



July 2014

Midterm Review of Strategy 2020 Action Plan

Midterm Review Action Plan

A. Introduction

1. The Midterm Review (MTR) of Strategy 2020 was approved by the ADB Board on 23 April 2014. The MTR committed that the Management will prepare a detailed action plan for its implementation. The attached Action Plan sets out a detailed operational and organizational agenda to translate the MTR's outcomes into specific actions.

2. The Action Plan seeks to catalyze rebalancing and sharpening of ADB operations in line with the MTR directions. It also aims to improve ADB operations on the ground, build skills, and provide better service to clients. The implementation of the MTR outcomes is an evolving process and the Action Plan will remain a "living" document. It will be updated from time-to-time in line with changing business needs and implementation experience.

B. High-Level Steering Group for the Action Plan

3. The President, on 9 April 2014, constituted [a high-level Steering Group](#) to oversee the preparation of the Action Plan. The Steering Group established the following Working Groups to lead the preparation of action plans in the following priority areas of the MTR:

- (i) Strengthening knowledge-related issues;
- (ii) Improving project implementation, including procurement;
- (iii) Increasing efficiency through a more effective use of information and communication technology (ICT);
- (iv) Strengthening resident missions; and
- (v) Promoting innovations in ADB processes and operations.

4. The Steering Group selected conveners from amongst its members to constitute the individual [Working Groups](#), select their chairs, and guide their work. Working Group members were selected from across departments and resident missions and represented a wide cross-section of staff. Members of the Working Group on innovation were selected among those staff that have been at ADB for less than three years with the expectation that such staff would more easily bring new and more innovative ideas.

C. Contents of the Action Plan

5. The Action Plan consolidates the recommendations and inputs of the five Working Groups. In addition, it includes already planned and ongoing initiatives by relevant departments as well as other actions that relate to the implementation of the MTR priorities. The consolidated Action Plan is structured around the following six headings.

- (i) **Preparation and Updating of Strategic Directions and Operational Plans**
Implementing several of the MTR's priorities involves making changes and improvements to operational plans and staff guidelines or developing new plans. For example, the operational plans for the finance and health sectors need to be updated to provide roadmaps for increasing ADB's involvement in these sectors. A new action plan for inclusive business needs to be prepared.
- (ii) **Business Process Requirements**
The MTR calls for strengthening ADB's development effectiveness and delivering value for money by streamlining business processes to reduce delays in project

implementation and minimize transaction costs for client DMCs. Planned actions in this regard relate to improving project readiness and introducing risk-based procurement. In addition, specific actions are planned to strengthen processes for private sector operations based on recommendations of the Private Sector Operations Department (PSOD) Core Working Group.¹

(iii) **Changes in Institutional Settings**

The MTR calls for ADB to become a more dynamic, agile, and innovative institution. For this purpose, it identified the need to strengthen ADB's institutional settings. Planned actions in this regard include those relating to promoting a "One ADB" culture to consolidate and strengthen delivery of knowledge work and services. It also includes measures for promoting better coordination between public and private sector operations, strengthening PPP operations, institutionalizing skills-sharing arrangements across departments, strengthening and empowering of resident missions, and improving internal ICT systems and capacity.

(iv) **Skills and Staffing Requirements**

The MTR stresses the need to strengthen staff skills and capacities in order for ADB to remain relevant and responsive to the changing development needs of its client DMCs. Planned actions in this regard focus on implementing a talent management program including establishing technical and managerial staff streams, introducing term contracts for senior staff, increasing continuity in staff assignment, and strengthening staff performance management systems.

(v) **Mobilizing and Allocating Financial Resources**

To ensure that ADB has the necessary resources to implement the MTR's priorities, planned actions relate to strengthening ADB's lending capacity including through combining ADF lending operations with the OCR balance sheet, improving business processes and incentives for cofinancing, streamlining resource allocation for private sector operations and expanding local currency financing, and improving and expanding use of instruments and facilities.

(vi) **Monitoring Results**

The MTR places significant emphasis on monitoring results and reporting of progress on implementing the strategic priorities. Actions underway include updating of ADB's corporate results framework to integrate the MTR's priorities and introducing a scorecard system for all departments and offices for their key result areas.

D. Timelines, Responsibility Centers, and Budget

6. The Action Plan provides the timelines for all the stated actions. It also identifies the lead and support departments and offices responsible for the execution of the actions.

¹ A MTR PSOD Core Working Group has developed a set of recommendations for improving ADB's business processes and products for private sector operations, enhancing efficiency of capital use through more optimal risk-transfer approaches and rational interpretation of equity investments, and encouraging a "One ADB" culture from the perspective of private sector operations.

7. Indeed, implementation of some actions for the MTR priority areas has already started. These include actions related to strengthening private sector operations, PPPs, procurement systems, talent management, and knowledge dialogue with selected DMCs.

8. The implementation of many other actions will be undertaken within the next six months. Examples of such actions include (a) implementing the 10-point procurement action plan; (b) empowering country directors, particularly of large resident missions to administer the country project portfolio, have a greater role in project processing, and lead coordination on country knowledge work²; (c) realigning roles and responsibilities of communities of practice; (d) centralizing PPP transaction advisory services; (e) updating country and sector exposure limits and expanding risk transfer headroom for private sector operations³; and (f) refining the current eOperations system and strengthening ICT support for resident missions.

9. Some actions, however, will be of an ongoing nature and will need to continue in 2015 and beyond.

10. Several proposed actions have budgetary implications. In 2014, the required resources to implement the actions will largely come from reprioritization and reallocation of the approved budget across and within operational and non-operational departments. In 2015, the possibility of additional budget for key actions, as required, will be further explored. Further prioritization of the planned actions may be needed in line with budget availability.

E. Monitoring of the Action Plan Implementation

11. The Managing Director General (MDG) will be responsible for the overall coordination and monitoring of the Action Plan and for communication to staff. The MDG will also be responsible for periodic reporting to the Board on progress on the Action Plan. The MDG will be assisted by the Strategy and Policy Department. The Working Groups constituted for developing the Action Plan will work with the MDG to follow up on implementation related to their respective areas.

