

Management Response to IED's Evaluation: Corporate Evaluation of ADB-Administered Trust Funds and Other Cofinancing (2015–2024)

On 10 November 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. We appreciate the Independent Evaluation Department (IED) for undertaking this evaluation of ADB-administered trust funds and other cofinancing operations. The draft report provides a thoughtful and well-structured assessment, offering valuable insights into the evolving landscape of ADB's external financing mechanisms. It presents a candid and evidence-based diagnosis of the operational challenges within ADB's trust fund architecture, while proposing concrete and actionable reform directions. The key strength of the evaluation lies in the clarity, relevance, and strategic coherence of its recommendations particularly those aimed at enhancing governance, strengthening institutional strategy, and improving monitoring and reporting systems.

II. Management Response to the Recommendations

2. **Recommendation 1: Develop an updated strategic approach to financing partnerships or an equivalent framework and consider developing a consolidated cofinancing policy.**

Management agrees with IED on the need for a more coordinated and strategic approach to cofinancing and fundraising, and the consolidation of the cofinancing-related policies. Policy consolidation is aligned with the new policy architecture approved by the Board. Management also agrees with developing a strategic approach to financing partnerships, designed to coordinate ADB's fundraising efforts. Management is working towards consolidating policies and developing a strategic approach to financing partnerships.

These initiatives will help improve policy coordination; ensure alignment with ADB's strategic priorities; and establish a systematic and transparent process for engagement with partners. The process will also include regular review mechanisms to maintain relevance and adaptability as ADB's operations and external financing landscape evolve.

3. **Recommendation 2: Elevate strategic oversight by placing overall cofinancing coordination under senior management.**

Management agrees with IED's recommendation on the need for stronger strategic coordination within the organizational structure under its purview.

Management will establish a dedicated process ensuring a more coordinated approach to fundraising, aligning initiatives with strategic priorities, while maintaining strong external relationships and partnerships, and reduce duplication of efforts. As part of this process, Management has established an Interdepartmental Steering Committee, to be chaired by the Chief Partnership Officer, to review fundraising initiatives across ADB and provide guidance to the relevant teams.

4. Recommendation 3: Professionalize trust fund management through mandatory, standardized training.

Management agrees and shares IED's view on the importance of enhancing the professional capacity of ADB staff managing trust funds and cofinancing operations. Management concurs on the need for structured and standardized training but notes that a full accreditation or certification program is unsuitable due to its high costs and limited applicability, given the relatively small number of trust fund managers. Instead, a comprehensive e-learning program launched in 2021 provides a cost-effective and accessible platform for staff training on trust fund administration, governance, reporting, and donor engagement. Management agrees to update and possibly expand the e-learning program.

Management remains committed to strengthening the skills and credentials of trust fund managers through structured learning, continuous professional development, and peer knowledge exchange, while ensuring that such efforts are efficient and aligned with ADB's operational scale and resource environment.

Management also notes the interest in publishing the 2024 Trust Fund Guidelines but clarifies that these are internal reference documents. Customized engagement with partners is ensured through formal agreements and tailored guidance aligned with each fund's design and operational requirements.

5. Recommendation 4: Strengthen monitoring and evaluation systems and widen the adoption of centralized IT platforms for reporting.

Management agrees with the need to strengthen ADB's monitoring, reporting, and evaluation systems for trust funds and cofinancing, and to continue improving centralized IT platforms to enhance efficiency, data integrity, and transparency.

Management remains committed to developing fit-for-purpose, user-friendly, and interoperable systems that support improved monitoring, reporting, and evaluation for trust funds and cofinancing, while ensuring cost-effectiveness and operational relevance.

6. Recommendation 5: Enhance the efficiency and implementation of ADB's blended finance governance by further streamlining processes.

Management agrees and supports improving the efficiency and effectiveness of blended finance governance while concurrently ensuring ADB's duty of care to its partners, the markets in DMCs and ADB's membership in the DFI Working Group on Blended Concessional and its Enhanced Blended Finance Principles.¹ Management appreciates the importance for rigor when it comes to the process that underlies ADB's assessment and approval of blended operations, which essentially is the judicious use of concessional funds in direct support of private sector returns and concurrently designing those transactions to help enable market development and sustainability to eventually not need concessional support. Management agrees that the composition and functioning of the DFI Blended Finance Committee should be reviewed to enhance governance, improve effectiveness and clarify roles.

¹ <https://www.adb.org/sites/default/files/institutional-document/455291/blended-concessional-finance-ps.pdf>

Quality, due diligence and development effectiveness will continue to be central to ADB's pursuit of efficiency improvements through targeted reforms, digital enhancements, and clearer procedural guidance while ensuring ADB's adherence to the Blended Finance Principles and whilst maintaining its strong duty of care and accountability standards to both donors, partners, clients and markets.