

Management Response to IED's Thematic Evaluation: ADB's Support for Livable Cities, 2017–2024

On 15 September 2025, the Director General, Independent Evaluation Department received the following response from the Director General, Strategy, Policy, and Partnerships Department on behalf of Management:

I. General Comments

1. Management welcomes the thematic evaluation of the Independent Evaluation Department on ADB's support for livable cities, 2017–2024 (the report).
2. The report offers valuable insights into ADB's urban sector operations and presents forward-looking perspectives to support Developing Member Countries (DMCs) by highlighting that improving city's livability is an important ADB priority. Furthermore, the report provides timely guidance for ADB's urban sector work in the context of the Strategy 2030 mid-term review (MTR), the new Corporate Results Framework (CRF), and the implementation of the New Operating Model (NOM).
3. The report highlights the absence of a precise definition of a livable city. However, ADB's operational priority (OP) 4 of Strategy 2030 considered livability to be "the quality of life and community well-being, supported by strong governance systems and practices," as explained in the Operational Plan for OP4,¹ as also noted in para. 3 of the report's executive summary. Additionally, the Guidance Notes on Mapping ADB Operations to Strategy 2030 list three OP4 results indicators (pillars) in the ADB CRF as a Result Framework Indicator (RFI) that require documentation in the Country Partnership Strategy (CPS), project design, and the Design and Monitoring Framework (DMF) for reporting contributions to OP4 results in the annual development effectiveness review.²

II. Management Response to the Recommendations

4. **Recommendation 1: Undertake stronger diagnostics to clearly prioritize the aspect of livability relevant to the local context to facilitate more targeted and measurable interventions, and combine infrastructure investments with advisory and capacity support at national and subnational levels.**

Management agrees. Comprehensive assessments of the urban sector of the country and target cities are essential to prioritize the aspects of livability to be addressed by the proposed interventions, taking into account the level of ADB's past engagement in the country and cities, and availability of existing studies. The sector departments will closely consult with the relevant departments in undertaking rigorous urban sector diagnostics. As livability is a broad concept, ADB will prioritize appropriate livable city outcomes while pursuing integrated solutions that are practical and implementable. It is a common practice that infrastructure investments are combined with advisory and capacity building support, to strengthen policy and regulatory framework and ensure efficient and sustainable service

¹ [ADB. 2019. Strategy 2030 Operational Plan for Priority 4, Making Cities More Livable, 2019–2024. Manila.](#) It indicated that although definitions vary, at the heart of the envisioned transformation of a city to become more livable is an integrated planning approach to the provision of infrastructure and services and other public goods based on economic competitiveness, environmentally sustainable growth, social and financial inclusion, and resilience.

² [Guidance Note - Mapping ADB Operations to Strategy 2030 Operational Priorities](#)

delivery. This is being strengthened further under the NOM, focusing on policy enhancements, financial sustainability, and local capacity building.

5. **Recommendation 2: Strengthen ADB's monitoring and evaluation systems to track project outcomes that promote livability, closely align project design and monitoring framework with country partnership strategy results frameworks, and support developing member countries to build and strengthen their own monitoring, reporting, and verification systems.**

Management agrees. Livability outcomes vary widely and it's important to include the most appropriate indicators in the project DMF, given the scope of interventions. While there is no one-to-one relationship with the CPS results frameworks that are framed at a higher level, these are broadly aligned, under the CRF issued last year. The CRF's outcome-oriented indicators capture livability dimensions, including benefits from infrastructure, financial and economic services, and strengthened climate resilience. The latest DMF templates require performance indicators to align with the CRF's development results indicators, where applicable, and the DMF guidelines encourage disaggregation of data by sex and priority groups. The alignment of project DMF indicators with those of the CPS and CRF will be monitored and the indicators closely tracked during project implementation. ADB will continue to help strengthen the monitoring capacity of national and local governments.

6. **Recommendation 3: Tailor ADB's organizational arrangements to support the attainment of cross-sectoral priorities and institutionalize incentive mechanisms to facilitate credit sharing, establish interdepartmental project teams, enhance staff capacities through internal capacity development programs and partnership mechanisms, improve learning approaches, and strategically realign the design and deployment of technical assistance.**

Management agrees. Management acknowledges the importance of fostering cross-sector and cross-thematic collaboration within ADB to advance livability agendas across DMCs. Cross-sectoral and interdepartmental OneADB teams are formed to ensure integrated solutions, incentivized by the proposed credit-sharing mechanism. The strategy 2030 MTR reinforces the importance of cross-sectoral integration and incentive alignment. ADB is institutionalizing country-level coordination mechanisms (country management teams consisting of regional departments, sector and thematic groups, OMDP, and PSOD) to enable deeper engagement with DMCs. Capacity strengthening of staff for integrated urban projects and emerging areas is ongoing, using the training budget from the Budget, People, and Management Systems Department. The training programs target project teams comprising both ADB staff and government counterparts that have ongoing or planned projects relevant to the key training topic to enhance effectiveness and project quality. In May 2025, SD2-WUD successfully organized the ADB Water and Urban Development Forum at Headquarters as a cross-sectoral staff learning event, attended by about 1,200 participants. This was an innovative capacity-building initiative for both ADB staff and DMC representatives working on the livable cities agenda who actively participated in technical sessions, training, and site visits. TA resources are being strategically allocated to upstream diagnostics, cross-sectoral project preparation, policy reforms, partnerships (such as twinning arrangements), and capacity building.

7. **Recommendation 4: Scale up ADB's engagement with subnational entities through direct lending to local government units in local currencies, underpinned by robust upstream technical assistance focused on strengthening municipal governance,**

accelerating regulatory reform, enhancing financial management capacities, and adopting a differentiated approach for each country.

Management agrees. We acknowledge both the opportunities and challenges in lending directly to local governments. While legal and capacity constraints exist in many DMCs, we recognize the need to act swiftly and take bold actions to support subnational entities. While some initiatives are already taking place to strengthen the creditworthiness of local governments, scaling up requires deeper country-level engagement by RDs, with support from SD2-WUD, SD3-FIN, SD3-PSMG, OMDP, ORM, PSOD, OGC, and the Treasury Department. Management has begun to explore avenues through which ADB can engage directly with local governments and advance its approach to subnational financing. In addition, the Community of Practice on municipal finance and governance, led by SD2-WUD, provides a cross-sectoral and cross-departmental platform to share knowledge and build capacity among relevant staff. ADB will strengthen upstream work, including robust country diagnostics that enable a differentiated approach for each country, deeper policy dialogue, governance reforms, and capacity building of local governments, to lead to direct lending to local governments.