12. ADB's corporate results framework is being presently updated to reflect the MTR outcomes. The updated corporate results framework will provide annual progress updates on the implementation of the MTR outcomes.

² Country Directors of the 6 largest resident missions (Bangladesh, Peoples Republic of China, India, Indonesia, Pakistan, and Viet Nam) will manage and be accountable for the entire country portfolio and will be fully authorized to approve all procurement contracts up to the Procurement Committee limit. Responsibilities of sector directors in this regard will shift to the country directors. Country directors will also endorse all project concept notes and draft RRP (Report and Recommendation of the President).

³ Examples of other actions for private sector operations include streamlining investment committee approval process and end-to-end processes for small, highly developmental projects; improving local currency product offering; establishing rolling, multi-year targets; and relaxing practices for sovereign-based guarantees.

MIDTERM REVIEW OF STRATEGY 2020 Action Plan

Actions		Responsible Unit(s)	Indicative Time Frame ¹	Status
1. Operational Plans, Guidelines, and Strategic Approach				
1.1.	Recognize the MidTerm Review (MTR) of Strategy 2020 ² as the main document defining ADB's strategic approach and corporate priorities	All departments and offices	Ongoing	
1.1.1.	Require reference to the MTR in all country partnership strategies (CPS), reports and recommendations of the President (RRPs), technical assistance documents, and all other relevant documents			
1.1.2.	Disseminate the MTR's outcomes and key actions to all staff			
1.2.	<u>Update</u> the following:			
1.2.1.	Financial sector operational plan (also refer to 5.3.6.)	Finance CoP	December 2014	
1.2.2.	Health operational plan (also refer to 5.3.2.)	Health Community of Practice (CoP)	December 2014	
1.2.3.	Project design and monitoring framework guidelines	SPD	October 2014	
1.2.4.	CPS guidelines and template (also refer to 5.10.2.)		October 2014	
1.2.4.1.	Strengthen staff guidelines on inclusive economic growth in the CPS to include (a) national targets for inclusive growth indicators, (b) analysis of access to infrastructure in lagging areas, and (c) analysis on education, skills generation and jobs ³	SPD		
1.2.4.2.	CPS template to allow flexibility in the country program to exceed five operational areas where necessary	SPD		
1.2.4.3.	Require CPSs to include a knowledge management plan (also refer to 3.4.)	SPD, regional departments (RDs), specialized knowledge departments (SKDs)		

¹ The time frame is presented either as (a) month for those actions that have to be done one time, for example preparation of a directional document; (b) "ongoing" for those activities that have started and will continue; or (c) effective month, for those actions that will be of continuing nature and will start in certain month.

² ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

³ The Guidelines on Inclusive Economic Growth in the Country Partnership Strategy were approved on 7 March 2013.

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
1.2.4.4. Update CPS results framework guidelines	SPD, RDs		
1.3. <u>Prepare</u> the following:			
1.3.1. Agriculture and food security operational plan (also refer to 5.3.3.)	Agriculture and Food Security CoP	September 2014	
1.3.2. Regional cooperation and integration operational plan (also refer to 5.8.)	OREI, RCI CoP, RDs	March 2015 (A more comprehensive plan in 2015–2016)	
1.3.3. Inclusive business action plan	PSOD, RSDD, SPD	March 2015	
1.3.4. Capacity development operational plan (also refer to 5.3.5.)	Public Management and Governance CoP	April 2015	
1.3.5. Information and Communication Technology (ICT) operational plan (also refer to section 2-C 3.9., 3.10., and 3.18.)	OIST, RSDD, RDs	March 2015	
1.3.6. Social protection operational plan	RSDD	December 2013	Completed
1.3.7. Staff instruction on transaction advisory services (also refer to 5.19)	SPD	December 2013	Completed
1.4. Implement the recommendations of the review of the second Governance and Anticorruption Action Plan (GACAP II) completed in 2013 to improve consistency of implementation of governance and anticorruption policies at country and sector level and monitoring of risk management plans (also refer to 5.3.5.) 1.4.1. Streamline governance risk assessments at the country, sector, executing agency, and project levels and systematically monitor their implementation 1.4.2. Revise staff guidance on the implementation of GACAP II	RDs, RSDD RDs, RSDD, OAI, CTL, OSFMD RSDD	Ongoing Ongoing December 2014	
1.5. Prepare a paper on ADB's Approach to Upper Middle Income Countries	SPD, RDs, PSOD, RSDD	December 2014	
2. Business Process			
A. Project Readiness			
2.1. Streamline project administration manual template to enhance quality assurance for project design and implementation	OSFMD	December 2014	

Actions		Responsible Unit(s)	Indicative Time Frame ¹	Status																		
2.2.	Adopt realistic project implementation schedules using project readiness filters; classify projects into two readiness categories (high and low) 2.2.1. Clarify filters for total project readiness ⁴ and adjust implementation schedules accordingly 2.2.2. Set the following targets for the annual approval of “high readiness” projects: 40% in 2015; 50% in 2016; and 80% in 2017	SPD, OSFMD, RDs	Effective December 2014																			
B. Procurement Actions (informing and supplementing the 10-Point Action Plan for Procurement Reform)																						
2.3.	Delegate more authority in procurement matters to RDs and RMs to reduce ADB’s response time (also refer to 2.6.2., 3.14. and 3.15.) 2.3.1. Review and increase international competitive bidding thresholds for goods and services based on market assessment 2.3.2. Increase Procurement Committee threshold* to \$40 million, and introduce differentiated approach for procurement decisions below the Procurement Committee threshold <table><tr><th colspan="3">Procurement Decision Authorities</th></tr><tr><th>Prior/post review</th><th>Threshold</th><th>Signed off by</th></tr><tr><td>Post review by sampling (optional)</td><td>\$0 to \$5 million</td><td>RD (on sample basis)</td></tr><tr><td>Prior/Post review</td><td>\$0 to \$20 million</td><td>RD</td></tr><tr><td>Prior review</td><td>\$20 to \$40 million</td><td>RD, OSFMD</td></tr><tr><td>Prior review with Procurement Committee</td><td>\$40 million or more</td><td>RD, OGC, OSFMD</td></tr></table> *The current Procurement Committee threshold is \$10 million and above. RDs approve up to \$10 million.	Procurement Decision Authorities			Prior/post review	Threshold	Signed off by	Post review by sampling (optional)	\$0 to \$5 million	RD (on sample basis)	Prior/Post review	\$0 to \$20 million	RD	Prior review	\$20 to \$40 million	RD, OSFMD	Prior review with Procurement Committee	\$40 million or more	RD, OGC, OSFMD	OSFMD, RDs, OGC	Effective July 2014	
Procurement Decision Authorities																						
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2.4.	Assess procurement risks and introduce new prior review limits for contracts*	OSFMD, RDs	Effective July 2014																			

