

Renewing, Revitalizing, and Reforming the Asian Development Bank: An Evaluation of the New Operating Model



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Corporate Evaluation
June 2025

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Renewing, Revitalizing, and Reforming the Asian Development Bank: An Evaluation of the New Operating Model

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Independent Evaluation: CS-27



NOTE

In this report, "\$" refers to United States dollars.

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Abbreviations

ADB	–	Asian Development Bank
DMC	–	developing member country
IED	–	Independent Evaluation Department
MDB	–	multilateral development bank
NOM	–	new operating model
OMDP	–	Office of Markets Development and Public–Private Partnership
PSD	–	private sector development
PSOD	–	Private Sector Operations Department

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Acknowledgments

This evaluation was prepared by a team of Independent Evaluation Department (IED) staff led by Erik Bloom with Gloria Paniagua as co-team leader. The team members were Maria Erina Erro, Ma. Patricia Lim, Eoghan Molloy, and Mari Noelle Roquiz.

The team worked under the guidance of Director General Emmanuel Jimenez, Deputy Director General Sona Shrestha (until 2 April 2025), Advisor Eduardo Abello, and Director Andrew Brubaker. IED staff Garrett Kilroy provided comments on the draft report. Anis Ahmad Dani and Patricia Rogers provided valuable insights as external peer reviewers.

The IED team was supported by international consultants James Green, Matthew Green, Stephen Heidari-Robinson, Dorothy Lucks, Albert Martinez, and Anthony Tyrell who provided excellent support based on their respective expertise in organizational development, evaluation, finance and private sector development. Singapore-based firm, Dynata Singapore Pte. Ltd. administered the staff perception survey. Imelda Baleta, Mylene Buerano, and Marion Funtilla provided data collection and research support.

The team thanks the Management and staff of the Asian Development Bank (ADB) for their active engagement and feedback, particularly colleagues from the former Transformation Office. The team also acknowledges the support received from ADB resident mission staff and other stakeholders during evaluation missions in Cambodia, Kazakhstan, the Kyrgyz Republic, Uzbekistan, and Viet Nam.

IED remains fully responsible for this report.

Foreword

In October 2022, the Asian Development Bank (ADB) approved a significant reorganization—the New Operating Model (NOM)—which was implemented in June 2023 and is still ongoing. At the request of ADB’s Board and Management, the Independent Evaluation Department conducted an early, formative evaluation of NOM. Nearly two years into NOM’s implementation, this evaluation provides an opportunity to reflect on both the progress made, the challenges faced thus far and what needs can be done to address them.

NOM encompasses a series of reforms, including changes to ADB’s structure, processes, and ways of working. This initiative is part of ADB’s ongoing effort to adapt to the rapidly evolving needs of the Asia and Pacific region. Established in 1966, ADB initially focused on providing substantial financing to build basic infrastructure in a region that lacked access to financial markets. Over the past five decades, however, the region has experienced significant economic growth, with many developing member countries now able to access international financial markets independently. Today, developing member countries face complex challenges that require ADB to be more agile and collaborative to offer integrated solutions.

Reorganizations of this scale are inherently challenging. Transformational change and the related cultural and behavioral shifts take more time and go beyond the initial structural reorganization. They also require changes to the procedures, processes, and systems within the institution. Addressing these issues will be essential for NOM to succeed.

The evaluation notes that many aspects of NOM are beginning to show promise, including improved resource-sharing across regions. However, persistent challenges remain. The dismantling of regional silos, intended to foster collaboration, has led to the emergence of new sector-based silos. Matrix reporting arrangements and internal coordination remain unclear, imposing unnecessary burdens on staff. These issues stem from both the NOM’s design and its implementation.

The status of many of the key proposals in the organizational review remains unclear or only partially implemented. While ADB management rightly has flexibility in how it implements NOM, it is important to make clear decisions and to share them with stakeholders. In addition to a new President, who arrived in February 2025, ADB has seen important changes among senior staff. These changes create new opportunities to outline the vision for reform.

These challenges are surmountable. The evaluation’s recommendations focus on practical measures that ADB can undertake in the short to medium term. These include establishing decision-making mechanisms, streamlining processes, and improving accountability. Prioritization and sequencing will be essential, as ADB continues to confront long-term challenges that extend beyond the scope of this single reform initiative.



Emmanuel Jimenez
Director General
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Executive Summary

Following an organizational review in 2022, the Asian Development Bank (ADB) introduced a new operating model (NOM) on 30 June 2023. This evaluation assesses the design and early implementation of NOM, to provide timely feedback to support real-time learning, strategic decision-making, and course correction.

The evaluation began less than a year and a half after the start of NOM and is formative. It aims to inform ADB and its Board of Directors on progress and advise on potential modifications. The evaluation undertook comprehensive staff engagement, triangulation using multiple data sources, and comparisons with similar reforms in other organizations. At this early stage, the evaluation had limited outcome data and was selective in its focus.

New Operating Model

In June 2021, ADB began a broad organizational review to determine how it could best meet the goals outlined in its corporate document, Strategy 2030. The organizational review candidly described ADB's challenges, building on previous evaluations and reviews, and the current reform agenda for multilateral development banks.

The underlying vision of the organizational review was to reform ADB to make it “fit for purpose given the region’s changing landscape and development challenges.” NOM aimed to break down organizational silos and enable ADB to deliver more effective and integrated solutions, prioritizing quality over volume. A central feature was greater collaboration across ADB, particularly between sovereign and nonsovereign operations.

NOM had an ambitious and complex design, built around four “shifts”: (i) the solutions shift; (ii) the private sector development (PSD) shift; (iii) the climate change shift; and (iv) the ways of working shift. This has led to both structural and nonstructural changes. New departments, units, and positions have been created, regional

departments have been given a greater role in nonsovereign operations, climate specialists have been recruited, and climate considerations have been integrated into operations.

NOM aimed to increase ADB’s country presence and to provide it with a greater country focus. This included enhancing the role of ADB country directors and more outposting of international staff to resident missions. In the process of shifting to a business line model, ADB grouped staff into central units. For example, the Office of Safeguards now houses all safeguards staff. This has tended to centralize decision-making and many functions.

NOM introduced a major reorganization of ADB. ADB has moved from a region-based model (with five regional departments) to a specialized business-line model. ADB established sector offices to bring together sector specialists, with the responsibility for designing and implementing sovereign operations. The organizational review planned for sector offices to play a role in nonsovereign operations. In the long-term, there would be a gradual merger of sovereign and nonsovereign staff in unified sector offices.

In addition to carrying out a large reorganization, NOM made numerous changes to how ADB operates. Its reforms were divided into 10 key features; these were, in turn, subdivided into 46 activities and numerous subactivities.

Challenges and Issues

Early implementation has encountered challenges. Although ADB has made a sincere and widespread effort to manage change, there have been shortcomings. These have included the overly ambitious scope of NOM, the prolonged implementation period, and insufficient attention to ADB’s culture. While ADB dedicated significant resources to communications, in the view of many staff, communication has flowed in one direction, with Management not meaningfully considering

feedback or addressing practical concerns about NOM. While the organizational review indirectly articulated objectives, its theory of change was not clear and the implicit assumptions behind NOM were not realistic.

Collaboration has increased but this has had unintended consequences. On the sovereign side, NOM has successfully broken down rigid regional silos. This has allowed more cross-regional mobility of sector staff. Previously, sector expertise was fragmented, limiting efficient and flexible deployment across regions. Under NOM, many international operations staff reported they now have enhanced opportunities for professional growth and engagement in diverse contexts. On this point, local staff feedback was mixed, with many staff reporting only a limited change in their regional mobility. The absence of clear institutional guidance on how to structure knowledge has led to an uneven approach across sector offices, often leaving collaboration dependent on individual initiative. In some sectors, this has resulted in improved knowledge flow, as technical experts have directly supported operations, enhancing their quality and relevance.

While NOM has promoted cross-regional collaboration within sectors, it has unintentionally reinforced sector silos. Sector offices can deploy technical expertise across regions, but centralization has narrowed the focus of staff to sector-specific operations and deliverables. Interviews with sector staff pointed to inconsistencies in internal procedures, limited clarity on joint roles and credit-sharing, and increased transaction costs for cross-sectoral work. Few operations have featured collaboration between two or more sector offices, although such partnerships seem to be increasing. The decision to replace the single Sectors Group with three sectors departments may further deter cross-sectoral collaboration.

Decentralization has been uneven. NOM aimed to decentralize operations and enhance country-level engagement through strengthened resident missions. Although the role of country directors has nominally been enhanced and more international staff have been outposted, decision-making and authority on certain processes remain largely centralized in

headquarters. There is a common perception that NOM has increased centralization in an already strong headquarters-focused organization.

NOM has significantly increased coordination requirements, creating unintended administrative burdens. Staff across departments noted an increase in the frequency of internal meetings and consultations. This has often resulted in undocumented delays and higher stress levels. The evaluation survey findings clearly highlight a marked dissatisfaction among headquarters-based local staff, particularly at the administrative level, in line with the findings of ADB's 2024 staff engagement survey.

This "coordination tax" has been exacerbated by ADB's culture and hierarchical practices. Many work units have established additional internal reviews or informal pre-meetings to assure themselves of project quality before giving approvals. Staff described these extra steps as burdensome and inefficient, noting difficulties navigating the varying requirements of each regional department. Research shows that, while matrix management can improve productivity and provide value addition, it requires additional work.

Quality assurance remains unclear. Responsibilities for quality assurance for sovereign operations have become dispersed, split between sector offices and regional departments. This has led to confusion around accountability for quality assurance, and duplication of informal reviews and internal quality checks before approving operations. This duplication of processes has inadvertently added complexity, delay, and transactional burdens to project processing. While the previous system had shortcomings, it was well understood.

There is limited evidence of efficiency improvements. Analysis of project processing timelines revealed disruptions coinciding with the launch of NOM. Sovereign operations experienced increased processing times. While the spike in project processing times observed in 2023 may be linked to the COVID-19 pandemic, it could also reasonably be attributed to the initial

disruption associated with NOM's implementation. There is, however, some evidence that efficiency is improving. Staff reported concerns that centralized approval processes may further delay project implementation. The efficiency of nonsovereign operations, which were less directly affected by the early phases of NOM, remained relatively stable.

The climate change and PSD shifts have advanced at different speeds. The PSD and climate change shifts aimed to strengthen existing ADB approaches in these two areas. For climate change, NOM built on the momentum and reform over the past decade. The shift aimed to position ADB to address climate challenges by further raising the profile of its activities and expanding the number of its specialist staff. For PSD, ADB was starting from a lower base. Although PSD has been a long-standing priority of ADB, there was little progress pre-NOM. The PSD shift introduced important positions within the organizational structure to support PSD. However, ADB is still in the process of creating corporate guidance, definitions, and a governance structure. While the organizational review promoted gradual integration of sovereign and nonsovereign operations, progress has been unclear.

Recommendations

Ultimately, the current operating model can—and must—work for ADB to remain relevant and navigate complex development challenges successfully. The issues identified in this evaluation are manageable and resolvable. While the reform was complex, staff broadly supported the underlying objectives of NOM. The evaluation highlighted the need for ADB to streamline operational procedures, align accountability and approval processes, clarify quality assurance mechanisms, and address unintended administrative burdens.

Recommendation 1. ADB should prepare a forward-looking, detailed update of NOM's scope, timeline, and activities. In areas where progress remains unclear, ADB should provide

detailed and forward-looking updates. These updates should pay explicit attention to the various actions implied by NOM's key features, as described in the organizational review paper.

Recommendation 2. ADB should establish time-bound targets to enable it to measure the success of NOM. In line with recommendation 1, it is important that ADB quantifies NOM's effectiveness and its benefits. ADB should define success and measure progress on reform processes. Management should provide signposts for stakeholders to allow the Board and staff to understand objectives, and to track progress toward outcomes.

Recommendation 3. ADB should standardize decision-making and approval processes, clarify accountability, and remove redundant and shadow processes. Management should establish and communicate standardized approval processes across all sectors and regional departments. Management should move to eliminate parallel and redundant “shadow” processes. Authorities for approvals—for concept notes, project documents, and technical assistance—should be reviewed to clarify quality assurance, accountability, and oversight roles.

Recommendation 4. ADB should align internal incentives with its corporate objectives, making them key performance goals for units, managers, and staff. Targets and incentives, for units and their managers and staff, should promote behaviors and actions that reflect ADB's corporate strategy. To foster new behaviors needed to support NOM's objectives, units and managers need to be rewarded for collaboration, knowledge sharing, innovation, managing complexity, ensuring quality, and promoting development impact.

Recommendation 5. Moving forward, ADB senior management should provide transparent communication on strategic direction and operational adjustments. With a new President and new leadership in operations, ADB should reconfirm its commitment to the reforms enumerated in NOM.

Links Between Findings and Recommendations

Recommendations	Findings, Issues, and References
1. ADB should prepare a forward-looking, detailed update of NOM's scope, timeline, and activities.	<ul style="list-style-type: none"> The organizational review candidly described ADB's challenges, building on previous evaluations and research, and acknowledged the evolving role of MDBs. (Chapter 2A) NOM aimed to make ADB "fit for purpose" to address regional development challenges and to deliver Strategy 2030's objectives through four organizational "shifts." The shifts included objectives, but these were not clearly stated. (Chapter 2A) The organizational review lacked clarity on the choice of the four-shift model and its connection to the final structure, despite debating various alternatives. (Chapter 2A) The organizational review emphasized the need for ADB to modernize its practices and foster collaboration if it was to remain relevant. (Chapter 2A) NOM had a complex design, was overly ambitious and took too long; shorter and more focused reforms would have been more likely to succeed. (Chapter 2B) Frequent structural changes and delays in aligning systems have alienated staff and jeopardized implementation. (Chapters 4A, 6A) There has been no common understanding on the meaning of sovereign and nonsovereign integration. (Chapter 5B) In the absence of a clear terms of reference, PSD regional heads have taken various approaches to collaboration, coordination, and staffing. (Chapter 5B)
2. ADB should establish time-bound targets to enable it to measure the success of NOM.	<ul style="list-style-type: none"> The organizational review articulated objectives but did not provide a way to measure success. ADB did not set clear business objectives or outcome metrics. This made it difficult to prioritize those changes that were essential to the desired outcomes. (Chapter 2B) Successful organizational reforms require a clear objective, realistic assessment of strengths and weaknesses, clear communication of decisions, milestones and metrics, and a plan with sufficient flexibility for adjustments. (Chapter 2B) Systematically monitoring integrated, cross-sectoral projects is crucial for generating evidence on their effectiveness and understanding of what works, under what conditions, and why. (Chapter 3B)
3. ADB should standardize decision-making and approval processes, clarify accountability, and remove redundant and shadow processes.	<ul style="list-style-type: none"> NOM introduced intrinsic tensions between decentralization and centralization, and between streamlined efficiency and operational complexity. These have inevitably influenced its effectiveness. (Chapter 4A) Reforms have led to significant structural and procedural changes, but their complexity has led to unintended consequences, including greater centralization despite the goal of decentralization. (Chapter 4A) Matrix management has increased internal coordination burdens, potentially diminishing operational efficiency and risking country-level responsiveness, thereby undermining the decentralization goal. (Chapter 4B) ADB has not adequately adapted its processes and systems to support NOM, leading to confusion and coordination burdens. Many rule changes were released too late, resulting in shadow processes and unresolved issues affecting decision-making responsibilities and incentives. (Chapter 4C) NOM has led to operational confusion due to undefined practices and unclear accountability between groups. Successful reorganizations require alignment across structures, people, and processes. (Chapter 4C) Under NOM, quality assurance responsibilities have become dispersed and unclear, with sector offices and regional departments splitting duties and embedding specialists into operational teams without clear roles or processes, risking diluted oversight. (Chapter 4C) On paper, NOM increased country directors' responsibilities but it left portfolio decisions with sector offices. (Chapter 4A) ADB did not define the role of country directors in setting priorities for nonsovereign operations, which remain largely outside their oversight. (Chapter 5B)
4. ADB should align internal incentives with its corporate objectives, making them key performance goals for units, managers, and staff.	<ul style="list-style-type: none"> ADB's hierarchical, rules-based culture, and budget system has reinforced silos. Supervisors focus on numerical targets. There are few instruments to share resources. (Chapter 2A) Implementing NOM has required substantial changes in incentives, processes, and culture, necessitating significant planning and piloting, which ADB did not fully address before its roll-out. (Chapter 2A)

Recommendations	Findings, Issues, and References
	<ul style="list-style-type: none"> • ADB did not make major changes to its budgeting approach to accommodate NOM. It allocates positions rather than budgets to units, limiting the ability to transfer resources. (Chapter 2A) • Evaluations of other MDB reorganizations highlighted the need to align incentives, resources, and accountability with the new structure. (Chapter 2B) • ADB's sector offices, each with its own structure, prioritize volume targets over quality. (Chapter 3A) • Although commitments to small and fragile countries rebounded in 2024, many staff expressed concerns about biases in resource allocation favoring larger countries. (Chapter 4A) • The Private Sector Operations Department largely focuses on delivering projects and quick client responses rather than longer-term development objectives. (Chapter 5B) • Assessing the success of integrated solutions remains difficult due to the lack of metrics for quality or effectiveness of cross-sectoral initiatives. (Chapter 3B) • ADB failed to measure objectives adequately, set incentives, or allocate sufficient resources for their achievement, leading to accountability issues. (Chapter 6A)
<p>5. Moving forward, ADB senior management should provide transparent communication on strategic direction and operational adjustments.</p>	<ul style="list-style-type: none"> • Recent restructuring of the Sectors Group has led to confusion and concerns about effective collaboration. (Chapter 2C) • NOM's communication focused on positive changes, while not clearly articulating the "how" of implementing major changes. (Chapter 2C) • NOM has lacked clear objectives and failed to address personal concerns of staff, leading to insufficient buy-in. (Chapter 2C) • While there is broad understanding of NOM's objectives, the details are unclear, leading to varied interpretations. (Chapter 2B) • ADB has dedicated significant resources to communications, but much of this has been top-down, focusing on benefits rather than on individual impacts. (Chapter 2C) • Despite the substantial time and resources devoted to designing and implementing NOM, subsequent changes (such as the realignment of the Sectors Group) appear to have been made with limited analysis, and were not well-communicated. (Chapters 2C, 6A) • Recent leadership changes present new opportunities, but current leaders must clarify their vision for collaboration, integrated solutions, decentralization, and other objectives of the organizational review to avoid a potential ownership vacuum. (Chapter 6A)

Evaluating the New Operating Model

1. Multilateral development banks (MDBs) bring together finance, knowledge, and a wide range of partners. They are particularly effective in providing long-term financing and mitigating risk for low- and middle-income countries, which often have limited access to the global economy. The MDBs' rapid response to the COVID-19 pandemic highlighted the value of their countercyclical financial support in times of uncertainty and crisis.

2. Many shareholders are working to reform the MDB system, with an eye to improving its impact. This reform effort—which aims to increase the capacity, efficiency, and impact of MDBs—is collectively known as the MDB evolution.¹ In a joint declaration, the heads of MDBs asserted “[a] global effort is thus required to eradicate poverty, accelerate inclusive socioeconomic development, and tackle transboundary challenges,” leading to “better, bigger and more effective MDBs.” They highlighted five areas of cooperation: (i) financing capacity, (ii) joint action on climate, (iii) country-level collaboration, (iv) cofinancing, and (v) private sector engagement.² Strengthening MDBs' capacity in these five areas will require major reforms as these organizations change their priorities, increase their financial capacity, and harness private capital more effectively. As the global situation changes, MDBs must have sufficient agility to continue their mission.

A. Asian Development Bank and its New Operating Model

3. The Asian Development Bank (ADB) is one of the largest development financiers in Asia and the Pacific. In addition to its financial support, ADB is a trusted partner for the region and a knowledge provider, policy advisor, and catalyst for private investment in its developing member countries (DMCs). It is also a “first responder” when national and international crises hit. ADB has been a pioneer in MDB reform, leading in balance sheet optimization, working across the public and private sectors, and strengthening resilience.

4. The ADB corporate document Strategy 2030, approved in 2018, emphasized the need for ADB to respond to the changing needs of the Asia and Pacific region.³ After the COVID-19 pandemic, and with a view to ADB supporting a return to more stable growth in the region, a major organizational review was launched in July 2022.⁴ This introduced a comprehensive program of reforms, collectively known as the new operating model (NOM). The Board of Directors endorsed the organizational review in October 2022.⁵ NOM includes four fundamental “shifts”: (i) solutions,

¹ G20 Independent Expert Group (IEG). 2023. *Strengthening Multilateral Development Banks: The Triple Agenda*. Vols. 1 and 2.

² World Bank. 2023. [Statement of the Heads of Multilateral Development Banks Group: Strengthening Our Collaboration for Greater Impact](#).

³ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#).

⁴ ADB. 2022. [Organizational Review: A New Operating Model to Accelerate ADB's Transformation Toward Strategy 2030 and Beyond](#).

⁵ In legal terms, ADB's Board “endorsed” most elements of the organizational review. This endorsement came after several briefings and discussions, which often resulted in changes to the design of NOM. The Board had to formally

(ii) private sector development, (iii) climate change, and (iv) ways of working.⁶ The shifts are a framework to understand NOM's direction. NOM organized the reforms into ten key features. NOM is ADB's largest reorganization since 2002 and was combined with other reforms and ongoing initiatives. ADB officially launched NOM on 30 June 2023.

B. Evaluating the New Operating Model

1. Nature of this Evaluation

5. This evaluation is formative and is intended to support ADB's Board and Management in the implementation of NOM. Rather than assessing final outcomes, the evaluation's objective is to facilitate learning and to support ongoing innovation and adaptation. Its purpose is to promote greater strategic reflection, helping ADB to identify opportunities, bottlenecks, and challenges.

6. The evaluation supports decision-making in implementing NOM by identifying good practices, shortcomings, and ambiguities. Specifically, it identifies areas requiring targeted adjustment, including accelerating successful activities, correcting or slowing down problematic areas, or even reversing changes that are clearly ineffective. Appendix 1 discusses the evaluation's scope, objectives, theory of change, and methodology.

2. Evaluation Approach

7. **Theory of change.** The evaluation used a theory of change to map the main elements of the reform process. The theory of change presents a model of how the reforms will affect ADB (Appendix 1, Figure A1.1). ADB has shared a similar theory of change, which is also included in the appendix. ADB's theory of change was developed around 2 years after NOM was launched (Appendix 1, Figure A1.2).

8. **Evaluation questions.** The evaluation questions were necessarily broad to capture the full extent of NOM. The overarching evaluation question was: to what extent will NOM effectively transform ADB, improve the quality of its solutions, and help it reach its development objectives? To answer this question, the evaluation explored four evaluation questions:

- EQ 1** How well have the rationale, goals, and objectives of NOM been articulated?
- EQ 2** Does NOM have the right mix of activities to meet its goals and objectives?
- EQ 3** How likely is it that NOM-supported activities will achieve the objectives of the four shifts?
- EQ 4** To what extent has ADB sufficiently prepared for the needed resources and change management to deliver NOM?

9. **Methodology.** The evaluation employed a range of qualitative and quantitative methods. On the quantitative side, the evaluation team analyzed corporate, human resource, and portfolio data. On the qualitative side, they conducted semi-structured interviews and focus group discussions across ADB. The evaluation team also administered a perception survey to ADB staff. They reviewed corporate documents, staff instructions and business processes, and internal memos. The team reviewed the literature on organizational reform and benchmarked ADB's NOM against similar experiences in other organizations. Appendix 2 outlines the findings of the evaluation's staff survey.

approve some aspects of the organizational review, particularly those relating to the terms of references of vice-presidents.

⁶ This is the order that the four shifts appear in the organizational review (paras. 10 to 30). In other ADB documents (including appendix 3 of the organizational review), the ordering is different.

3. Setting Expectations and Explaining Limitations

10. **Evaluation scope.** The organizational review stated that an early evaluation of NOM would be carried out.⁷ This formative evaluation covers the design and initial implementation phases of NOM, extending to 31 March 2025, approximately 21 months after the official launch. It therefore covers phases 1 and 2, and early phase 3 implementation.⁸ To assess NOM implementation, the evaluation used pre-NOM structures, processes, and data as a reference point and baseline. Given the complexity and evolving nature of NOM, the evaluation was necessarily selective, focusing on central aspects expected to yield early insights and inform adaptive management. Consequently, not all aspects of NOM were examined in equal depth. The evaluation concentrated primarily on NOM's rationale and design, the clarity of roles, and the effectiveness of change management, as well as early evidence of improved collaboration and preliminary progress on strategic shifts. Appendix 3 presents the scope of the evaluation in relation to NOM features and activities.

11. The evaluation did not attempt to measure the long-term developmental impacts or outcomes brought about by NOM, since such an assessment would require a longer implementation period and more comprehensive data. Instead, it identified early trends and preliminary results as indications of progress toward anticipated longer-term outcomes. The evaluation focused predominantly on immediate organizational changes and early implementation experiences. It compared ADB's experience to that of other organizations to draw relevant lessons. It will be some time before a thorough examination of how the changes have affected ADB operations and its relations with DMCs can be undertaken. This will be included in a future evaluation of NOM, which is tentatively proposed for 2028.

12. **Limitations on evaluability.** The evaluation started 15 months after the official rollout of NOM. It can only scratch the surface of the reform. Other evaluations of major reorganizations typically happen 5 to 10 years after the reform. Portfolio and administrative data were minimal and inconclusive at this early stage. Consequently, this evaluation faced inherent limitations.

13. First, since NOM implementation is still in progress, the findings presented here reflect current perceptions rather than final outcomes or impacts. To address this, the evaluation team triangulated document analysis, structured surveys, benchmarking with other MDBs, and qualitative interviews across all staff levels to enhance the validity of the evaluation and to provide a nuanced understanding of progress to date.

14. Second, purposive sampling for interviews and focus groups introduced the possibility of selection biases, potentially affecting the generalizability of results across ADB. To mitigate selection and response biases, the evaluation covered a comprehensive range of staff roles and positions, from senior management to frontline project staff. It struck a balance between staff at headquarters and resident missions. A survey was used to complement the evaluation's qualitative findings, provide a broader base for generalization, and ensure representation of diverse perspectives. Meanwhile, the evaluation's observations were compared with existing secondary evidence on NOM implementation, including the ADB staff engagement survey, client surveys, and other sources, for further validation.

15. Third, data availability and timing constraints affected the depth of the portfolio analysis. The portfolio is, in any case, a lagging indicator; ADB has designed only a few projects wholly

⁷ Para. 159 of the organizational review states: "An independent formative evaluation of the organizational review will also take place in 2025, conducted by IED as part of its work program. The evaluation will assess the early implementation of these reforms and whether future adjustments are needed. It will focus on the extent to which greater collaboration across the organization has been achieved."

⁸ Major ongoing activities in phase 3 of NOM include decentralization and the potential for integrating sovereign and nonsovereign teams.

after NOM. The evaluation addressed this limitation by analyzing proposed future operations, project processing timelines, and project case examples, identifying early trends that suggest NOM's influence on ADB's operations.

16. Metrics for evaluating the success of NOM were uneven. While the Transformation Office has effectively tracked numerous activities and outputs, these individual activity-level metrics do not readily aggregate into clear indicators of broader objectives or the achievement of outcomes. While ADB did develop objective- and outcome-level indicators, this was done after the approval and implementation of NOM. To mitigate this, the evaluation used a variety of methods to gauge progress toward achieving the central aims of NOM, including staff survey responses on the perceived clarity of roles and accountabilities, the frequency and quality of cross-sectoral collaboration, the timeliness of project processing, and early progress in implementing the strategic shifts. Together, these provide preliminary evidence of NOM's progress toward its strategic outcomes.

17. Direct consultation with external stakeholders (such as government partners, private sector clients, and development partners) was deemed premature, given NOM's early implementation stage. However, preliminary feedback from operations staff about partner perspectives on ADB responsiveness and program coherence provided useful insights and flagged potential areas for attention going forward.

18. **Organization of the evaluation report.** This report outlines the rationale and context for NOM, assessing its implementation to understand how ADB arrived at this juncture. It examines how effectively NOM's systems and structures have facilitated internal collaboration and decision-making and identifies early indications of the effects these changes have had on ADB's operational delivery. Finally, the report identifies areas for course correction and offers practical recommendations to strengthen NOM going forward.

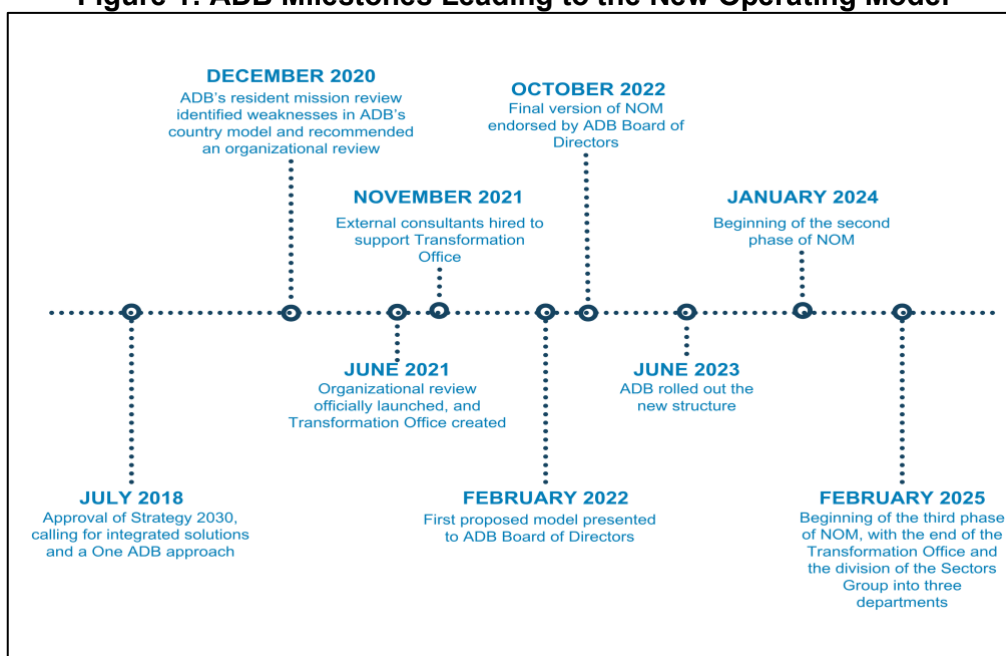
19. Chapter 2 describes the organizational changes introduced under NOM, outlining NOM's rationale, ambitious scope, and complex design as well as ADB's approach to change management. Chapters 3, 4, and 5 evaluate progress that has been made under each of NOM's strategic shifts. Chapter 3 examines the "solutions shift," and assesses how effectively NOM has enhanced internal collaboration and integrated expertise across the organization. Chapter 4 addresses the "ways of working shift," evaluating NOM's success in decentralizing decision-making, clarifying roles, and streamlining business processes. Chapter 5 assesses progress under the "climate change shift" and "private sector development shift" highlighting initial traction and ongoing implementation challenges. Chapter 6 concludes with a synthesis of key issues and provides recommendations to further strengthen the relevance and effectiveness of ADB's new operating model.

From Vision to Reality: Evaluating ADB's Ambitious Blueprint

20. Is NOM fit for purpose? The organizational review which initiated NOM proposed major structural and nonstructural reforms to ADB. This chapter assesses NOM's design, launch, and initial implementation and explores how well ADB has navigated the disruptions and trade-offs that are inherent in major transformations. This partially addresses evaluation questions 1 and 2 (para. 8) by examining the theory of change behind NOM, including its objectives and reform activities. The chapter also addresses evaluation question 4, reviewing change management.

21. In June 2023, ADB formally reorganized. This was the first major reorganization since 2002, when ADB established its regional model.⁹ NOM was developed through a long process, building on the work of ADB's resident mission review.¹⁰ The process took over one and a half years, from the start of the review process to final Board endorsement in October 2022 (Figure 1). During this period, the transformation team studied reviews and evaluations of ADB and other organizations, carried out interviews and focus group discussions, and held extensive consultations with senior staff and management. ADB hired a management consultant firm relatively late in the process after the major contours of the new model had been settled.

Figure 1: ADB Milestones Leading to the New Operating Model



ADB = Asian Development Bank, NOM = new operating model.

Source: Independent Evaluation Department based on review of corporate documents.

⁹ From 1968 to 2002, ADB had a "business line model", with "projects" separated from country operations ("programs"). From 1983 to 1994, these were placed under different vice-presidents. In 1994, ADB created regional vice-presidents, grouping projects and programs into different departments (1994 to 2002).

¹⁰ ADB. 2020. [Review of ADB's Resident Mission Operations](#).

A. New Operating Model had an Ambitious Design

22. It is important to understand the design of NOM and its underlying objectives. At its center was a commitment to implement Strategy 2030; there were concerns that ADB's current organization and procedures were not appropriate to implement the strategy's ambitions. The organizational review outlined a detailed blueprint for ADB. This section of the evaluation analyzes the process that went into designing NOM, the clarity of its objectives, and the nature of the new model. Building on this analysis, it is possible to then ask whether the design was relevant and coherent for the challenges that ADB faced.

