishments

2. **Cross-cutting evaluations.** The cross-cutting evaluations include corporate, thematic and sector-wide evaluations and topical papers. In 2017, IED brought to the DEC for discussion: (i) on 28 April, the topical paper *Knowledge, Finance and the Quality of Growth: An Evaluative Perspective on Strategy 2030*;² (ii) on 25 May, the thematic evaluation *ADB Support for Gender*

¹ IED. 2016. *Independent Evaluation Department Work Program, 2017–2019*. Manila: ADB. The program is a transition from a strong evaluation cycle that is anchored on supporting ADB's strategic agendas to a new one that is more responsive to operational concerns arising from ADB's expanding portfolio.

² IED. 2017. *Topical Paper: Knowledge, Finance and the Quality of Growth: An Evaluative Perspective on Strategy 2030*. Manila: ADB.

and Development;³ (iii) on 30 August, the corporate evaluation *Boosting ADB's Mobilization Capacity: The Role of Credit Enhancement Products*;⁴ and (iv) on 4 December, the corporate evaluation *Results-Based Lending at the Asian Development Bank: An Early Assessment*.⁵

3. The topical paper on Strategy 2030 contributed to deliberations on ADB's new long-term corporate strategy. It was well received by Board members and ADB Management. Several delegations met with IED staff during the ADB Annual Meeting in Yokohama to discuss the topic. The thematic evaluation on Gender and Development examined the relevance and results of ADB's gender priorities at the corporate, country, and project levels during 2005–2015. The corporate evaluation on credit enhancement products (CEPs) assessed ADB's past credit enhancement operations, market needs, supply, and practices, and those of other CEP providers, including other development finance institutions, official export credit agencies, and private insurers. It also assessed how ADB can increase its use of CEPs to enhance its mobilization performance and development impact in the region. The results-based lending evaluation assessed ADB's experience in piloting the instrument and identified key issues and lessons. It provided recommendations to improve operations; enable this new instrument to be mainstreamed, including the allocation of funding to its use; and enhance its potential to add value to ADB and countries.

4. A second topical paper on *Experience with Donor Coordination: The Case of Water Supply and Sanitation in Sri Lanka* was circulated to the Board of Directors for information (29 September).⁶ It is part of a wider collaborative study prepared by IED, the Independent Evaluation Group (IEG) of the World Bank Group (WBG), and the evaluation department of the Japan International Cooperation Agency. It draws lessons from selected experiences in supporting water supply and sanitation during 2007–2016 and gives an overview of sector achievements and challenges in the country, with a focus on assessing coordination mechanisms and processes.

5. **Annual Report.** The *2017 Annual Evaluation Review (AER)* gives an independent perspective of ADB's performance based on a systematic assessment of its strategies, sectors, and operations.⁷ The report touched upon very relevant strategic and practical issues regarding performance, learning, and implementation of recommendations. It was released prior to the ADB Annual Meeting, and at an important juncture when ADB is seeking to strengthen its position as a knowledge bank and learning institution.

6. **Synthesis and Working papers.** IED completed the evaluation synthesis on *Lessons from Country Partnership Evaluation: A Retrospective*, which was discussed by the DEC in November.⁸ IED also launched a new working paper series with the publication of *Increasing Penetration of Variable Renewable Energy—Lessons for Asia and the Pacific*.⁹

³ IED. 2017. *Thematic Evaluation: Asian Development Bank Support for Gender and Development (2005–2015)*. Manila.

⁴ IED. 2017. *Corporate Evaluation: Boosting ADB's Mobilization Capacity: The Role of Credit Enhancement Products*. Manila: ADB.

⁵ IED. 2017. *Corporate Evaluation: Results-Based Lending at the Asian Development Bank: An Early Assessment*. Manila: ADB.

⁶ IED. 2017. *Topical Paper: Experience with Donor Coordination: The Case of Water Supply and Sanitation in Sri Lanka*. Manila: ADB.

⁷ IED. 2017. *Annual Evaluation Review*. Manila: ADB.

⁸ IED. 2017. *Evaluation Synthesis: Lessons from Country Partnership Evaluation: A Retrospective*. Manila: ADB.

⁹ IED. 2017. *Working Paper: Increasing Penetration of Variable Renewable Energy—Lessons for Asia and the Pacific*. Manila: ADB.