⁴ Design-ready projects are those that have completed one of the following steps before project approval: (a) detailed engineering design suitable for preparing and launching bidding documents for a major construction or goods contract. For sector projects, detailed engineering design for those subprojects for which construction is scheduled to start in the first two years should be available; or (b) preliminary design and specifications suitable for preparing and launching bidding documents for (i) construction contracts that include detailed design as its part, and/or (ii) turnkey or engineering, procurement and construction (EPC) contracts.

Actions				Responsible Unit(s)	Indicative Time Frame ¹	Status																								
<p>Risk-based prior review limits</p> <table><tr><td rowspan="2">Procuring items</td><td colspan="3">Procurement risk assessment result</td></tr><tr><td>Low</td><td>Medium</td><td>High</td></tr><tr><td>Works and goods</td><td>≥\$20 million</td><td>≥\$10 million</td><td>≥\$5 million</td></tr></table> <p>*The current practice for prior review limits is not risk based. It is linked to the international competitive bidding threshold (\$1 to \$10 million for Works and \$0.5 to \$1 million for Goods).</p>				Procuring items	Procurement risk assessment result			Low	Medium	High	Works and goods	≥\$20 million	≥\$10 million	≥\$5 million																
Procuring items	Procurement risk assessment result																													
	Low	Medium	High																											
Works and goods	≥\$20 million	≥\$10 million	≥\$5 million																											
2.5.	RDs to classify projects by procurement risks and complexity at concept clearance; for high risk and complex projects, OSFMD to join project team and provide support during processing and RDs to include capacity building as part of project design			OSFMD, RDs	Effective July 2014																									
<p>Procurement Risk and Complexity Category</p> <table><tr><td>Category A</td><td>high risk and complex procurement</td></tr><tr><td>Category B</td><td>low risk and less complex procurement</td></tr></table>				Category A	high risk and complex procurement	Category B	low risk and less complex procurement																							
Category A	high risk and complex procurement																													
Category B	low risk and less complex procurement																													
2.6.	<p>Streamline the timelines and procurement review processes for different procurement methods</p> <p>2.6.1. Announce and monitor service standards of RDs, OSFMD and OGC</p> <p>2.6.2. Deploy necessary OSFMD staff to RD front offices and the six large resident missions (also refer to 2.3. and 3.14.)</p> <p>Reduction in Procurement Committee Decision-Making Time</p> <table><tr><td>Current Practice</td><td>Corporate Target for 2016</td><td colspan="2">New Standard</td></tr><tr><td>80 days in 2012 57 days in 2013</td><td>40 days</td><td colspan="2">10 days (parallel review with specific terms of reference for OGC)</td></tr></table> <p>Reduction in Procurement Processing Standard Time</p> <table><tr><td></td><td>Current Practice</td><td>Current Standard</td><td>New Standard</td></tr><tr><td>1S1E</td><td>172</td><td>122</td><td>96 (ADB: 20)</td></tr><tr><td>1S2E (≤ \$10 million)</td><td>266</td><td>197</td><td>136 (ADB: 30)</td></tr><tr><td>1S2E (>\$10 million)</td><td>383</td><td>197</td><td>136 (ADB: 30)</td></tr></table> <p>1S = single-stage, 1E = single-envelope, 2E = two-envelope.</p>			Current Practice	Corporate Target for 2016	New Standard		80 days in 2012 57 days in 2013	40 days	10 days (parallel review with specific terms of reference for OGC)			Current Practice	Current Standard	New Standard	1S1E	172	122	96 (ADB: 20)	1S2E (≤ \$10 million)	266	197	136 (ADB: 30)	1S2E (>\$10 million)	383	197	136 (ADB: 30)	RDs, OSFMD, OGC	Effective January 2015	
Current Practice	Corporate Target for 2016	New Standard																												
80 days in 2012 57 days in 2013	40 days	10 days (parallel review with specific terms of reference for OGC)																												
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1S1E	172	122	96 (ADB: 20)																											
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1S2E (>\$10 million)	383	197	136 (ADB: 30)																											
2.7.	Improve procurement process and documentation			RDs, OSFMD	Effective July 2014																									