1. Organizational Review Made a Strong Case for Reform

23. At the time of the organizational review, ADB had a solid reputation for designing and financing core infrastructure projects. It had built a network of resident missions in virtually all its DMCs, and it served as a responsive and trusted financier and advisor in these countries. ADB had developed a strong reputation for solidarity with DMCs; solidified during the COVID-19 pandemic. Matching its strong regional reputation, ADB had a solid and admirable financial position.

24. The organizational review provided a coherent and candid description of the issues ADB faced. It built on previous reviews and evaluations, as well as on internal consultations by the transition team. These previous reviews and evaluations had consistently highlighted the need for ADB to be more responsive to the evolving and more sophisticated needs of a rapidly evolving region. This would require ADB to become more collaborative and to create synergies across the organization. Taken together, these various documents painted a picture of a strong organization that nevertheless needed to adapt to a rapidly changing region.

25. **ADB needed to modernize its culture and practices.** Prior to NOM, ADB had six self-contained operations departments: five regional departments and the Private Sector Operations Department (PSOD). In addition, the Office of Public–Private Partnerships also led operations largely independent from other departments. Regional departments designed and administered ADB's public sector operations. Each had operations divisions as well as thematic and operations support staff. For example, the South Asia Department had six sector divisions and an operations support unit for quality assurance. This geographic-based divisional structure ensured that each regional department had local knowledge and a strong network in its DMCs.¹¹ PSOD was responsible for identifying, preparing, and administering private sector operations. It also had its own cadre of supporting specialists. In effect, each of the regional departments and PSOD embodied the One ADB model. As a result, the operations departments were often criticized for being "silos" (i.e., they operated independently, often with minimal communication or collaboration with other parts of the organization).

26. ADB was hierarchical and rules-based, which reinforced the silos. Evaluations and reviews described this as a "delivery culture." Supervisors focused on delivering operations to achieve volume and number targets. Authority flowed vertically, with staff reporting to a single supervisor.¹² Despite ADB's strong network of resident missions, most decisions were made in headquarters. Staff in resident missions prepared country partnership strategies, led country dialogues, and implemented mature sovereign operations that had been delegated to them.

¹¹ A divisional organization structure is a system that divides the organization into semi-autonomous segments (based on product, market, or geography), each with its own resources and functions. C. Ellis. 2023. [What Are Divisional Organizational Structures?](#)

¹² In 2020, ADB carried out an assessment of the organization's cultural values. Using an established methodology (developed by the [Barrett Values Centre](#)), this assessment compared the current state of ADB corporate culture with its desired state. A survey of ADB staff in 2020 (with 3,089 respondents, approximately 85% of ADB staff) was instrumental in setting the cultural baseline.

27. The budget system reinforced this culture and its incentives. Staff positions were fully funded and assigned to specific units. ADB lacked a straightforward mechanism that would have enabled it to share staff costs across units. Instead, staff took formal short-term assignments to allow part-time work in other units. With a cascaded work plan, volume and numeric targets, and limited means to share expenses, there was little incentive to share resources.

28. **ADB structures and systems limited strategic initiatives.** The organizational review found that the lack of internal coordination hampered private sector development (PSD). It argued that “coordination and collaboration between ADB’s sovereign operations, nonsovereign operations, and advisory operations have been inconsistent,” and that ADB had “[a] slower response rate for nonsovereign operations than market expectations and peers... whose root causes include cumbersome business processes, and technical skills gap in private sector financing, advisory operations, and PSD.”¹³ To address these shortcomings, the organizational review argued that ADB required a more conducive environment for private sector operations and advisory services with “upstream, midstream, and downstream activities ... closely coordinated and coherently executed in the same way ADB has started doing with public–private partnerships.”¹⁴ The “PSD shift” aims to address these weaknesses systemically.

2. New Operating Model’s Objectives were Broad and Ambitious

29. Strategy 2030’s objective was to ensure ADB’s relevance in a changing region.¹⁵ It aimed to align ADB’s activities with major global commitments, promoting global public goods and innovative technology. As ADB DMCs gained greater access to finance, ADB would need to offer more integrated and complex solutions.¹⁶ This would require ADB to work together to create country-focused solutions. Strategy 2030 also highlighted the importance of catalyzing greater private investment.¹⁷ This was known as the “One ADB” approach and incorporated (i) integrated solutions, (ii) the use of knowledge, and (iii) cooperation between public sector and private sector operations.¹⁸

30. The organizational review’s vision was to make ADB “fit for purpose given the region’s changing landscape and development challenges.” It aimed to provide a structure that would help ADB to deliver Strategy 2030’s objectives. As a framework, the organizational review identified four “shifts.” These represented broad changes in how ADB would be organized, enabling it to address identified challenges and changes in the global landscape. However, the organizational review’s vision was not explicitly supported by clearly stated reform objectives or outcomes against which success could be measured.

31. The evaluation identified five objectives and 14 subobjectives. These are, by no means, definitive and represents the evaluation’s interpretation. A different analysis could have developed a different set of objectives. Table 1 outlines the challenges, as identified by the organizational

¹³ In the organizational review (footnote 4), PSD is described as “activities that lead to domestic and foreign private sector participation in DMCs.” See also para. 17 of the organizational review (footnotes 11 and 12).

¹⁴ See para. 19 of the organizational review (footnote 4).

¹⁵ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient and Sustainable Asia and the Pacific](#). Specifically, para. 2 states: “Strategy 2030 sets the course for ADB’s efforts to respond effectively to the region’s changing needs.”

¹⁶ Strategy 2030 called for integrated solutions across “a range of sectors and themes... [with] public and private sector operations.”

¹⁷ ADB endorsed the 2015 Addis Ababa Agenda for Action, which recognized the role of private sector financing to complement official financing. United Nations. 2015. [Addis Ababa Action Agenda of the Third International Conference on Financing for Development](#).

¹⁸ This is based on the framework and analysis of the One ADB evaluation. Independent Evaluation Department. 2022. [One ADB: An Evaluation of ADB’s Approach to Delivering Strategy 2030](#). ADB. The term “One ADB” was first used officially to describe emergency assistance projects, which brought together different ADB operations units to work efficiently to develop a project.

review. It also provides the contours of the shifts and serves as a reference point for the evaluation.

Table 1: The Four Shifts Aimed to Address a Range of Objectives

Shift	Challenge Identified by Organizational Review	Implied Objectives
Solutions	ADB's organizational structure limits its ability to integrate public, private sector, knowledge, and advisory services for clients. Fragmented sector and thematic expertise located in silos constrains knowledge flow and collaboration. Internal incentives prioritize volume over quality, discouraging holistic solutions.	1. Increase ADB's strategic focus 2. Offer knowledge-based, innovative, and integrated solutions: a. Bring together currently fragmented expertise within a structure that rewards collaboration and impact b. Strengthen coordination and collaboration in upstream, midstream and downstream operations c. Greater integration of PSD across ADB operations d. Improve transaction efficiency for NSO e. Increase the number of staff with PSD and private sector financing skills f. Strengthen the role of sector and country expertise, particularly for NSO
Private sector development	Collaboration between ADB's sovereign, nonsovereign, and advisory operations is inconsistent. ADB has skill gaps in private sector financing and PSD. Cumbersome processes do not incorporate development impact in risk–return calculations.	
Climate change	ADB's capacity to incorporate climate into its sector and country operations is not in line with the scale of the needs. Climate actions are fragmented across operations, making it difficult to develop common approaches. Skill gaps exist in climate-related activities.	3. Embed climate action across ADB: a. Leverage ADB's regional position, increasing climate finance b. Develop more technical expertise c. Ensure greater integration of climate change resilience across all sectors
Ways of working	ADB corporate culture is characterized by a bureaucratic and headquarters-first mindset. Compliance-focused business processes constrain the delivery of complex, innovative solutions. Rigid human resource and budget processes, and ADB's siloed structure limit agility and collaboration.	4. Be more client-centric 5. Increase efficiency: a. Increase ADB's presence in the field b. Streamline processes c. Promote principle- and risk-based approaches d. Increase workforce agility e. Incentivize collaboration

ADB = Asian Development Bank, DMC = developing member country, NSO = nonsovereign operations, PSD = private sector development.

Source: Independent Evaluation Department, based on the analysis described in the Organizational Review, 2022.

32. The shifts are interrelated and support each other. For example, it could be argued that both the climate change shift and the PSD shift could be grouped under the “solutions shift.” Nor is it clear why other long-term ADB priorities, like social inclusion or regional cooperation and integration, did not have their own shift. The objective to increase ADB's strategic focus could cover all shifts.

3. Organizational Review was Broad and Covered most Aspects of ADB Operations

33. At the core of NOM was a large reorganization of ADB, together with numerous changes in how ADB operates. Administratively, NOM was organized around 10 key features, which are described in Table 2. Strictly speaking, these features are not directly mapped to the four shifts as the features support, to varying degrees, all the shifts. The features were, in turn, divided into 46 activities and numerous subactivities, measured by a host of key performance indicators. The organizational review proposed three phases for NOM, allowing a 3-year period for adjustments.

Table 2: Features of the New Operating Model

	Features of NOM	Description
1	One ADB regional departments and resident missions	Regional departments will lead DMC engagement and oversee the strategic agenda. They will lead the origination of all ADB products.
2	ADB-wide sectors and themes	New ADB-wide sector and themes will better integrate knowledge with operations.
3	Expanded synergies between sovereign and nonsovereign operations	Sovereign, private sector, and advisory operations will be increasingly brought together for ADB-wide solutions.
4	Private sector development platform	ADB will work across the institution to strengthen the private sector through a mix of investments, policy dialogue, and knowledge.
5	Renewed role for economists	ADB will expand the role of economists and establish closer connection between economic research and operations.
6	Empowered One ADB project teams	Greater centralization of operations services will bring together safeguards, thematic, and back-office staff.
7	Closer to clients	ADB will expand the number and role of staff in resident missions, transferring staff currently based in headquarters.
8	Governance and steering, arrangements	ADB will create new management structures that will encourage collaboration and work across the bank.
9	Culture, skills, and people reforms	ADB will strengthen its ongoing cultural transformation and human resource reforms.
10	Business process modernization	ADB will revise its business process to increase efficiency and empower staff.

ADB = Asian Development Bank, DMC = developing member country.

Source: IED analysis based on ADB. 2022. *Organizational Review: A New Operating Model to Accelerate ADB's Transformation Toward Strategy 2030 and Beyond*.

34. To provide oversight, ADB appointed the managing director general as the chief transformation officer and created the Transformation Office. The organizational review indicated that experience from peer MDBs showed the importance of having “a dedicated institutional arrangement to oversee, evaluate, and make timely course corrections for a comprehensive reform agenda as well as to coordinate changes across the organization.” Initially, the Transformation Office was to operate for an indicative period of five years (until 2027, subject to the President’s review in 2025). The Transformation Office was assigned the responsibility of coordinating efforts, monitoring progress, and ensuring alignment with objectives.¹⁹ ADB committed to providing regular updates to the Board via seminars and committees.

35. ADB’s previous model had relied on six largely independent operations departments. NOM created specialized units, known as a “business line model” in the organizational literature. For example, safeguards specialists had previously been divided among the six operations departments and a central safeguards unit. NOM created a single Office of Safeguards that brought together all its safeguards specialists under a single unit.²⁰ This approach was replicated across ADB; as categories of specialists were moved to central units.²¹

36. **Organizational changes to public sector operations were significant.** ADB moved from five sector divisions located within regional departments to a single, ADB-wide Sectors Group that was responsible for designing and implementing sovereign operations. For example, the sector responsibilities of the Central and West Asia Transport Division were transferred to the Transport Sector Office. The new sector offices also include the sector units from the former

¹⁹ This responsibility was shared with the Budget, People, and Management Systems Department, which managed change management and strategic communication in coordination with the Transformation Office. The Department of Communications and Knowledge Management also supported communication efforts.

²⁰ This partially builds on a previous pilot to unify the financial management job family.

²¹ This is discussed as part of the “Empowered One ADB Team” feature of NOM. The justification appears to be based on the need for greater efficiency and economies of scale (paras. 89 and 90).

Sustainable Development and Climate Change Department.²² The organizational review placed the new sector offices within the Sectors Group, which originally had seven offices.²³ Each office had a senior director and three to six other directors. The directors and their teams were responsible for either a geographic area (e.g., South Asia) or a practice area (e.g., natural capital and climate). Regional sector directors of the regional teams were responsible for managing “day-to-day delivery of operations” and were “preferably located in the field.”²⁴ Practice teams supported operations and had the flexibility to work across regions and with other sector offices. The senior director could move staff from team to team; staff were not fixed to a particular team. Previously, moving staff from one sector division to another required approval by the central Budget, People, and Management Systems Department.

37. The Sectors Group’s role was to promote collaboration. The organizational review placed significant emphasis on the head of the Sectors Group, who was at the same level as a director general. The organizational review noted that “[by] overseeing all sectors, the head will effectively ensure collaboration in developing solutions that meet DMC needs” and “[the] head of the Sectors Group will foster very strong collaboration across sectors and with other solutions departments...”²⁵

38. **Regional departments continue to coordinate operations.** Regional departments lead ADB engagement with DMCs, with country directors and resident missions playing an enhanced role. In the previous model, regional departments focused primarily on public sector operations. In the new model, they can draw on expertise across ADB to provide solutions; coordinating sovereign, nonsovereign, advisory, and knowledge activities. They continue to prepare country partnership strategies and set regional targets. They oversee the conceptualization of public sector operations. The regional director general, who provides concurrence (but not the final approval), is expected to present operations to the Board of Directors.

39. The organizational review envisioned separate and complementary roles for the regional department and sector offices. In particular, the organizational review created several new positions, including: (i) operations coordination head, to lead programming and portfolio management; (ii) private sector development head, to coordinate PSD activities; (iii) regional cooperation and integration head, to manage regional programs; and (iv) regional lead economist, to oversee economic monitoring and analytical work. The regional lead economists are staff in the Economic Research and Development Impact Department, with a matrixed relationship to their regional department. The other three positions have no formal relationship with other departments. Key themes (including climate change) and operations services have focal persons. NOM established a country management team led by the country director or equivalent. This team is responsible for designing the country program, leading analytical work, and determining the sequencing of interventions. The team includes representatives from all sectors and themes with authority to speak for their units. A similar arrangement exists at the regional level. The Sectors Group (and the subsequently created Office of Business Intelligence and Operations Coordination) and PSOD provide management information to country and regional management teams.

40. **NOM brought fundamental changes to business processes.** In part, this was to accommodate the new lines of control with new units and leaders. However, NOM brought some other fundamental changes to how ADB does business, in line with its approach of bringing together specialists in single units. Figure 2 outlines the major changes in key ADB processes.

²² These sector units focused on sector knowledge as well as providing some ADB-wide sector coordination.

²³ In February 2025, ADB added an eighth: the Digital Sector Office.

²⁴ See para. 65 of the organizational review (Footnote 4).

²⁵ See paras. 64 and 66 of the organizational review (Footnote 4).

Figure 2: Roles of Selected Offices Have Changed under the New Operating Model

Pre-NOM (2002 to June 2023)		NOM (July 2023 to date)	
Country Programming	The regional departments and resident missions develop country strategies, leading policy dialogue, setting priorities, developing a pipeline, and monitoring the country portfolio. Regional departments focus primarily on sovereign operations.	Country Programming	The regional departments and resident mission lead dialogue, set priorities, and establish the pipeline of future operations. Regional departments is “project-neutral” regarding different type of solution.
Sovereign Operations	Each regional director designs and implements individual operations, with resident missions playing a major role in implementation. Limited cooperation among regional departments	Sovereign Operations	Sector offices prepare and implement projects, with staff based in headquarters and resident missions. Regional departments approve concept papers and “endorse” RRP.
Private Sector Operations	PSOD identifies, designs, monitors, and implements private sector operations with limited interaction with regional departments.	Private Sector Operations	Regional departments set regional and country priorities. PSOD prepares, leads, and implements private sector operations with support from regional departments and sector offices, where relevant. Gradual integration between sovereign and nonsovereign teams.
Safeguards and Compliance	Shared between operations department and central departments. Operations departments have own specialists and central departments often embed staff in resident tail missions. Centralized units review, provide support, and ensure compliance.	Safeguards and Compliance	Staff from centralized units support operations by joining One ADB teams. Centralized units have final responsible for safeguard and thematic functions, with staff based in headquarters and in resident missions.
Quality Assurance	Resident departments approves sovereign operations provide quality assurance, following internal reviews, advice, and comments provided by other ADB units.	Quality Assistance	Sector offices provide most quality assurance. Resident departments provide country-specific quality assurance, focusing on alignment with the country and regional priorities.

ADB = Asian Development Bank, NOM = new operating model, PSOD = Private Sector Operations Department, RRP = Report and Recommendation of the President.

Source: Independent Evaluation Department based on review of corporate documents.

41. NOM has mainstreamed the “One ADB” team approach for sovereign operations (Box 1). This was intended to replace the common practice of commenting on operations documents that was a central part of project preparation. ADB has a culture built on consensus (often tacit consensus), which meant that comments had more power than was reflected in formal procedures. Comments often served as a signaling mechanism, indicating a lack of consensus. The One ADB team approach created a project team from across ADB to develop an operation. Specialists are members of the team and provide direct input into the preparation of an operation. Many units, such as the Office of Safeguards, continue to approve specific parts of ADB documents and operations, as well as providing a team member.

Box 1: The One ADB Team Approach

In 2015, ADB’s guidance for emergency assistance loans mandated a form of teamwork called the “One ADB Team Approach.” To expedite project processing for emergency projects, enhanced teamwork would compensate for a reduction in review procedures. Processing teams would include a range of experts across ADB to provide input directly instead of requiring the team to wait for their comments. During the COVID-19 pandemic, ADB mandated the widespread use of this approach for COVID-related operations. While many staff reported a steep learning curve as they worked as part of a team (instead of passively receiving comments), it is likely that One ADB team approach did increase processing efficiency.

Source: Independent Evaluation Department.

42. NOM tried to improve the delegation of responsibility. The underlying principle was to lower decision-making levels in order to improve efficiency and reduce approval time while also “professionalizing” decision-making. For example, prior to NOM, country and sector directors had the ultimate authority for most procurement decisions. Under NOM, most procurement decisions are made by procurement specialists in the centralized procurement unit.

43. NOM aimed to strengthen ADB’s development impact. It called for the development and institutionalization of “methods to help select, design, adjust, and assess projects based on their contribution to development impact.”²⁶ The Economic Research and Development Impact Department has a mandate to develop new methods and processes for diagnostics, project design, and evaluation.

44. **To foster stronger collaboration, ADB introduced matrix management.** NOM introduced a version of matrix management, in which some staff report to more than one supervisor (“matrix reporting”).²⁷ This approach attempts to avoid the rigid vertical structure that was predominant in ADB before NOM. Management literature generally supports matrix management, highlighting benefits such as the potential to combine technical specialization with cross-sectoral collaboration, improved agility, and responsiveness to client needs, while facilitating the integration of specialized knowledge and expertise into project management and delivery. While approaches differ, it would be safe to say that most large organizations have some form of matrix reporting. It is, however, largely a new approach for ADB.

45. Under NOM, all staff continue to have a primary supervisor, but some also have a “matrix supervisor” in a “dotted line” relationship. Initially, this approach to reporting lines primarily affected staff in resident missions, many of whom have a primary supervisor based at headquarters and a matrix supervisor located in the resident mission, such as the country director. Several headquarters positions have direct and matrix supervisors, such as regional lead economists. At the organizational level, ADB increased the number of decisions requiring joint decisions by two or more units.

46. **NOM did not bring major changes to the ADB approach to budgeting.** ADB has a relatively centralized budget and human resource system.²⁸ Moving staff from one unit to another changes the allocation of resources, but ADB did not make major changes to how it budgets resources (key feature 8 of NOM).²⁹ For the most part, staff are fully paid out of the administrative budget. Transferring human resources requires approval from the Budget, People, and Management Systems Department, whether it involves the sequestration of unused resources or short-term assignments. All units have travel budgets, which they can use to finance travel for their own staff or staff in other units. Practices vary on which unit pays for the travel of staff and staff consultants.

²⁶ See para. 86 of the organizational review (Footnote 4).

²⁷ Matrix management is a broad term, typically implying some sort of joint accountability, involving supervision by more than one business unit. This contrasts with a more traditional vertical hierarchy. See, for example, J. R. Galbraith. 2009. *Designing Matrix Organizations That Actually Work*. Jossey-Bass; C. A. Bartlett and S. Ghoshal. 1990. Matrix Management: Not a Structure, a Frame of Mind. *Harvard Business Review*.

²⁸ The internal administrative budget and technical assistance projects finance most of ADB’s operating costs. The administrative budget finances most staff costs and some consultant costs; it was \$906 million in 2024 and \$992 million in 2025. ADB has substantial resources for technical assistance, which finance consultants and events for knowledge activities and transaction support. In 2023, ADB committed around \$250 million from its flagship Technical Assistance Special Fund. ADB also has a separate capital budget.

²⁹ NOM was not budget-neutral. The organizational review (paras. 162 and 163) estimated that NOM would cost \$13.5 million in incremental costs (over a 3-year period) and an additional \$13.2 million–\$20.3 million in incremental costs for decentralization (Footnote 4). With an annual internal administrative budget of around \$1 billion, this accounts for a maximum of 1% of the total.

47. Likewise, technical assistance resources are allocated to ADB units: the regional departments, sector offices, and PSOD. Resources for project preparation are allocated to the sector offices. Sector offices and PSOD control most of the travel budgets for staff and staff consultants.³⁰ Technical assistance resources are allocated across ADB to a range of activities. Technical assistance resources for project preparation and implementation are formally allocated to regional departments which then allocate them to sector offices, which directly manage technical assistance activities. In some sense, this is more centralized than the previous system, where regional departments and centralized sector units (in the former Sustainable Development and Climate Change Department) allocated both technical assistance resources to support operations. Sector offices manage certain regional (i.e., multi-country) technical assistance resources that focus on knowledge.

48. **Private sector development is a long-term ADB objective.** The PSD shift aimed “to bring together and strengthen ADB activities and operations to create markets and mobilize foreign and domestic capital resources.”³¹ As explained in the organizational review, the private sector shift would work on two fronts. First, it would strengthen ADB’s capability to deliver assistance to promote market-based development. Second, it would increase nonsovereign and advisory operations, supported by units across ADB.³²

49. NOM established the Office of Markets Development and Public–Private Partnership (OMDP) to act as an ADB-wide champion for PSD. It would build on the work of the former Office of Public–Private Partnerships. In addition to leading public–private partnership operations, OMDP would provide technical support and guidance for upstream and midstream PSD activities.³³ Each regional department would have a regional PSD head to coordinate the range of PSD activities, to serve as a bridge between ADB’s sovereign and nonsovereign operations. The PSD head would lead the development of private sector development plans for each country partnership strategy and monitor its implementation. This was grouped under the “private sector development platform” (key feature 4 of NOM).

50. The organizational review proposed the structural integration of sovereign and nonsovereign teams (key feature 3 of NOM). This would involve grouping sector specialists together under common managers to support both sovereign and nonsovereign operations. The approach was not described in detail in the organizational review, which presented the process as a “gradual merger” of sovereign and nonsovereign operations teams.³⁴ Initially, ADB would pilot different approaches to the integration. Over time, ADB would move toward an integrated structure that would mitigate any adverse impacts on its client service, credit profile, and financial performance. This was grouped under the “expanded synergies between sovereign and nonsovereign operations” (key feature 3 of NOM) as well as “ADB-wide sectors and themes” (key feature 2 of NOM) and “closer to clients” (key feature 7 of NOM). While the route to integration was not defined, the final objective was clearly stated in several places in the organizational review—“ADB will gradually transition toward integrated sector offices comprising project origination staff from sovereign and nonsovereign sectors.”³⁵

51. **NOM solidified support for regional climate action.** The climate change shift sought to position ADB as the climate bank for Asia and the Pacific. Notably, the organizational review document does not include climate action among the explicit “ten key features” of the NOM architecture. Rather, climate is embedded across the key features of NOM as a cross-cutting

³⁰ All units have travel budgets. Outside of the sector offices, practices vary on how staff and staff consultants finance travel.

³¹ ADB. 2025. *New Operating Model Second Stock Take. Transformation Office.*

³² See paras. 19 and 20 of the organizational review (Footnote 4).

³³ See para. 83 of the organizational review (Footnote 4).

³⁴ See para. 77 of the organizational review (Footnote 4).

³⁵ See para. 36 (iii) of the organizational review (Footnote 4).

thematic priority—as are gender, digitalization, and regional cooperation—without a distinct structural approach. Given the complexity and cross-sectoral nature of climate challenges, NOM’s “solutions shift” was, by design, intended to complement the climate change shift, enabling integrated and multidisciplinary responses to climate change at regional, sectoral, and country levels.

52. The elevation of climate change as a “shift” served to reposition climate action within ADB, facilitating senior-level buy-in, accountability, and institutional momentum. It reinforced ADB’s ambition to mobilize \$100 billion in climate finance by 2030 and to align its operations with the Paris Agreement. For example, NOM provided a significant impetus for the Climate Change Action Plan, which was under preparation independently of NOM. NOM operationalized the climate shift by expanding internal climate capacity and mainstreaming climate-related activities across ADB. It facilitated the rapid recruitment of climate change specialists, renamed the Sustainable Development and Climate Change Department the “Climate Change and Sustainable Development Department”, and formed the Climate Change, Resilience, and Environment Cluster.

B. Gaps in the Theory of Change for Organizational Reform

53. To be effective, NOM needs to have a design that is fit for purpose. A theory of change maps how interventions (in this case, the reforms introduced by the organizational review) lead to desired results and, ultimately, impact. While there are several formal approaches to developing a theory of change, the evaluation here refers to the set of connections and assumptions the architects of NOM used.³⁶ The evaluation builds on the objectives presented in Table 1 and the actual NOM to understand the logical coherence.

1. Organizational Review Provided Little Explanation of Why ADB Chose This Particular Model

54. In the organizational review document, the jump from the “Rationale for Change” section to the “New Operating Model for ADB” section was substantial. Put another way, the document did not explain why it had chosen a specific four-shift model. Nor did it explicitly link these four shifts to ADB’s final organizational structure. While the four shifts serve as useful organizing themes for the organizational challenges that ADB faces, the document’s description of NOM seems to be separated from this logic. In other words, any number of models could have addressed ADB’s challenges. Appendix 2 of the organizational review discussed several different options, but it did not provide detailed explanations for why certain options were not chosen.

55. ADB considered several options. Interviews and a review of internal documents show that wide-ranging debates took place and that many modifications were made to the NOM before final approval. Internal discussions reviewed alternative organizational structures, which included a focus on major changes in processes and culture, a fully decentralized regional model, and a pure matrix structure. Internal documents and interviews show that there was a wide discussion of the advantages and disadvantages of all these alternatives. The decentralized model might have strengthened local responsiveness but risked fragmentation of sector expertise. The matrix model might have promoted cross-sectoral knowledge sharing but may also have complicated decision-making and diluted accountability, as illustrated by the World Bank’s experience. The final NOM, which combines centralized sector expertise with regionally coordinated country engagement, implicitly sought to balance these trade-offs. The organizational review did not clearly articulate why this balance was optimal for ADB.

³⁶ See, for example, P. Rogers. 2014. [Theory of Change](#). UNICEF.

56. The organizational review made several underlying assumptions about how NOM would operate. It referred to new incentives, particularly to support new ways of working and increased knowledge production. Key performance indicators, collectively known as “the new internal key performance indicators architecture,” would be changed.³⁷ The organizational review outlined several possible ideas for key performance indicators that could be used as incentives for staff. These included (i) lending volume, (ii) achievement of ADB objectives, (iii) delivery efficiency, and (iv) internal satisfaction with service quality. In addition to incentives, the organizational review discussed the ongoing Culture Transformation Initiative and reforms in human resource practices.³⁸

2. Organizational Literature Suggests the New Operational Model was Bound to Face Challenges

57. Organizations constantly change, and the challenges that ADB faces are by no means unique. Academic research in the fields of business management, economics, and social psychology provides insight into optimizing an organization's productivity and supporting transitions. Likewise, the management consultant industry brings a range of experiences on what works and how an organization can best respond to internal and external changes. This knowledge and experience can help an organization craft reforms and adjustments.

58. **There is a wide range of evidence on what works in corporate reforms.** Regardless of the motivation, organizational change involves changes in internal incentives through changes in processes, structure, or other means. In addition to various academic studies, empirical data on what works with reorganizations is also available. The evaluation drew on a Quartz/Harvard Business Review (HBR) database containing evidence from thousands of public and private sector reorganizations.³⁹ This evidence leads to an important conclusion: *most reorganizations fail to fully achieve their objectives*. The Quartz/HBR data show that about 80% of reorganizations do not deliver the expected results as originally formulated.⁴⁰

59. The evaluation also compared ADB's reorganization efforts with similar efforts at other MDBs. Evaluations from the World Bank, African Development Bank, and Inter-American Development Bank showed these organizations faced common challenges in implementing reorganizations (Box 2). Across MDBs, reorganization efforts often set overly ambitious goals and timelines, failing to fully anticipate implementation difficulties. Evaluations highlighted how insufficient clarity regarding roles and responsibilities, coupled with inadequate internal communication strategies, led to confusion and resistance among staff. The evaluations also underlined the importance of matching incentives, resources, and clear accountability with the new structures. The experiences across MDBs suggest that successful change management requires clear and open communication, mechanisms that encourage staff collaboration, and systems for sharing knowledge across teams. Meanwhile, comparator MDB experience underscores the importance of adaptive approaches that allow adjustments during implementation to address emerging issues.

³⁷ See para. 122 of the organizational review (Footnote 4).

³⁸ Appendix 6 of the organizational review presents a simple road map of culture, skills, and people reforms (Footnote 4).

³⁹ Quartz Associates and Harvard Business Review database covering 1,400 reorganizations, updated for 2025, building on S. Heidari-Robinson and S. Heywood. 2016. *ReOrg: How to Get it Right*. Harvard Business Review Press.

⁴⁰ S. Heidari-Robinson and S. Heywood. 2016. *Getting Regorgs Right*.

Box 2: Evaluating Reorganizations in Multilateral Development Banks

Major reforms at the World Bank. The World Bank launched major reforms in 1997 (establishing matrix management) and again in 2013 (separating regional and sector complexes). Evaluations highlighted persistent issues with both reforms. The introduction of matrix management faced problems aligning sector and country incentives, leading to internal competition rather than collaboration, weakening internal knowledge sharing, and failing to decentralize decision-making effectively. The 2013 reform sought to enhance global knowledge flow and collaboration with global practices and global themes but encountered fragmented budgeting, unclear roles, and structural complexity that inhibited collaboration.^a

Reforms to private sector operations in regional MDBs. In 2016, both the African Development Bank and the Inter-American Development Bank reorganized their private sector operations. The African Development Bank aimed to improve the integration of nonsovereign and sovereign operations. A 2022 independent evaluation found that the reorganization was constrained by unclear roles, inadequate incentives, and a mismatch between staff skills and the new operational requirements, resulting in limited integration and collaboration.^b In 2023, the Inter-American Development Bank evaluated its merger of different units to create a stand-alone private sector investment organization. This merger successfully expanded the bank's regional presence, but it faced challenges in decentralizing its decision-making authority, clarifying roles, and effectively managing knowledge and collaboration between public and private sector operations.^c

^a World Bank. *The Matrix System at Work: An Evaluation of the World Bank's Organizational Effectiveness*; World Bank. *Knowledge Flow and Collaboration Under the World Bank's New Operating Model*.

^b African Development Bank. *Evaluation of the AfDB's Implementation of its Non-Sovereign Operations*.

^c Inter-American Development Bank. *Evaluation of IDB Invest*.

Source: Independent Evaluation Department.

60. Across public and private sectors, successful corporate reform has several common threads. Reorganizations that involve realigning structures, people, and processes are best delivered quickly to provide clarity to staff and clients. Transformational change designed to build new behaviors, skills, and capabilities takes longer. While the academic and business literature covers a range of approaches that go beyond the scope of this evaluation, the recommendations tend to be practical and to align with common sense.⁴¹

- **Structure and organization matter; adjusting a model can lead to greater productivity.** The way people are grouped together affects their productivity. Economic theory sees organizations as a mechanism to reduce transaction costs. This implies that there are quantifiable benefits to a reform program, although these may not be easy to measure.⁴²
- **Organizational reforms and reorganizations are, by their nature, uncomfortable.** In some cases, reorganizations are associated with job losses, which generates fear and uncertainty. Even when this is not the case, they are disruptive, and they require new routines and new systems. This naturally can affect productivity and, in many cases, lead to active or passive resistance.⁴³
- **Complex corporate reforms are more likely to fail.** Reorganizations involve many moving parts, which increases the number of potential bottlenecks. While setting priorities may leave issues on the table, it is possible to address remaining issues later through a separate reform.⁴⁴

⁴¹ See, for example, W.W. Burke. 2014. *Organization Change: Theory and Practice*. Thousand Oaks, CA: Sage. and Jerab, D. and T.Mabrouk. 2023. [Strategies for Effective Organizational Restructuring: A Comprehensive Guide](#).

