ADB
Asian Development Bank

Board of Directors
Development Effectiveness Committee

Chair's Summary for the 08 April 2019 Meeting

2019 Annual Evaluation Review Chapters on Corporate Results Framework and Scorecard and Implementation of IED recommendations

1. The Development Effectiveness Committee (DEC) discussed two chapters in the Independent Evaluation Department's (IED) 2019 Annual Evaluation Review (AER), Chapter 3 on Corporate Results Framework and Scorecard and Chapter 4 on Implementation of IED recommendations. DEC Chair clarified that the DEC discussions on the AER would focus mainly on the two thematic chapters since DEC would be also discussing two other annual performance reports of ADB, the Development Effectiveness Review (DEfR) and the Annual Portfolio Performance Review (APPR).

2. **AER Findings and Recommendations.** In Chapter 3 of the AER, IED reported that ADB's corporate results framework (CRF) and DEfR have functioned well for the past decade and identified three areas of further improvements: (a) linkage among indicators for Levels 1, 2 and 3; (b) further refinement of indicators and targets; and (c) CRF alignment to Strategy 2030's new priorities.

3. Chapter 3 of the AER identified two issues in the CRF: (a) the incomplete links between Level 1 SDG-oriented targets and Level 2 targets for Outputs and Outcomes and Level 3 targets for Operations make identifying the causality or contribution difficult in discussing performance, and (b) CRF is not complemented by ongoing progress report to the Board in scorecard format in sector and thematic operational plans and in country program performance reports. To address these issues, the AER recommended ADB to improve the periodic reporting on development effectiveness of country programs by using scorecard format to be made at midterm and at the end of country partnership strategy (CPS) cycle and include indicators and targets for four levels in country programs; and establish a progress reporting system on new operational priority plans with reporting to the Board every two or three years and include indicators and targets for levels 1 to 3 in the new operational priority plans.

4. In Chapter 4 of the AER, IED reported that acceptance of IED recommendations (93% for 2018) and implementation rates (82% for 2018) have both been very high, learning from implemented sets of recommendations needs further improvement, and submission of action plans needs to comply with the 60-day deadline.

5. The AER identified two issues in Chapter 4, missed opportunities to learn from implementation of recommendations, and late submission of action plans. To address these issues, the AER recommended the establishment of internal learning events on IED reports covering all corporate, thematic and sector evaluations for which all recommendations have been completed, and where Management and IED can discuss progress, lessons and experiences that can be recorded and reflected in the Management Action Record System (MARS).

6. **Management Response.** Management welcomed the 2019 AER which synthesizes the main findings of IED evaluations conducted in 2018 and noted its timeliness in the context of ongoing corporate discussions (with the Board) on operational plans and on portfolio quality, and in the context of discussions of all three annual performance reports. Management agrees with the recommendations set out in the chapters 3 and 4 of the AER, as follows: (i) Country-level development effectiveness reporting (with some flexibility) should be strengthened and the CPS Results Framework (RF) guidelines need to be revised to enhance reporting on CPS progress and align CPS RF with Strategy 2030 and its CRF; (ii) Periodic progress reporting on operational plans based on the structure and content of the RF for the seven operational priorities of Strategy 2030

should be established; and (iii) Learning events provide a good venue for sharing progress, lessons and experience related to implementation of IED recommendations and could be organized jointly (by IED and Management) and flexibly (real-time sharing of lessons rather than waiting for completion of all MARS actions) and integrated to sector and thematic learning forums ADB organizes.

7. **DEC Discussion and Comments**. DEC welcomed the AER noting that it is an effective tool for accountability and learning, as well as presenting performance of ADB. It was observed that the AER seeks to synthesize the results from a collection of evaluations that have taken place with the year, which may be unnecessary since the individual evaluations can stand on their own. DEC noted IED's intent to bring its evaluations to the Board through the AER; however, it was suggested that an arrangement could be made on an ongoing basis where important evaluations could be directly brought to the Board.