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status												
2.7.1. RDs to agree with borrowers on master bidding documents and procurement time lines before loan negotiations 2.7.2. OSFMD to issue standard procurement approval form															
2.8. RDs to have flexibility to use new procurement modes and templates (e.g., new engineering contract; engineering, procurement, construction; and turnkey contracts; and fixed-price/fixed-delivery; tighter quality-based criteria for contractor engagement, and e-procurement) 2.8.1. Prepare guidelines to encourage adoption of new technologies, with procurement, where possible, to be based on “output specifications” and least life cycle cost instead of specified the technology and least capital cost (also refer to 3.8.)	RDs, OSFMD OSFMD, RSDD	Effective July 2014 Scope and timeline to be further discussed													
2.9. Streamline recruitment of consulting services 2.9.1. Reduce time taken by ADB to review consultancy contracts Reduction in Consultant Recruitment Standard Time <table border="1" data-bbox="195 792 835 909"> <tr> <th></th><th>Current Practice</th><th>Current Standard</th><th>New Standard</th></tr> <tr> <td>TA</td><td>180</td><td>112</td><td>90</td></tr> <tr> <td>Loan</td><td>368</td><td>245</td><td>120</td></tr> </table> 2.9.2. Use more output-based contracts and lump sum out-of-pocket expense payments and adjust templates and documentation requirements accordingly 2.9.3. Delegate authority for procurement decisions on loan consulting packages with a value below \$5 million to RDs		Current Practice	Current Standard	New Standard	TA	180	112	90	Loan	368	245	120	OSFMD, RDs, CTL, OGC	December 2014	
	Current Practice	Current Standard	New Standard												
TA	180	112	90												
Loan	368	245	120												
2.10. Enhance quality of consulting services 2.10.1. Encourage use of 90:10 (technical quality: price) ratio for evaluation of proposals to give more weight to quality 2.10.2. Use more output-based contracts for consulting services and adjust templates accordingly	OSFMD, RDs, CTL, OGC	Ongoing													
2.11. Enhance quality of contractors 2.11.1. Strengthen the technical and financial qualification and evaluation criteria in standard bidding documents 2.11.2. Contractor pre-qualification criteria to take into account project complexity and competition	OSFMD, RDs	June 2015													

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
2.12. Undertake a review of procurement and consultant policy and guidelines, including single-source selection and use of country systems and processes	OSFMD	December 2015	
2.13. Reflect project implementation reform proposals in updated PAIs and streamline the PAIs for the following frequently used project administration actions: (i) reallocation of loan proceeds, (ii) change of procurement methods, (iii) updating of procurement plans, and (iv) change of implementation arrangements. PAIs to become less prescriptive.	OSFMD, RDs, CTL, OGC	June 2015	
C. Information and Communication Technology Actions for Project Implementation (also refer to ICT actions in 3.9., 3.10., and 3.18.)			
2.14. Provide an end to end project monitoring system that can track progress from listing of the project in the country operations business plan to the financial closing of the project 2.14.1. Refine the current eOperations to meet operational needs 2.14.2. Pilot a new system (in case eOperations cannot be fixed) 2.14.3. Standardize portfolio and project performance reporting and indicators across ADB to better assess project implementation progress and strengthen the early-warning function of the portfolio and project performance reporting system 2.14.4. Introduce standard timelines for updating project performance monitoring data 2.14.5. RDs to be accountable for data entry and quality, and for the clean-up of data	OIST, OSFMD, user departments, SPD, CTL	December 2015	
2.15. Provide an end to end e-system that can track procurement actions from preparation of bid documents to contract completion (Procurement Review System)	OIST, OSFMD, CTL	June 2015	
2.16. Provide a client portal for faster disbursements where executing agency/borrower can file the withdrawal application, track it and receive online payments	OIST, CTL	June 2015	
2.17. Establish a nonsovereign portfolio data management and reporting platform for efficient data retrieval and support nonsovereign portfolio performance reviews	OIST, CTL, PSOD	December 2015	
2.18. Establish an information technology system for cofinanced operations to help manage and monitor donor contributions and produce financial reports	OIST, CTL, OCO	June 2016	
2.19. Implement the civil society organization (CSO) information management system to include CSO profiles, operations, and complaints monitoring	OIST, RSDD-NGOC	Effective January 2015	
2.20. Develop data warehouses and business intelligence tools for financial and operational data, such as the Knowledge Products and Services (KPS) database to ease data access from a centralized place, thus allowing staff to easily conduct searches and access information according to projects, countries, staff members, and knowledge products (also refer to 3.9.)	OIST, RSDD-KS, user departments, DER OSFMD, CTL, TD	December 2014	

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
2.21. Improve the telecommunications network architecture to be more flexible and resilient; and provide reasonable speed of mobile access to ADB email and documents	OIST	June 2015	
2.22. Modify existing supplier service agreements to monitor network performance and include penalty clauses and reporting	OIST, OGC, OAS	January 2015	
D. Business Process Actions for Private Sector Operations (also refer to section 5-D on financial resources for private sector operations)			
2.23. Streamline end-to-end process for small, highly developmental projects (requires Board approval)	SPD, PSOD	December 2014	
2.24. Streamline Investment Committee approvals process	PSOD, ORM	September 2014	
2.25. Streamline processing and adjust documentation standards for risk transfers	PSOD, ORM	December 2014	
2.26. Delegate approval of various procedures from Board to management (relating to B-Loans and risk transfers)	OPR, PSOD, ORM	December 2014	
E. Other Actions			
2.27. Remove ceiling on imprest accounts and statements of expenditures for executing agencies with adequate capacity, and finance imprest accounts on the basis of 6-months estimated expenditure	CTL, RDs	July 2014	
2.28. Reduce the time for payment of withdrawal applications 2.28.1. Reduce the time between receipt of withdrawal application and payment to 5 days on average for prior review contracts 2.28.2. Explore additional actions to reduce the time between receipt of withdrawal application and payment to 5 days for post review contracts	CTL, RDs, TD OSFMD, CTL, OIST, RDs, TD	December 2014 June 2015	
2.29. Support departments to introduce and announce service level standards for all transactions	OSFMD, RSDD, OGC, CTL	March 2015	
2.30. Update business process for non-operations departments to plan regional technical assistance (TA) with active engagement and support of RDs to ensure operational relevance	SPD, RDs, SKDs, non-operations departments	September 2014	
2.31. Update business processes (including streamlining grants, consulting, and partnership mechanisms) to expand CSOs' engagement in the design, implementation, and monitoring of projects and in knowledge work and policy dialogue (also refer to 3.6.)	OSFMD, SPD, RSDD, RDs, CTL	December 2014	