⁴² See, for example, *The Economist*. 2017. Coase's Theory of the Firm; H. Haveman. 2022. *The Power of Organizations*. Princeton University Press.

⁴³ R. Beauchamp, S. Heidari-Robinson, and S. Heywood. 2016. Reorganization without Tears. *McKinsey Quarterly*: D. D. Smith. 2023. [Navigating Uncertainty About You During a Reorg](#). *Harvard Business Review*.

⁴⁴ S. Heidari-Robinson and S. Heywood. 2016. *ReOrg: How to Get it Right*. Harvard Business Review Press.

- **Faster reforms are more likely to be effective.** A longer implementation period raises the possibility of bottlenecks and instability. In the long term, agility requires stability. A good rule of thumb is 6 months for the reform period, with stability returning about 1 year after the process starts.⁴⁵
- **Many reforms fail due to a lack of focus on systems, processes, and procedures.** Transferring people and moving boxes on an organizational chart is only part of what reform does. Reform requires rethinking rules, information systems, and other procedures. An organization's "plumbing and wiring" are central to restoring productivity.⁴⁶

61. **ADB's organizational review was overly ambitious.** It had an expansive scope and included too many goals and activities to be realistic. The record shows that the process started from a proposal to break down silos and soon became an attempt to introduce large-scale change in culture and practices while creating a new organization. As is often seen in other corporate reforms, interviews showed that many internal stakeholders saw NOM as an opportunity to include long desired but unrelated changes in the program. NOM conflated different types of change (notably, a structural change, and a cultural transformation), requiring different approaches and timelines. Reorganizations combining too many elements tend to fail because they increase complexity and reduce clarity about priorities and timelines. They fail because all the interdependencies mean that the leaders of the reform process are unable to monitor it properly because they cannot see the forest for the trees.

62. The implied assumptions behind NOM required major changes in incentives, processes, and culture. These were not simple changes that ADB could introduce at will; they required significant planning and piloting. This gets at the heart of the importance of focusing on "plumbing and wiring." While the organizational review discussed the importance of these issues, ADB did not introduce many new incentives prior to the roll-out of NOM. Many proposed actions were not fully designed or defined even at the start, which led to uncertainty about what was and what was not included in NOM. Good practice in reform suggests that a shorter reform process is more likely to succeed.

63. **The organizational review articulated objectives but did not provide a way of measuring success.** ADB did not set clear business objectives or outcome metrics, which has made it difficult to prioritize those changes that were essential to achieving outcomes. ADB has undertaken several informal stocktaking exercises, but these were overly focused on tracking the implementation of activities, and did not provide sufficient and aggregated information. ADB does not appear to have carried out a cost-benefit analysis. The lack of metrics has made it difficult for ADB to communicate its goals and for staff to understand progress. Interviews revealed a lack of clarity about why NOM was introduced. Some staff emphasized the need to break down barriers, while others indicated that ADB needed to change its old-fashioned model. Many staff indicated that they did not understand why NOM was needed. This lack of consensus on the rationale for NOM is pervasive across ADB, reflecting a wide range of beliefs among local, international, and management staff. If staff do not have a clear understanding of NOM and what it is trying to accomplish, it is unlikely to deliver the desired results.

C. Despite Laudable Attempts, Change Management was Mixed

64. Once the Board endorsed the organizational review in October 2022, ADB committed itself to conducting a substantial program of change management.⁴⁷ It invested in communication and

⁴⁵ S. Keller. 2018. [Reorganizing to Capture Maximum Value Quickly](#). *McKinsey Quarterly*; see also Footnote 44.

⁴⁶ A.G. Balutis. 2019. [10 Things to Know about Government Reorganizations](#). *Government Executive*; see also Footnote 44.

⁴⁷ The President assigned the responsibility for change management to the Budget, People, and Management Systems Department in coordination with the Transformation Office. This included leadership of internal communication, training, and related activities.

training and held meetings and discussions with a wide range of staff. After the launch of NOM in June 2023, this effort continued. ADB has continued to hold briefings and discussions across the organization, and the Transformation Office made an enormous effort to monitor the implementation of NOM. Despite this, ADB has struggled to put in place effective change management processes, including clearly communicating the "how" of implementing major changes and providing staff with the necessary support (Box 3).

Box 3: Staff Views on Change Management at ADB

"I'm sure any reorganization is a big pain, but ADB did a pretty good job. We had lots of information before and lots of information during. You couldn't see how it would land, but it did. And I think it's been pretty smooth. I mean, there's always going to be teething problems." International staff, regional department, headquarters

"NOM has gotten off to a great start." Senior staff, headquarters

"Every few weeks, we received updates on this procedure and that staff instruction. You never knew which of these was valid, or which template [to use]." Sector director, headquarters

Source: Independent Evaluation Department.

1. Despite Best Efforts, Internal Communication was Often Top–Down

65. ADB made significant efforts to communicate with staff on NOM. This included the use of a range of communication tools, including newsletters, briefings, and townhalls. For example, the Budget, People, and Management Systems Department organized "Transformation Tuesday" as a regular event to keep staff informed. ADB also tried to "monitor the pulse" through different approaches, including focus groups in headquarters and resident missions, including survey questions, and other techniques.

66. Change management efforts included the "Enablement Program", which addressed the people dimension of changes under NOM. The Budget, People, and Management Systems Department led this, in line with their central role in change management. Targeted activities included "Bienvenida" sessions to bring together staff from different organizational units to define a common vision while fostering cohesion and trust. It brought directors together with their new teams to engage in working together. Feedback from interviews was generally positive, although the disconnect between the Enablement Program's collaborative goals and the additional approval layers was often mentioned.

67. However, messaging often seemed to focus on broadcasting the benefits of NOM. ADB provided some case studies of potential benefits, but communications did not explain how NOM would affect staff ("what it means for me"). ADB's internal communication was largely positive, focusing on the promised changes. A common theme that emerged from the evaluation's survey responses was the sense of disconnect and inadequate communication between management and staff regarding NOM implementation. Most respondents disagreed with the statement that they had been adequately consulted (24% agreed, 52% disagreed). One participant noted, "staff at all levels were not adequately consulted; NOM was just forced onto staff." Much of ADB's communication became background noise, contributing to a sense of cynicism. Some comments emphasized that staff questions went unanswered and that important concerns were disregarded (Box 4). The change management literature and data indicate that reorganizations that are overly reliant on positive, corporate focused messaging without addressing staff's personal concerns typically fail to generate staff buy-in. The survey and interviews showed that many staff felt their individual concerns were not adequately acknowledged or followed up sufficiently.

Box 4: Staff Reflections on the New Operating Model Internal Consultation and Communication Process

"[ADB] did a few sessions explaining each stage of the business process. That was quite helpful... That helped and cleared many misconceptions... So that also helped." International staff in project administration, headquarters

"The pre-NOM consultation process was inadequate. Alternative viewpoints on NOM design were ignored. Townhall meetings turned into a forum for motherhood statements. The NOM structure was already baked in the cake, leading staff to be disengaged and despondent on Day 1." Senior management, headquarters

"Rather than consultation, it was more of a preaching mission." Local staff, resident mission

Source: Independent Evaluation Department.

2. Long Implementation Period and Missing Details Weakened Change Management

68. **The reorganization has taken too long.** The organizational review was developed over 2 years. It was intended that 3 years would be needed to fully implement NOM. The evidence from other reorganizations is clear: the longer the reorganization, the lower the chance of success. The Quartz/HBR survey data show that 60% of successful reorganizations are completed in 6 months or less. Beyond 18 months, the chance of success tapers to zero. A typical public sector reorganization takes 14 months on average. This is because reorganizations are always disruptive as staff are distracted from their regular day jobs. After a while, cynicism sets in. This is now the case with ADB's NOM, as is clear from staff interviews, which revealed a strong desire for calm.

69. When NOM was launched, its many activities distracted staff from ensuring the delivery of ADB's core work, such as obtaining sovereign loan approvals. NOM required many changes in ADB business practices. This was not a trivial task. Evidence suggests that most of the new business processes were introduced late, either just before NOM began (June 2023) or after NOM was officially launched. In practice, this meant there was limited clarity on the division of accountabilities between sectors and regional departments. Quartz/HBR data underscore the importance of addressing organizational processes and systems (the "how it works") early in reorganizations. The data show a strong correlation with success when these processes are clarified and established upfront, which NOM did not do. This meant there was no clear process for the most important and basic of ADB's activities: the delivery of sovereign operations. The quality assurance system remained unclear. Evidence shows that focusing early on the redesign of an organization's processes and systems (an organization's "plumbing and wiring") is essential for a successful corporate reform.

70. **Subsequent adjustments were not clearly designed.** While ADB spent substantial time and resources on designing and implementing NOM, some of the changes that have been made since NOM was launched appear to have been made with limited discussion or consultation. In January 2025, ADB announced it would end the Transformation Office and split the Sectors Group into three sectors departments. ADB provided limited explanation for why this was needed, other than saying that the Sectors Group had issues with the "span of control" and that the Transformation Office was no longer needed in the third phase of NOM implementation. These rationales seemed to ignore the broad thrust of the organizational review, which emphasized the importance of coordinating across sectors in a single group and of having a single body to provide coordination. Interviews showed there was widespread belief in the competence and commitment

of the Transformation Office, which was praised for demonstrating both talent and energy in supporting the implementation of NOM. Meanwhile, NOM's primary architects and champions within ADB senior management have left the organization, which has led to the perception of an ownership vacuum.

71. The organizational review responded to a real need for ADB to modernize and address new challenges. The analysis was substantial, and the underlying motivation was clear: as the region changed, ADB needed to adapt or risk losing its relevance. The specific objectives were embedded in the four shifts, although not in a transparent fashion. The evaluation estimates that NOM has five key objectives. Good practice suggests that having many objectives tends to complicate implementation.

72. The design contained inherent tensions. NOM introduced a substantial restructuring by shifting ADB toward a specialized, sector-driven operating model, addressing earlier concerns of siloed regional departments. Decentralizing responsibilities to resident missions, while simultaneously centralizing expertise, oversight, and processes, has created ambiguity in authority and accountability. Similarly, the pursuit of streamlined, efficient business processes often were at odds with the objective of fostering cross-sectoral collaboration and integrated solutions. Integrated solutions tend to provide greater quality assurance, which can delay processing. NOM matrix management has multiple reporting lines, with limited adjustments to internal budgeting processes. ADB could have addressed these tensions with incentives and procedures. ADB has dedicated considerable effort to change management, but communication has been seen as top-down, and critical business process reforms were introduced late in the process. The duration and scope of NOM amplified these challenges, leading to reform fatigue and skepticism. Subsequent structural changes, including dismantling the Transformation Office and splitting the Sectors Group, were not clearly explained to stakeholders, which raised concerns about the coherence of the process.

Solutions Shift Has Improved Collaboration, but Coordination Challenges Remain

73. NOM's "solutions shift" aimed to break down silos and to foster greater collaboration within ADB that would enable it to address the increasingly complex and cross-sectoral challenges faced by DMCs. This shift was premised on the idea that, by promoting integrated solutions, pooling sector expertise, and encouraging flexible cross-regional staff mobility, ADB could enhance its operational effectiveness and responsiveness to client needs. This chapter assesses the internal clarity, coordination, and accountability arrangements under ADB's new operating model and addresses evaluation question 3: How likely is it that NOM-supported activities will achieve the objectives of the four shifts? One of NOM's clear objectives was to improve collaboration across ADB.

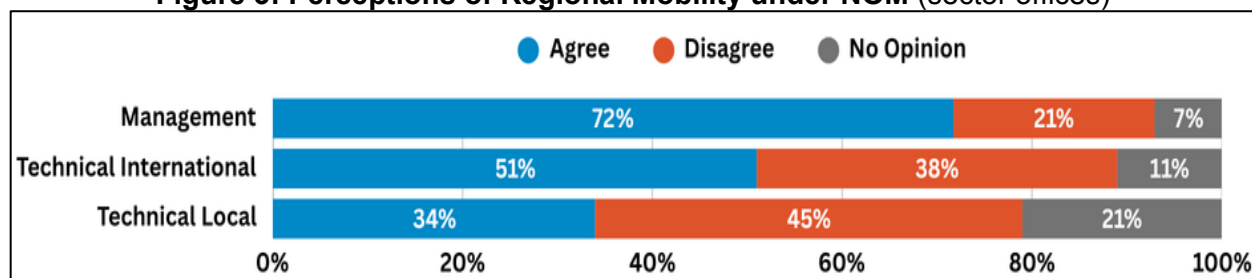
74. While NOM has enabled some improvements, notably in cross-regional expertise sharing, ambiguities remain. A range of reports, reviews, and evaluations have cited a lack of collaboration as a major shortcoming of ADB's capacity to serve the increasingly complex challenges that DMCs face. Better collaboration and more shared resources across ADB are clear indications of NOM's success; unfortunately, the organizational review included only limited metrics to track collaboration.

A. New Operating Model Broke Regional Silos and Promoted One ADB Teams

75. NOM has successfully dismantled regional silos. This has allowed enhanced cross-regional mobility of sector staff. Under the previous structure, sector expertise was fragmented, limiting opportunities for flexible deployment across regions. In creating ADB-wide sectors and themes (key feature 2 of NOM), NOM has grouped sector staff in centralized sector offices, greatly expanding the potential for experts to work in any region covered by ADB.

1. Staff have Greater Opportunities to Work Across ADB Regions

76. Overall, the greater mobility promoted by NOM has been well-received by staff and managers. Many international operations staff reported enhanced opportunities for professional growth and engagement in diverse contexts. Interviews indicated that sector specialists who had previously worked exclusively within one region now felt empowered to offer their expertise across countries and regions, thus contributing to broader institutional knowledge transfer. Figure 3 shows the survey results for staff from the different sector offices on whether NOM has increased regional mobility. Most managers felt that NOM has increased staff mobility. Many international staff agreed and saw NOM as a good opportunity to work in other regions. Local staff were less sure, with a plurality not feeling much change in regional mobility.

Figure 3: Perceptions of Regional Mobility under NOM (sector offices)

Note: Staff responses to the statement “It is easier to work across regions under the NOM.” Responses from 348 staff in the sector offices (45% of the total).

Source: ADB. IED. *Evaluation of ADB’s New Operating Model. Staff Perception Survey.*

77. An increase in mobility has been particularly evident in regions that have previously faced difficulties accessing specialized expertise. For example, before NOM, agriculture and natural resources sector specialists were grouped in large regional departments. Smaller DMCs, including those in the Pacific, encountered barriers when they tried to access some specialized technical expertise. Following NOM implementation, smaller DMCs in the Pacific have benefited from the greater availability of specialized technical skills. Between 2017 and 2024, ADB had no new sovereign agriculture projects in the small island DMCs in the Pacific Department, but the ADB Work Program and Budget Framework, 2025–2027 shows that five agriculture projects are in the pipeline for the Pacific, illustrating this change.

78. Sector directors confirmed that NOM has led to greater sharing of resources within a sector. Competing workloads and demands mean that limitations still exist, but many sector directors indicated that they now had greater access to expert support under the NOM structure. Sector offices can reallocate their staff. For example, a staff member working primarily in Indonesia could be assigned to support an operation in India without multiple layers of clearance, as in the past. Interviews show that this has been particularly important in specialized fields, such as railways or ports. In interviews, nearly all senior international staff appreciated this greater mobility.

79. However, a potential risk is the loss of deep country-specific institutional knowledge and longstanding relationships with key stakeholders. Several interviewees in resident missions highlighted examples where sector experts were assigned to lead engagement without prior familiarity with the context. In some cases, this has resulted in mixed signals being sent to counterparts or in project delays. Additionally, concerns have been expressed about the variability in the caliber and seniority of experts deployed across regions.

2. Sector Offices Face Challenges in Working across Multiple Regions

80. Managing a sector across multiple regions is not easy. In some cases, challenges have arisen from the inherent difficulty of managing dispersed and matrixed staff located across several countries and resident missions. Staff reported some difficulties in maintaining quality oversight across diverse operational responsibilities. Some managers said that supervising staff remotely had reduced their ability to provide meaningful professional guidance, undermining team cohesion and responsiveness. Some directors reported difficulties meeting varying client expectations and staying closely engaged with government counterparts across numerous geographically distant operations. Resident mission staff echoed these concerns, noting delays in receiving approvals or timely guidance due to directors being stretched across multiple responsibilities. However, other senior managers argued that, while such complexities exist, these issues were not insurmountable and could be mitigated through clearer internal coordination, more effective delegation, and greater clarity on the role of regional departments and country directors under NOM (Box 5).

Box 5: Navigating Coordination Issues in the New Operating Model

“NOM has enabled working in close coordination with headquarters colleagues as sector groups are also involved in the implementation review.” Local staff, resident mission

“So, you have that issue of coordination. ... The client is seeing two, three energy directors walk through the door. Say you’re sitting in Cambodia or Sri Lanka ... one day [a certain director] walks in ... the next day, [another director] walks in.” Project team lead, headquarters

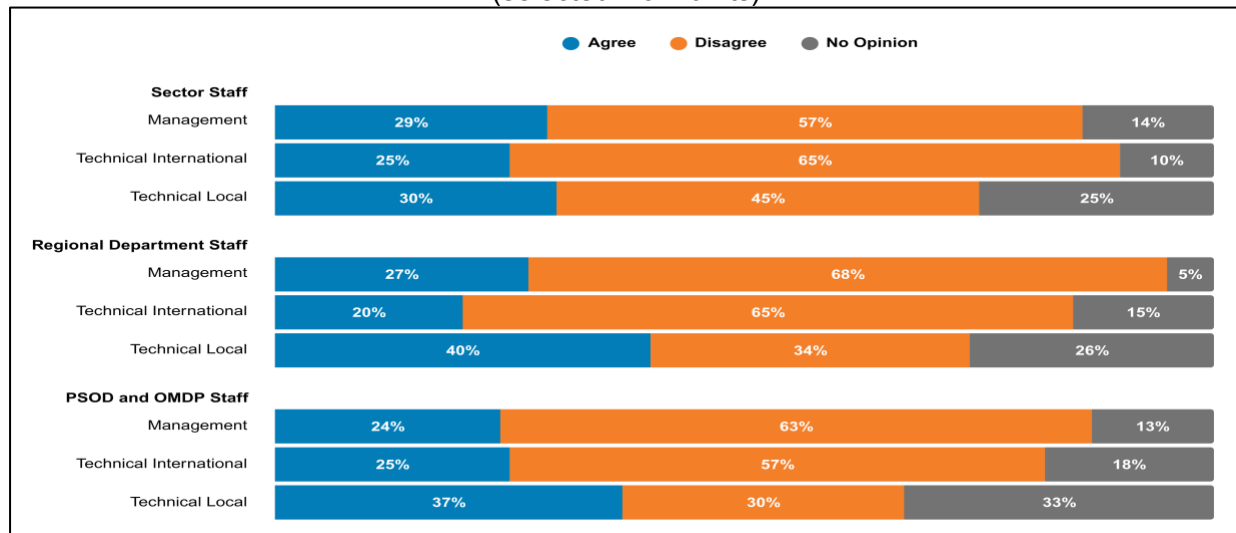
“Sometimes, I find myself running around in circles. ... Minor things require more coordination now ... it’s a waste of time for everyone, not only people in the resident mission but also in headquarters.” Local staff, resident mission

Source: Independent Evaluation Department.

81. Many country directors cited coordination challenges. In several cases, several directors and teams have engaged separately with the same country or client counterparts. Interviews highlighted examples of confusion at the country level, with multiple sector directors in the same sector office independently interacting with government counterparts within short intervals, often without coordination. Resident mission staff provided examples of three directors from a single sector office all working in one country, creating burdens on the resident mission and on government staff. This lack of alignment has led to governments expressing frustration, as they find it unclear who has ultimate authority or responsibility from ADB's side.

82. Each sector office has its own form and structure. ADB's culture focuses heavily on volume targets; interviews show that sector offices are quite concerned about who receives “credit” for financing and the number of projects. This issue was also well documented in the survey, which found that most management-level and international staff in the sector offices felt that ADB prioritizes volume at the expense of quality; the survey showed similar results both for staff in regional departments and for staff working on private sector operations (Figure 4). The focus on volume is not limited to the sector offices. It is common across ADB and is reinforced at the highest levels, including regional departments. It seems to be well ingrained in ADB culture.

Figure 4: Operations Staff Perceive ADB Management Prioritizes Volume Over Quality
(selected work units)



OMDP = Office of Markets Development and Public–Private Partnership, PSOD = Private Sector Operations Department.

Note: Staff responses to the statement: “ADB management emphasizes project quality over lending volume.” Responses from 348 staff in the sector offices (45% of the total), 267 staff in regional departments (36%), and 145 staff in PSOD and OMDP (46%).

Source: ADB. IED. *Evaluation of ADB's New Operating Model. Staff Perception Survey.*

83. Staff within sector offices noted they had encountered internal coordination difficulties, with separate teams working across overlapping regional portfolios, each with its own priorities and processes. While the expanded coverage has allowed for broader regional exposure for some staff, the unclear division of roles and responsibilities among directors has created additional administrative burdens and confusion in operations planning and delivery.

3. One ADB Teams Have Promoted Operation-Level Collaboration

84. The One ADB team approach (key feature 6 of NOM) was a major change in quality assurance. It aimed to transform how teams operate by moving away from a sequential, comment-based model toward early integrated team engagement. This was seen by many as a cultural shift from sequential input to joint ownership. Staff have cited some positive examples where involving specialists in procurement, safeguards, gender equality, climate, and financial management at an early project stage has improved efficiency and reduced late-stage redesign. Indeed, survey responses indicated somewhat positive views from One ADB teams on whether NOM has improved project quality, with 40% agreeing that One ADB teams had resulted in better projects. Staff from operations support departments, such as the Climate Change and Sustainable Development Department, tended to be more favorable toward the One ADB Team approach than those in sector offices.

85. The effectiveness of the One ADB team approach has been uneven (Box 6). Many interviews mentioned issues with the team nomination process. Although guidelines are explicitly designed to involve specialists early in the project cycle, many staff reported that it was difficult to identify and secure appropriate team members. In the early days of NOM, requests for team members were frequently delayed or fulfilled based on availability rather than expertise, a practice driven largely by workload pressures and a lack of clear selection guidelines. This issue is particularly acute in sector offices, where over 70% of surveyed staff expressed dissatisfaction with workload distribution. There are likely to be many factors behind this dissatisfaction, including an increase in the number of operations. Cross-cutting specialists—particularly in climate, safeguards, and procurement—are frequently assigned to numerous teams, reducing their ability to engage meaningfully. As a result, some project team leaders complained that members did not have the right set of skills. According to the survey, project team leaders in particular—approximately 74%—disagreed that staff allocation has been sufficient under NOM.

Box 6: Collaboration and Coordination Challenges under the New Operating Model

"A big plus for NOM is that you now have real team members... that's a big plus, having those people as team members ... That, I find, has made it easier." Project team leader, headquarters

"I feel like it's more collaborative between different departments. When you have that relationship and can build trust, you can actually work together effectively." Thematic expert, headquarters

"As a project officer, you have this tight timeline... I have no visibility on what team members are working on and what conflicts they might have. I have absolutely no way to make them do it. In the past, we all had the same director, and we were all pushing towards the same timeline and goals. Now we don't... We don't have the same director saying, 'This is the priority right now. Do this. Go!'" Project team leader, headquarters

"[Targets] are driven by pure numbers ... so that's my one ADB team, because that's what I need, the value addition part of the one ADB team may have taken second place because of the limited resources." Sector director, headquarters

"I'll get the assignment as a reviewer, and then it's kind of unclear. [Weeks pass] ... I could not see the project team leader ... Then suddenly the deadline is assigned by next Friday, you need to have everything approved." Thematic expert headquarters

Source: Independent Evaluation Department.

86. ADB has taken steps to improve internal workflows and nomination responsiveness. This has included informal tracking mechanisms and clearer expectations for turnaround times. However, in the absence of a centralized coordination system, the process is not yet institutionalized, with each department taking different approaches to tracking requests.

87. While the NOM aimed to move ADB away from a commenting culture and toward collaboration, this remains a work in progress. The introduction of a lock-in period was intended to clarify responsibilities and limit further revisions to project documents, but, in practice, documents often continue to undergo multiple rounds of commenting and edits. Some project team leaders report that documents get diluted when everyone provides inputs at different times, with some even commenting on their own previous inputs. Many specialists reported needing to get approval from their directors before clearing documents, which adds another layer of review and can delay the process. In addition, some staff expressed concerns that the One ADB team approach is leading to “group think” as team members feel compelled to accept inputs from team leaders. For units with a compliance or fiduciary role, like the Office of Safeguards or the Office of the General Counsel, co-team leadership can lead to ambiguity in accountability.

4. Sector Silos Persist and May be Strengthening

88. NOM has promoted fluid cross-regional collaboration within sectors, but it has unintentionally reinforced sector silos. Sector offices have become more cohesive and better positioned to deploy technical expertise across regions, but this centralization has also narrowed the focus of staff on sector-specific operations. Interviews with directors and team leaders noted that project design, resource allocation, and performance incentives are now more tightly linked to sectoral mandates, making cross-sector collaboration more difficult to initiate and sustain. These effects are not universal, but they are common enough to raise concerns that NOM’s logic does not fully align with the ambition of integrated solutions articulated in Strategy 2030.

89. These concerns were strongly evident among staff comments in interviews and in the survey results. Overall, nearly 48% of survey respondents disagreed that NOM has helped overcome silos. Negative responses were markedly more pronounced among staff within sectors departments, with 86% disagreeing with the statement that NOM has reduced silos, underscoring how internal silos may have been reconstructed under NOM. Project team leaders were particularly skeptical, with 62% disagreement. This is telling, since these responses come from staff with direct experience of these silos.

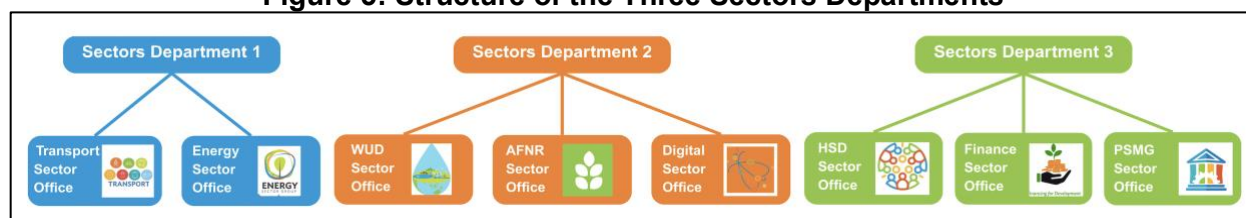
90. **Mixed success integrating knowledge with operations.** The organizational review sought to integrate technical knowledge with operational teams. NOM merged sector specialists from the former Sustainable Development and Climate Change Department into sector offices. Interviews indicated that, in the transport and energy sectors, this integration has proceeded relatively smoothly. Staff attribute this to proactive management efforts, clearly defined roles, and deliberate structuring of workflows that closely link technical experts with operations teams. The result has been notably improved knowledge flow, with technical experts directly supporting operations at key points in the project cycle. According to staff, these arrangements have enhanced the quality and relevance of operations, particularly in areas requiring cutting-edge technical knowledge or significant innovation, although it is too early to verify this systematically.

91. In other sectors, integration has been less clear. Interviews highlighted variability in how knowledge specialists have been utilized. Some operations teams have continued to see newly incorporated staff as peripheral advisors rather than as team members, limiting their influence on project design. The absence of clear institutional guidance on how to structure these merged teams has resulted in an uneven approach across sector offices. Furthermore, since the launch

of NOM, different sector offices have, at various stages, been restructured internally based on workload, staffing issues, or coordination challenges. Staff in these sector offices described fragmented practices and occasional duplication of roles, reflecting differences in how work is organized and prioritized. Often, collaboration depends heavily on individual initiative rather than on formal organizational support. ADB has provided limited guidance, and consistent internal models do not exist. While most sector staff acknowledged the potential benefits of NOM restructuring, they emphasized the need for clearer definitions and improved coordination between regional and practice teams.

92. **New sectors departments risk reinforcing sector silos.** In February 2025, ADB divided the Sectors Group into three sectors departments and issued a memo stating that this restructuring was to improve the “span of control.” Each of the three newly created sectors departments would have similar numbers of staff and directors (Figure 5). Most of the front office of the Sectors Group was transferred to a new office, the Office of Business Intelligence and Operations Coordination.⁴⁸ As initially rolled out, the new sectors departments would not have front offices.

Figure 5: Structure of the Three Sectors Departments



AFNR = Agriculture, Food, Nature, and Rural Development Sector Office; HSD = Human and Social Development Sector Office; PSMG = Public Sector Management and Governance Sector Office; WUD = Water and Urban Development Sector Office.

93. Limited discussion took place on how the new sectors departments would promote collaboration. The Board-endorsed organizational review had presented in clear terms the importance of creating a single sector group with a head who could coordinate across sectors. The head would have the authority to move resources across the different sector offices. Presumably, this authority no longer exists. ADB has also not fully defined the role of the Office of Business Intelligence and Operations Coordination. It is not clear what incentives and technical assistance resources are available to promote collaboration. Currently, the office has 15–20 staff members and fully incorporates the front office of the former Sectors Group.

94. Before this 2025 restructuring, the Sectors Group had taken several initiatives to facilitate cross-sectoral collaboration and to ensure credit was shared across sector offices, including regular meetings of senior sector directors and sector directors to promote information exchange and joint problem-solving. Following the split into three separate departments, some staff reported that these collaborative mechanisms have become less formal. Nonetheless, senior sector directors and sector directors said that they continued to meet informally to sustain dialogue and coordination across sectors. However, they also noted that such informal arrangements were insufficient to maintain the level of collaboration that had been achieved under the previously unified structure of the Sectors Group. In the absence of greater clarity or institutional mechanisms, there is uncertainty over whether cross-sectoral collaboration will be impeded by the creation of the new sectors departments. Within Sectors Department 2, “digital” has emerged as a sector office. While this signals the importance ADB pays to the role of digital technology in development, it seems probable that this sector will be cross-cutting, as for public sector

⁴⁸ ADB also created the Digital Sector Office, moving the Digital Division from the Climate Change and Sustainable Development Department to Sectors Department 2.

management and governance and finance. However, ADB has provided little guidance on how staff in these sectors may work differently in collaboration with other sector offices.

B. Too Early to Assess the Delivery of Integrated Solutions

95. A central rationale behind NOM was the need to enable ADB to deliver more integrated solutions to complex development challenges. Strategy 2030 emphasized that, in some cases, addressing the emerging challenges of DMCs would require moving beyond traditional, sector-based investments toward solutions-oriented, cross-sectoral approaches. However, while the updated corporate results framework introduced an indicator to track projects that had co-team leaders from multiple sectors, comprehensive measures of the quality or effectiveness of these projects have not yet been established. At this formative stage, therefore, assessing NOM's success in enabling integrated solutions is difficult.

1. Integrated Solutions in ADB are Possible

96. To provide context, the Independent Evaluation Department's (IED) 2022 One ADB evaluation identified the key characteristics common to successful integrated approaches, offering a pre-NOM reference point.⁴⁹ Regarding multisector projects, the evaluation noted how these tended to show joint involvement and shared responsibility between two or more sector teams or units across the project cycle (e.g., design, supervision, and implementation); and greater operational complexity (requiring synchronized planning, greater levels of coordination, and shared accountability). Potential advantages associated with such projects included greater responsiveness to complex challenges and more potential to leverage cross-sectoral synergies and support innovation. The evaluation noted that cross-sectoral projects were easier to manage within a single regional department than across regions and that they often increased workloads without proportional recognition or reward. The evaluation concluded that persistent sector silos and structural constraints limited a broader application of integrated solutions. NOM aimed to address these limitations.

Box 7: Defining Integrated Solutions

The 2022 One ADB evaluation identified four distinct ways in which multilateral development banks have supported integrated solutions: (i) multisector projects; (ii) complementarity among parallel projects designed to support different aspects of a complex, integrative problem; (iii) complementarity across lending modalities; and (iv) complementarity between technical assistance on policy or strategy and investment projects. Depending on the development problem and on country conditions, ADB can adopt any one or more of these mechanisms to offer integrated solutions to its DMCs.

In the One ADB evaluation, integrated solutions typically included: a shared, upfront assessment of development issues cutting across sectors or themes, supported by consultative processes and technical assistance; coordinated alignment of resources from ADB, governments, and other development partners; sequencing multiple operations over a country partnership strategy period for cumulative impact; early involvement of multidisciplinary teams, including sovereign and nonsovereign operations staff; and strategic use of multiple projects and executing agencies to streamline project design and implementation.

Source: Independent Evaluation Department. 2022. *One ADB: An Evaluation of ADB's Approach to Delivering Strategy 2030*. ADB.