7. **Learning and accountability from country, program, project and technical assistance operations.** The DEC discussed the country assistance program evaluation (CAPE) for India on 14 June 2017.¹⁰ The evaluation assessed the performance of the ADB strategy and program for India during 2007–2015 to inform the design of the next country partnership strategy (CPS). It found the performance of ADB’s strategy and program in India *successful* overall. Nevertheless, in the next CPS ADB needs to make improvements in some critical areas—specifically, process efficiency and attention to development challenges. The evaluation provides recommendations at the strategic and operational levels.

8. The CAPE for India considered the private sector program and the main public sector programs in transport, energy, water and other urban infrastructure and services, finance, and public sector management *successful*. The performance of some smaller programs was below expectations. The social (health and education) and agriculture sector programs were also assessed, but these operations are too recent to determine the results. Support for inclusive economic growth, environmentally sustainable growth, gender equality, and public–private partnerships was found *relevant*, with satisfactory development impacts. There was less support for knowledge solutions and innovations than expected, but development impacts were *satisfactory*. ADB support for the regional cooperation and integration agenda was *relevant*, but more limited than envisaged, and was therefore rated *less than satisfactory* in terms of its development impacts.

9. Validations of CPS final reviews were completed for Afghanistan and Mongolia (March), Kazakhstan (May), Turkmenistan (September) and the Philippines (November). (Table A2.2) At the project level, project and/or program performance evaluation reports on 10 sovereign and 1 nonsovereign operations were delivered. A technical assistance performance evaluation report—*ADB Support for Social Protection: Responding to Shocks and Risks* (covering Bangladesh, Mongolia and Nepal)—was completed in December.¹¹ By the end of 2017, IED completed the validation of 58 project completion reports and 8 extended annual review reports.

**Table A2.2: Independent Evaluation Department 2017
Accomplishments by Work Program Area
(as of 31 December 2017)**

Products	Planned	Completed
A. Cross-cutting Evaluations^a	8	6
1. Inclusive Growth and Social Development	1	1
2. Infrastructure Development	3	2
3. Private Sector Development/Nonsovereign Operations	1	1
4. Institutional Effectiveness and Instruments	3	2
B. Annual Report	1	1
1. Annual Evaluation Review	1	1
C. Country/Project/Program/Technical Assistance	85	84
1. Country Assistance Program Evaluation	1	1
2. Validation of completed Country Partnership Strategy Final Reviews	7 ^b	5
3. Project/Program/TA Evaluations	17	12

¹⁰ IED. 2017. Country Assistance Program Evaluation: India, 2007–2015. Manila: ADB.

¹¹ IED. 2017. *Performance Evaluation Report: ADB Support for Social Protection—Responding to Shocks and Risks*. Manila: ADB.

4. Validation of circulated PCR and XARRs ^c	60 ^d	66
D. Synthesis/Working Papers	2	2
Total (All Evaluation Products)	96	93

IED = Independent Evaluation Department, PCR = project/program completion report, TA = technical assistance, XARR = extended annual review report.

^a Cross-cutting evaluations include corporate, thematic and sector-wide evaluations and topical papers.

^b Subject to availability of final review document from operations department.

^c Estimated as 80% of circulated PCRs and 100% of circulated XARRs.

^d Assumes a notional target of 60 PCRs and XARRs circulated and available for validation during the year.

Source: Asian Development Bank Independent Evaluation Department.

10. **Independent Evaluation Department self-evaluation.** IED prepared a self-assessment report ahead of an external review of independent evaluation at ADB initiated by the DEC. Work on this paper began in late 2016 and was completed in July 2017.¹²

11. **Independent Evaluation Department protocols.** In December 2017, IED issued guidance notes on conducting assessments of private and public sector operations at the project, country, sector, thematic, and corporate levels. The compendium of protocols aims to ensure common and methodologically consistent processes are used in conducting evaluation work. These protocols are based on international good practices and reflect accumulated experience from evaluation teams.

B. Communication and Outreach

12. In 2017 IED enhanced and strengthened its communication and outreach program, which seeks to bring its evaluations, and the knowledge products derived from them, to the attention of a wider audience, both within and outside of ADB. By the end of 2017, IED had undertaken 10 outreach and learning events.

13. **World Bank–ADB workshop fragility, conflict, and violence middle-income countries workshop.** IED, in partnership with the WBG, hosted a workshop, *Addressing Situations of Fragility, Conflict and Violence in Middle-Income Countries: What to Do and How to Do it*, at the World Bank Office in Manila, Philippines on 28 March 2017. The workshop provided a platform for dialogue around the main areas covered by recent evaluative work of both organizations on fragility, conflict and violence in middle-income countries, including the latest thinking and operational experience of practitioners working on the frontlines.¹³

14. **Support the changing demands of middle-income countries.** IED hosted a seminar addressing how multilateral development banks (MDBs) can best support the changing demands of middle-income countries during the ADB Annual Meeting in Yokohama, Japan on 6 May 2017. For this institutional event, IED invited a high-profile panel to discuss how the ADB and other MDBs should reposition themselves in light of the changing landscape in Asia and the Pacific

¹² IED. 2017. *Independent Evaluation Department of the Asian Development Bank—A Self-Evaluation*. Manila: ADB.