Actions		Responsible Unit(s)	Indicative Time Frame ¹	Status
3. Changes in Institutional Settings				
A. Mobilizing Interdepartmental Teams				
3.1.	Introduce "One ADB" performance metrics to strengthen teamwork across RDs, PSOD, support departments, and SKDs as part of annual performance reviews (also refer to 3.2. and 3.20.)	SPD, BPMSD	October 2014	
3.2.	Strengthen interdepartmental team work and staff collaboration	BPMSD, CoPs	December 2014	
3.2.1.	Develop a framework for awarding cooperation credits (by way of incentives and recognition) for staff demonstrating substantive collaboration, cooperation, and knowledge sharing with staff outside of their division, including as part of annual performance review			
3.2.2.	Implement a system to facilitate staff sharing across departments to bridge specific project management skills gaps			
3.2.3.	Explore options for rotating staff from operations departments through SKDs and vice versa to ensure that knowledge work is operationally relevant, and implement related measures			
3.3.	Consider ways to organize a critical mass of staff in areas where skills are limited	BPMSD, RDs, CoPs	March 2015	
3.3.1.	Centralize public-private partnership (PPP) transaction advisory teams (also refer to 5.19.)	BPMSD, RDs, PPP CoP	August 2014	
3.3.2.	Provide institutional arrangements to support ADB's expanded project development role, including developing projects beyond ADB's lending capacity to crowd-in cofinanciers		Timeline and scope to be further discussed	
B. Knowledge Management and Innovation				
3.4.	Appoint country directors of resident missions as "Knowledge Custodians," authorized to coordinate the design and implementation of country knowledge management plans (also refer to 1.2.4.3.)	RDs	August 2014	
3.5.	Obtain Management approval to realign the roles and responsibilities of sector and thematic CoPs	RSDD and Operations departments, BPMSD, SPD	October 2014	
3.5.1.	Anchor sector CoPs in operations departments, with the chairs rotated among sector directors			
3.5.2.	Anchor thematic CoPs in RSDD			
3.5.3.	Establish full-time secretariats for each CoP in RSDD and assign a full time senior technical advisor with appropriate sector/thematic expertise to provide oversight and leadership		January 2015	

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
3.6. Develop a framework involving flexible procurement rules and financing arrangements to facilitate strategic knowledge partnerships with external institutions, including research and academic institutions and CSOs and individuals (also refer to 2.31.)	OSFMD, RSDD, SPD	June 2015	
3.7. Review the institutional approach to managing internal and external communication and dissemination	VPKM, MDG, SPD, DER	December 2014	
3.8. Develop an institutional framework and modalities to adopt new and innovative cost effective technologies and products to strengthen ADB operations (also refer to 2.8.1.) 3.8.1. Build accountability and incentives for innovation and risk-taking on new technologies 3.8.2. Set up a competitive crowdsourcing mechanism for innovative ideas where parties external to ADB compete to develop and pilot-test innovative project ideas 3.8.3. Establish product development partnerships where development partners including those from the private sector/civil society, provide staff on secondment to ADB (and vice versa) to develop and support product design 3.8.4. Establish an “innovation market place”, cosponsored by development partners and private sector, to draw on experience and lessons learnt and advance application of innovative knowledge solutions	RSDD, Operations departments, CoPs BPMSD, SPD RSDD RSDD, RDs RSDD, RDs, CoPs	Scope and timeline to be further discussed	
3.9. Develop a common ICT-based knowledge platform and provide easy to use knowledge sharing tool for listing and easy retrieval of all knowledge products (also refer to 2.20.); and provide for: 3.9.1. New ADB-wide search engine 3.9.2. Cloud collaboration 3.9.3. Knowledge sharing using social media 3.9.4. Synchronize with mobile systems (Android and iOS) 3.9.5. A shared file space like Google docs and Drop box for collaborative work 3.9.6. Knowledge portal 3.9.7. KPS Database	OIST, SPD, RSDD-KS, ERD, DER, OREI, user departments	Scope and timeline to be further discussed	
3.10. Review projects and activities under the Information Systems and Technology Strategy III	OIST	October 2014	
3.11. Task a bank-wide high-level committee (chaired by Vice President, Knowledge Management and Sustainable Development) to prioritize 4–5 key subject areas in which flagship knowledge products will be prepared over the next 3 years	RSDD-KS, SKDs, DER, RDs	October 2014	

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
3.11.1. Engage external experts for advising choice of, and peer review of, flagship knowledge products 3.11.2. Prepare effective dissemination plans			
3.12. Integrate key indicators from the knowledge results framework into ADB's corporate results framework (also refer to 6.1.)	SPD, RSDD-KS	December 2014	
3.13. Develop systems and procedures to capture embedded knowledge on ADB projects and advisory work	RSDD-KS, RDs, COPs	December 2014	
C. Actions to Strengthen Resident Missions			
3.14. Empower six large resident missions with existing capacity: Bangladesh, People's Republic of China, India, Indonesia, Pakistan, and Viet Nam (also refer to 2.3. and 2.6.2.) 3.14.1. Eliminate distinction between "delegated" and "non-delegated" projects, and bring <u>all</u> projects under their responsibility 3.14.2. Establish a strong country-based project administration unit (PAU) structure, and authorize country directors to act and approve on all matters up to the decision authority	RDs, BPMSD, OSFMD, RSDD	Effective July 2014	
3.15. For medium and small resident missions ⁵ , regional departments to designate resident missions under their jurisdiction as a "Regional Hub" or "Sub-hub" ⁶ , and place an adequate number of safeguards, social development, procurement and disbursement staff, subject to adequate portfolio size (also refer to 2.3. and 4.10.3.) 3.15.1. Delegate contract approvals up to the revised Procurement Committee limit to country directors of <u>selected</u> ⁷ medium-sized resident missions if the regional or sub-hubs have adequate human resources; with contract approvals for smaller resident missions done out of headquarters	RDs, BPMSD	July 2015	
3.16. Allow greater flexibility in assigning functions to small resident missions, depending on staff composition and skills mix and overall resource availability	RDs, BPMSD	January 2015	

⁵ Medium resident missions include Afghanistan, Cambodia, Lao People's Democratic Republic, Nepal, South Pacific, Sri Lanka, and Uzbekistan. Small resident missions include Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pacific, Papua New Guinea, Philippines, Tajikistan, Timor-Leste, and Turkmenistan.