97. Several ongoing projects illustrate promising ways in which NOM could facilitate more integrated approaches. For example, the Alaoa dam project in Samoa evolved from being initially led by the Pacific Department's energy sector office into a joint initiative between the Agriculture,

⁴⁹ Independent Evaluation Department. 2022. *One ADB: An Evaluation of ADB's Approach to Delivering Strategy 2030*. ADB.

Food, Nature, and Rural Development Sector Office and the Energy Sector Office. Staff involved identified the project as a positive example of cross-sector collaboration under NOM, although they noted that this was enabled not by formal systems, but by strong leadership, well-defined roles, and sustained coordination. Similarly, the Energy Transition Mechanism was frequently cited as an example of NOM enhancing flexibility to mobilize multidisciplinary expertise across regions, overcoming constraints previously imposed by regional silos. The complexity of the Energy Transition Mechanism requires cross-sectoral inputs in energy policy, climate finance, private sector engagement, and policy reform. Interviewees emphasized how NOM had enabled quicker assembly of multidisciplinary teams, potentially increasing responsiveness to client demands and improving operational quality.

98. ADB's Corporate Results Framework, 2025-2030 included as a tracking indicator co-team leadership for committed operations from multiple sectors, themes, OMDP, and PSOD. The intention was to track the extent to which ADB was delivering more innovative and integrated solutions.⁵⁰ The presence of such an indicator may help foster collaboration across departments and areas of expertise and help ADB to monitor the progress and effectiveness of these efforts.

2. Limited Hard Evidence on Multi-Sector Teams

99. The evaluation reviewed all approved sovereign operations in 2023 and 2024 to identify team leaders and team members.⁵¹ Of the 237 operations that were approved during the period, 16 had co-team leaders from other sector offices (Table 3). The data show some interesting trends. First, the share of approved projects with co-team leaders is increasing. Second, much of this increase has been due to a rise in the number of co-team leaders from different units, mostly involving staff from thematic units or regional departments (primarily senior national staff based in resident missions). Finally, there has been an increase in co-team leaders from other sector offices.

Table 3: More Projects Have Co-Team Leaders from Different Operations

Sector	2023				2024			
	Number of Operations	Co-PTL (%)	Co-PTL from Other Units (%)	Co-PTL from Other Sectors (%)	Number of Operations	Co-PTL (%)	Co-PTL from Other Units (%)	Co-PTL from Other Sectors (%)
AFNR	21	33	29	5	17	88	47	24
ENE	12	58	42	8	25	60	20	4
FIN	5	20	20	0	10	40	30	10
HSD	17	53	29	6	18	56	11	0
PSMG	16	56	50	13	25	52	36	12
TRA	17	24	18	0	17	29	12	6
WUD	20	75	60	0	17	76	18	6
Total	108	48	37	5	129	58	25	9

AFNR = Agriculture, Food, Nature, and Rural Development Sector Office; ENE = Energy Sector Office; FIN = Finance Sector Office; HSD = Human and Social Development Sector Office; PSMG = Public Sector Management and Governance Sector Office; PTL = project team leader; TRA = Transport Sector Office; WUD = Water and Urban Development Sector Office.

Note: The table includes all approved operations that were prepared by a sector office, excluding two projects that other units prepared.

Source: IED estimates based on reports and recommendations of the President and periodic financing requests.

⁵⁰ ADB. 2024. [Steering ADB's Corporate Strategy to Success: Corporate Results Framework, 2025–2030](#). The Corporate Results Framework includes an indicator for “more innovative and integrated solutions” (organizational effectiveness tracking indicator 4): Co-team leadership for committed operations from multiple sectors, themes, OMDP, and PSOD (%): Number of committed operations based on project team leadership reported in the report and recommendation of the President (numerator), as a percentage of the total number of committed operations (denominator). There is no baseline or target.

⁵¹ ADB lacks information on project team composition for projects under preparation. The evaluation manually coded and organized the data from project documents. This analysis focuses on approved projects, many of which started before NOM.

100. Co-team leadership appears to have been more common for complex projects. Most policy-based loans and results-based loans have had co-team leaders, often from other units. The largest number of joint sector projects were from the Public Sector Management and Governance Sector Office, although several other sector offices have also participated in joint projects. Notably, the Agriculture, Food, Nature, and Rural Development Sector Office had five joint projects in 2024. A driver of this has been the increase in climate and resilience projects and programs; climate staff have served as co-team leaders in a number of these operations.

101. The current structure introduces practical challenges for cross-sector coordination. Interviews with staff from many sector offices pointed to inconsistencies in internal procedures, limited clarity on joint roles and credit-sharing, and higher transaction costs when attempting to work across teams.⁵² In some cases, collaboration across sectors has relied on personal relationships or *ad hoc* arrangements rather than on institutional systems. Several directors emphasized that the lack of clear incentives—either in terms of formal recognition, budgeting, or performance metrics—has meant that collaboration across sector boundaries within ADB has not matched the demands of the increasingly complex development challenges ADB faces.

102. Nevertheless, staff also cited examples of successful cross-sector collaboration under NOM. These included coordinated efforts between urban and transport teams, joint projects involving agriculture and energy, and cross-thematic cooperation on climate resilience. Integrated solutions are possible when strong leadership, trust, and clear alignment of objectives exist. However, interviewees also noted that these cases were limited in number and unsupported by formal processes or shared planning frameworks. As a result, cross-sector collaboration continues to rely heavily on individual initiative rather than being embedded into institutional practice.

103. Overall, it is unclear whether NOM's structural changes will lead to meaningful improvements in the delivery of integrated solutions. It is therefore essential that integrated, cross-sectoral projects be systematically monitored to generate evidence on their effectiveness and to understand what works, under what conditions, and why.

104. The “solutions shift” has enhanced cross-regional staff mobility and operational collaboration, breaking down longstanding regional silos and enabling more flexible deployment of experts across regions. The mainstreaming of the One ADB Team approach, while uneven in practice, has shown promise in promoting integrated solutions. However, these achievements have come with unintended consequences, including increased internal complexity and coordination burdens arising from matrix management. NOM has led to ambiguity on roles and accountability, coupled with inadequate incentives to sustain cross-sector collaboration. Ultimately, NOM's ambition to foster integrated solutions remains constrained by an organizational structure that inadvertently reinforces sector silos, highlighting the need for incentives and mechanisms to support collaboration.

⁵² This finding aligns with the results of the 2024 staff engagement survey, in which only 38% of staff agreed that NOM had improved collaboration across ADB. In that survey, staff also noted significant ongoing concerns about fragmented communication, unclear roles, and internal silos, highlighting the need for clearer guidelines and stronger incentives for collaboration.

Uneven Progress in Changing Ways of Working

105. The “ways of working shift” sought to transform how ADB operates internally by modernizing business processes; decentralizing decision-making by bringing it closer to clients; fostering a more empowered, agile, and collaborative workforce; and improving management’s ability to steer the institution strategically. This shift aimed not only to make ADB more client-centric through its greater field presence but also to enhance internal agility, streamline processes, and create a culture that rewards collaboration, innovation, and strategic responsiveness. However, early implementation has revealed tensions between efforts to decentralize decision-making and the simultaneous centralization of specialized roles and certain approval processes. These tensions have been compounded by unclear matrix reporting arrangements and a proliferation of informal “shadow” processes, highlighting the inherent complexities and trade-offs involved. This chapter evaluates both the progress and remaining challenges in ADB’s attempts to modernize its ways of working.

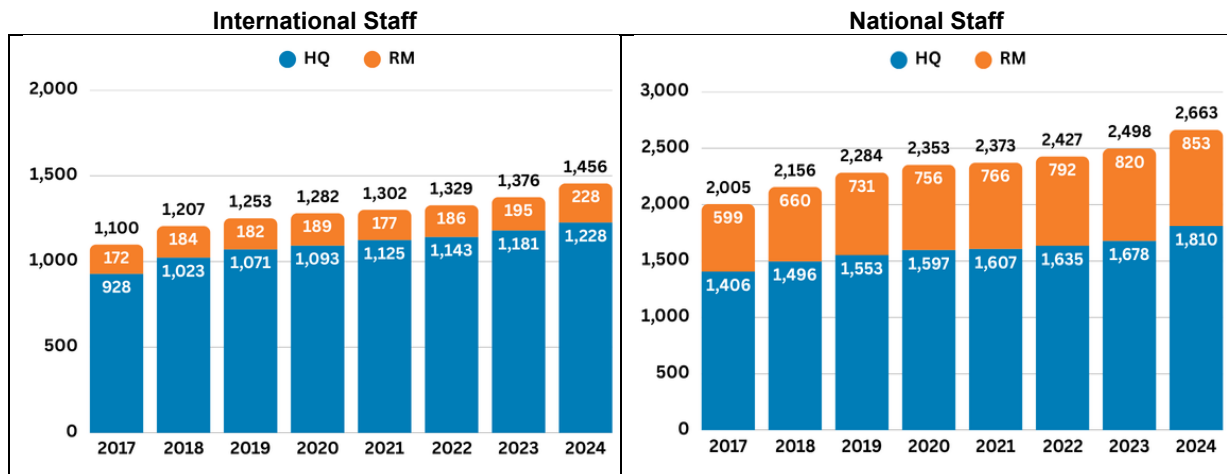
A. ADB Expanded its Country Presence, but Issues Remain

106. NOM has substantially increased ADB’s country presence, notably through greater outposting of international staff to resident missions (key features 1 and 7 of NOM). Country directors (particularly in larger resident missions) noted improved capacity to respond directly to complex client requests and more effective policy discussions resulting from greater in-country technical presence.

1. Growth in Numbers of Staff at Headquarters and in the Field

107. ADB has increased its staff numbers significantly. Figure 6 shows that, between 2017 and 2024, there was a 32% increase in the number of international staff. However, the ratio of headquarters-based international staff to resident-mission-based international staff has remained largely unchanged (in 2024, 73% of ADB staff were based in headquarters, compared with 75% in 2017). Decentralization appears to have slowed during the COVID-19 pandemic, but coinciding with NOM, a marked increase in field-based national staff was observed between 2023 and 2024. Similarly, resident missions saw an 18% increase in international staff compared to a 4% increase in international staff numbers at headquarters. ADB is clearly committed to increasing the number of staff based in the field.

Figure 6: Numbers of Staff Increased Significantly with Notable Growth in Resident Missions



HQ = headquarters, RM = resident mission.

Note: Based on the staff count on 31 December of each year. Includes only staff based in ADB headquarters (including the Philippines Country Office) or in ADB field offices, including staff based in other locations.

Source: IED, based on Budget, People, and Management Systems Department data.

2. Mixed Messages about Decentralization

108. NOM promoted decentralization with the goal of bringing ADB closer to its clients (key feature 7 of NOM). However, this process has not been straightforward and has been complicated by the simultaneous centralization of certain responsibilities and roles. NOM introduced a specialist model (“the business line model”) with specialists located in a single unit, such as the Office of Safeguards.

109. **The role of the country operations head.** The NOM introduced a country operations head in every resident mission to oversee ADB’s pipeline and portfolio of active operations.⁵³ The evaluation interviewed most country operations heads. Interviews showed that some country operations heads faced challenges with unclear delineation of authority.

110. In interviews with staff at resident missions, a frequently cited issue was the reversal of previously delegated responsibilities back to sector offices at headquarters. While country operations heads are responsible for portfolio performance, the actual project administration has been shifted to sector offices, leaving resident missions in a coordination role without clear decision-making authority. Under NOM, routine decisions, which had previously been effectively handled by resident missions, now require approval or involvement from heads of project administration units at headquarters. This can lead to significant delays, although these are often not captured by ADB’s systems. Staff report that it takes a longer time for documents to reach the decision maker and for them to be returned to the government. This problem is accentuated by time-zone differences. Resident mission staff highlighted numerous instances where simple operational decisions—such as minor project scope adjustments—faced protracted clearances from headquarters. Lastly, at resident missions, the flexibility given to sector offices has created inconsistent procedures. For example, different sector offices have different approaches to dealing with changes in scope and similar procedures.

111. **Headquarters-centered mindset.** Staff at resident missions described a strong headquarters-centric mindset. Occasionally, sector offices engaged independently with clients, bypassing the resident mission. This has reportedly created confusion among government counterparts, weakened the coherence of ADB’s country-level engagement, and often made it

⁵³ In some large resident missions, the deputy country director serves as the country operations head.

unclear who was speaking for ADB. The evaluation survey showed that nearly two-thirds (64%) of respondents at resident missions disagreed with the statement that resident missions had been empowered under NOM.

112. Decentralization has been uneven across regions and missions. ADB has not adequately considered the diversity in resident mission size, capacity, and operational complexity, resulting in varying degrees of effectiveness. The unique and specific arrangements of regional offices, notably in the Pacific, also appear to have been overlooked in the creation of country operations heads, with no distinction in roles for such regional cases. Smaller and medium-sized resident missions frequently reported that they faced greater challenges, including inadequate resources, unclear roles, and insufficient administrative support. Survey feedback reflected this variability, with many qualitative comments specifically highlighting greater resource constraints and workload imbalances in smaller resident missions.

113. Staff raised concerns about potential biases in resource allocations and internal incentives. The evaluation survey results lent support to these concerns, with 36% of respondents explicitly disagreeing with the statement that NOM has achieved a balanced operational focus between smaller and larger DMCs. Dissatisfaction was particularly pronounced in regional departments (49% disagreement) and the Sectors Group (47% disagreement). Concerns were most evident in the Pacific Department, with about 57% disagreeing that NOM had delivered a balanced operational focus between smaller and larger DMCs. These results confirmed perceptions that ADB staff feel strongly about the existence of bias or imbalance. Analysis of ADB's portfolio showed a marked decrease in commitments in the Pacific region and in fragile and conflict-affected situation countries in general during 2023 (possibly related to COVID-19 travel restrictions), although this trend was reversed in 2024 (both in number of projects and in the volume of commitments). The pipeline shows further increases in 2025 and beyond.

114. **Unclear role of the resident mission.** Country directors have continued to have limited authority in operational decision-making. On paper, NOM increased country directors' responsibilities, including the approval of concept notes and track 1 (i.e., less complex) projects. However, interviews showed that pipeline decisions remain firmly in the hands of regional directors general and sector directors (despite the intention of key feature 1 of NOM). Interviews consistently highlighted country directors' frustration with this centralization of authority, noting their reduced local autonomy, the slower decision-making processes, and ADB's diminished capacity to respond swiftly to client demands. Notably, among management-level resident mission staff—primarily country directors—survey dissatisfaction was unanimous: 100% of respondents explicitly disagreed with the statement that NOM had empowered resident missions to tailor local solutions. Meanwhile, a significant percentage of staff respondents overall disagreed with the statement that NOM had made ADB more client-centric (29% agreed, 46% disagreed).

115. For many staff, matrix reporting was unclear. Many staff in resident missions simultaneously report to headquarters-based sector or thematic director and to a country director, which has exacerbated issues related to delegation and accountability. Interviews and focus group discussions in several resident missions highlighted confusion about roles, performance evaluations, and workload management. Sector directors at headquarters often have primary authority over performance appraisals and staffing decisions, significantly reducing country directors' management control. This dual reporting structure has complicated decision-making processes, causing duplication of administrative effort. Survey results underlined these concerns, with approximately 65% of staff disagreeing with the statement that NOM had strengthened clarity around roles and responsibilities.⁵⁴

⁵⁴ This confusion was also reflected in the 2024 staff engagement survey results, in which numerous staff cited unclear reporting lines and role definitions as a significant challenge.

116. **The effectiveness of country management teams varied.** NOM instituted country management teams to provide an opportunity for country-level decision-making. The teams bring together different ADB stakeholders. Views on the effectiveness of this concept varied. In principle, a team should have representatives from all the units that are active in the DMC. This includes sector offices, PSOD, different thematic units, and so on. The team should be able to make decisions regarding country operations.

117. Country management teams have tended to be large, with variable compositions. Table 4 shows the average size and composition by region. Interviews with country directors suggested that country management teams in larger countries were more effective, as they were often populated with more senior staff. The regional averages in the table mask large differences among DMCs: the team for the People's Republic of China has 28 members (five managers), the team for India has 49 members (18 managers), and the team for Indonesia has 21 members (three managers). In contrast, Pakistan's team has 50 members (three managers). Although teams are supposed to have one representative per unit, in some cases, there were many members from a single unit.

Table 4: Composition of Country Management Team Varies Widely

Regional Department	Average Number of Managers	Average Number of International Staff	Average Number of Local Staff	Average Size of Country Management Team
Central and West				
Asia	3.1	20.6	11.4	35.1
East Asia	5.0	19.0	6.5	30.5
Pacific	2.4	18.4	6.1	26.9
South Asia	7.7	22.7	7.2	37.5
Southeast Asia	3.1	17.3	3.4	24.0

Source: IED using data from regional departments.

118. Country directors expressed mixed views on the effectiveness of country management teams. Some appreciated these teams for providing valuable platforms for coordination and for facilitating information sharing, collaborative problem-solving, and improved communication across units at the country level. Others highlighted challenges related to the large size of some teams and their overly diverse membership, noting that participation by many representatives from single departments or offices can complicate rather than streamline decision-making. Country directors expressed frustration that many discussions still require validation from headquarters or senior management, undermining the intended empowerment of resident missions under NOM. Meanwhile, interviews showed that many country management teams, especially in smaller countries, included less experienced staff who must consult with senior colleagues, thereby reducing team effectiveness.

119. **Human resource issues affect decentralization.** Staff highlighted dissatisfaction with human resources decisions relating to career pathways for international staff in resident missions. Staff outposted from headquarters to resident missions are guaranteed return to their original departments. In contrast, international staff who apply directly to resident mission positions (e.g., country specialists) are not guaranteed reintegration into headquarters and must apply for other positions. This issue is particularly evident for international staff mapped to regional departments (including economists), who may face challenges transferring to sector offices. For country directors, the introduction of the "batch recruitment system," coupled with the imposition of strict 3-year terms with only limited exceptions, has compounded these issues.⁵⁵ This inflexibility can

⁵⁵ Administrative Order 2.03, Appendix 1, Attachment 1 outlines the batch recruitment system (formally known as the enhanced recruitment process). It applies to country directors and other management-level staff who are assigned outside ADB headquarters. It introduces a proactive and systematic approach to talent management to ensure continuity in leadership. However, the procedures are rigid, which may lead to inefficiencies. A panel of director generals makes a recommendation, based on a review of potential applications, usually without interviewing candidates.

result in cases where high-performing country directors complete their assignments without a subsequent position lined up, resulting in demotivation.

120. Recruitment and retention of international staff present additional challenges. Interviews with country directors from medium-sized and smaller resident missions highlighted difficulties filling these positions, attributing this to factors such as individual staff preferences. Analysis of data suggests these challenges are more pronounced in certain regions; for example, resident missions in the Pacific have received fewer outposted staff from headquarters departments than planned and the percentage of headquarters staff in Pacific resident missions is much lower than in other regions. Staff who have been outposted to resident missions reported frustration with current human resources policies, particularly the requirement to spend 1 year in headquarters prior to assignment to a resident mission, and the 6-year limit on field assignments, which disrupts continuity and established relationships with local stakeholders. Other staff have indicated that the current system makes it difficult for “outsiders” to become country directors, as ADB emphasizes finding positions for existing candidates first.

B. Matrix Management Increased Collaboration, but Introduced Complexity

121. To enhance collaboration and leverage ADB expertise effectively, NOM introduced matrix management (key feature 9 of NOM). However, the introduction of a matrix management structure came with implicit assumptions as well as risks. Evidence from the management literature and from comparable institutions highlights important trade-offs inherent in matrix structures.⁵⁶ While matrix management is designed to facilitate collaboration, it frequently increases internal complexity, produces slow decision-making, and creates confusion about accountability.

122. The World Bank introduced matrix management in 1997. A fundamental difference between the matrix structure adopted by the World Bank and that in ADB is that, at the World Bank, budget authority was decentralized to the country director and management teams in resident missions, which greatly strengthened their roles and made lines of accountability clearer. Nevertheless, a 2013 evaluation of the World Bank’s matrix structure found that, while cross-sector collaboration and knowledge sharing had improved under matrix management, management processes and reporting lines had become more complex, leading to confusion, duplication of efforts and uneven allocations of budget and human resources.⁵⁷ Notably, in the first few years after the introduction of the matrix structure, the transaction costs were very high, although eventually, processes stabilized. The literature shows that such challenges can inadvertently shift organizational attention inward, potentially diminishing responsiveness to external client needs.⁵⁸

123. ADB’s early experience reveals it has faced similar challenges with matrix management and matrix reporting. Many staff at resident missions now report to both a sector or thematic director at headquarters and to a country director, which has intensified issues related to delegation and accountability. Headquarters-based directors have primary authority over staff performance and decisions, reducing the management control of country directors. The evaluation conducted interviews and focus groups with staff at several resident missions and these consistently highlighted uncertainty regarding roles, performance evaluations, and

⁵⁶ R. M. Burton, B. Obel, and D. D. Håkansson. 2015. *Organizational Design: A Step-by-Step Approach*. 3rd ed. Cambridge University Press.

⁵⁷ Independent Evaluation Group. 2013. [The Matrix System at Work: An Evaluation of the World Bank’s Organizational Effectiveness](#). World Bank.

⁵⁸ In one study on organizational effectiveness, 43% of respondents from highly matrixed companies reported that organizational complexity impeded the quality and speed of decision-making and innovation “a great deal”. Vantage Partners. 2019. *Lost in the Matrix Organization: How Complexity Impedes Execution and Innovation*.

workload management. Indeed, in the evaluation survey, approximately 65% of staff disagreed with the statement that NOM had clarified roles and responsibilities.

124. Staff at various levels and locations have voiced concerns that matrix reporting is leading to greater internal coordination burdens (Box 8). Interviewees reported a lack of accurate activity-level time recording, which is an essential component of a matrix system, where workloads have to be balanced across units.⁵⁹ Qualitative feedback consistently highlighted the risk of diminished operational efficiency under the new system, saying they now had to spend significantly more time participating in internal meetings and approval processes. Some sector directors said they felt overwhelmed by the number of staff that they managed directly and through a “dotted line.” This raises special challenges when managers have to prepare annual performance reviews. Staff in resident missions highlighted the potential risks that the matrix management system poses to country-level responsiveness. The requirement for routine approvals to pass through sector directors at headquarters potentially undermines NOM’s decentralization goal. Some country directors reported the difficulty in providing meaningful input to primary supervisors, including the difficulty in setting up meetings. Several country directors expressed concerns that their feedback was not considered and indicated that they had no way of seeing the final rating received by staff.

Box 8: Challenges of Matrix Reporting on Operational Efficiency

“Previously, the DG had accountability for everything in the region, so if the minister complained, I could fix it quickly. Now, I have to check with the sector director who is mapped to that staff. It’s not faster; it’s more complicated.” Country director, resident mission

“Empowering country management was the slogan, but team members now report to sectors in headquarters, unnecessarily complicating the process. The dynamics at headquarters and in resident missions are entirely different, and NOM did not consider this.” Local sector staff, resident mission

Source: Independent Evaluation Department.

125. NOM’s matrix arrangements have introduced some potential benefits related to career development, particularly for national sector staff at resident missions. Previously, such staff often faced limited opportunities for growth within the resident mission. Now, since they are formally part of sector-based job families, they have clearer pathways for professional growth and technical specialization, including potential exposure to several countries and different departments at headquarters. This structural change may enable staff to gain more diverse professional experience.

126. However, matrix reporting has complicated other aspects of human resource management. Non-sectors group staff have reported they now have less clarity about their career progression, as they experience fewer opportunities for exposure to operations, raising concerns about future advancement and morale. Some staff have expressed uncertainty about the new performance evaluation processes, highlighting potential risks to staff retention and motivation. Additionally, staff feel that the shift to a matrix model has been at odds with ADB’s traditionally hierarchical organizational culture, which typically favors clear and direct lines of authority. ADB’s decision to adopt a matrix reporting structure came with implicit assumptions that the new ways of working would be aligned with a cultural transformation focused on trust, communication, and joint accountability—elements that are still developing.

C. Shadow Processes and the “Coordination Tax” Have Increased

127. NOM has required extensive changes in ADB’s business processes (key feature 10 of NOM), but it was launched without fully defined practices or clear accountability between the

⁵⁹ The evaluation did not review the time management system, which was updated in January 2023.

Sectors Group and regional departments. According to Quartz/HBR data on corporate reorganizations in the public and private sectors, successful reorganizations consistently ensure alignment across structures, people, and processes before launching full implementation. Reorganizations that lack clear accountability and process clarity at the outset commonly result in shadow processes and inefficiencies. ADB's decision to delay or incompletely define its key business processes has significantly increased operational confusion.

1. New Administrative Burdens have Created New “Coordination Taxes”

128. NOM has significantly increased coordination requirements and these have imposed unintended administrative burdens. Staff across departments noted that the move toward more integrated and collaborative teams has increased the frequency of internal meetings and consultations. The associated coordination tasks tended to be taken up by administrative staff, who report that their workload has grown substantially. Survey findings clearly highlighted a marked dissatisfaction among administrative staff at headquarters, regarding the workload distribution and well-being under NOM.⁶⁰ Interviews and focus group discussions consistently highlighted the disproportionate impact on project analysts and operations assistants, who are now managing extensive behind-the-scenes logistics for arranging internal meetings.⁶¹ Administrative staff report that they also have to spend significant time to support their headquarters-based counterparts in sector offices.⁶² Staff report that these seemingly minor issues have resulted in delays and additional workloads, and they have increased stress levels among administrative personnel.

129. This "coordination tax" has been exacerbated by ADB's entrenched organizational culture and hierarchical practices. Staff emphasized that pre-existing ADB norms and protocols were incompatible with the cross-departmental collaboration envisioned by NOM. Administrative staff described spending significant portions of their day simply coordinating internal meetings due to complex, entrenched procedural norms that NOM did not consider. The increased coordination burden also affects smaller divisions, such as thematic units, with less available resources to absorb the extra task load. Many felt the NOM architects had either underestimated or overlooked these organizational realities entirely, imposing a new operational structure without sufficient adaptation to ADB's institutional context.

130. Further amplifying these coordination challenges is the state of ADB's IT systems. Coordination in any organization depends on basic digital infrastructure—a component of the organizational “plumbing and wiring.” NOM is more demanding in terms of digital coordination, as units need to allocate resources to jointly develop outcomes; data need to flow seamlessly across units and silos. Staff interviewed consistently identified weaknesses in the IT systems—describing them as incomplete, cumbersome, and poorly integrated—as a key contributor to the coordination tax. Survey data revealed significant dissatisfaction across staff groups, with nearly half disagreeing with the statement that ADB's IT systems provide reliable and efficient access to operational data (38% agreed, 49% disagreed). Dissatisfaction was especially pronounced among senior international staff and staff from sector offices.⁶³ Interviewees emphasized that the NOM rollout devoted insufficient attention to the IT “plumbing and wiring.”

⁶⁰ Specifically, 59% explicitly disagreed with the statement that workloads had become more equitable, compared with just 13% who agreed with it. Similarly, 49% disagreed with the statement that their well-being had improved under NOM, with 17% agreeing with it.

⁶¹ This aligns with findings from the 2024 staff engagement survey, which found that excessive workload and administrative complexity were among the top sources of staff stress.

⁶² Administrative staff in resident missions report directly to country directors (or designated staff) without having a formal matrix relationship with supervisors in headquarters.

⁶³ In their responses to the 2024 staff engagement survey, staff criticized the inadequate preparation of IT systems prior to NOM implementation, which had exacerbated adaptation difficulties and operational inefficiencies.

131. Despite substantial investment in its IT systems, ADB lacks a single source of reference data for the status of sovereign operations.⁶⁴ In its absence, routine tasks generate a cascading effect on staff workload. When teams were co-located within one regional department, a project's status could be confirmed informally. Under NOM, with teams distributed across multiple organizational units, the same inquiry triggers lengthy email threads that may involve a range of staff and work units, including directors, directors general, and vice-presidents in both front line and centralized support units. Staff increasingly bypass project administration unit heads and contact project team leaders or analysts directly. For example, in one large resident mission, a single request for an updated disbursement schedule produced messages to eight separate units. Staff reported frequently having to resort to parallel manual tracking methods—often using Excel spreadsheets—due to difficulties with the interoperability of parallel IT systems. Against ADB policy, most SharePoint folders have restricted access for internal users, requiring staff to take the additional step of having to ask for access to other ad hoc monitoring tools.

2. Role of Regional Departments and Shadow Processes

132. NOM divided project approval responsibilities between regional departments and sector offices. Previously, project approvals were entirely under the purview of the regional department, with substantial input and clearances from other units. In NOM, country directors now approve project concept notes. Detailed technical oversight is the responsibility of sector teams. Interviews suggest that regional departments and country directors are sometimes hesitant to formally approve final proposals without first undertaking an informal review.

133. Due to this division of authority, many regional departments have established additional internal reviews or informal pre-meetings to assure themselves of project quality before giving approvals. These additional processes go beyond those laid out in the staff instructions or guidelines for sovereign project processing. Staff in sector offices described these extra steps as burdensome and inefficient, noting difficulties navigating the varying requirements of each regional department. At least one sector office has undertaken a systematic mapping exercise of these differing regional procedures, highlighting the complexity and administrative burden resulting from these informal regional variations. Standardization and streamlining of business processes across departments remains a work in progress, with continuing efforts to address these issues.

3. Quality Assurance System is Uncertain

134. Under NOM, the quality assurance system for sovereign operations has become fragmented. NOM intended to embed thematic quality assurance directly into project teams, enhancing collaboration and efficiency. However, this shift has inadvertently resulted in some ambiguity about accountability and processes in quality assurance systems. Early evidence suggests there is potential for diluted oversight.

135. Before NOM, ADB had an established system of quality assurance for sovereign operations. A project team leader, working under the supervision of the sector director, would prepare an operation. At various stages, the sector division would seek clearance from within the regional departments. Regional directors general had the overall responsibility of approving operations for Board consideration. For certain sensitive operations, the regional vice-president would also chair a review. The regional department received comments from across ADB; some of these were fundamental, typically involving legal, fiduciary, and safeguards concerns. Others

⁶⁴ This evaluation did not investigate the underlying causes of these issues since these lay outside its scope. A separate evaluation will address these issues in detail.

were more of an advisory nature.⁶⁵ While the previous system had many shortcomings, it had clear lines of authority, and staff understood the process. In the previous system, the regional department had the largest say, yet there were institutional guardrails.

136. Under NOM, however, responsibilities for quality assurance have become dispersed and unclear, split between sector offices—responsible for detailed project design—and regional departments, which retained formal approval authority. Interviews consistently highlighted confusion about who is accountable for quality assurance, as regional directors general are no longer directly involved in operational design and, because projects are now designed elsewhere, have understandably felt compelled to introduce additional informal reviews or internal quality checks to gain sufficient confidence before approving operations. This duplication of processes has inadvertently added complexity, delays, and transactional burdens to project processing.

137. NOM has explicitly sought to improve quality assurance by embedding thematic specialists into One ADB operational teams, shifting away from sequential, late-stage inter-departmental reviews. Sector directors noted the clear intention to make these specialists jointly responsible for operational design and quality from project inception. However, in practice, embedding quality assurance functions directly into operational teams without clearly defined roles, standardized processes, or adequate resourcing risks diluting oversight. As one survey respondent noted, in One ADB teams, “the incentive to conform is high, and the incentive to dissent is low.” This aligns with broader survey results, in which 65% of respondents indicated disagreement with the statement that NOM had improved clarity of roles, responsibilities, accountability, and authority.

138. NOM’s design overlooked certain cross-cutting themes. For example, poverty and social analysis responsibilities were centralized in the Human and Social Development Sector Office, rather than within the Climate Change and Sustainable Development Department, where other cross-cutting themes reside, or with the newly centralized Office of Safeguards. This has potentially weakened quality assurance for related social analyses, notably the poverty and social analysis process (Box 9).

Box 9: The New Operating Model **Risks Weakening Quality and Alignment of Poverty and Social Analysis**

NOM centralized the previously decentralized poverty and social analysis process. Many social development specialists were reassigned, often to more limited roles, such as safeguards. This centralization coincided with the finalization of an enhanced poverty and social analysis methodology and the development of a new poverty reduction and inclusion classification system to underpin the Corporate Results Framework, 2025–2030 target that 75% of committed operations should support poverty reduction and inclusiveness. Under NOM, quality assurance responsibility for the poverty and social analysis has shifted from a broad network of social development specialists across departments to a few staff in the centralized Human and Social Development Sector Office. This consolidated team, initially established in mid-2023 with a specific mandate—including finalizing a new poverty and social assessment methodology, providing operational support, and promoting social inclusion—was subsequently reorganized, further dispersing responsibility. Further NOM reforms have removed interdepartmental reviews, with support reduced to a limited “help desk” role reliant on consultants. When this change is combined with the removal of the public disclosure requirements of other documents, such as the initial poverty and social assessment and summary poverty reduction and social strategy, there is a risk that the quality and strategic alignment of ADB’s poverty and social analysis may be weakened, potentially undermining achievement of the corporate results framework poverty reduction and inclusion target.