8. **Chapter 2. Performance and Results of ADB Operations**. DEC noted that Chapter 2 of the AER provides valuable information about ADB's performance by summarizing the high-level evaluations of the past year and compares and aggregates data from Project Completion Reports (PCR), with a focus different from the DEfR.

9. DEC noted that due to the close release of the DEfR and AER and their and discussions in DEC and Board, the overlap between the two reports is highlighted, particularly information about program performance and the evaluations done during the year. DEC urged Management and IED to consider how the overlap could be reduced or bring the discussions together.

10. On the three annual corporate performance reports, Management suggested that AER findings are incorporated in the DEfR outcomes and such repetition could be avoided. Further, it suggested that the DEfR could be the overarching report with three underlying reports supporting it, i.e. AER will provide the evaluation point of view, APPR will provide the portfolio view, and the Work Program and Budget Framework (WPBF) will provide the work plan. IED pointed that AER was not being produced to support any other report, as it is an independent voice of performance and result of the institution.

11. On the AER recommendation for timely delivery of PCRs, Management reported to DEC that it was setting up a tracking system and automated alerts to notify staff that PCR is due for their project and will revise PCR instructions and guidelines to provide greater clarity on when PCRs should be prepared.

12. **Chapter 3. Corporate Results Framework and Scorecard.** DEC welcomed the in-depth review and comparative analysis of CRF and scorecards of multilateral development banks, noting its timeliness to inform the ongoing discussions between Board and Management on the new CRF aligned with Strategy 2030, and urged Management to take the findings and recommendations of Chapter 3 of the AER into account in preparing the new CRF.

13. CPS results framework. As suggested in the AER, DEC noted the need to improve the CPS RF to make them relevant, effective and useful by including targets for and assess results of ADB operations and contribution to countries' priorities, encouraging IED and management to work together to identify the best solutions.

14. CPS progress reporting. DEC also agreed with the recommended mid-term and end-term reporting on CPS progress, and requesting Management for immediate implementation. Relative to the proposed timing of CPS progress reports, Management pointed that ADB practiced mid-term and end-term CPS progress reporting nine years ago. This was found to be unsuitable due to the long wait and led to annual CPS progress reporting in 2012. Annual reporting was found to be difficult as some of the indicators did not update on an annual basis, which led to the current practice of

end-term reporting. Since some indicators are suitable for annual reporting, some for mid-term, while others only at the end, Management suggested that CPS progress reporting may not need one period for all the indicators.

15. Operational Plans progress reporting. Recognizing the lack of progress reporting on the existing operational plans under Strategy 2020 and the need for high level discussion on performance on a regular basis, DEC urged Management to provide the Board biennial progress reporting on the new operational plans moving forward.

16. Linkage of indicators. DEC noted the importance of having better or more complete links between CRF indicators at different levels are important and Management's plea to keep some flexibility in approaches suitable at country level. Management pointed that the CRF, which incorporates the theory of change, is not an indicator framework where a particular indicator in one level will have an analogue in another level. For example, Level 2 indicators are disconnected with Level 1 indicator due to the transition from organizational targets to the regional targets. Level 2 of the CRF was designed around ADB's core operational areas under Strategy 2020. Level 1, which looks at the regional global development arena, no longer focuses on ADB's core operational areas as is the focus on Level 2. Hence, there is no one-to-one correspondence for Level 1 and Level 2 indicators

17. Correspondence between Level 1 indicators and Sustainable Development Goals (SDGs). When invited to explain the lack of correspondence of some Level 1 indicators and SDGs, Management clarified that SDGs come in the CRF at different levels, but integrated in Level 1 to the extent possible. For example, Level 1 issues like regional cooperation and integration is not an SDG. While there are one or two non-SDG indicators in Level 1, the remaining indicators are SDGs.

18. Time Lag in Data. DEC noted the time lag of data for certain indicators such as secondary education graduation rates. Management clarified that the most recent data on education is 2017 as some developing member countries (DMC) do not measure all things or often. Hence, Level 1 indicators are limited to those areas where DMCs collect data on a more regular basis.