⁶ The "Sub-Hub" system would entail sector, procurement, and safeguard specialists being posted in multiple resident missions, but being shared across within a close geographic region (e.g., among Cambodia; Lao People's Democratic Republic; Myanmar; Thailand; and Viet Nam).

⁷ The selection of medium-sized resident missions for delegation of contract approvals will be taken by the Directors General of RDs, in consultation with Heads of Departments of other relevant departments, including BPMSD.

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
<p>3.16.1. Each RD to examine if more international staff resources can be outposted or provided to small and micro-resident missions either directly or through a regional/sub-hub arrangement. BPMSD to assess bank-wide staffing and rebalancing requirements through the human resource audit (also refer to 4.1.1.)</p> <p>3.16.2. Each RD to assess the constraints of small/micro resident missions (those with the resident representative as the sole international staff), and in coordination with SPD, realign bulk of CPS responsibilities to headquarters with small/micro resident missions providing country perspectives</p>			
<p>3.17. Give more recognition and authority to national staff, institutionalize incentives for them, as well as strengthen the capacity of those national staff who will be given project implementation leadership responsibilities (also refer to 4.5.)</p> <p>3.17.1. Review the reporting lines for the national officers making them report to country directors, and/or other senior staff (deputy country director, and, where appropriate, unit or team heads)</p> <p>3.17.2. Review and revise the job titles of national staff that better reflect their job requirements and their seniority</p> <p>3.17.3. Authorize the senior national officers to be directly responsible for project implementation, with the authority to approve, sign and manage administrative tasks as would the international staff</p> <p>3.17.4. Undertake a mapping of each resident mission national staff to a sector division to make them fully integrated</p> <p>3.17.5. Review level complements for national staff positions to acquire higher expertise and talents for resident missions</p> <p>3.17.6. Encourage additional training for national and administrative staff in small resident missions, including basic training in communication skills and higher level technical training (also refer to 4.7.3. and 4.10.)</p> <p>3.17.7. Provide senior national staff positions to resident missions under fixed term contracts, through temporarily freezing international staff positions in resident missions and regional departments where needed</p> <p>3.17.8. Explore redeployment of senior national staff positions from headquarters to selected resident missions (especially medium and small) to supplement resident missions' project management and procurement capabilities</p> <p>3.17.9. Encourage national staff to apply for international staff vacancies in headquarters and resident missions other than their own, and consider their applications on merit and when meeting the relevant criteria (including having international experience)</p>	RDs, BPMSD	June 2015	

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
3.18. Formulate and implement an ICT upgrade plan for resident missions 3.18.1. Ensure that the IT systems in the large and medium resident missions identified for fully delegated contract approvals and disbursement functions are capable of full and unfettered access to headquarter information (also refer to 4.10.3.) 3.18.2. Ensure that the small resident missions are equipped with sufficient and efficient IT systems and support to enable delivery of multiple functions 3.18.3. Equip resident missions with adequate bandwidth 3.18.4. Define IT support standards for resident missions 3.18.5. Implement suitable service models in resident missions including local outsourcing and remote management in order to meet IT support standards 3.18.6. Facilitate access of resident missions-based international staff and national staff to email through roll out of Lotus Traveler	OIST, RD, BPMSD	December 2015	
3.19. Country directors (along with sector directors) to endorse all project concept notes and draft reports and recommendations of the President, with overall accountability resting with Directors General of RDs.	RDs, SPD	Effective January 2015	
3.20. Country directors to be consulted and informed on work plans of PSOD staff based in resident missions. Major PSOD missions to inform and debrief country directors (also refer to 3.1.)	RDs, PSOD	Effective January 2015	
3.21. Reallocate resources for the large resident missions, selected medium-sized resident missions, and Pacific Department to process knowledge cluster TAs to structure effective knowledge dialogues and ensure delivery of highly responsive knowledge solutions to client developing member countries (DMCs)	SPD, RDs	Effective January 2015	
4. Skills and Staffing Requirements			
A. Talent Management			
4.1. Introduce strategic staffing 4.1.1. Conduct a structured human resources and skills audit exercise identify existing skills and gaps, serving as input to the potential redeployment of resources, retraining, or managing out redundant or inappropriate skills—in line with the MTR priorities (also refer to 3.16.1.) 4.1.2. Develop a structured workforce planning methodology that comprehensively assesses future resourcing and skill requirements. 4.1.3. Strengthen staffing and skills where gaps are identified as part of the workforce planning methodology 4.1.4. Consider more flexible options for recognizing and remunerating staff/total compensation review	BPMSD	Ongoing December 2014 June 2015 June 2015	

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
4.2. Develop managerial and technical staff streams linked to MTR priorities ⁸	BPMSD	June 2015	
4.3. Apply flexibility in the retirement age to retain required technical staff expertise	BPMSD	Effective July 2014	
4.4. Introduce Term and Co-terminous appointments 4.4.1. Term contracts in force for promotions, appointments and lateral moves into senior levels 9 and 10, and being introduced for positions at other international staff levels where skill requirements are specialized or expected to change more quickly. Upon the completion of the initial or renewed fixed term, more flexibility would be introduced to move heads of departments or offices to other positions to provide greater promotion opportunities for the next generation in the best interest of ADB. 4.4.2. Initiate/continue strategic reassignment for international staff level 7–9 positions 4.4.3. 360 degree feedback for senior staff in international staff levels 9 and 10 to be used as an input to performance assessment at the end of each term 4.4.4. For staff at level 7 and above, introduce an option to transfer to a lower level based on performance, with built-in checks and balances	BPMSD	Ongoing	
4.5. Improve recognition of, and career development opportunities for, national staff (also refer to 3.17.) 4.5.1. Promote a culture of recognizing the national officers as professional staff 4.5.2. Review and revise the job titles of national staff that better reflect their job requirements, responsibilities, and their level 4.5.3. Encourage national staff to apply for international staff vacancies in headquarters and resident missions and consider their applications on merit and when meeting the relevant criteria (including having international experience)	BPMSD	Ongoing	
4.6. Talent Review Follow-Up Actions 4.6.1. Implement high potential and low performer action plans 4.6.2. Use talent pools for purposes of succession planning, development and appointments 4.6.3. Provide leadership development options for high potential international staff level 6 and higher	BPMSD, Heads of Departments and Directors	Effective June 2014	

⁸ Staff with technical backgrounds who have strong managerial skills may also be promoted to management positions.