Source: Independent Evaluation Department.

⁶⁵ Since 2016, ADB has formally classified comments as either “fundamental” or “advisory.” In practice, a comment’s power depended more on the role of the commenting unit than on this classification. Clearance by some units is needed for all documents prior to circulation.

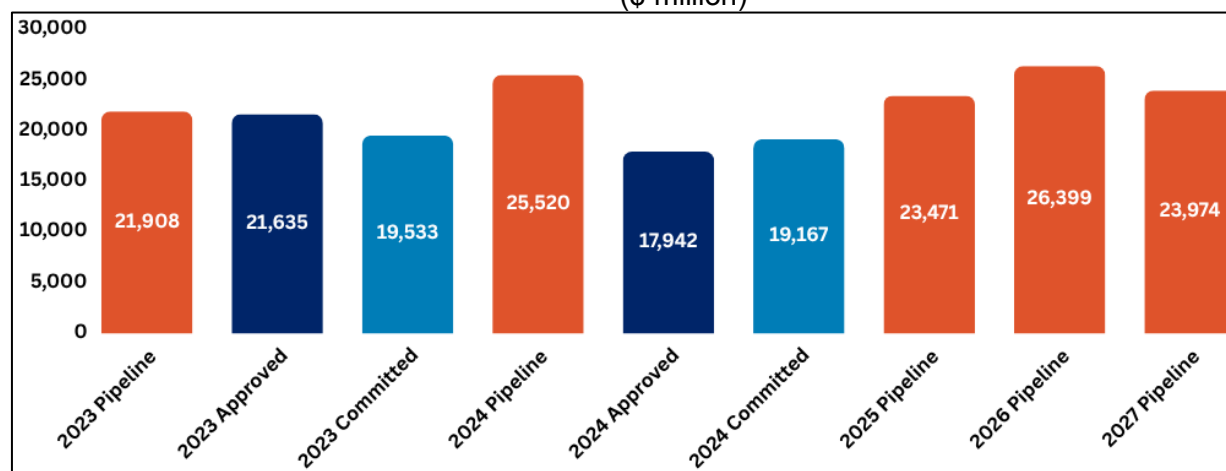
D. Concerns about Delivery and Efficiency

1. Sovereign Operations Fell Below Expectations in the First Two Years of the New Operating Model

139. ADB does not have official annual commitment and delivery targets. The evaluation therefore compared actual approvals and commitments against projections for sovereign operations in ADB's Work Program and Budget Framework, 2024–2026 and 2025–2027.⁶⁶ With available data, it is not possible to disentangle the direct effects of NOM on the delivery of operations; other internal and external factors also affect delivery of operations.

140. Overall, actual approvals in 2023 (\$21.6 billion) closely matched expectations (\$21.9 billion). It is noteworthy that commitments were somewhat below the desired amount, suggesting some delay in converting approvals to commitments. Approvals and commitments in 2024 were below expectations. While commitments for that year were greater than approvals, this probably reflects catch-up from the previous year. Regardless of how it is measured, delivery was less than expected. When more data become available, it will be possible to develop a long-time series to identify the underlying issues (Figure 7).

Figure 7: Approvals Fell Short of Projected Pipeline during New Operating Model Period (\$ million)



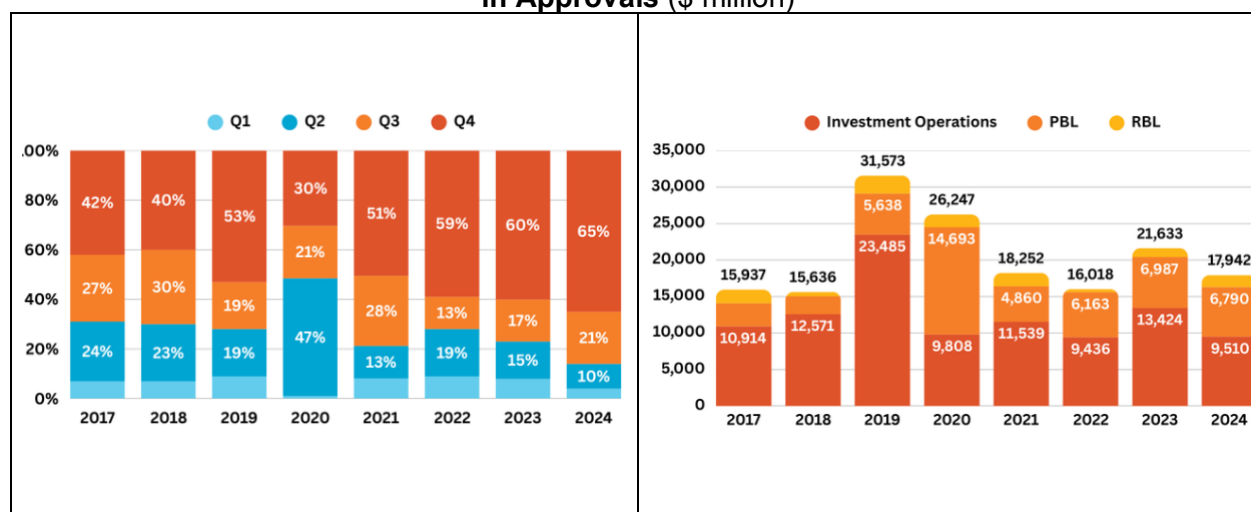
Note: "Pipeline" refers to the expected targets in the Work Program and Budget Framework.

Source: IED estimates using data from the Annual Report 2024 and Work Program and Budget Framework, 2024–2026 and 2025–2027.

141. Several other trends are evident. ADB approvals for sovereign operations showed consistent "bunching" toward year-end throughout the period from 2017 to 2024, which intensified during the NOM years (2023–2024), with substantial peaks in approvals during the fourth quarter in both years. This period also saw greater reliance on policy-based lending, which, following a COVID-19-related spike in 2020, has remained relatively high, increasing to 38% of the total portfolio in 2024. Results-based lending has increased to 9%–10% of the portfolio in recent years, reflecting its growing importance (Figure 8).

⁶⁶ Officially, ADB does not set overall commitment and approval targets. However, surveys and interviews show that staff and managers are primarily concerned with meeting the targets in a unit's work program. The analysis here compares projections established in the work program in the prior year with approvals and commitments.

Figure 8: Increasing Share of Policy-Based Lending and End-of-Year “Bunching” in Approvals (\$ million)



PBL = policy-based lending, RBL = results-based lending.

Source: Independent Evaluation Department.

142. Given the short period of NOM implementation, there has been little evidence of a change in ADB’s focus. With time, as ADB ramps up its support for more integrated solutions, a change can be expected in the subsectors that ADB focuses on. There have already been some modest shifts in the agriculture, food, nature and rural development sector, which has seen modest increases in some subsectors, namely agricultural productivity and rural flood protection. In the health sector, there has been substantial growth in health sector development and reform. There has been a declining commitment to traditional energy subsectors such as electricity transmission and distribution and large hydropower generation in favor of modest increases in renewable energy investment. In urban infrastructure, there have been steady increases in several subsectors (urban policy and institutional development, and urban public transport). Overall, these subsector changes have been relatively minor, reinforcing the point that it would be premature to identify clear long-term strategic shifts in the lending portfolio.

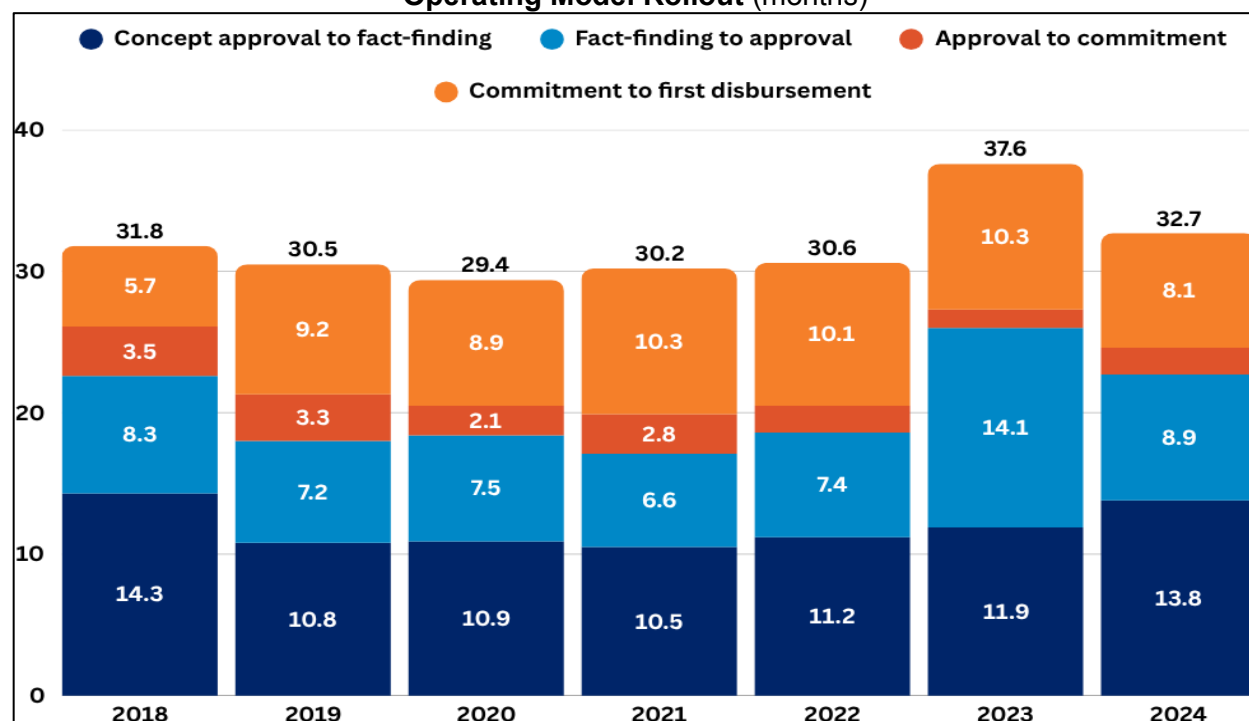
2. Limited Evidence of Changes in Efficiency

143. At this early stage, it is challenging to calculate how NOM has affected efficiency. This is because most operations have long gestation periods; the processing of many projects approved after 1 July 2023 began before NOM was even approved. Likewise, a few projects that started processing after the beginning of NOM have been approved. Interviews and discussions highlighted the confusion over roles and unclear decision-making processes during the initial months of NOM implementation. An analysis of project processing timelines from 2018 to 2024 revealed a slowdown in processing times for projects approved in 2023.⁶⁷ For sovereign operations, average processing times from concept approval to first disbursement deteriorated after 2021, peaking in 2023 at nearly 38 months. The most significant delay occurred in the loan fact-finding to approval phase, which doubled in duration compared to previous years (Figure 9). These delays may have been related to the COVID-19 pandemic, as projects approved in 2023 may have experienced delays during their conceptualization and fact-finding during 2021 and 2022. However, it is also likely that the uncertainties during NOM’s rollout in 2023 contributed to

⁶⁷ The evaluation used the methodology from ADB’s previous [corporate results framework’s indicators](#) (indicator 3B, 2). The corporate results framework was used from 2019 to 2024. The evaluation calculated the estimates independently and they are consistent with the results in the most recent (2024) [Development Effectiveness Review](#) (p. 120).

these inefficiencies. While end-to-end processing time from concept approval to commitment fell in 2024 to almost 33 months, it remained higher than in the years prior to 2023.

Figure 9: Notable Uptick in Project Processing Time During New Operating Model Rollout (months)

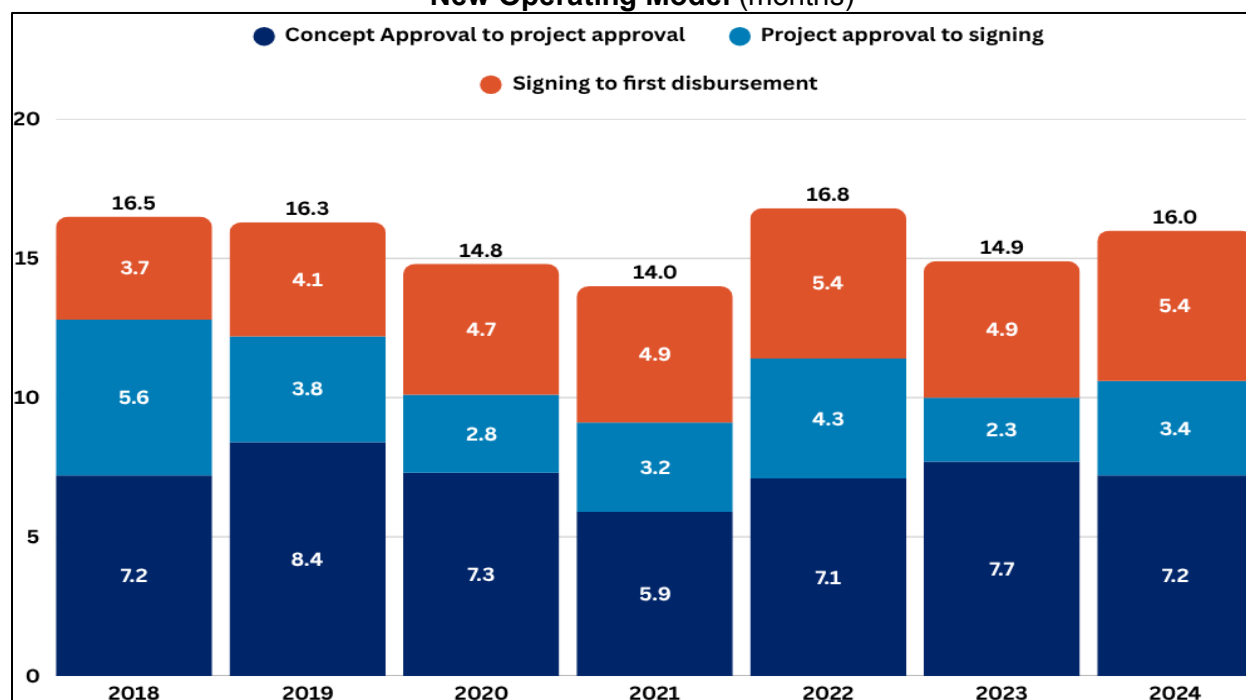


Source: IED estimates using 2024 Development Effectiveness review data.

144. The spike in project processing times observed in 2023 might reasonably be attributed to the initial disruption associated with NOM's implementation. There appears to be at least a partial recovery in 2024. Although processing timelines improved in that year, they remained higher than in pre-NOM years. The 2024 Development Effectiveness Review suggested that recent changes in the no-objection threshold (made in the third quarter of 2024) had led to improvements in processing efficiency.⁶⁸ However, extensive interviews and consultations with staff suggest that procedural and organizational culture issues—such as unclear roles and fragmented accountability—have continued to impede operational agility.

145. In contrast, processing timelines for nonsovereign operations during 2018–2024 remained relatively stable overall, consistently hovering around 15 to 17 months end-to-end (Figure 10), which suggests that NOM's structural and procedural disruptions had minimal observable impact on nonsovereign project processing (although some 2024 approvals were initiated pre-NOM).

⁶⁸ ADB. 2024. [Development Effectiveness Review](#). See Box 5.2, p. 63. This analysis is different from the results framework indicator 2019–2024 corporate results framework tracking indicator. Box 5.2 focused its analysis on approved projects as opposed to committed projects. The analysis is useful for understanding the effect of raising the no-objection threshold.

Figure 10: Nonsovereign Processing Time Was Minimally Affected by the New Operating Model (months)

Source: IED estimates using 2024 Development Effectiveness review data.

146. The “ways of working shift” remains a work-in-progress, reflecting efforts to decentralize authority, streamline business processes, and create a more agile and empowered workforce. While ADB has increased its country presence and taken initial steps toward establishing more agile team approaches, implementation of NOM has also revealed contradictions inherent in the model—particularly between decentralizing operational decisions and simultaneously centralizing certain functions and processes. Unclear matrix management arrangements, reliance on informal shadow processes, and inadequately integrated IT systems have all limited the effectiveness of these reforms. If ADB is to realize the full potential of the ways of working shift, it will need to provide greater clarity on roles and accountability, and further tailor its decentralization approaches.

147. It would be premature to attribute changes to the ADB portfolio—positive or negative—directly to NOM. Nevertheless, overall, it appears that delivery under NOM has not met expectations. Actual approvals and commitments for 2023 and 2024 fell short of the projections, particularly in 2024. At the same time, the evaluation noted modest changes in subsector focus. ADB should continue to monitor these variations to confirm whether these initial findings signal temporary disruptions or structural inefficiencies requiring intervention. While NOM has sought to enhance operational efficiency, integration, and quality assurance, the evidence from its initial years has been mixed. Although several promising examples of integrated solutions have emerged, it is not yet clear whether NOM’s structural changes will systematically deliver higher quality and more integrated operations. Processing time increased notably during the transition year of 2023 with a modest recovery in 2024. Early disruptions in sovereign project processing timelines point to transitional challenges but the disruptions may also reflect ambiguities in roles and responsibilities, and fragmented accountability. As the initial focus of NOM was on sovereign operations, these challenges have not affected nonsovereign operations significantly. Moving forward, ADB must clarify its processes if it is to fully realize NOM’s potential operational benefits. Continued monitoring and evaluation should enable ADB to determine whether the disruptions are temporary or indicative of deeper structural shortcomings.

Progress on Climate Change and Private Sector Development

148. The organizational review identified climate change and private sector development (PSD) as strategic shifts. Both shifts aim to mainstream solutions across ADB and ensure that operations promote climate actions and PSD, regardless of their sector, modality, or origin. Climate change and PSD have been long-term ADB priorities; both have substantial history backed by a wide range of strategic frameworks and knowledge work. However, there are important differences. At the start of NOM, climate considerations were already largely mainstreamed across sectors and in both sovereign and nonsovereign operations. ADB was in the process of expanding the magnitude of its climate operations, and climate considerations were integrated more systematically into country programming and project design. In contrast, while ADB introduced a strategy for PSD in 2000, it was revised over the years with diminishing focus under Strategy 2030 and prior to NOM. This chapter assesses ADB's attempt to operationalize these strategic shifts through NOM.

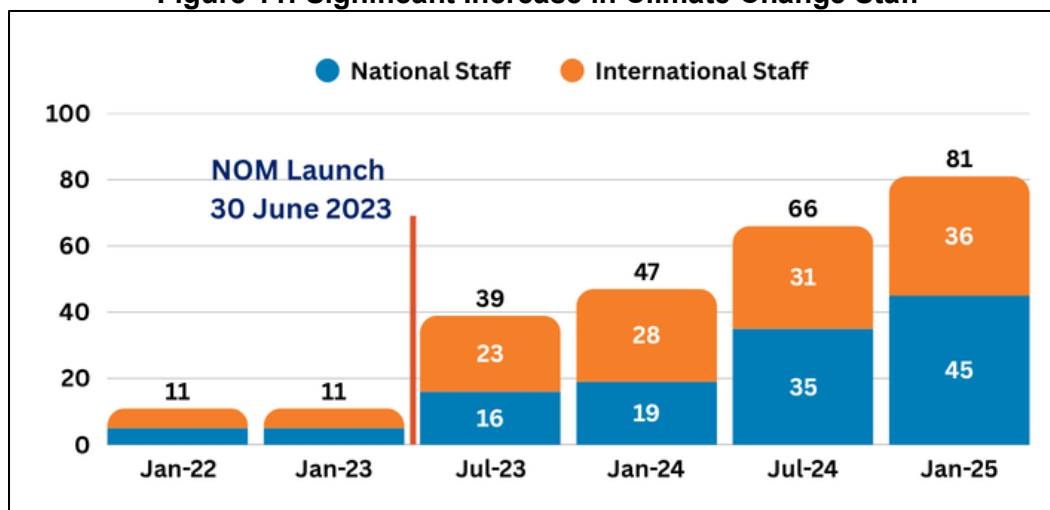
A. Implementation of the Climate Change Shift

1. New Operating Model Has Strengthened Internal Capacity to Address Climate Change

149. NOM's climate change shift set clear outcome areas: mainstreaming climate considerations into operations, increasing climate finance volumes, and strengthening institutional climate expertise. These outcomes were operationalized primarily through existing mechanisms, notably the Climate Change Action Plan.⁶⁹ Although the Climate Change Action Plan was under preparation prior to NOM, its operational prominence significantly benefited the elevated profile of the climate change shift. The Climate Change Action Plan introduced a clear, consistent institutional framework structured around upstream, midstream, and downstream activities, establishing roles and responsibilities, and accountability measures at the departmental level. NOM triggered rapid recruitment of climate change specialists, the restructuring of the Sustainable Development and Climate Change Department into the Climate Change and Sustainable Development Department, and the establishment of the Climate Change, Resilience, and Environment Cluster. The elevation of climate to a "shift" served to mobilize management commitment and accelerate mainstreaming of climate action.

150. The number of climate experts employed by ADB has rapidly expanded since the introduction of NOM. The organizational review and the Climate Change Action Plan both committed ADB to increasing the number of staff focused on climate change. The number of staff in the climate change cluster has soared, with 80 new climate experts hired since 2021 (40 international and 30 national staff)—Figure 11. About two-thirds of this expansion was due to new hires, with the rest coming from internal transfers from regional departments. Most international staff were based at headquarters with the greatest concentration being in the Climate Change, Resilience, and Environment Cluster, although an increasing number of climate experts have been recruited to other departments, including regional departments. National climate change staff have been more evenly distributed across resident missions.

⁶⁹ ADB. 2023. *Climate Change Action Plan 2023-2030*.

Figure 11: Significant Increase in Climate Change Staff

NOM = new operating model.

Source: Independent Evaluation Department and Climate Change, Resilience, and Environment Cluster.

151. The climate change team structure has adapted to the pressures of the rapid expansion in climate change staff. According to interviews, the initial approach to hiring was to first focus on upstream engagement to generate country-level demand. Subsequent expansion would deepen technical and sector-specific climate expertise, including in resident missions. While the expansion addressed capacity gaps, it was largely driven by the availability of individual expertise, initially using batch recruitment with broad job descriptions. The hiring was not accompanied by a corresponding increase in supervisors or support staff, with much of the expansion taking place under one director. Consequently, roles, reporting lines, and sector responsibilities have continued to evolve. The rapid scale-up has placed pressure on onboarding and deployment processes. Interviewees likened the experience to building a "start-up" within a large bureaucracy. They indicated that staff had faced workload challenges and variable clarity in their assignments as the staffing arrangements evolved throughout 2023 and 2024.

152. ADB has increased its support for upstream climate change activities. Climate change specialists in country and regional management teams now routinely inform country-level programming, supporting country partnership strategies and developing a pipeline of future climate change operations. Some staff in operations raised concerns that the focus of many new climate change staff has been on upstream engagement and that ADB has not attracted sufficient sector-specific technical expertise.

2. ADB Has Increasingly Mainstreamed Climate Change Considerations in its Operations

153. **NOM aimed to mainstream climate change considerations across ADB.** While ADB has significantly expanded its specialist climate capacity, individual operational units need to build sufficient internal expertise. This would enable climate specialists to focus on more complex or innovative climate change engagements, while routine climate actions are increasingly managed directly by sector offices.

154. ADB has introduced targeted capacity building measures to improve the climate literacy of non-specialist staff. Initiatives have included the Paris Agreement alignment e-learning module, the Climate Leadership Program for senior staff, and sector-specific workshops. Informal knowledge exchange, including "walk-in clinics," has provided practical support for project design

and country partnership strategies. Interviews indicate these initiatives have raised awareness and are gradually shifting the perception of climate from a compliance requirement to a recognized core responsibility. Nevertheless, survey findings highlight ongoing gaps in capacity building, with 35% of respondents agreeing that their climate knowledge and expertise has improved through ADB-supported training. This sentiment was notably weaker within sector offices, where 44% explicitly disagreed.

155. Climate specialists have increasingly contributed to One ADB teams. Many operations staff now regard climate change considerations as a mandatory part of project preparation. However, the influence of climate change considerations varies according to the openness of project team leaders and how early or late in the process the climate change expert is engaged. Interviews also revealed that staff feel workload pressures, with climate change specialists sometimes involved in over 20 projects simultaneously, due to overlapping project timelines. Additionally, many operations staff indicate they currently lack sufficient technical expertise to integrate climate change considerations into projects independently, resulting in their continued dependence on centralized climate specialist support. Survey responses indicate that more staff disagreed with the statement that One ADB teams have sufficient access to technical climate change expertise than agreed with it (34% agreed, 42% agreed).

156. **ADB had success in embedding climate change considerations into its operations.** Its efforts to mainstream climate change considerations have made visible progress, although to date efforts have largely focused on sovereign operations: nearly all recent country partnership strategies—14 out of 15 in 2021 and 2023—explicitly integrated climate change as a strategic pillar, with dedicated country climate change action plans now regularly appended (Box 10). Climate change cluster staff have prepared several guidance documents to support climate change integration in project processing.⁷⁰ These documents outline methodologies for incorporating climate change considerations into project cycles, in line with those of other development banks.

Box 10: Climate Change Integration in Country Partnership Strategies for Georgia and the Philippines

ADB's recent country partnership strategies (CPSs) for Georgia, 2024–2028 and the Philippines, 2024–2029 demonstrated clear institutional progress in mainstreaming climate action into country-level programming. In Georgia, ADB firmly embedded climate resilience and the low-carbon transition as strategic priorities, aligned with the country's updated Nationally Determined Contributions. The CPS links upstream climate policy dialogue with downstream investments, particularly in renewable energy, sustainable urban infrastructure, and climate-resilient transport. Similarly, the Philippines CPS included climate action in all its strategic pillars, aligning these closely with national climate commitments and prioritizing support for renewable energy, urban resilience, and climate change adaptation in infrastructure.

Source: Independent Evaluation Department.

157. Climate finance, primarily in sovereign operations, has expanded from 16% of total commitments in 2021 to 51% in 2024, although this growth is not solely due to NOM. Climate financing in policy-based loans increased from \$0.59 billion in 2021 to \$1.90 billion in 2023, and further to \$3.6 billion in 2024. While IED's 2024 climate change topical paper found that PSOD's climate engagement was initially underdeveloped, and private sector climate finance lagged other ADB operations, there was a marked uptick in 2024, with \$1.6 billion private sector climate finance

⁷⁰ For example, ADB. 2023. *Guidance Note on Developing Projects that Support Climate Adaptation and Resilience Outcomes*; and ADB. 2024. *Guidance Note for Enhancing Climate Actions in ADB Sovereign Operations*.

commitments, out of the total \$2.6 billion in nonsovereign commitments for 2024 (62%).⁷¹ In addition, the growth in specialist climate change staff has enabled ADB to increase its alignment with the Paris Agreement, and more transparently disclose Paris Alignment Assessments for all sovereign operations.

B. Implementation of the Private Sector Development Shift

1. New Operating Model Attempted to Revive the Private Sector Development Agenda

158. NOM aimed to make ADB a catalyst for PSD across Asia and the Pacific. To achieve this, ADB needed to bridge the gap between its sovereign and nonsovereign operations, strengthen market-enabling environments, and mobilize private investment. This would involve expanding ADB's support for market-based development and increasing the role of nonsovereign and advisory operations. Two key features of the organizational review supported the PSD shift: expanded synergies between sovereign and nonsovereign operations (key feature 3 of NOM) and the private sector development platform (key feature 4 of NOM). To maximize synergies, ADB aims to transition gradually toward integrated sector offices staffed by sovereign and nonsovereign sector specialists. It also aims to develop mechanisms to deliver PSD upstream, midstream and downstream activities across ADB.⁷²

159. ADB corporate strategies have long emphasized the importance of the private sector in addressing development challenges. In 2000, ADB approved a PSD Strategy. The strategy focused on bringing together private and public sector operations to deliver synergistic solutions to problems that impeded private sector growth in DMCs. ADB would (i) support DMC governments in creating enabling conditions for businesses, (ii) generate business opportunities in public sector projects, and (iii) use its private sector operations to catalyze private investment in DMCs.⁷³ In 2006, ADB introduced a revised PSD Strategic Framework to improve the quality, effectiveness, and selectivity of its PSD work through more strategic and sequenced interventions based on road maps supported by rigorous analysis.⁷⁴ While PSD continued to play a major role in ADB's Strategy 2020, it was de-emphasized in Strategy 2030, as ADB focused on expanding the number of its private sector operations.

160. Previous evaluations highlighted recurring issues and gaps in operationalizing PSD.⁷⁵ Complementarities between enabling environment support and private sector operations have not improved. Private sector assessments, which were introduced in 2002, did not play a meaningful role in designing PSD initiatives. Evaluations found a lack of synergy and sequencing of ADB's PSD activities. This included a lack of public sector operations and technical assistance to strengthen the enabling environment. ADB needs better coordination among its public and private sector operations, and with public-private partnerships. Work on the upstream enabling environment to identify and address policy and institutional constraints has not been well coordinated with the midstream advisory and downstream financing activities.

161. ADB is in the process of developing a new approach to PSD. ADB drafted an action plan in July 2024, which was discussed with the Board in November 2024. The draft of the action plan

⁷¹ Independent Evaluation Department. 2024. [Topical Paper: ADB Support for Actions on Climate Change, 2021–2023](#). ADB.

⁷² See para. 36 of the organizational review (Footnote 4).

⁷³ ADB. 2000. [Private Sector Development Strategy](#).

⁷⁴ ADB. 2006. [Private Sector Development: A Revised Strategic Framework](#).

⁷⁵ These include Operations Evaluation Department. 2007. [Special Evaluation Study: Long-Term Strategic Framework: Lessons from Implementation \(2001–2006\)](#). ADB; IED. 2014. [Inclusion, Resilience, Change: ADB's Strategy 2020 at Mid-Term](#). ADB; Independent Evaluation Department. 2020. [ADB Support for Public-Private Partnerships, 2009–2019](#). ADB.

was widely circulated for review throughout ADB. However, given the lack of consensus across ADB and the need to address key aspects at a more granular level, the action plan was put on hold. Internal feedback identified a need for ADB to define the objective and coverage of its support for PSD more clearly, especially the concepts of upstream, midstream, and downstream work and the roles and responsibilities of PSD staff and heads. Staff also noted the need for more clarity on the timing and incorporation of PSD analytical tools into the country partnership strategy process; staff skillset, capacity, budget and resources needed to deliver on the PSD shift; and more clarity on governance and business processes. A new operational approach to PSD is expected to be approved in late 2025.

2. Private Sector Development lacks a Clear Definition and Strategy

162. Currently, the definition of what constitutes PSD is not clear. Without a clear understanding of what PSD is, operationalizing it across ADB will be challenging. The lack of a common definition also complicates tagging as well as the assessment and monitoring of PSD activities.⁷⁶ ADB introduced a new PSD classification checklist for sovereign operations in 2024 to improve the link between sovereign operations and the integrated solution program, PSD diagnostics, and country partnership strategies. The checklist assessed whether a project had at least one output that contributed to PSD; it did not include outcome indicators. However, the definition of PSD was broad and subject to a wide interpretation.⁷⁷ According to the IED staff survey, significantly more respondents disagreed with the statement that “the concept of PSD is clearly defined and understood” than agreed with it (26% agreed, 43% disagreed). Moreover, interviews showed that many staff, at all levels, saw the PSD shift as a responsibility of ADB’s Private Sector Operations Department (PSOD).

163. ADB’s views on PSOD’s role in supporting PSD have evolved over the years. The 2006 PSD Strategic Framework saw the role of direct private sector investments as “market developing.” Under Strategy 2020, private sector operations were supposed to meet certain criteria to be tagged as PSD.⁷⁸ ADB’s Midterm Review of Strategy 2030 noted that the PSD shift would emphasize holistic approaches rather than increasing the quantity of nonsovereign operations. The draft PSD shift theory of change shows enabling market development as the outcome to which private sector investments would contribute. However, interviews indicate that nonsovereign operations have focused more on delivering transactions and on ensuring financial viability rather than enhancing PSD. Incentives and key performance indicators do not yet reflect NOM’s objectives. For example, PSOD teams pay less attention to longer-term project development requiring upstream and midstream activities. Their incentives are based on delivering projects and responding quickly to client needs. PSOD primarily responds to opportunities provided by reforms already in place rather than engaging in upstream activities which take more time to materialize.

164. By 2024, all new country partnership strategies included PSD plans in their results framework. The evaluation assessed all nine of the country partnership strategies produced in 2024 and found that only about half of the 66 PSD indicators had output indicator measures. Many of the results frameworks did not capture market or sector outcomes such as increases in private investment or private capital enabled or mobilized. The results frameworks tended to focus on upstream sovereign PSD activities. The PSD plans lacked a clear theory of change. Given the

⁷⁶ From 2016 to 2023, PSD was defined in *The Project Classification System Towards Strategy 2020*.

⁷⁷ The checklist resulted in 45% of sovereign operations being classified as PSD; substantially higher than the 10% target for 2024 and exceeding the 40% target for 2030. The checklist covered only upstream sovereign operations and did not include midstream and downstream operations, as in the case of the Strategy 2020 PSD classification system. ADB introduced an updated PSD classification system in the first quarter of 2025.