¹³ Speakers included: Mara Warwick, country director, Philippines, WBG; Stephen Groff, vice president (operations 2), ADB; Xianbin Yao, former director general, Pacific Department, and currently special senior advisor to the President, ADB; Ozong Agborsangaya-Fiteu, senior operations officer for Fragility, Conflict and Violence (FCV), WBG; Konstantin Atanesyan, senior evaluation officer, Independent Evaluation Group, WBG; and Amara Konneh, manager, FCV Nairobi HUB, FCV Unit, WBG.

region.¹⁴ IED also held a consultation meeting and/or dialogue with civil society organizations on its safeguard evaluation.

15. **Middle-income countries at a crossroads.** IED hosted a high-level learning event on 21 June 2017 in Thailand in partnership with the Faculty of Economics, Thammasat University.¹⁵ The event focused on the challenges and opportunities faced by middle-income countries in the region. It provided a frank assessment of the problems and top priorities associated with middle-income countries and presented progressive solutions and promising experiences. The event's 245 attendees comprised senior government officials from countries in Asia and the Pacific, private sector executives, leading academics, and senior representatives from the development community, as well as ADB staff and Management.

16. **Global evaluation conference.** IED participated in the Evaluation for Sustainable Development Goals: Transforming Lives Through Global and Regional Partnerships conference on 4–8 December 2017 at the Universidad de Guanajuato, Mexico. IED's session focused on its Strategy 2030 work and an exchange of evaluation experiences between developing countries in Asia and Latin American, based on its recent work on middle-income countries, and regional cooperation and integration.

17. **What works, what doesn't, and why? Insights from Evaluation.** IED launched a new series of knowledge dissemination and outreach events titled *What Works, What Doesn't, and Why? Insights from Evaluation*, in July 2017. The first edition was organized around the recent evaluation of ADB support for gender and development (2005–2015) (footnote 3); events took place 5 July at ADB headquarters, 14 July in Cambodia, and 17 July in Bangladesh (the two countries are part of the evaluation's eight-case portfolio assessment). The first in-country dissemination and outreach in Cambodia and was attended by over 70 participants from the government, civil society, and development partners. For the dissemination event in Bangladesh, over 120 participants from government agencies, academe, research institutes, and nongovernment organizations attended. The second edition of the series was held 12 September 2017 at ADB headquarters and focused on findings of the India CAPE (footnote 10).

18. **2017 independent evaluation awards.** Awards for high-quality self-evaluations of ADB projects and for ADB projects with exemplary performance were presented by IED in a ceremony held 29 November 2017 at ADB headquarters. Awards for best project completion report and best extended annual review report were given to operational departments for well-prepared self-assessments. Awardees were selected based on the quality of presentation, analyses, lessons, and recommendations.

19. **Other outreach activities.** From January to August 2017, IED, organized and/or joined a few other learning and knowledge sharing events. The Washington based Open Government Partnership, in cooperation with IED, presented a session on 9 August 2017 at ADB headquarters

¹⁴ The distinguished panel of the seminar comprised Bambang P.S. Brodjonegoro, ADB alternate governor for Indonesia and minister of national development planning, Indonesia; Karin Finkelston, vice president and chief operating officer, Multilateral Investment Guarantee Agency of the WBG; Ravi Karunanayake, minister of finance, Democratic Socialist Republic of Sri Lanka; Joon-Kyung Kim, president of the Korean Development Institute; Stefano Manservigi, director general for International Cooperation and Development at the European Commission; and Sanjay Pradhan, chief executive officer of the Open Government Partnership. The session was moderated by IED Director General Marvin Taylor-Dormond. ADB. Institutional Event: Completing the Last Mile: How can Multilateral Development Banks Best Support the Changing Demands of Middle-Income Countries? <https://www.adb.org/annual-meeting/2017/events/supporting-middle-income-countries>

¹⁵ ADB. Event: 21 June 2017. Caught in a Trap: Asia and the Pacific's Middle-Income Countries at a Crossroads. <https://www.adb.org/news/events/caught-trap-asia-pacific-middle-income-countries-crossroads>

entitled *Fiscal Openness and the Open Government Partnership*, which provided the opportunity to discuss the importance of fiscal transparency for the effectiveness of programmatic ADB operations. On 24 August 2017, IED arranged a visit by Otaviano Canuto, chair of the WBG Committee on Development Effectiveness and executive director of the WBG's Executive Board. This was the first visit by a WBG Committee on Development Effectiveness chair to ADB. The event was attended by about 100 participants, including the ambassador of Brazil in Manila; three ADB vice presidents; ADB board members; external guests from government, think tanks and the World Bank; and economists and various specialists from ADB.