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
B. Staff Assignment and Continuity			
<p>4.7. Assign staff with adequate project implementation skills to project processing teams</p> <p>4.7.1. RDs to require (in principle) that a project officer has demonstrated at least 3 years of project implementation experience (including in any external agency) before he/she is assigned the role of project team leader</p> <p>4.7.2. RDs and BPMSD to clarify project implementation aspects of job descriptions, and recruit/promote staff accordingly</p> <p>4.7.3. Pilot development assignments of (especially medium and small) resident mission staff at headquarters to build skills necessary to assign greater project implementation and procurement functions to them (also refer to 3.17.6.)</p>	RDs, BPMSD, OSFMD, CTL	Effective January 2015	
<p>4.8. Increase continuity in staff assignment</p> <p>4.8.1. Require project team leader (in principle) to remain assigned to the project for at least 3 years after approval</p> <p>4.8.2. CTL, OGC, OSFMD, and RSDD (Environment and Safeguards Division) to keep staff assigned to each project during project implementation or ensure adequate knowledge transfer for smooth transition</p>	BPMSD, RDs, CTL, OGC, OSFMD, RSDD	To be further discussed and agreed	
C. Incentives and Capacity			
<p>4.9. Revise staff performance evaluation system and build incentives to reward staff for achieving outcomes and effectively managing projects, and undertaking knowledge and innovative work</p> <p>4.9.1. RDs and BPMSD to make experience in project implementation, especially as a team/project leader, and experience at resident missions a key factor for promotion to senior positions in RDs and resident missions (level 7 and above)</p> <p>4.9.2. BPMSD to make contribution to knowledge work a criteria for salary adjustments and promotions</p>	BPMSD	Effective January 2015	
<p>4.10. Build project management capacity in RDs and resident missions (also refer to 3.17.6)</p> <p>4.10.1. Continue/expand redeployment of OSFMD senior staff to RDs and large resident missions</p> <p>4.10.2. Pilot redeployment of OGC staff to selected RDs and regional hub of the Central and West Asia Department</p> <p>4.10.3. Pilot redeployment of CTL staff to regional hubs with adequate portfolio size and IT infrastructure</p> <p>4.10.4. RDs and OSFMD to make accreditation from the procurement accreditation skills scheme mandatory for PAU head positions, project team leaders, and staff handling procurement</p>	OSFMD, RDs, BPMSD, OGC, CTL, OIST, PSOD	<p>Effective January 2015</p> <p>Ongoing for PAU heads and staff handling procurement, and January 2016 for project team leaders</p>	

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
4.10.5. RDs to appoint PAU heads as deputy division directors (in technical stream career path) with primary responsibility for disbursement targets 4.10.6. OSFMD, CTL and RDs to identify training needs and annually develop and implement tailored training programs on procurement/contract administration and disbursement 4.10.7. Explore posting more PSOD staff to resident missions and regional hubs, subject to overall staffing situation			
5. Financial Resources			
A. Efficient Use of Asian Development Fund (ADF) and Ordinary Capital Resources Balance (OCR) Sheets			
5.1. Explore combining ADF lending operations with the OCR balance sheet under the strategy to enhance ADB's lending capacity	TD, SPD, OGC	Ongoing	
5.2. Enter into risk-sharing arrangements with selected development partners to expand head room (also refer to 5.14.)	OCO, ORM, SPD	Ongoing	
B. Allocation of Resources			
5.3. Ensure availability of resources to address MTR's priorities in relation to: 5.3.1. Increasing share of education to 6–10% of total financing 5.3.2. Increasing share of health to 3–5% of total financing (also refer to 1.2.2.) 5.3.3. Investing \$2 billion annually for agriculture and food security (also refer to 1.3.1.) 5.3.4. Investing \$2 billion in clean energy, including energy efficiency 5.3.5. Prioritizing resources for capacity development in operations, GACAP II implementation, and public sector management programs in developing member countries (also refer to 1.3.4. and 1.4.) 5.3.6. Maintaining support for financial sector development (also refer to 1.2.1.) 5.3.7. Strengthening assistance for gender, social protection, and financial inclusion	SPD, TD, RDs, RSDD	2020 2020 Ongoing Ongoing Ongoing Ongoing Ongoing	
5.4. Provide more resources to DMCs in fragile and conflict-affected situations 5.4.1. Finalize proposal for minimum allocation to DMCs in fragile and conflict-affected situation for approval of the Board 5.4.2. Allocate more TAs and grant resources for DMCs in fragile and conflict-affected situation	SPD, RDs	July 2014 Effective January 2015	Completed