⁷⁸ Under Strategy 2020, the criteria for PSD operations were: (i) demonstration effect (i.e., test markets and create confidence); (ii) catalytic effect (i.e., attract private sector investment); (iii) innovation and pioneering; and (iv) potential for replication in other sectors or countries. See ADB. 2016. *The Project Classification System Towards Strategy 2020*.

importance of the country partnership strategies for the alignment of PSD activities, ADB needs to address these weaknesses in PSD activities in the results framework.

165. While all country partnership strategies included PSD plans, the evaluation found these to be of mixed quality. In general, they did not adequately describe the nature of PSD activities and did not seem to be built on adequate analytical work. The plans generally did not contain selectivity criteria for PSD activities, nor did they discuss how implementing units should collaborate and coordinate. Finally, the plans lacked outcome indicators and targets, such as mobilization of private investments and increased share of private sector operations, which could be linked to ADB's corporate results framework.

166. Strengthening private sector diagnostics will be a critical building block of the PSD shift. Private sector analysis should be used to inform the country partnership strategies and the PSD plan, which lay out the upstream, midstream, and downstream activities and identifies the units responsible for implementation. However, there is currently no formal guidance for private sector diagnostics, although the Economic Research and Development Impact Department is currently piloting draft guidelines.⁷⁹ The delay in developing a more relevant private sector diagnostic has adversely impacted the quality of the country partnership strategies and PSD plans.

3. Limited Progress in Integrating Sovereign and Nonsovereign Operations

167. The organizational review stated that ADB would gradually merge sovereign and nonsovereign operations teams. This would involve structural enhancements to create closer collaboration between sovereign and nonsovereign sector teams, under common management, leading to integrated sector offices staffed by sector specialists.⁸⁰ This approach was reiterated in the Midterm Review of Strategy 2030.⁸¹ Interviews show that, during the preparation of the organizational review, there was substantial interest in the European Bank for Reconstruction and Development's model of single sector units, incorporating both public and private bankers. Further, ADB has emphasized the importance of growing a cadre of "bilingual" staff who can support both sovereign and nonsovereign operations.

168. To date, there has been limited progress. There is no ADB-wide initiative to recruit externally or develop internally "bilingual" operational staff. Both OMDP and PSD teams in the regional departments have had some initiatives to recruit such staff. This is particularly the case for the Central and West Asia Department (which is building upon structures that existed before NOM). ADB has also had some success in recruiting staff with private sector expertise for some country director and deputy country director positions.

169. ADB has not shared any broad proposals to integrate sovereign and nonsovereign operations at the corporate level. Based on interviews, there was limited common understanding of what sovereign and nonsovereign integration was supposed to achieve, whether the ultimate outcome would be increased collaboration between sovereign and nonsovereign operations, or whether integration meant a structural merger of PSOD with the sector offices.

170. Following the organizational review, ADB carried out pilots to explore potential forms of collaboration for effective sovereign and nonsovereign integration. These pilots were intended to inform future decisions on integration and covered three sectors: (i) the Agriculture, Food, Nature,

⁷⁹ Economic Research and Development Impact Department. December 2024. (Draft) Guidelines for Conducting Private Sector Diagnostics. ADB.

⁸⁰ See para. 77 of the organizational review (Footnote 4).

⁸¹ The Midterm Review of Strategy 2030 stated "[ADB will] transition toward integrated sector offices delivering both sovereign and nonsovereign operations ... integrated sector offices are expected to seamlessly support DMCs' private sector development." ADB. 2024. [Strategy 2030 Midterm Review: An Evolution Approach for the Asian Development Bank](#).

and Rural Development Sector Office and the PSOD agribusiness team; (ii) the Human and Social Development Sector Office and the PSOD social sectors team; and (iii) the Finance Sector Office and the PSOD Private Sector Financial Institutions Division. Operations teams who participated in the pilots reported some benefits stemming from the “soft” integration pilots such as enhanced value for private sector clients from sovereign sector expertise, and improved understanding of the nonsovereign business by sovereign staff. Nevertheless, the pilots did not provide clarity on the structural integration of sovereign and nonsovereign operations. Likewise, they did not identify how the quality of operations could be improved or how development impact would be strengthened as outcomes of potential integration. More fundamentally, the objectives and outcomes of the pilots were not well defined. As a result, there is no clarity on next steps.

4. Unclear Governance of the Private Sector Development Shift

171. ADB has not established a governance structure for the PSD shift. This stands in contrast to the climate change shift and other corporate priorities, ranging from gender inclusion to fragile and conflict-affected situations. The organizational review placed the coordinating role with OMDP, as described in the private sector development platform (key feature 4 of NOM).⁸² OMDP was established under NOM yet its role as the ADB-wide thematic champion for PSD-related matters has not been defined. OMDP has continued the previous work of the Office of Public–Private Partnerships. OMDP has been expanding beyond ADB’s traditional support for infrastructure. As envisioned in the organizational review, OMDP advisory services are now engaged in other areas, including state-owned enterprise reforms, energy transition mechanisms, and other market-related advisory activities. However, if OMDP is to advance this work and become the ADB-wide champion for PSD, it will need a stronger skills base and access to financial resources. OMDP will also face challenges if it is to scale up its advisory service operations.⁸³

172. NOM created the role of the regional PSD head whose responsibility is to “ensure that PSD is central to country programs and ... [to] advise country directors on the most suitable nonsovereign products and advisory services...”⁸⁴ Five regional PSD heads were recruited using a common job description. However, their terms of reference were not clear, and these regional heads have therefore had to define their own work programs, each taking different approaches to collaboration, coordination, and staffing. Regional PSD heads do have a clear mandate to lead the preparation of PSD plans for country partnership strategies and to monitor their implementation. This gives them an opportunity to influence the design of sovereign operations, although different views were expressed on the role of the regional department’s PSD team in sovereign operations. Only the Central and West Asia Department has a formal PSD unit to support PSD activity. All the regional PSD heads report directly to their regional director general. OMDP’s role as the PSD thematic champion vis-à-vis the regional PSD heads is yet to be defined. For example, there is no formal matrix arrangement between OMDP and the regional PSD heads.

173. Despite the challenges they face, the PSD heads are developing new ways of working. The Central and West Asia Department has created a team composed of staff from the PSD unit and OMDP, with staff organized in teams responsible for specific upstream and midstream initiatives. In addition, staff from Central and West Asia Department’s PSD unit are participating in a nonsovereign operations pilot exercise with PSOD to support the expansion of downstream activities in the region. In the Southeast Asia Department, the PSD team has put in place a new process to develop country PSD strategies, including detailed diagnostics to identify barriers to private sector participation. It does this by bringing together sovereign, nonsovereign, advisory and other teams to identify possible solutions and PSD pathways. Country management teams

⁸² See para. 36 (iv) of the organizational review “...OMDP will provide advisory services and TA and coordinate bank-wide PSD activities” (Footnote 4).

⁸³ OMDP mobilized \$2.3 billion in private capital in 2024 and had four closed transaction advisory projects in 2023–2024.

⁸⁴ See para. 54 (ii) of the organizational review (Footnote 4).

are responsible for monitoring the implementation of the PSD activities included in the country partnership strategies. In the Pacific Department, PSD staff have collaborated with PSOD to put in place the Frontier Seed (Pacific) Technical Assistance Project. This identifies and funds selected small and medium-sized enterprises, develops innovative financial instruments, and mobilizes resources.⁸⁵

5. Business Processes Need Strengthening to Support Organizational Reforms

174. ADB has used its business processes to streamline its nonsovereign operations. However, it has not yet introduced processes to clarify the role of country directors in setting priorities and ensuring the relevance of nonsovereign operations to integrated solutions. NOM envisioned regional departments as “product-agnostic” departments overseeing all ADB operations. However, while the country directors oversee the conceptualization of public sector operations, this is not the case for nonsovereign operations. The evaluation survey found that many more respondents disagreed with the statement that “there are clear business processes to implement the PSD shift” than agreed with it (17% agreed, 44% disagreed).

175. The private sector development and climate change shifts have raised the profile of both issues within ADB, underscoring their strategic importance and strengthening their incorporation into operations. However, progress has varied greatly. While ADB has formally supported PSD since at least 2000, this support has waxed and waned over the years. PSD was central under Strategy 2020 but was de-emphasized in Strategy 2030. This differs from the climate change shift, which has benefited from more sustained and consistent attention and support. Prior to NOM, ADB had been investing heavily in strengthening its support for climate action. This included its focus on becoming “the Climate Bank of Asia and the Pacific” with an aspiration of \$100 billion in development assistance from 2019 to 2030.

176. The difference in emphasis over the years explains why progress between the two shifts has been mixed. The unclear definition and lack of strategic direction of the PSD shift have created confusion. Greater integration of ADB’s sovereign and nonsovereign operations has been hampered by unclear strategic directions, inconsistent definitions, and roles and responsibilities that lack specificity. This stands in stark contrast with the climate change shift has expanded ADB’s institutional capacity and mainstreamed climate change considerations in most new ADB operations. While the climate shift has not entailed significant restructuring or governance changes required by the PSD shift, it has served as a directional anchor for NOM, elevating climate action from one of Strategy 2030’s seven operational priorities to a fundamental institutional value. It is aligned with ADB’s high-level climate change ambitions, notably its intention to position ADB as the climate bank for Asia and the Pacific.⁸⁶ Figure 12 summarizes the progress made by each of these strategic shifts.

⁸⁵ Based on interviews with and presentations provided by the regional PSD heads. See also ADB. 2024. [Technical Assistance Report: ADB Frontier Seed \(Pacific\)](#).

⁸⁶ ADB. 2021. [ADB Raises 2019–2030 Climate Finance Ambition to \\$100 Billion](#). News release. 13 October.

Figure 12: Progress of ADB's Strategic Shifts in Climate Change and Private Sector Development

	Climate Change Shift	Private Sector Development Shift
Institutional Commitment	<ul style="list-style-type: none"> Strong institutional commitment, as "Climate Bank of Asia and the Pacific" Clear financing target of 50% of ADB support (approximately \$100 billion) by 2030 	<ul style="list-style-type: none"> Institutional commitment has waxed and waned over the years Target for PSD operations to account for 40% of ADB operations by 2030 Financing targets for direct private capital mobilization and NSO in frontier economies
Strategic Clarity	<ul style="list-style-type: none"> CCAP outlines well-defined roles and responsibilities All operations units set specific actions and targets 	<ul style="list-style-type: none"> Unclear definitions of PSD PSD operational approach still in development Lack of clarity on the integration of sovereign and nonsovereign operations
Resources	<ul style="list-style-type: none"> 80 climate experts recruited since 2021, including specialists in policy and operations Extensive capacity-building initiatives for staff at all levels 	<ul style="list-style-type: none"> Limited staff recruitment, particularly staff capable of bridging sovereign and nonsovereign operations Limited capacity development in PSD
Organizational Structure	<ul style="list-style-type: none"> Central department and dedicated work units support mainstreaming and ADB-wide initiatives 	<ul style="list-style-type: none"> No central unit overseeing PSD shift, with OMDP's role undefined The role of regional PSD heads varies across regions Only one regional department has established a formal PSD unit
Business Processes	<ul style="list-style-type: none"> Effective institutional mechanisms, including operations to be aligned with the Paris Agreement Mainstreaming of climate in project and country strategy documents Climate experts regularly integrated into One ADB teams 	<ul style="list-style-type: none"> Unclear role of country directors in nonsovereign operations Mixed participation of PSD specialists in One ADB teams

ADB = Asian Development Bank, CCAP = Climate Change Action Plan, NSO = nonsovereign operations, OMDP = Office of Markets Development and Public–Private Partnership, PSD = private sector development.

Source: Independent Evaluation Department.

Options for Refining the New Operating Model

177. The fundamental rationale behind NOM—the need to enhance collaboration, client responsiveness, and the quality of integrated development solutions—remains valid. ADB did an excellent job identifying the hurdles it faced if it is to remain relevant in a rapidly changing region. However, the attempt to address all reforms, big and small, at one time, has created gaps, and uneven progress. NOM's implementation has been hampered by its complex and ambitious design, a prolonged timeline, confusion over roles and responsibilities, and the resulting reform fatigue. ADB's Board of Directors endorsed the organizational review in 2022. In ADB's policy architecture, the organizational review is classified as a Board direction, which is binding on ADB staff and Management.⁸⁷

178. The evaluation finds that there is significant potential for NOM to fulfill its objectives; but issues remain due to challenges to date in its implementation. This is supported by the survey results which found that a significant majority of staff recognize the model's fundamental potential and prefer making targeted improvements to NOM rather than completely reversing the reforms or embarking on further restructuring. Of the survey respondents, 49% said they would prefer to clarify NOM as implemented and bring its implementation to an end, while only 22% said they would like to reverse the changes entirely (Appendix 2, paras. 28 and 29). However, expectations of success were low. While staff supported the rationale for NOM, few—30% overall and 20% in sector offices—were confident it would be implemented successfully (Appendix 2, para. 8).

179. NOM was conceived after the COVID-19 pandemic as ADB anticipated a return to stable growth. The concurrent MDB evolution has aimed to elevate the role of the MDB system to improve its response to broader challenges and to strengthen global public goods. However, the context has changed. NOM's primary architects and champions within ADB senior management have left the organization, which may lead to an ownership vacuum. New leadership has the opportunity to explain its vision for increasing collaboration, promoting integrated solutions, decentralizing, and delivering the other objectives articulated in the organizational review. A reduction in the finance available for development assistance and ongoing global trade uncertainties could have significant implications for the region.

⁸⁷ ADB. 2024. [Asian Development Bank's Policy Architecture](#). Officially, Board directions are "...documents set out the general terms and directions for ADB's particular area of activities. They are subject to Board endorsement, connoting that these matters have the Board's broad support..." The endorsed general terms and directions are binding but allow more flexibility in implementation than Board policies." Appendix 3 of the document includes the organizational review as an example of a previously approved Board direction.

A. Issues and Findings

1. New Operating Model Remains Work in Progress

180. The aim of the solutions shift—to break silos and foster cross-sector collaboration for integrated solutions—has been mixed. While regional silos have largely been broken, the goal of greater collaboration has been undermined by the unintended creation of stronger sector-based silos. Important elements of NOM, such as sovereign and nonsovereign integration, have been placed on the back burner. The ways of working shift has been complicated by a lack of clarity on roles and accountability. Given these challenges, staff often revert to processes from the previous operating model, creating redundancies and inconsistencies. This has led to a proliferation of shadow processes and an increase in the “coordination tax,” as staff have struggled to figure out the proper way to proceed.

181. The climate change and PSD shifts have elevated the importance of these agendas ADB has made more progress on the climate change shift, which has created internal traction and senior-level accountability. The climate change shift benefited from having had a more advanced starting point than the PSD shift and has been able to build on a concerted international effort over the past decade. The structural changes to support PSD still require significant strategic guidance and resourcing and appear to lack clear ownership. The PSD strategic framework has not been revised since 2006 and internal debates on key issues remain.

2. ADB has Changed its Structure, but Incentives are Unclear

182. Incentives and organizational culture have lagged behind the structural changes that have been introduced. The organizational review paper also highlighted other major reform initiatives to be implemented in parallel, but which are nevertheless essential for NOM's success. NOM assumes many behaviors that ADB does not currently incentivize. The legacy of previous and entrenched incentives favors simple volume and quantity targets. This focus on volume as the primary measure of success leads to intense competition for “credit.” Cross-sectoral collaboration has been limited by existing processes, systems and, most importantly, by ADB's organizational culture, which continues to prioritize individual delivery and credit over collaboration and shared accountability.

183. NOM introduced a move toward matrix management and specialized technical units. However, without sufficient clarification of roles, responsibilities, and performance incentives, this process remains incomplete. For staff, the role of different supervisors remains unclear particularly with ADB's traditional hierarchical culture. Many supervisors, particularly “dotted-line supervisors,” echoed this concern.

184. At the corporate level, the lack of clarity is best illustrated by changes in the project cycle. The project preparation and approval processes for sovereign operations that have emerged under NOM lack the clarity of the previous regional model, resulting in additional administrative steps and processes, without necessarily contributing to quality assurance. A similar issue exists at the unit level, where the evaluation noted some grey areas regarding portfolio management and project administration as some functions and responsibilities shifted from regional departments to sector offices. For both project preparation and administration, units have introduced “shadow processes” in response to the dismantling of previous systems. The newly

created Office of Business Intelligence and Operations Coordination has the potential to address this, but it is also developing its processes, clarifying the breadth of its mandate, and will need to be resourced.

3. Some Key Decisions Remain to be Made

185. By design, the organizational review was flexible over a multi-year process. It is not a rigid blueprint. While understandable, it also leaves many unanswered questions by stakeholders, including staff and the Board, about the timeline and the direction of reform. Experience from other major reforms shows the difficulty in balancing stability with the need for flexibility. Evidence from broader organizational literature emphasizes the importance of making clear decisions, communicating those decisions, and having clear measures to identify success. These signposts are important for helping a range of stakeholders understand the entire process.

186. ADB has carried out a series of presentations and informal board sessions to provide stocktaking and updates.⁸⁸ While informal interactions are important, they do not provide a clear vision or sufficient guidance. These presentations have generally not been shared internally across ADB, which makes it unclear what decisions have been made. Based on the evaluation findings and a review of ongoing progress, Table 5 outlines some of the major elements of NOM that have not been adequately addressed.

Table 5: Major Elements of the New Operating Model that ADB needs to Address

Proposed Action in NOM	Reference in the Organizational Review	Evaluation Finding
Gradual merger of sovereign and nonsovereign operations teams	Key feature 3 (Section III C)	<ul style="list-style-type: none"> • No consensus on the nature of gradual sovereign and nonsovereign integration • Pilots did not clarify the structural integration of sovereign and nonsovereign operations, leaving next steps unclear • Limited progress on defining the steps and timeline of the gradual merger
A whole-of-bank approach to PSD with coordination among lending, advisory, and knowledge products	Key feature 4 (Section III D)	<ul style="list-style-type: none"> • OMDP's role as the ADB-wide thematic champion for PSD remains undefined • A new operational approach to PSD is yet to be developed • Without clear terms of reference, PSD regional heads have developed varied approaches to collaboration, coordination, and staffing
Greater decentralization and strengthened resident missions	Key feature 7 (Section III G)	<ul style="list-style-type: none"> • Although less than targeted, the number of international staff in resident missions has increased, with the overall proportion remaining stable • The decentralization process has been complicated by the simultaneous centralization of some responsibilities, leading to some confusion about decision-making and approval processes • Decentralization has been uneven, due to diversity in resident mission size, capacity, and complexity, leading to varying effectiveness • Rules for resident mission-based international staff remain unclear with some staff facing career challenges • Roles and responsibilities of country directors and resident missions

ADB= Asian Development Bank, NOM = new operating model, OMDP = Office of Markets Development and Public-Private Partnership, PSD = private sector development.

Source: Independent Evaluation Department.

⁸⁸ The most recent briefing to the Board was in March 2025. ADB has also briefed senior staff ("heads of departments") on a periodic basis.

187. There has been limited measurement of NOM's outcomes and objectives. The evaluation recognizes that ADB has done a thorough job of tracking the implementation of individual activities. It has not monitored higher-level indicators. The survey and interviews showed that there are a wide range of views on NOM's objectives. The fact that this divergence of view is shared across the range of staff suggests that the objectives are not well understood and may be subject to differing interpretations or even disagreement. It is not easy to measure the success of a reform process. Box 11 outlines several options. Clarifying these measures of success will allow for a more robust evaluation of NOM's effectiveness in years to come.

Box 11: Metrics and Strategies for Assessing the Success of the New Operating Model

- **Client proximity and responsiveness.** The empowerment of resident missions and their capacity to deliver timely, high-quality engagement is central to NOM. Possible measurement of this include response times, client satisfaction levels, and policy dialogue. Such metrics are likely to build on the [Resident Mission Policy \(2000\)](#), and the [Review of ADB's Resident Mission Operations \(2020\)](#).
- **Operational efficiency.** The evaluation found delays were caused by a "coordination tax." ADB needs to develop better metrics of operational efficiency that provide real-time feedback to identify potential delays. Managers need to be empowered to monitor processing times, transaction costs, efficiency gains, and unintended burdens more closely.
- **Cross-sector and cross-regional collaboration.** The evaluation found early evidence that NOM has reduced regional silos while strengthening sector silos. Indicators that measure collaboration, including the regional and sector composition of project team members, need to be developed. Other measurements could consider the mobilization, deployment, and retention of specialized expertise across ADB.
- **Quality and complexity of integrated solutions.** This evaluation and others have highlighted the complexity of identifying and measuring integrated solutions. To create incentives, ADB needs to clarify what constitutes an integrated solution and how its success can be measured.

Source: Independent Evaluation Department

B. Recommendations

188. The evaluation identified several manageable and resolvable issues that can be addressed in the short term. The recommendations that follow aim to address pressing implementation challenges, recalibrate NOM's timeline and activities, and clearly define and delineate the broader institutional transformations that are essential to achieving the underlying vision of ADB's Strategy 2030. ADB can invest in understanding and learning from its NOM experience. NOM will not be ADB's final restructuring. Much as it did with the organizational review, ADB can candidly review what worked and what did not in the design and implementation of NOM. It needs to clearly document these lessons, many of which are well beyond the scope of this evaluation, and then take this learning forward.⁸⁹

⁸⁹ This may take the form of an independent eminent persons group, much like the panel that convened in 2007. Asian Development Bank. 2007. [Toward a New Asian Development Bank in a New Asia: Report of the Eminent Persons Group to the President of the Asian Development Bank](#).

189. Ultimately, the current operating model can—and must—work effectively for ADB to remain relevant and successfully navigate emerging and complex development challenges in a rapidly changing global context. Rather than fundamentally revisiting NOM's structure or initiating further major restructuring—a scenario clearly identified by staff as least desirable—ADB management can prioritize targeted refinements. This will necessitate hard decisions about who is accountable and how resources are allocated. It will require incentives to be shared rather than simply cascaded. The gains achieved so far must be consolidated.

190. **Recommendation 1. ADB should prepare a forward-looking update of NOM's scope, timeline, and activities.** In areas where progress remains unclear, these updates should clarify progress made in implementing the various actions implied by NOM's key features, as described in the organizational review paper. Although ADB has presented several informal stocktaking updates, greater consistency is needed in assessing progress and clarifying changes in priorities, organizational structure, and next steps. ADB should prepare a more detailed update that will carefully outline how it will proceed with the actions implied in the organizational review. This should include explicit statements on which elements will continue, which elements will be dropped or deferred, and which elements will be addressed as separate initiatives. For elements that will continue, ADB should propose a timeline, indicate key milestones, and identify goals. Of particular importance, ADB needs to clarify: (i) gradual merger of sovereign and nonsovereign operations teams; (ii) whole-of-bank approach to PSD with coordination among lending, advisory, and knowledge products; and (iii) greater decentralization and strengthened resident missions. Furthermore, Management needs to assess the progress of parallel initiatives that may be essential for NOM. These include cultural transformation and management information systems for operations staff. In addition to providing better clarity to the Board and staff, this recommendation will play a major role in any future evaluation of NOM.

191. **Recommendation 2. ADB should establish time-bound targets to enable it to measure the success of NOM.** In line with recommendation 1, it is important that ADB quantifies NOM's effectiveness and its benefits. ADB should define success and measure progress on reform processes. Management should provide signposts for stakeholders to allow the Board and staff to understand objectives, and to track progress toward outcomes. In all cases, there should be outcome indicators, which require going beyond measuring activities and outputs. Special attention should be given to NOM outcomes, including the measurement of integrated solutions as well as of the private sector development and climate change shifts. ADB should embed continuous learning mechanisms and systematic feedback loops into its reform efforts to inform operations. Developing a comprehensive set of indicators will help ADB to align its work programs to its stated objectives. The indicators will also play a pivotal role in any future evaluation of NOM and Strategy 2030.

192. **Recommendation 3. ADB should standardize decision-making and approval processes, clarify accountability, and remove redundant and shadow processes.** Management should establish and communicate standardized approval processes across all sectors and regional departments. Management should move to eliminate parallel and redundant “shadow” processes. Authorities for approvals—for concept notes, project documents, and technical assistance—should be reviewed to clarify quality assurance, accountability, and oversight roles. In line with actions implied in the organizational review, ADB should ensure that country directors and resident missions have meaningful authority in the design, management, and implementation of ADB operations. If regional departments are to play a real role in guiding

operations, they will need greater authority and control over resources, including the allocation of administrative and technical assistance budgets. At the organizational level, ADB should ensure that the Office of Business Intelligence and Operations Coordination is sufficiently empowered and has clear authority. For staff, matrix reporting arrangements should be reassessed and simplified.

193. **Recommendation 4. ADB should align internal incentives with its corporate objectives, making them key performance goals for units, managers and staff.** Targets and incentives for units and their managers and staff, should promote behaviors and actions that reflect ADB's corporate strategy. To foster new behaviors needed to support NOM's objectives, units and managers need to be rewarded for collaboration, knowledge sharing, innovation, managing complexity, ensuring quality, and promoting development impact. ADB should analyze and report on the key performance indicators that were used in recent performance exercises for managers and work units. This should lead to concrete reforms, to introduce mandatory targets for performance. This will require identifying new quantitative and qualitative indicators for performance review, in line with recommendation 2. Instead of a zero-sum division of targets, ADB should develop shared targets, and targets rewarding desired behavior. At the corporate level, there is a need to clearly reward staff, managers, and operational units that collaborate. ADB should send a clear message that while volume and number targets are necessary, they are not sufficient for higher performance ratings.

194. **Recommendation 5. Moving forward, ADB senior management should provide transparent communication on strategic direction and operational adjustments.** With a new President and new leadership in operations, ADB should reconfirm its commitment to the reforms enumerated in NOM. The rationale of future adjustments—such as restructuring of sector offices or changes in roles and functions—should be thoroughly explained. Senior management can help improve staff morale. Direct communication from senior leaders is essential to build trust, clarify the purpose of reforms and ongoing changes. Staff in ADB field offices have faced challenges and uncertainty. Given the dismantling of the Transformation Office, Management needs to identify new channels to engage staff, proactively address issues, communicate decisions, and demonstrate accountability.

Appendixes

APPENDIX 1: EVALUATION METHODOLOGY

A. Evaluation Scope and Theory of Change

1. The Independent Evaluation Department (IED) conducted this evaluation of the new operating model (NOM) at the request of the Asian Development Bank (ADB) Board of Directors. An evaluation of NOM implementation was also specified in the organizational review approved by the Board in 2022.¹ The evaluation aimed to support NOM's implementation by assessing its early implementation, providing feedback to support strategic decision-making, and highlighting areas where adjustments may be needed.

2. Since NOM is still being implemented, this was a real-time evaluation.² It covered the design and initial implementation phases of NOM, extending to 31 March 2025—approximately 21 months after the official launch—including phases 1 and 2, and early phase 3 implementation. To assess NOM implementation, the evaluation used pre-NOM structures, processes and data as a reference point and baseline. Given the evolving nature of NOM, the evaluation was necessarily selective, focusing on central aspects expected to yield early insights and inform adaptive management. Not all aspects of NOM were examined in equal depth. The evaluation concentrated primarily on NOM's rationale and design, the clarity of roles, and the effectiveness of change management, as well as early evidence of improved collaboration and preliminary progress on strategic shifts.

3. Table A1.1 presents the evaluation's overarching question and four evaluation questions. The evaluation addressed these questions through its analysis. Further subquestions aimed to highlight possible areas of investigation.

Table A1.1: Evaluation Framework

Overarching Evaluation Question: To what extent will the NOM effectively transform ADB, improve the quality of its solutions, and help it reach its development objectives?	
Evaluation Questions	Subquestions
How well are the rationale, goals, and objectives of the NOM articulated?	<ul style="list-style-type: none">• How clear are the objectives and actions of the NOM?• How well does the NOM support Strategy 2030 objectives?• How well is the NOM aligned with the MDB Evolution?• What were the diagnostics that underpinned, guided, and supported the rationale for change?• Does the NOM have a clear framework to track progress?
Does the NOM have the right mix of activities to meet its goals and objectives?	<ul style="list-style-type: none">• Are NOM-supported activities internally coherent?• How well-coordinated and sequenced are the actions supported by the NOM with other reforms and initiatives?• Were compromises and potential trade-offs considered when framing and implementing the NOM?• Are there gaps in the proposed reforms?• What can ADB learn from its own experience and from peers?

¹ ADB. 2022. [Organizational Review: A New Operating Model to Accelerate ADB's Transformation Toward Strategy 2030 and Beyond](#).

² A real-time evaluation is carried out during implementation to support ongoing improvements and sometimes lesson learning for the future. It is not usually seen as appropriate for accountability purposes. Adopted from: P. Rogers. 2020. [Real Time Evaluation](#).

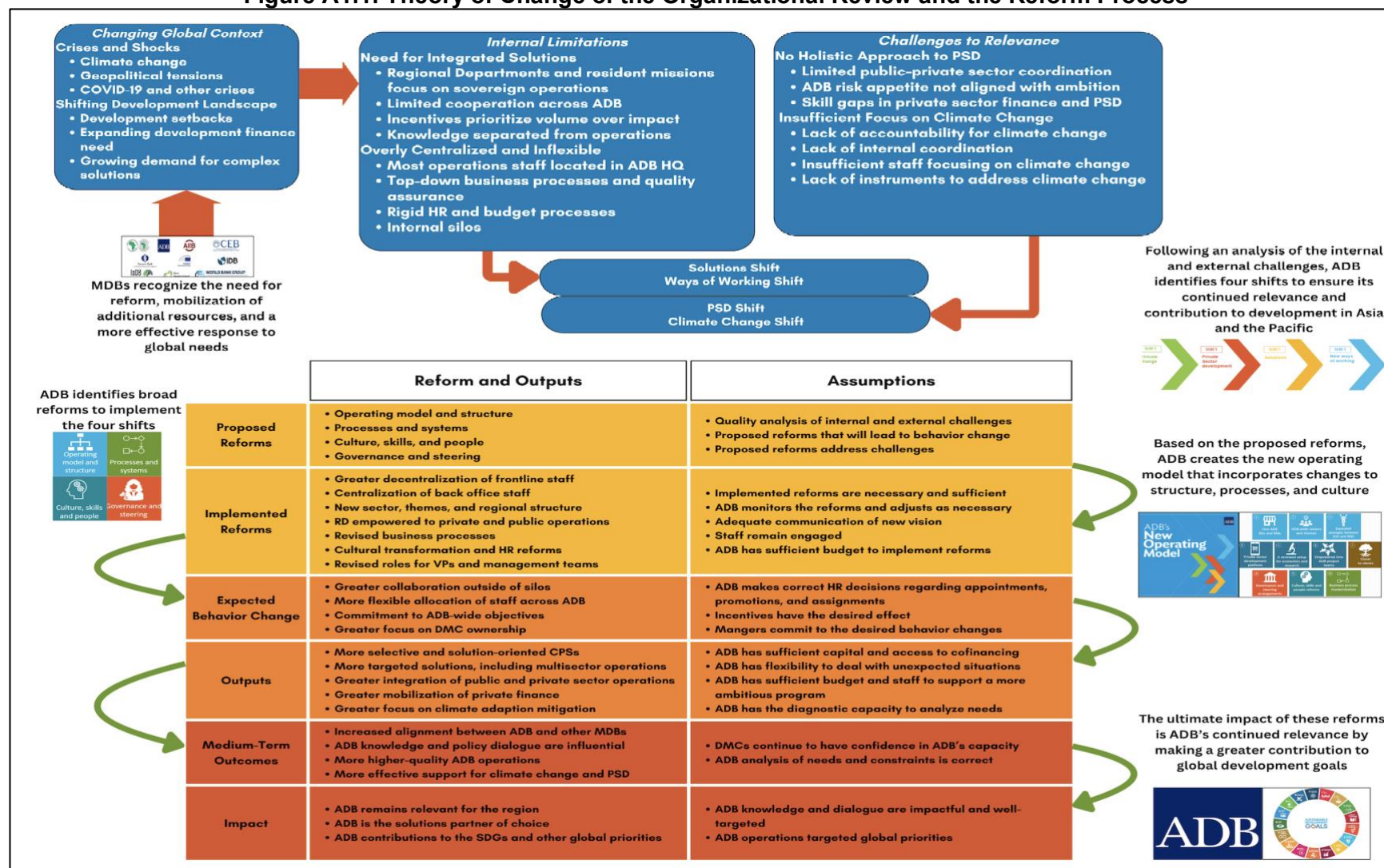
Overarching Evaluation Question: To what extent will the NOM effectively transform ADB, improve the quality of its solutions, and help it reach its development objectives?	
Evaluation Questions	Subquestions
How likely is it that NOM-supported activities will achieve the objectives of the four shifts?	<ul style="list-style-type: none"> • Do NOM-supported activities have clear definitions of success? • What are the NOM's early achievements and bottlenecks? • How effective have changes been at the regional, country, and project levels? • Have there been changes in ADB's delivery (relevance, quality, efficiency, etc.) due to the NOM? • Have stakeholder perceptions of ADB changed due to the NOM? • How effective are course correction mechanisms?
To what extent did ADB sufficiently prepare the needed resources and change management to deliver the NOM?	<ul style="list-style-type: none"> • To what extent does ADB leadership champion the NOM? • How well does ADB manage change? • To what extent were staff consulted, how well was the NOM communicated, and to what degree do staff own the NOM? • How well are resources shifting to meet its objectives across the range of DMCs and development contexts? • How has the NOM affected the well-being and motivation of staff across ADB?