20. **Evaluation derivative products.** IED prepared synthesis products on the evaluation of gender and development based on case studies for Bangladesh and Cambodia. These products provided a snapshot of ADB support for gender and development as well as evaluation findings, lessons, and recommendations for the two countries. These were subsequently presented in outreach and dissemination events in Bangladesh and Cambodia.

21. **Media and press engagement.** As part of its objective to foster greater engagement with the media and outreach to the public, IED published two opinion pieces, four news releases and one blog in 2017. The news release pertaining to the evaluation of gender and development was the most successful in terms of “pickup” by online and print news media.¹⁶ From the dissemination events in Bangladesh and Cambodia, the news release was picked up by well-known media organizations such as Xinhua and major dailies in Asia and the Pacific, with significant online coverage from related organizations and mentions on blogs. A news release on ADB support for India was featured in an article in the *Economic Times* (which is the second most widely read English language business newspaper in the world, with readership of over 800,000 and published simultaneously in 12 Indian cities).¹⁷ The two opinion pieces that were published in *China Daily* and *Bangkok Post* generated considerable readership in IED's social media sites. In addition, a media interview on how evaluation can promote policymaking in the context of a People's Republic of China (PRC)–ADB partnership was published in the *Shanghai Daily* in September 2017 during the 2017 Asian Evaluation Week.

C. Knowledge and Evaluation Capacity Development

22. IED has been working to mainstream evaluation capacity development in its work program. This year IED conducted 10 evaluation capacity development activities within and outside ADB.

23. **Evaluation capacity development for developing member countries.** IED supports evaluation capacity development in developing member countries (DMCs) in three ways.

- (i) IED provides support through the Shanghai International Program on Development Evaluation Training (SHIPDET), which was established in 2009 under a tripartite arrangement with support from IED (ADB), the Independent Evaluation Group (WBG), and the Asia–Pacific Finance and Development Institute–Ministry of Finance of the PRC. The training is organized at the Shanghai National Accounting Institute in Shanghai in two batches. The national SHIPDET was held in April 2017 for PRC government officials. IED provided a resource person on ADB evaluation methods and practices for the first batch of trainees.

¹⁶ IED. 2017. Closing Gender Gaps for a More Inclusive Asia. *IED News Release*. 1 June. <https://www.adb.org/news/closing-gender-gaps-more-inclusive-asia>

¹⁷ IED. 2017. ADB's Support for India Promotes Inclusive Growth in Lagging States. *IED News Release*. 30 June. <https://www.adb.org/news/adb-s-support-india-promotes-inclusive-growth-lagging-states>

The international SHIPDET core and special topic courses were held during 11–20 November 2017. IED supported the participation of DMC officials. On 15 September, IED supported the first 1 month training of the National Audit Office of the PRC by conducting a full-day presentation on independent evaluation in ADB. The sessions were attended by 46 senior National Audit Office staff stationed at municipal or provincial governments.

- (ii) IED also provides support through in-country and hub evaluation trainings for DMC officials. In 2017, two in-country evaluation training sessions were conducted: one in Luang Prabang, Lao People’s Democratic Republic (50 officials participated from all provincial offices, as well as sector agencies of the Ministry of Planning and Investment and Department of Evaluation), and one in Delhi, India (43 government officials involved in ADB projects). A hub training for South Asia member countries was held in Kathmandu, Nepal (36 government officials from Bhutan, Maldives, Nepal and Sri Lanka involved in ADB projects participated). IED also held a one-day evaluation training as part of the high-level learning event held in June 2017 in Thailand, which was attended by 70 government officials. IED also supports evaluation capacity development through on-the-job training of government officials involved in ADB projects. In 2017, one representative from Georgia participated in an evaluation of a municipal services development project with IED. The exercise aimed to foster active learning under the guidance of IED’s international staff leading evaluations.
- (iii) IED and the Asia–Pacific Finance and Development Institute organized the annual Asian Evaluation Week, which was held in Hangzhou on 4–8 September. The event aimed to foster evaluation knowledge sharing within Asia and between Asia and other regions, such as Africa and Latin America. The Asian Evaluation Week provided a platform for inter-regional exchange on new, innovative ideas for evaluation. A total of 200 participants attended the event, including resource persons from other multilateral development banks, United Nations agencies, and academic leaders in the field of evaluation. The theme for 2017 was *Evaluation for Policy-Making*, with presentations to promote better public policy on topics such as environmental and social risks, gender equality, accountability, performance-based budgeting, information and communications technology in evaluation, private sector investments, and evaluation methods and practices. It also showcased diverse perspectives from country presenters involved in evaluation, including those from the PRC, and even from outside Asia and the Pacific.