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
5.5. Give flexibility in OCR resource allocation to facilitate loan approval commensurate with project readiness (also refer to 5.11.) 5.5.1. Incorporate in planning directions and 3-year indicative resource envelope that up to 25% of OCR lending resources can be carried forward to the subsequent year	SPD, RDs,	To be further discussed	
5.6. Link allocation of OCR resources to project performance, including disbursement	SPD, RDs	Effective April 2015	
5.7. Ensure availability of resources for preparation of detailed project designs and feasibility studies 5.7.1. Prioritize the use of ADF savings for project design advance 5.7.2. RDs to have greater discretion in use of allocated TA resources without distinction according to TA types to support project preparation, implementation, and knowledge and analytical work 5.7.3. Streamline deployment of trust fund resources through management-level approval mechanism (as against Board-level approval) (also refer to 6.3)	SPD, RDs, OSFMD	Effective July 2014 Effective January 2015 June 2015	
5.8. Consider an OCR set-aside to support regional cooperation and integration projects (also refer to 1.3.2.)	SPD, RDs, OREI, RCI CoP	To be further discussed	
5.9. Develop a prioritization mechanism to allocate TA resources	SPD	September 2014	
C. Cofinancing			
5.10. Enhance business processes to meet cofinancing targets 5.10.1. Streamline processes relating to Japan Fund for Poverty Reduction 5.10.2. Put credible cofinancing targets in CPSs and country operations business plan (also refer to 1.2.4.) 5.10.3. Streamline cofinancing procedures to minimize transaction costs 5.10.4. Link corporate cofinancing target with differentiated department level targets and monitor 5.10.5. Allocate a portion of earned administrative fee to project teams for administration of cofinanced projects	OCO RDs, SPD, OCO OCO, OGC, SPD OCO, PSOD, RDs, SPD BPMSD, SPD	April 2014 Effective July 2014 March 2015 Effective October 2015 Effective October 2015	
D. Private Sector Operations (also refer to section 2-D on business processes for private sector operations)			

Actions	Responsible Unit(s)	Indicative Time Frame ¹	Status
5.11. Establish rolling, multi-year targets (for allocations) for PSOD (also refer to 5.5.)	SPD, PSOD	December 2014	
5.12. Adopt an Economic Capital Planning Model for allocating resources for non-sovereign operations	PSOD, ORM	To be decided	
5.13. Return resources released from any net reductions of OCR to PSOD	SPD, PSOD, TD	Effective September 2014	
5.14. Reduce loan exposure through risk-mitigating measures and risk transfer arrangements (also refer to 5.2.) 5.14.1. Aggregate sovereign and nonsovereign operations risk transfer limits to expand risk transfer headroom relief	PSOD, ORM, OCO, SPD	Effective October 2014	
5.15. Re-calibrate “Invested Equity” ⁹ to expand equity headroom	PSOD, ORM, OGC	October 2014	
5.16. Properly credit capital mobilization activity	PSOD	October 2014	
5.17. Improve local currency product offering for private sector (as well as public sector) operations (also refer to 5.23.)	PSOD, TD, RDs	October 2014	
5.18. Relax practices for sovereign-backed guarantees	PSOD	October 2014	
E. Public-Private Partnerships			
5.19. PPP transactions advice and project development (also refer to 1.3.7 and 3.3.1.) 5.19.1. Consider a dedicated TA facility on a cost-recovery basis for transaction advisory service mandates 5.19.2. Develop a facility to help prepare regional projects to leverage financing from other partners 5.19.3. Conceptualize Asia Pacific Project Preparation Facility and other facilities to develop infrastructure projects	RSDD, SPD, RDs, PPP CoP, OREI, OCO, BPMSD	January–June 2015 November 2014	
F. Improving and Expanding Use of Instruments and Facilities			
5.20. Expand use of results-based lending modality, including for policy, institutional, and regulatory reforms to boost the effectiveness of public sector institutions	RDs, SPD	Ongoing	
5.21. Replenish Asia-Pacific Disaster Response Facility	SPD, RSDD	May 2015	

⁹ This involves re-calibrating the current measurement methodology for calculating 'Equity Investment Committed', the consumed portion of ADB's 'Equity Investment Ceiling', in order to expand the equity headroom available for deployment and therefore allow ADB to make greater use of its equity product without risking a breach of its Charter limits.

Actions		Responsible Unit(s)	Indicative Time Frame ¹	Status
5.22.	Set up an innovation fund to provide seed monies for supporting new and innovative projects selected through a competitive process	RSDD, SPD, BPMSD	Scope and timeline to be further discussed	
5.23.	Explore ways to expand the use of local currency financing, guarantees, and project design facility (also refer to 5.17.)	SPD, RDs, PSOD	Ongoing	
5.23.1.	Extend the pilot period for the project design facility and improve its design to address impediments to its use	SPD	February 2014	Completed
6. Monitoring Results				
6.1.	Update ADB's corporate results framework to incorporate MTR priorities (also refer to 3.12)	SPD	December 2014	
6.2.	Introduce a scorecard system for departments and offices for key results areas	All relevant departments and offices	September 2014	
6.3.	Set and monitor targets for use of trust funds (also refer to 5.7.3)	RSDD, RDs, SPD	Effective August 2014	
6.4.	Update the project classification system to more effectively capture alignment to MTR especially operations supporting specific inclusive economic growth pillars	SPD, RSDD, OIST	April 2014	Completed
6.5.	Establish internal website to monitor and report updates against each of the MTR Action Plan items listed above	Office of the Managing Director General, SPD, OIST	August 2014	

ADB = Asian Development Bank; ADF = Asian Development Fund; BPMSD = Budget, Personnel, and Management Systems Department; CoP = community of practice; CPS = country partnership strategy; CSO = civil society organization; CTL = Controller's Department; DER = Department of External Relations; DMC = developing member country; ERD = Economics and Research Department; ICT = information and communication technology; IT = information technology; KPS = Knowledge Products and Services; MDG = Managing Director General; MTR = Midterm Review; OCO = Office of Cofinancing; OCR = ordinary capital resources; OAI = Office of Anticorruption and Integrity; OAS = Office of Administrative Services; OGC = Office of the General Counsel; OIST = Office of Information Systems and Technology; OPR = Office of the President; OREI = Office of Regional Economic Integration; ORM = Office of Risk management; OSFMD = Operations Services and Financial Management Department; PAU = project administration unit; PSOD = Private Sector Operations Department; RD = regional department; RSDD = Regional and Sustainable Development Department; RSDD-KS = RSDD Knowledge Sharing and Services Center; SKD = specialized knowledge departments; SPD = Strategy and Policy Department; TA = technical assistance; TD = Treasury Department; VPKM = Vice President Knowledge Management and Sustainable Development.