ADB= Asian Development Bank, DMC = developing member country, NOM = new operating model.

Source: Independent Evaluation Department.

4. The evaluation used a theory of change to map the main elements of the reform process. The evaluation's theory of change presented a model of how the reform would affect ADB (Figure A1.1). ADB developed a similar theory of change around 2 years after the launch of NOM (Figure A1.2). The evaluation's theory of change starts by analyzing ADB's challenges, leading to the identification of the four shifts. NOM operationalizes the shifts through a series of reforms. These result in changes in the corporate behavior of ADB and its staff, leading to outputs such as better-targeted country partnership strategies and country-focused operations. These changes, in turn, lead to better ADB-specific outcomes. Ultimately, NOM contributes to ADB's continued relevance as well as to the achievement of the Sustainable Development Goals.

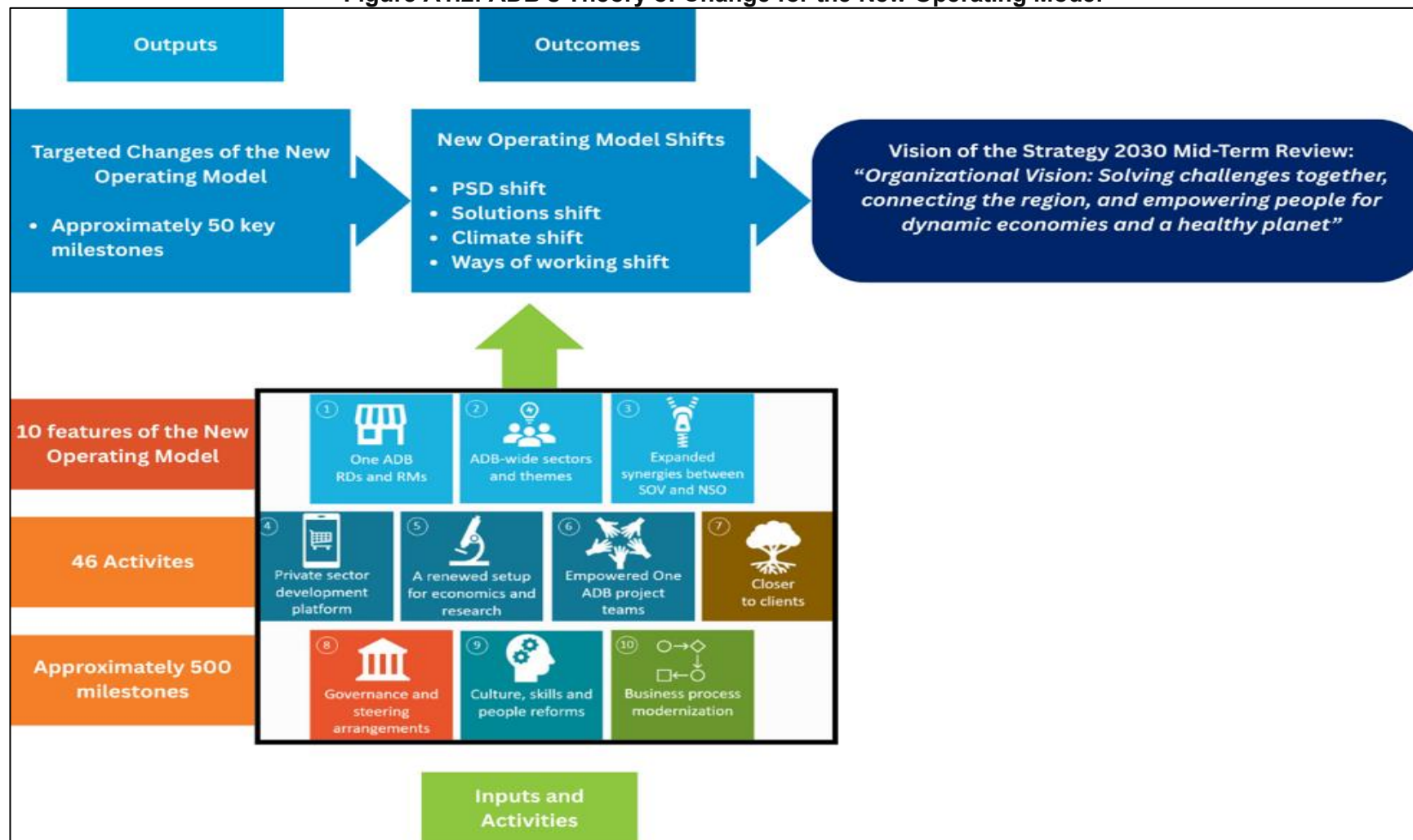
Figure A1.1: Theory of Change of the Organizational Review and the Reform Process



ADB = Asian Development Bank, CPS = country partnership strategy, DMC = developing member country, HQ = headquarters, HR = human resources, MDB = multilateral development bank, PSD = private sector development, RD = regional department, RM = resident mission, SDGs = Sustainable Development Goals, VP = vice-president.

Source: Independent Evaluation Department.

Figure A1.2: ADB's Theory of Change for the New Operating Model



ADB = Asian Development Bank, NSO = nonsovereign operations, PSD = private sector development, RD = regional department, RM = resident mission, SOV = sovereign operations.

Source: Independent Evaluation Department, based on internal Asian Development Bank documents

5. In the ADB theory of change, NOM leads toward the organizational vision contained in ADB's midterm review of Strategy 2030: "solving challenges together, connecting the region, and empowering people for dynamic economies and a healthy planet." The four shifts are the expected outcomes which will lead to the vision, with NOM's 10 key features as the set of activities that will lead to the outputs. The theory of change was produced after NOM had been developed (probably in late 2024). Figure A1.2 presents a simplified version of ADB's theory of change.

B. Evaluative Data

6. The evaluation used a combination of qualitative and quantitative methods. On the qualitative side, the evaluation analyzed corporate reports, reviewed literature on organizational development, and benchmarked NOM against organizational restructuring in other organizations. It conducted key informant interviews and focus group discussions with ADB management and staff. It also reviewed corporate documents including the organizational review, internal background papers that informed the design of NOM, and the Transformation Office's progress reports and summaries of staff feedback sessions. The evaluation analyzed literature on organizational development and benchmarked NOM against reforms in other organizations. On the quantitative side, the evaluation examined ADB portfolio and human resources data. The evaluation administered an ADB-wide staff perception survey and undertook a systematic analysis of qualitative responses from the Staff Engagement Survey (2024) and Internal Client Survey (2024).

1. Portfolio and Document Review

7. The evaluation considered the alignment of the new structural changes, roles and responsibilities, staff instructions and business processes, resource allocations, and decision-making authority to deliver NOM. It also focused on the potential implications and outcomes of the changes in business processes for delivering the four shifts. Given that the Corporate Results Framework, 2025–2030 specified co-team leadership across multiple sectors or themes as an indicator of integrated solutions, the evaluation also reviewed the team composition of sovereign projects approved in 2023 and 2024 for early indications of integrated solutions.

8. The evaluation looked at historical trends and the pipeline of ADB operations, particularly for sovereign operations. This involved reviewing sovereign projects approved during 2017–2024 using the ADB dataset of approved and committed operations, with a focus on projects approved in 2023 and 2024. The evaluation also investigated ADB's proposed future operations using the Work Program and Budget Framework and its underlying datasets for 2024–2026 and 2025–2027.

2. Interviews

9. **Interview coverage.** The team interviewed a wide range of staff involved in the preparation of the organizational review policy paper to understand its rationale, objectives, and design. Semi-structured interviews with management and staff at all levels in headquarters and selected resident missions were also held in person or online to ascertain staff understanding of the objectives of NOM; staff views of and experiences with the implementation of the shifts and key features of NOM (e.g., One-ADB regional departments and resident missions, business processes, the private sector development platform, and working more closely with clients); challenges faced; and early achievements and good practices. Focus group discussions with ADB operations staff in headquarters and resident missions were organized to gather feedback on business process reforms and how NOM may be affecting the delivery of ADB's support to its clients.

Table A1.2: Staff Interviewed by the Evaluation Team
(number of staff)

Category	Total	Headquarters	Resident Missions
Senior staff and management	82	66	16
Technical international staff	79	56	23
Technical local staff	116	25	91
Total	277	147	130

Source: Independent Evaluation Department.

Table A1.3: Staff Interviewed by Type (number of staff)

Type	Number
By Staff Category	
One-on-one interviews	166
Senior staff and management	82
Technical international and local staff (headquarters)	63
Technical international and local staff (resident mission)	21
Group interviews	111
Technical international and local staff (headquarters)	18
Technical international and local staff (resident mission)	93
By Gender	
One-on-one interviews	166
Male	123
Female	43
Group interviews	111
Male	39
Female	72

Source: Independent Evaluation Department.

10. The evaluation team held interviews and focus group discussions in person or remotely with ADB staff in field offices in 25 countries: Afghanistan, Australia, Bangladesh, Bhutan, Cambodia, the People's Republic of China, Fiji, Georgia, India, Indonesia, Kazakhstan, the Kyrgyz Republic, Nepal, Pakistan, Papua New Guinea, the Philippines, Samoa, Singapore, Solomon Islands, Thailand, Timor-Leste, Tuvalu, Uzbekistan, Vanuatu, and Viet Nam.

11. A comprehensive protocol was used to derive conclusions about ADB staff perceptions, consistent with best practices in social science research. Achieving data saturation on a given theme presented challenges due to purposeful sampling and the heterogeneity of the data, which included verbatim transcripts and notes taken when individuals declined to be recorded. IED analyzed interview notes, referencing the department, position, the participant's identification number, and other metadata to ensure traceability to individual concepts or themes. Individual notes were structured around the major themes outlined in the evaluation approach paper to minimize data loss. Where transcripts were available, notes relied heavily on verbatim content. The interview notes were analyzed using MAXQDA through three rounds of coding: (i) closed coding by evaluation questions and major themes, (ii) open coding by theme or emerging issue, and (iii) a final round of axial coding. Quantitative code metrics were used to gauge theme significance, supplemented by specific illustrative examples of NOM's early successes or bottlenecks. Following this analysis, IED conducted validation interviews with senior operations staff, during which emerging concepts and themes were presented, clarified, and refined based on feedback. While central themes reached data saturation across interviewee groups, some themes exhibited variability that required additional resolution; in many cases, these more variable findings were not included in this report.

12. **Confidentiality and data protection.** The evaluation team maintained strict protocols to ensure the confidentiality of all interviews. This was in line with IED's policies and good practices as set forth by the Organisation for Economic Co-operation and Development.³ As part of the protocol, the evaluation team obtained informed consent from all participants before interviews. Participants were assured of the confidential nature of their responses and the purposes for which their data would be used and were given the option to decline to be recorded. Ninety-three participants agreed to be recorded, and 35 declined. In 41 other data collection cases, the evaluation team did not record. In 69 cases, consultants alone met with staff at all levels to ensure additional confidentiality. These precautions were put in place as staff are more candid when they do not fear retribution. As has been noted, "It is common for people to try to protect themselves by giving untrue answers."⁴ IED's positioning outside ADB's management structure also supported this aim. During interviews, staff commented that "it is easier to be honest with IED," which may explain why IED received different and sometimes more negative responses than those shared with the Transformation Office.

13. IED used an external, third-party database outside ADB's information technology infrastructure. The database tracked various metadata for analysis and automatically generated identification codes for each participant. All transcripts were stored on a separate third-party tool, Otter.ai, accessible only to the lead qualitative consultant and an assistant. IED staff did not directly review raw transcripts. Throughout the process, the evaluation team ensured that no unit, project, or individual would be singled out or portrayed negatively in the final analysis.

3. Other Instruments

14. **Staff perception survey.** The evaluation team administered an online perception survey to ADB management and staff from 27 February to 14 March 2025.⁵ The survey aimed to understand staff perceptions of various aspects of NOM. It was administered to 3,931 ADB staff in headquarters and resident missions by a data solutions firm. A total of 1,329 valid responses were received (34% response rate).⁶ The survey results are summarized in Appendix 2.

15. **Organizational assessment.** To help answer evaluation question 4—To what extent did ADB sufficiently prepare the needed resources and change management to deliver the NOM? —the evaluation undertook an assessment of NOM from an organizational change perspective. This involved a review of the literature on organizational change, semi-structured interviews with 12 key proponents of NOM, and the use and analysis of pertinent datasets on organizational change. The assessment identified emerging success factors and issues with NOM, drawing on the Quartz/Harvard Business Review database of 2,500 reorganizations.

16. **Background study on the private sector development shift.** To understand ADB's approach to private sector development (PSD), the team prepared a background paper based on a review of (i) the development literature, (ii) corporate documents on PSD dating back to 2000, (iii) IED evaluations for PSD-related findings and recommendations, and (iv) ADB's portfolio of PSD-tagged projects in 2011–2024. The background paper includes a brief comparison with the European Bank for Reconstruction and Development's approach to PSD.

17. **Background study on the climate change shift.** This drew on interviews and analysis conducted for IED's thematic evaluation of ADB's support for action on climate change in 2021

³ Organisation of Economic Co-operation and Development. 2010. [Quality Standards for Development Evaluation. DAC Guidelines and Reference Series](#). Section 3.3.

⁴ J. P. Bispo Júnior. 2022. Social Desirability Bias in Qualitative Health Research. *Revisita de Saúde Pública*.

⁵ The survey was sent to all staff except for members of the Board of Directors, Senior Management, and IED staff.

⁶ Based on a total population of 3,931 ADB international and national staff from the targeted departments, the total response is a representative sample of the population at 99% confidence interval and 5% margin of error.

and its topical paper on ADB support for action on climate change, 2021–2023.⁷ The study considered the extent to which NOM has or has not enabled and accelerated climate mainstreaming and the achievement of NOM objectives.

4. Limitations

18. The NOM evaluation faced methodological limitations inherent in formative and real-time evaluations. These concern the fluidity and challenges of evaluating an organization-wide transformation at an early stage. Through the evaluation design, IED attempted to overcome these challenges. Table A1.4 outlines the limitations and the mitigation methods IED pursued.

Table A1.4: Limitations of the Evaluation and How They Were Mitigated

Limitation	Mitigation
Ongoing Nature of NOM Implementation The findings reflect preliminary outcomes and staff perceptions rather than longer-term impacts. Several NOM reforms are still in their early phases.	<ul style="list-style-type: none"> • Formative feedback. The evaluation is formative, capturing data up to 31 March 2025. Its findings should be viewed as interim. • Phased approach. Follow-on evaluations and management-led reviews can revisit this evaluation's findings once more NOM-era projects are implemented, and/or NOM implementation has been completed.
Data and Timing Corporate and project data often lag behind organizational reforms. ^a Few operations have been wholly designed under NOM, making it difficult to identify definitive portfolio-level shifts. Even many "NOM-era" projects approved in 2024 were largely designed before NOM. Concept papers under development were not always available.	<ul style="list-style-type: none"> • Proxy indicators. Where final project data were lacking, the evaluation relied on early signals—for example changes in the composition of cross-sector country management teams or co-team leadership—for evidence of NOM's influence. • Future data collection. Subsequent evaluation will be able to analyze more mature data.
Challenge of Causal Attribution In many cases, NOM builds on pre-existing initiatives—for example, ADB's longstanding climate focus or previous attempts at integrated solutions—so changes may not be solely attributable to NOM. ADB was already undergoing numerous organizational reforms (e.g., cultural transformation, digital agenda) that overlapped with NOM, blurring the lines of cause and effect. The lack of a counterfactual or comparator is an additional challenge.	<ul style="list-style-type: none"> • Triangulation across sources. The evaluation compared staff interviews, document reviews, survey results, and background studies to identify whether common themes emerged consistently. • Timeline analysis. Staff were asked to reflect on processes before and after NOM. This helped the evaluation to assess whether changes were specifically triggered or accelerated by NOM. • Qualitative attribution. Repeated staff accounts of changes linked to NOM's structural changes offered a plausible basis for attributing early outcomes to NOM.
Purposeful Sampling and Potential Selection Bias^b The evaluation used a sampling strategy to ensure coverage of both headquarters and resident missions, targeting staff who had processed loans or other operations before and after NOM across and within sector offices. Although this enriched the depth of the qualitative insights, it may have limited the generalizability of the results. Some operations support units (e.g., Office of the General Counsel) may have been underrepresented.	<ul style="list-style-type: none"> • Quota-based sampling. The evaluation set intentional quotas to ensure the evaluation included a range of countries, sectors, and staff levels. • Methodological and respondent triangulation. Findings from interviews and focus groups were cross-checked against various surveys, secondary data sources, and document reviews. This reduced the risk of systematic biases because a specific source or method was used.
Response and Researcher Bias^c Staff emotions and anxieties may have influenced how candidly they responded. Participants may have conveyed negative or positive views based on their personal experience of NOM. Likewise, interviewer	<ul style="list-style-type: none"> • Confidential interview protocols.^d The evaluation assured participants that their comments were strictly confidential and that recording was optional. • Neutral, semi-structured guides.^d The evaluation had a standardized, yet flexible, interview protocol

⁷ Independent Evaluation Department. 2021. [Thematic Evaluation: ADB Support for Action on Climate Change, 2011–2020](#). ADB; and Independent Evaluation Department. 2024. [Topical Paper: ADB Support for Action on Climate Change, 2021–2023](#). ADB.

Limitation	Mitigation
presence can unintentionally shape responses and lead an evaluation in a particular direction. ^d	<p>based on interviewee's position. It emphasized that critical viewpoints were welcome, while not encouraging negativity.</p> <ul style="list-style-type: none"> • Reflective practice.^d The interview team debriefed to check for potential leading questions or biases, refining techniques to maintain neutrality, and to discuss emergent findings.
<p>Limited Client Perspectives</p> <p>ADB DMC and nonsovereign clients were not directly consulted. However, initial informal conversations with operations staff and management indicated emerging concerns among individual clients. The evaluation did not systematically explore these issues as client perceptions are lagging indicators. Assessing client views is an important next step.</p>	<ul style="list-style-type: none"> • Acknowledgment of future needs. The evaluation explicitly stated that client consultations were critical for evaluating NOM's effectiveness. • Interim evidence gathering. Staff provided insights on client feedback. In addition, secondary data from ADB's client surveys were analyzed to gauge client perceptions pre- and post-NOM. This produced preliminary impressions but cannot replace systemic primary feedback from ADB's clients.

^a John Kotter. 2007. [Leading Change: Why Transformation Efforts Fail](#). *Harvard Business Review*. January.

^b Michael Quinn Patton. 2014. *Qualitative Research & Evaluation Methods*. Sage.

^c Matthew B. Miles, A. Michael Huberman, and Johnny Saldaña. 2020. *Qualitative Data Analysis: A Methods Sourcebook*. 4 ed. Sage.

^d John W. Creswell and J. David Creswell. 2017. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. Sage.

Source: Independent Evaluation Department.

APPENDIX 2: ADB STAFF PERCEPTION SURVEY

A. Survey Objective and Methodology

1. The evaluation team conducted an online survey among ADB staff at headquarters and resident missions from 27 February to 14 March 2025. The survey was designed by the evaluation team to gather staff insights and perceptions on their experiences with the implementation of the new operating model (NOM).
2. The survey used a combination of Likert-scale type and open-ended questions to gather comprehensive insights into respondents' perceptions and experiences.¹ Likert-type items, ranging from "strongly agree" to "strongly disagree," provided quantifiable data on specific aspects of staff perceptions and sentiments about NOM's effectiveness. Open-ended questions complemented this by offering respondents the opportunity to elaborate on their views, providing richer qualitative data that captured nuances and individual perspectives on NOM.
3. The survey contained 10 sections: (i) demographic information (7 items); (ii) understanding of NOM (2 items); (iii) streamlining and efficiency gains under NOM (3 items); (iv) focus on DMCs (5 items); (v) resources and responsibilities under NOM (6 items); (vi) collaboration and teamwork (6 items); (vii) implementation of NOM (4 items); (viii) climate change shift (3 items); (ix) private sector development shift (4 items); and (x) next steps. Each section included an optional comments box. These were followed by an open-ended section for additional feedback.
4. The evaluation contracted an international survey firm to administer the survey. This was a conscious effort to ensure the confidentiality and anonymity of staff responses. The firm used its own platform to administer the survey. The survey firm sent the link by email; each ADB staff respondent receiving a unique survey link. The raw survey data results provided to the evaluation were masked, making it impossible to identify the survey respondent.

B. Profile of Survey Respondents

5. The survey was sent to 3,931 members of ADB staff. This included all ADB staff, excluding members of the Board of Directors, Senior Management, and Independent Evaluation Department staff. The findings are based on responses from individuals who opted to participate, which may introduce self-selection bias and limit the generalizability of results.
6. Of the 3,931 staff members invited to participate, 1,329 completed the survey (34% response rate). The response rates of departments directly affected by NOM exceeded the overall average (Table A2). The respondents were a good mix of technical local staff, technical international staff, and managerial international staff categories, with tenures ranging from less than 2 years of ADB service to over 15 years. About 10% of respondents (129) had joined ADB after NOM's launch on 30 June 2023. The profiles of staff who responded to the survey are presented in Figure A2.1.
7. The evaluation made a concerted effort to raise awareness of the survey. To encourage staff to participate, the team posted pop-up banners in ADB's intranet and OneADB Today (3 times).

¹ A Likert scale is commonly used in surveys to indicate the respondent's level of agreement with a given statement. These typically range from strongly agree to strongly disagree. While Likert scales are arbitrary, they allow for a simple quantification of qualitative views. Rensis Likert (1932). "A Technique for the Measurement of Attitudes" *Archives of Psychology*.

Additionally, the evaluation sought the support of heads of departments and offices to encourage their staff to complete the survey.

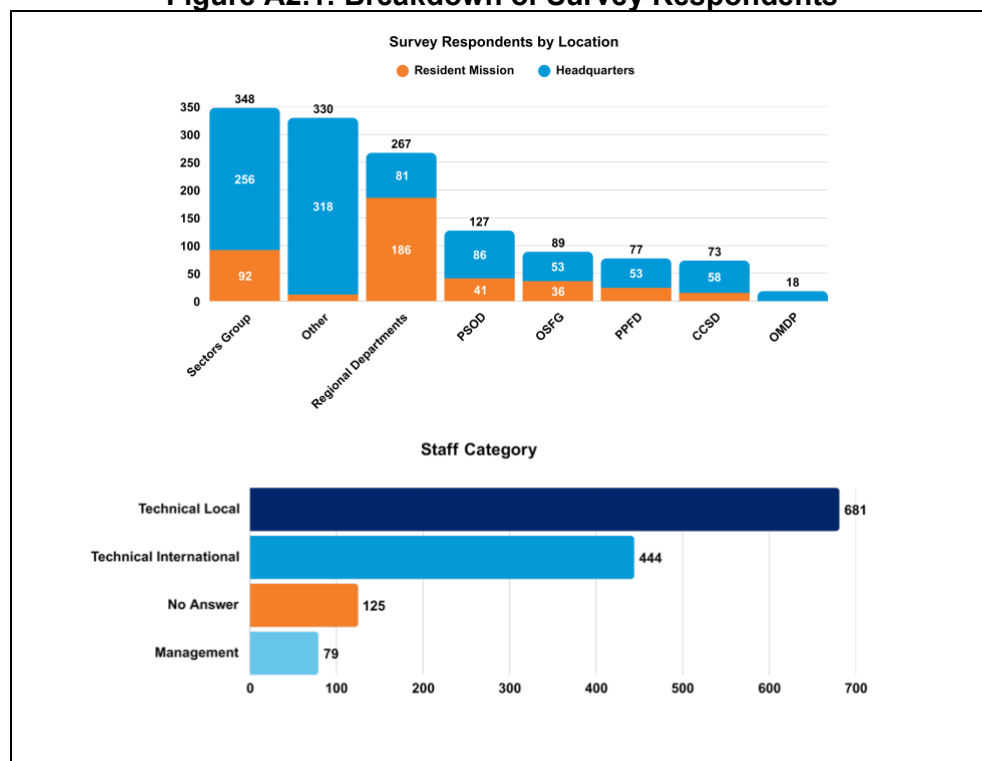
Table A2: Response Rate by Selected Departments

Department or Office	Staff Count	Respondents	Response Rate (%)
OSFG	173	89	51
PSOD	284	127	45
Sectors departments	779	342	44
Regional departments	742	267	36
PPFD	207	77	37
Other ADB departments	1746	427	24
Total	3931	1329	34

ADB = Asian Development Bank, OSFG = Office of Safeguards, PSOD = Private Sector Operations Department, PPFD = Procurement, Portfolio, and Financial Management Department

Source: ADB. IED. *Renewing, Revitalizing and Reforming: An Evaluation of the Asian Development Bank's New Operating Model. Staff Perception Survey.*

Figure A2.1: Breakdown of Survey Respondents



CCSD = Climate Change and Sustainable Development Department, M = managerial international staff, OMDP = Office of Markets Development and Public-Private Partnership, OSFG = Office of Safeguards, PSOD = Private Sector Operations Department, PPFD = Procurement, Portfolio and Financial Management Department, RD = regional department, SG = Sectors Group

Source: ADB. IED. *Evaluation of ADB's New Operating Model.*

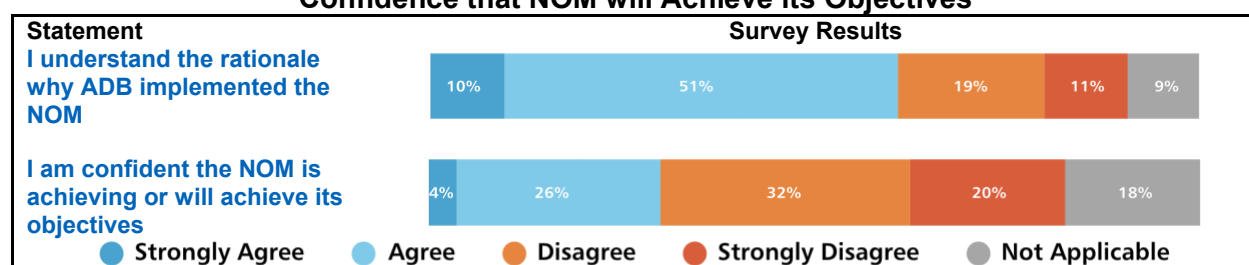
C. Survey Findings

1. Understanding the New Operating Model

8. The survey revealed considerable confusion about NOM, a lack of clear communication, implementation challenges, and cultural misalignment. Generally, respondents displayed

skepticism about NOM's effectiveness. Nearly two-thirds of respondents indicated that they understood the objective of NOM, but about a third of the respondents did not. Yet, despite this broad understanding of NOM's goals, there was still significant confusion and disagreement about its processes and necessity. The fact that a majority of respondents disagreed with the statement that NOM was achieving its objectives suggests widespread skepticism about NOM's effectiveness and concerns about implementation issues (30% agreed, 52% disagreed). The survey results showed a disconnect between the goals of NOM, which were broadly understood, and the practical challenges in achieving them. As one respondent succinctly stated, "The objectives and rationale of NOM are understood, but whether the implementation facilitates the objectives or supports the rationale is a different matter." On cultural misalignment, another respondent noted, "The current NOM is not in line with the four shifts which it intends to address ... it is wrong to expect a culture change to fit NOM."

Figure A2.2: Widespread Understanding of the Rationale for NOM but Only Modest Confidence that NOM will Achieve its Objectives



ADB = Asian Development Bank, NOM = new operating model.

Box A2.1: Staff Views on the Objectives of the New Operating Model

Comments on the objectives of NOM revealed a range of concerns and perceptions. Staff highlighted confusion, lack of a clear rationale, implementation challenges, and a decline in client orientation.

1. **Confusion and disruption.** NOM has caused confusion because of the dual reporting lines it put in place. Staff feel it has disrupted processes that had previously been functioning well. Some staff feel the changes were unnecessary and that they have led to inefficiencies and increased bureaucracy.
2. **Lack of clear rationale and objectives.** The rationale behind NOM was not clearly communicated, leading to skepticism about its effectiveness. Results revealed a perception that the objectives were lofty but not well-defined, and that the reorganization may not have been the most efficient solution to the issues facing ADB.
3. **Implementation issues.** While some staff agreed with the objectives of NOM, they found its implementation challenging. The process was criticized for being rushed and poorly managed, with inadequate consultation with staff and stakeholders, resulting in a lack of buy-in and support.
4. **Impact on staff and organizational structure.** Responses said that NOM has resulted in a top-heavier organizational structure with unclear roles and responsibilities. It has created new silos and increased the workload of staff without corresponding benefits. It has complicated administrative procedures.
5. **Client orientation and decentralization.** The goal of bringing operations closer to clients and decentralizing decision-making has not been achieved. Staff feel the changes have made the organization more inward-looking and less responsive to client needs, eroding regional institutional knowledge and country relationships.

Source: ADB. IED. *Evaluation of ADB's New Operating Model. Staff Perception Survey.*

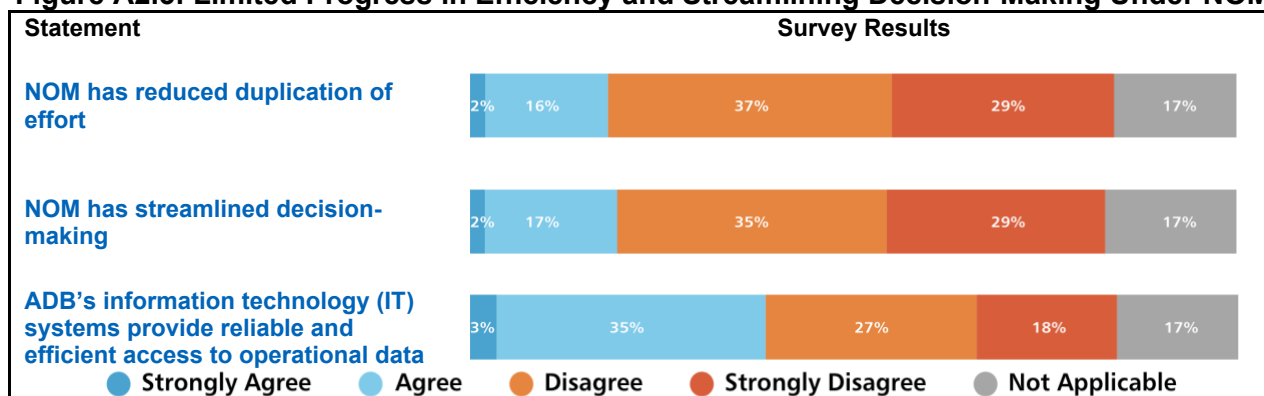
2. Efficiency Gains under the New Operating Model

9. According to the survey, NOM has not effectively reduced duplication of efforts or streamlined decision-making. Two-thirds of respondents disagreed or strongly disagreed with the statement that NOM has reduced duplication of effort (18% agreed, 66% disagreed). Instead, staff indicated in their comments that NOM has created more instances where the same tasks need to be performed multiple times across different systems or departments. This has increased the workload for staff and led to inefficiencies. Numerous comments reflected frustration with duplicated efforts across departments, exacerbated by internal silos. One respondent expressed this concern: "There is duplication of effort as the same things are being handled by sectors and resident missions." This duplication is not only an ineffective use of time and resources but also indicates a lack of coordination and customized systems to handle project management effectively. Respondents' references to "shadow guidelines" created by regional departments further points to inconsistencies and inefficiencies that have detracted from the effectiveness of NOM.

10. Decision-making has become more complicated under NOM. Two thirds of respondents disputed that NOM has streamlined decision-making, suggesting that decision-making may in fact have been complicated by NOM (19% agreed, 64% disagreed). Many comments highlighted the impression that NOM has added layers of bureaucracy and complexity to decision-making processes. For example, a response mentioned that "NOM has a longer approval process and a longer list of approvers compared with pre-NOM," indicating that, rather than achieving efficiency, NOM may have inadvertently added levels of approval and additional steps, making processes more cumbersome and time-consuming.

11. Despite some improvements, significant concerns remain about the effectiveness of ADB's IT systems. Many staff did not agree with the statement that ADB's IT system provided reliable and efficient access to data (38% agreed, 45% disagreed). Qualitative comments elaborated on these views. Staff described ADB IT systems as outdated, not user-friendly, and lacking integration. Systems such as SovOps and eOps are not fully integrated, leading to duplication of effort, inefficiencies, and reliance on multiple applications to generate operations data. A respondent pointed out that "The IT systems of ADB have been a burden to the operations team since the IT systems have been mainly developed for data collection, recording, and online approval." The implication here is that, while these systems were intended to enhance operational capabilities, they have failed to support day-to-day project management effectively. Instead of easing processes, they have increased reliance on manual data entry and delayed responses, ultimately detracting from operational efficiency.