19. Output aggregation. Noting the need for consistency and capacity to aggregate results over time, without losing country context or relevance of country circumstances, DEC invited Management to explain the limited value of aggregated results in results-based management and the variations that would result across years due to reliance of most output and outcome indicators on a few PCRs every year, which in turn reduces the value of achievements for planning purposes and affects analysis. Management pointed that aggregating outputs for Level 2 indicators is a challenge without fulfilling a very strong performance measurement function. It added that the main value of the information on output is the demonstration of what has been achieved with ADB results.

20. Operational performance on processing time. For Level 4 indicators, DEC noted that measuring operational performance on processing time for procurement contracts cannot reflect increases or decreases in efficiency given variations in processing time by country and project type. Management clarified that operational performance measures ADB's own internal standard, i.e. ADB's processing time from its receipt of documents to the issuance of notice to proceed with contract signing, rather than the country's performance.

21. DEfR section on Actions to Address Challenges. On the removal of the section on actions to address challenges in the DEfR, DEC noted that it took some time to identify the actions, collect them, and determine the timetable for the preparation of the report, and suggested that Management could produce the DEfR and a couple of months later add an addendum to report on the actions taken and those agreed upon in response to the challenges identified in the report.

22. **Chapter 4. Implementation of IED Recommendations.** DEC welcomed management's high-level acceptance of IED recommendations and improved level of implementation of accepted recommendations. To strengthen the actionability of IED recommendations, DEC encouraged the continuation of technical meetings and consultations between IED and Management for evaluation reports as they are being finalized.

23. Learning Events. DEC agreed that holding learning events is a good initiative, but agrees with Management's view to take a reasonably pragmatic approach to their timing. DEC agreed that real-time sharing of lessons learned may be appropriate in some cases and that every action need not be completed before a learning event could be convened.

24. Action Plans. DEC invited IED and Management to identify concrete actions to ensure implementation of recommendations, reminding that impacts of the actions taken to strengthen action plans need to be seriously considered and incorporated into the system. Management pointed that it agreed with IED on a program of reforms, which involves actions to be taken on both IED and Management side.

25. For Management's side, it will consult with department teams, including IED for inputs, to prepare verifiable and quantifiable set of actions with duration for implementation capped at three years in duration for implementation (as agreed upon with other MDBs). DEC views the action plans are as or even more significant than the evaluation itself and suggested that Management could consult with DEC in preparing action plans particularly for major corporate evaluations. On this suggestion, Management will provide a response after internal discussions are completed. Actions and actions plans will be captured in the WPBF supplemented by the President's planning directions in the context of Strategy 2030.

26. For IED's side, Management has requested IED to make their recommendations very succinct. Noting that there are two parts to IED recommendations, i.e. one in bold text and the other below the line, IED and Management have agreed that Management will respond with actions only to recommendations in bold text and those recommendations below the line are considered as suggestions. Both also agreed that Management will not be rated or evaluated based on the recommendations below the line.

27. Reporting timeframe of action plans. DEC agreed that the 60-day timeframe for Management to report action plans might be too short and difficult to meet especially in preparing comprehensive action plans that are based on difficult evaluations. For example, in the PBL evaluation, one recommendation was to strengthen PCR quality that entailed improving PCR training, which involves discussions with IED and two other departments to design the training. DEC agreed that the timeframe could be reasonably extended (e.g. 90 days), but urged Management to exercise discipline in meeting the agreed upon extension.

28. **DEC Attendance, Discussants.** DEC members present include Executive Directors Syurkani Ishak Kasim (Chair) and Shahid Mahmood, and Alternate Executive Director Masahi Tanabe and Scott Dawson. Discussants include IED Director General Marvin Taylor-Dormond, IED Principal Evaluation Specialist Tomoo Ueda, Special Senior Advisor to the President Xianbin Yao, SPD Director Bernard Woods, SDCC Senior Advisor Nessim Ahmad, PPFD Director Rehan Kausar, IED Director Nathan Subramaniam and IED Director Walter Kolkma.