24. **Capacity development in ADB.** In 2017, IED conducted two PCR/TCR training sessions at ADB headquarters (one in March, and a second in October), which were attended by 42 ADB staff. IED also conducted half-day training sessions on evaluation during ADB’s regular staff development training on project design and management. Responding to requests from regional departments, IED conducted a customized session on *Relevant Project Design from an Evaluation Perspective* for project officers in the South Asia Department. This specialized training was completed in October. Finally, IED also conducted half-day training on the evaluation guidelines for the India Resident Mission and Nepal Resident Mission.

25. **Capacity development in the Independent Evaluation Department.** Evaluation skills require regular updates and enhancement. In 2017, IED organized development evaluation programs for its own staff. Two staff members attended the Information and Communication Technologies for Evaluation International Conference organized by the International Evaluation Office of the International Fund for Agriculture and Development in June. Three staff members

attended the SHIPDET basic course in November 2017. Several IED staff also attended in-house learning events organized by BPMSD.

26. **Use of information systems and technology.** The IED website has consistently had the most page views among the focus areas (sectors and themes) on the ADB webpage (www.adb.org). It is the main hub for evaluation resources, with 43,537 page views during January–December 2017, a reduction from the 48,649 page views during January–December 2016).¹⁸ Work is ongoing to update the website, improve searchability and the user interface, and enhance the overall presence. IED’s expanding online outreach activities includes the use of social media such as Facebook, Twitter, YouTube and LinkedIn. Other online forms of disseminating evaluation reports are email listservs and email marketing (Mailchimp). For internal communication, communication and information notices are sent to the ADB Board and Management on IED evaluations (including ADB Today and intranet sites). IED conducted several briefings/consultations on the lessons database module to promote its use by the ADB Board, staff of both operational and specialized knowledge departments, and external stakeholders. IED has continued to update and revise its database to further raise its utilization and interest.

27. **Management action record system.** IED and Management continue to collaborate to ensure timely updating of the management action record system, which tracks evaluation recommendations and management follow-up on action plans. In 2017, several enhancements were introduced in the management action record system process to strengthen monitoring and validation of actions taken. Improvements in process include: (i) incorporation of sub-action plans with distinct completion target dates to prevent the breaking up of recommendations to several sub-recommendations; (ii) technical discussions between Management and IED on evaluation recommendations prior to their incorporation into evaluation reports; (iii) an annual report focusing on the IED report rather than individual recommendations (i.e., AER); and (iv) discussions between Management and IED regarding the action plan prior to implementation, with the CAPE for India used as a pilot.

D. Partnerships and International Networking

28. IED is an active member of the Evaluation Cooperation Group, and participated in Evaluation Cooperation Group meetings at the International Fund for Agricultural Development headquarters in Rome on 8–9 June and 2–3 November 2017.

29. The ADB (through IED and the Economic Research and Regional Cooperation Department) joined the nongovernmental organization International Initiative for Impact Evaluation (3ie). Its corporate membership became effective on 26 December 2017 after the signing of the Memorandum of Understanding by both parties. By becoming a member, ADB joined a network of development organizations that respond to the growing demand for evidence-based knowledge-sharing, cross-fertilization and partnership. 3ie has access to expertise and specialized evaluation skills to help ADB design impact evaluations by: (i) upgrading its impact evaluation knowledge through capacity development for ADB staff by 3ie; (ii) raising its reputation as a key contributor to the development of a culture of impact evaluation in the region through increased collaboration between 3ie and IED and other ADB departments on knowledge and evaluation capacity development activities in Asia and the Pacific; and (iii) facilitating the production and use of evidence from impact evaluations of development interventions as a public good (e.g., joint work and/or dissemination events on evaluation).

¹⁸ This does not include page views within ADB headquarters.