Figure A2.3: Limited Progress in Efficiency and Streamlining Decision-Making Under NOM



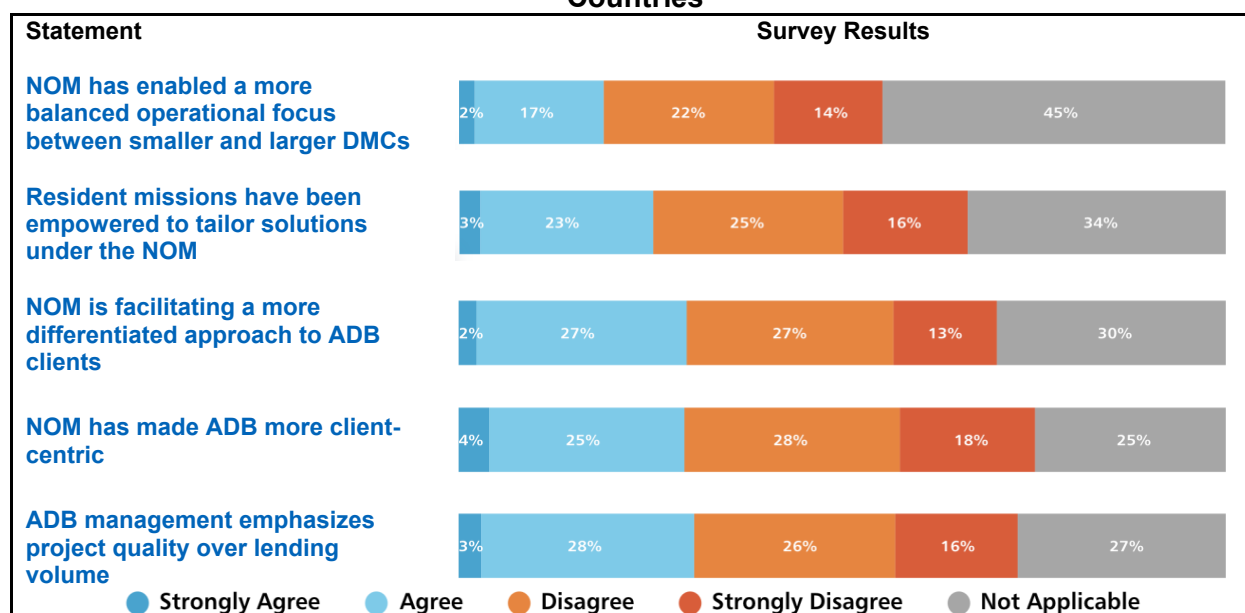
ADB = Asian Development Bank, NOM = new operating model.

3. Focus on Developing Member Countries

12. A recurring theme was the perceived decline in the authority and relevance of resident missions. Respondents did not agree that NOM has empowered resident missions to tailor solutions (25% agreed, 41% disagreed). Many comments indicated that NOM has not empowered resident missions. Instead, it has centralized decision-making in headquarters, reducing the authority and influence of resident missions. This has led to a perception that resident missions are now more like liaison offices with limited operational authority. One respondent noted, “Resident missions have essentially been weakened. Their staff strength has been cut deeply, and their ability to identify and tailor client-centric solutions is compromised.” This suggests resident missions may now lack the resources and authority needed to cater effectively to the distinct needs of individual DMCs.

13. Over a third of respondents disagreed or strongly disagreed with the statement that NOM has enabled a more balanced focus on small and larger DMCs, nearly twice the number of staff who supported the statement (19% agreed, 36% disagreed). Smaller DMCs were perceived to be at a disadvantage under NOM. Staff perceived that sector groups tended to prioritize larger DMCs, leading to less attention and fewer resources being directed at smaller countries.

14. Most respondents disagreed with the statement that NOM has facilitated a differentiated approach to clients (30% agreed, 40% disagreed). The focus on lending volume over project quality was seen as detracting from a truly client-centric approach. One respondent noted, “After NOM, ADB’s client-centric approach is affected because of slow decision-making or lack of clarity on decisions to be made and by whom.” This implies that, while NOM has tried to enhance ADB’s focus on clients, the inefficiencies in decision-making processes may be hindering quick and responsive engagement with DMCs. Nearly half of respondents disagreed with the statement that NOM has made ADB more client-centric (29% agreed, 46% disagreed). The responses also emphasized the necessity for tailored solutions that consider the unique conditions of individual DMCs. A respondent highlighted that “building trust with government counterparts (clients) is a gradual process that requires consistent nurturing on a daily basis,” suggesting that a one-size-fits-all approach may not be effective. Furthermore, some staff mentioned that the relationships have become complicated by additional layers of hierarchy that have inhibited flexible and responsive action. Less than a third of respondents thought ADB management emphasized project quality over lending volume (31% agreed, 42% disagreed). Many comments suggested that NOM has not shifted the focus to project quality: rather, staff felt that management still pushed strongly for higher lending volumes. Several responses articulated a conflict between the emphasis on project volume and the need for quality and impact, with one respondent stating, “client-centric approaches depend completely upon the sectors departments and their willingness to work in a country.” Several respondents felt that it is premature to evaluate the impact of NOM on DMCs. Comments such as “It’s too early to tell improvements in project quality with greater involvement of country teams” reflect a cautious optimism.

Figure A2.4: Predominantly Neutral Responses on NOM's Focus on Developing Member Countries

ADB = Asian Development Bank, DMC = developing member country, NOM = new operating model.

4. Resources and Responsibilities under the New Operating Model

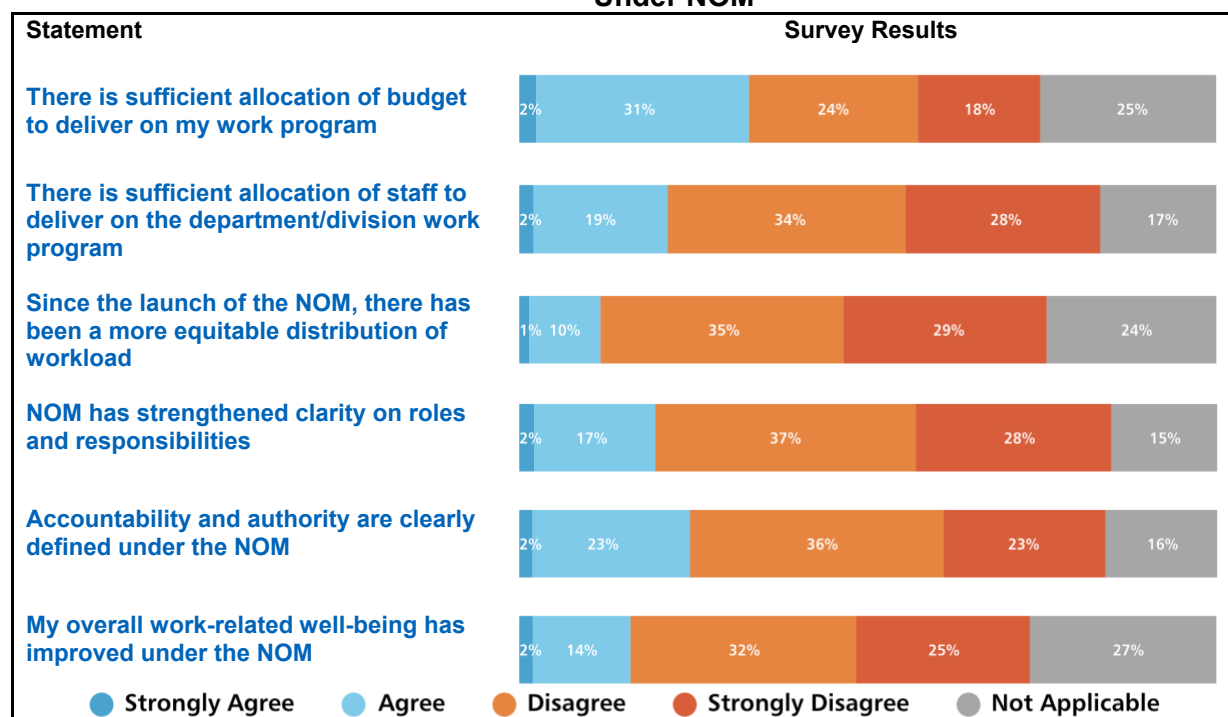
15. Many respondents raised concerns about resources and budget allocations under NOM, unclear roles and responsibilities, complicated coordination and communication, increased workload and stress, and disparity in work allocations, all of which have negatively impacted staff morale and well-being. Budgetary constraints were frequently cited as a considerable obstacle with more disagreeing with the statement that there is sufficient allocation of budget than agreed with it (33% agreed, 42% disagreed). A respondent expressed, “We have no budget for basic project preparation for multi-million-dollar loans,” indicating that the financial resources necessary to support existing staffing and project requirements have not kept pace with workload demands.

16. Additionally, nearly two-thirds of respondents disagreed with the statement that there was sufficient allocation to enable staff to deliver on their work programs (21% agreed, 62% disagreed) and with the statement that there was an equitable distribution of workload (12% agreed, 64% disagreed). One response noted, “The workload has increased after NOM—for example, when there is a One ADB team member assigned from headquarters for a project, the headquarters staff may be engaged in finalizing documents but the whole load is undertaken by the resident mission staff.” Concerns regarding clarity of roles and responsibility is reflected in responses to the statement that NOM had strengthened clarity on roles and responsibilities (19% agreed, 65% disagreed). A significant majority disagreed with the statement that accountability and authority were clearly defined under NOM (20% agreed, 50% disagreed). Comments such as “there are still overlapping roles under NOM” and “the accountability and authorities become very confusing” suggest that ADB needs to delineate duties within the organization more clearly. Lastly, many responses suggested that NOM has not adequately addressed issues related to staff well-being and mental health. The overwhelming sense of continuous adjustment to new processes has left many feeling “burnt out.” Responses to the statement “my overall work-related well-being has improved under NOM” were overwhelming (16% agreed, 57% disagreed).

17. Despite the numerous challenges, there was also some positive feedback regarding resources. Some respondents indicated that NOM has allowed for greater mobility and the

opportunity for staff to engage with international missions. For instance, one person said that “flexibility of staff assignment across different teams in the sector office is clearly a benefit of NOM.” However, even this member staff noted that these benefits were overshadowed by the increased workload and challenges in clarity.

Figure A2.5: Widespread Concerns on Staffing, Workload Equity, and Clarity of Roles Under NOM



NOM = new operating model.

Box A2.2: Staff Views on Resources and Responsibilities under the New Operating Model

Qualitative comments about resources and responsibilities under NOM revealed the following concerns.

1. **Resource allocation and budget issues.** NOM has created a top-heavy structure with more managers and fewer operations staff. Budget constraints, particularly for mission travel and project preparation, are major concerns for staff.
2. **Increased workload and stress.** NOM has significantly increased the workload of staff, leading to higher stress levels and negatively impacting overall well-being. The additional responsibilities and complex processes have made it difficult for staff to manage their tasks effectively.
3. **Unclear roles and responsibilities.** Staff noted the confusion and lack of clarity regarding roles and responsibilities under NOM. The introduction of dotted lines and matrix reporting has blurred accountability, making it difficult for staff to understand their specific duties and reporting lines.
4. **Impact on resident missions.** NOM has affected the roles and responsibilities of resident mission staff, often leading to a sense of disempowerment. The centralization of decision-making in headquarters has reduced the authority of resident missions, raising concerns about the distribution of the workload between headquarters and the resident mission staff.
5. **Need for more coordination and better communication.** The increased complexity of processes has created a need for coordination among many departments. ADB has not provided clear guidance, and consistent practices have not been laid down, resulting in inefficiencies and delays in project processing and implementation.

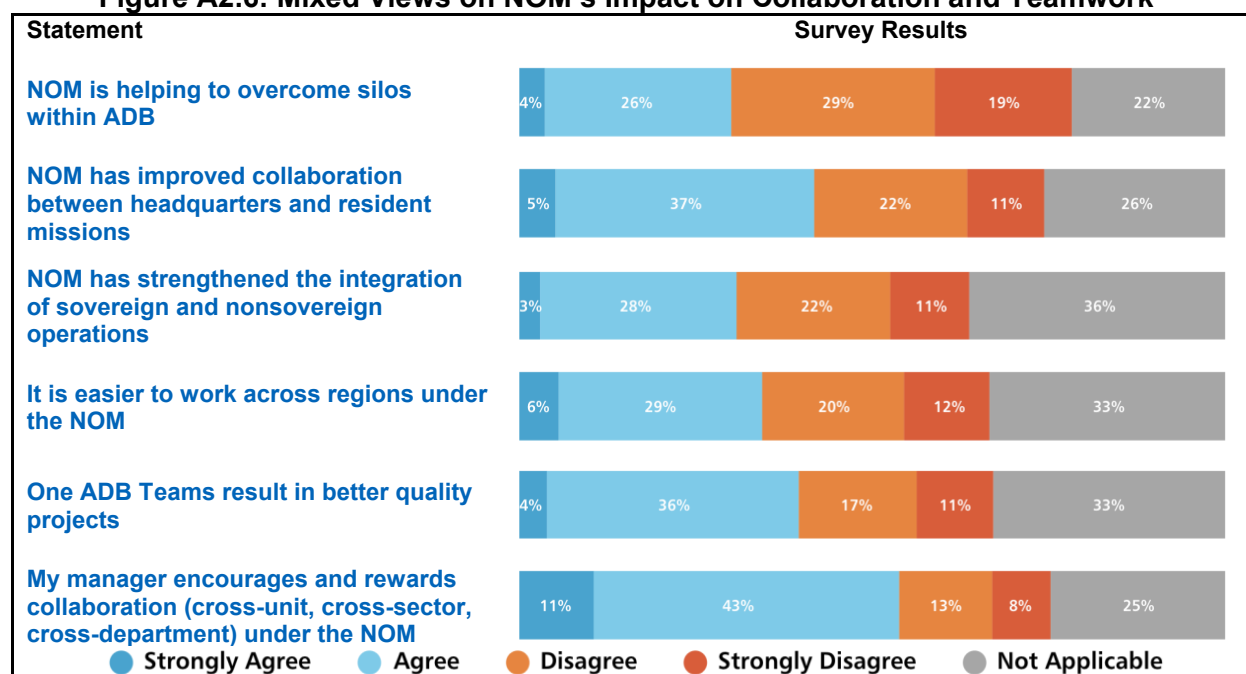
Source: ADB. IED. *Evaluation of ADB's New Operating Model. Staff Perception Survey.*

5. Collaboration and Teamwork

18. Sentiment on collaboration and teamwork under NOM was mixed. Many staff disagreed with the statement that NOM was helping to overcome silos (30% agreed, 48% disagreed), which is consistent with open-ended comments about how NOM has created new silos, particularly within sectors group. One respondent noted that “silos across sectors and departments seem to have increased,” highlighting a trend which has seen collaboration deteriorating as teams become more isolated. This contradicts NOM’s initial goal, which was to enhance collaborative opportunities across various departments and units. While more staff agreed than disagreed with the statement that NOM has improved collaboration between headquarters and resident missions (42% agreed, 33% disagreed), their comments highlighted coordination and communication problems. Some responses acknowledged that, while collaboration between headquarters and resident missions had improved in certain sectors, effective collaboration was more complex than simply integrating teams. One response remarked, “collaboration is a key strength of NOM,” but many others indicated that collaboration efforts were inconsistent and often hindered by a lack of clarity in roles and responsibilities.

19. NOM aimed to improve the integration of sovereign and nonsovereign operations, but survey responses suggested that the reality has not lived up to expectations. Many expressed concerns that integration remains superficial: one staff member commented that the integration of sovereign and nonsovereign operations had merely revealed the misalignment of resource allocations. Responses to the statement that NOM had strengthened the integration of sovereign and nonsovereign operations were balanced (31% agreed, 33% disagreed) as were responses to the statement that NOM had made it easier to work across regions (34% agreed, 32% disagreed). Staff agreed with the statements that the One ADB Team approach had improved projects (40% agreed, 28% disagreed) and that managers were encouraging collaboration (54% agreed, 21% disagreed), which was consistent with their comments acknowledging some positive aspects of teamwork and collaboration (Box A2.3).

Figure A2.6: Mixed Views on NOM’s Impact on Collaboration and Teamwork



ADB = Asian Development Bank, NOM = new operating model.

Box A2.3: Staff Views on Collaboration and Teamwork

The survey received 171 comments on collaboration and teamwork, which are summarized below.

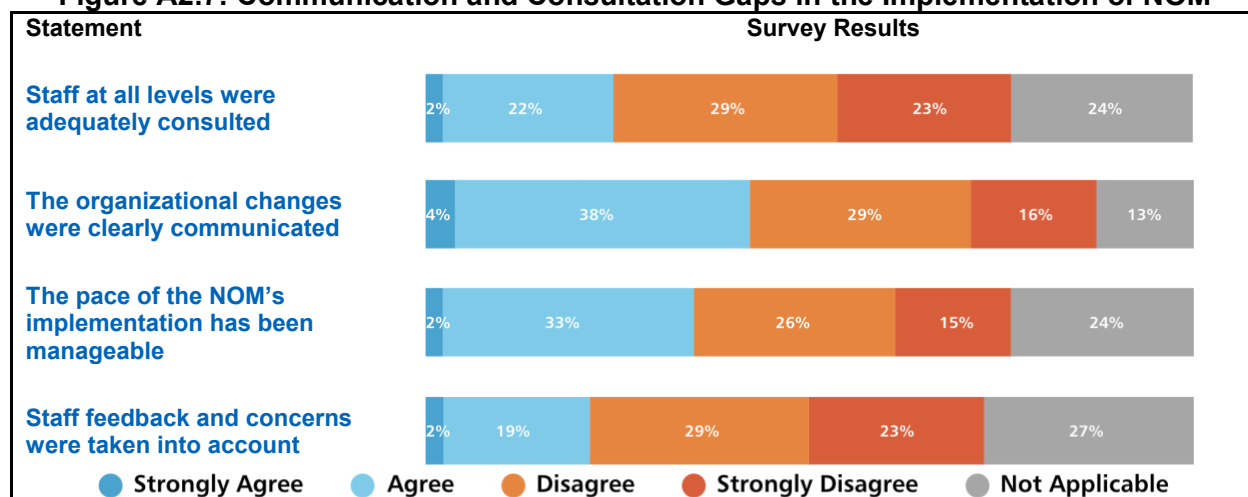
1. **Creation of new silos.** Many comments indicated that NOM had created new silos within ADB, particularly within sector offices. The integration of sovereign and nonsovereign operations has not been effectively achieved, and there is a perception that silos have become more pronounced, rather than reduced, which was the intention.
2. **Challenges with One ADB teams.** Although staff felt the One ADB Team approach had improved projects overall, they did not think it had done so consistently. They expressed concerns about the effectiveness of collaboration within these teams, with some members providing minimal input and others relying heavily on initial drafts prepared by the project team leader. Several staff highlighted the increased coordination effort required for One ADB teams.
3. **Integration of sovereign and nonsovereign operations.** This remains more theoretical than practical. Staff commented that there was limited evidence of meaningful collaboration between these operations, and that the benefits of integration have not been fully realized.
4. **Collaboration across regions.** While NOM has facilitated easier collaboration across regions, the practical implementation of this has been challenging. Staff are often spread too thinly across numerous countries, leading to a decline in the quality and fit of solutions to country contexts. Time zone differences also pose a challenge for effective collaboration.
5. **Incentives and rewards for collaboration.** Staff noted a lack of incentives and rewards for cross-unit, cross-sector, and cross-department collaboration. Although generally staff felt their managers encouraged collaboration, they commented that this was not done consistently. Staff felt that the incentive structure within ADB did not support efforts to overcome silos.

Source: ADB. IED. *Evaluation of ADB's New Operating Model. Staff Perception Survey.*

6. Implementation of the New Operating Model

20. Respondents highlighted inadequate consultation, poor communication, overwhelming pace of implementation, inadequate consideration of staff feedback during NOM implementation. Most staff disagreed with the statement that they had been adequately consulted (24% agreed, 52% disagreed). Responses to the statement on adequate communication were more balanced (42% agreed, 45% disagreed). More disagreed than agreed with the statement that the pace of implementation had been manageable (33% agreed, 45% disagreed). An overwhelming majority disagreed with the statement that staff concerns had been adequately considered (21% agreed, 51% disagreed).

21. The pace of implementation of NOM was perceived to have been rapid and disruptive. Staff said there was also a disconnect between what ADB reported in terms of progress versus their actual experience. In addition, concerns about staff morale were frequently expressed, and staff linked the fast pace to negative workplace experiences. One respondent said, "Staff morale has never been lower. NOM, accompanied by changes to staff levels which were not welcome ... has led to this low level of staff morale."

Figure A2.7: Communication and Consultation Gaps in the Implementation of NOM

NOM = new operating model.

Box A2.4: Staff Views on the Implementation of the New Operating Model

The survey generated 132 comments from staff, which are summarized below.

1. **Lack of adequate consultation.** Many comments indicated that staff at all levels felt they were not adequately consulted during the implementation of NOM. Consultations were often perceived as “tick-box” exercises, and staff felt their feedback was not meaningfully considered. There was a sentiment that NOM was decided by a select group of people and forced upon the general population of ADB.
2. **Poor communication.** Staff felt the organizational changes and the rationale behind NOM were not clearly communicated to them. There was confusion and uncertainty about the new processes, roles, and responsibilities. Staff felt that they were informed rather than consulted, and that communication was often one-directional.
3. **Overwhelming pace of implementation.** The pace of NOM's implementation was seen as overwhelming and unmanageable. The simultaneous introduction of multiple changes, including staff policies and job architecture, led to change fatigue and affected staff morale. There was a lack of structured change management to help staff adapt to the new model.
4. **Centralization and the disempowerment of resident missions.** NOM has centralized decision-making in headquarters, reducing the authority and influence of resident missions. This has led to a sense of disempowerment among resident mission staff, who feel that their roles have been diminished and their ability to tailor solutions to client needs has been compromised.
5. **Inconsistent implementation and coordination.** The implementation of NOM has been inconsistent across different departments and regions. There has been a lack of clear guidelines and coordination, resulting in varied practices and inefficiencies. The changes were often implemented in an *ad hoc* manner, creating confusion and additional challenges for staff.

Source: ADB. IED. *Evaluation of ADB's New Operating Model. Staff Perception Survey.*

7. Climate Change Shift

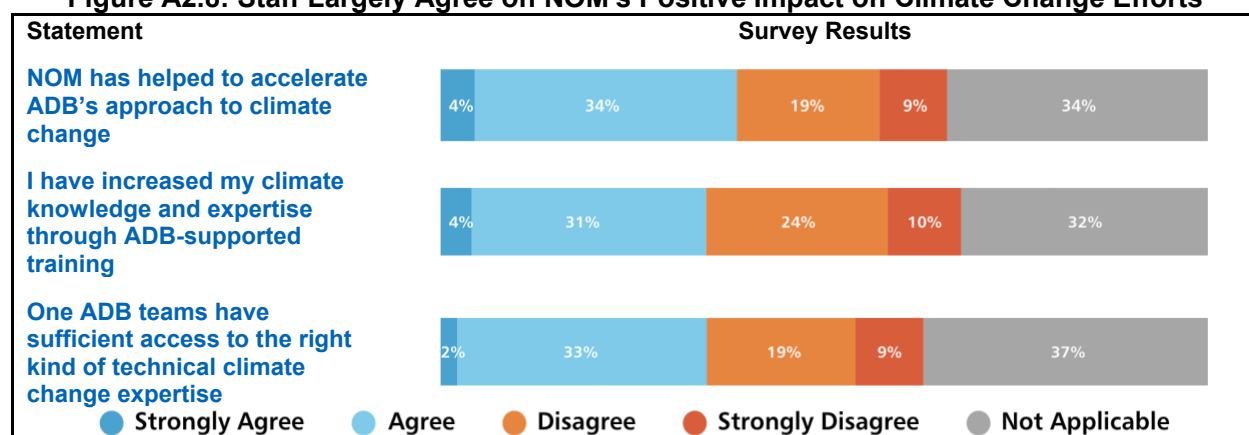
22. While NOM was seen as contributing to climate efforts, many staff believed that ADB's climate focus was driven more by global trends and policy changes. More staff agreed than disagreed with the statement that NOM has helped accelerate ADB's approach to climate change (39% agreed, 27% disagreed). Responses to the statement that NOM had increased climate knowledge and expertise were mixed (35% agreed, 33% disagreed). This may reflect concerns expressed in the qualitative comments on the effectiveness and integration of climate change specialists into project teams and highlight the need for more targeted and practical training in light of comments that current training is insufficient and not widely

accessible. More staff believed that the One ADB Teams have sufficient access to technical climate expertise than not (35% agreed, 28% disagreed). Staff called for better integration of climate change specialists into sector and regional teams to ensure a more client-focused approach.

23. Additionally, staff expressed concerns about unrealistic expectations and targets surrounding climate change initiatives. One participant stated, "Putting absurdly large targets for climate change ... will only result in lip service." This comment underscores the pressure put on team leaders and highlights the risk of focusing on ambitious goals without considering whether DMCs have sufficient capacity to achieve them. Respondents stressed the importance of aligning project designs with the real needs and priorities of DMCs, rather than imposing top-down targets.

24. Respondents felt they needed more training to help them tackle climate-related challenges effectively. They saw a need for targeted training and collaboration on climate knowledge and expertise and perceived a disconnect between the project teams and the climate change expertise provided by NOM: one highlighted a "discrepancy between what project team requires regarding climate change expertise for processing of projects and what the Climate Change, Resilience, and Environment Cluster offers," suggesting the support provided was inadequate and not aligned with the actual needs of the project teams.

Figure A2.8: Staff Largely Agree on NOM's Positive Impact on Climate Change Efforts



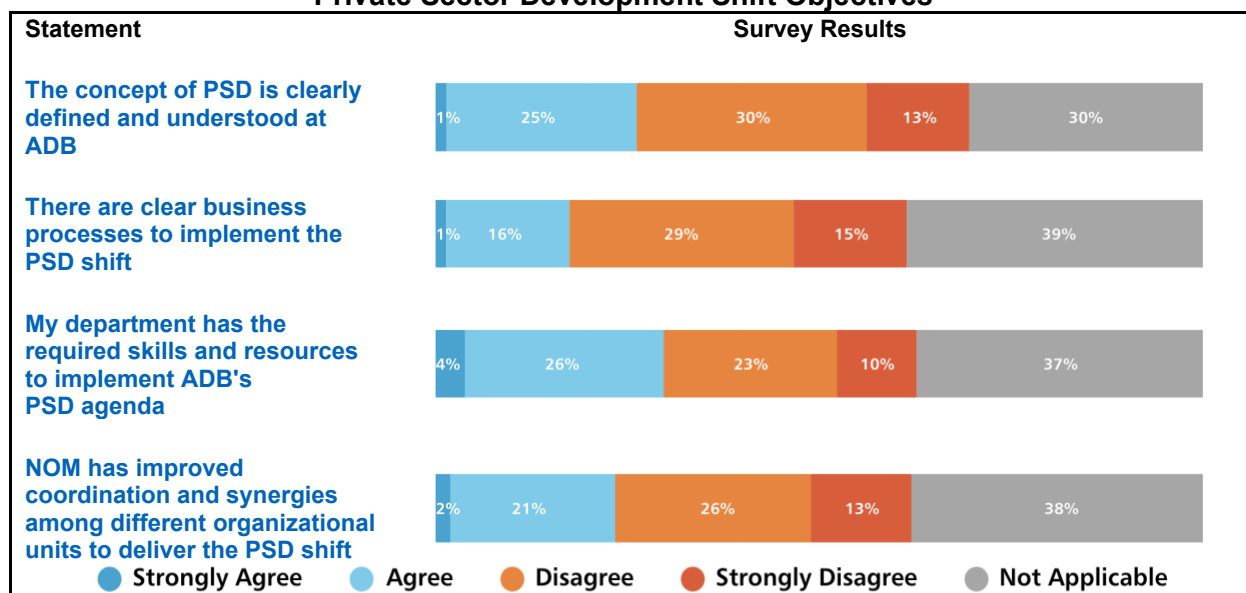
ADB = Asian Development Bank, NOM = new operating model.

8. Private Sector Development Shift

25. Staff said there was a lack of clear definition and understanding of the PSD shift, insufficient skills and resources devoted to the issue, poor coordination, and weak synergies among ADB offices and units involved in supporting PSD. They felt there was a need for clear business processes. Most staff disagreed that the concept of PSD was clearly defined and understood in ADB (26% agreed, 43% disagreed). Many respondents explicitly stated that "PSD is not defined," and that different regions within ADB have varying interpretations of what PSD entails. This confusion extends to how efforts to promote PSD are integrated with the activities of other departments, particularly PSOD. Significantly more staff disagreed with the statement that there were clear business processes to implement the PSD shift than agreed with it (17% agreed, 44% disagreed), highlighting a need for ADB to support staff through training and by providing clear guidelines, especially on how to include PSD components in project designs. One respondent pointed out that "Just instructing project team leaders to include PSD components is not the right way to move forward," indicating that a more structured and supportive approach is necessary if PSD is to be effectively integrated into projects.

26. Views on whether departments had the required skills and resources to implement the PSD shift were mixed (30% agreed, 33% disagreed), reflecting concerns about a lack of requisite skills and resources to implement ADB's PSD agenda. More staff disagreed with the statement that NOM has improved coordination and synergies than agreed with it (23% agreed, 39% disagreed). Staff noted in their comments that collaboration was often at the personal level rather systemic. They saw a need for better planning, resourcing, and time to achieve the PSD shift.

Figure A2.9: Significant Concerns and Uncertainty Among Staff on Private Sector Development Shift Objectives



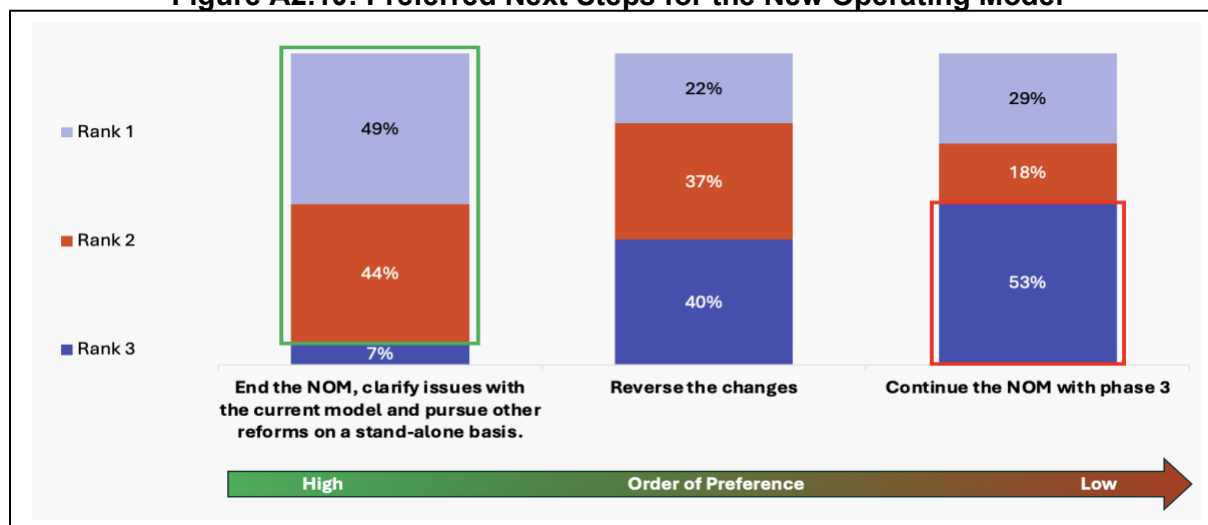
ADB = Asian Development Bank, NOM = new operating model, PSD = private sector development.

9. Next Steps

27. Staff were asked to rank three options on what should happen with NOM now. Rank 1 was the most preferred option, and rank 3 the least. Staff could also choose not to rank the options. The options were:

- (i) continue NOM with phase 3;
- (ii) end NOM, clarify issues with the current model and pursue other reforms on a stand-alone basis; or
- (iii) reverse the changes.

28. Option (ii) was the preferred option, followed by option (i). The least preferred way forward was to reverse the changes, i.e., option (iii).

Figure A2.10: Preferred Next Steps for the New Operating Model

NOM = new operating model.

29. A significant portion of respondents, especially staff with long service at ADB, expressed frustration with the continuing upheaval and distraction of NOM implementation, and favored stopping further restructuring, and focusing on consolidating the changes that have been made to date. The ranking pattern was similar by department, duty station and designation levels. A preference for option (i) above (“continue NOM with phase 3”) was more common among post-NOM hires or those in departments such as the Budget, People, and Management Systems Department, where NOM’s impact might align better with their roles. In open-ended feedback, some respondents acknowledged NOM’s potential or partial successes, while others said it was too early to tell whether NOM was working effectively. Some respondents argued for persistence and refinement rather than abandonment. The need for continuous improvement and reevaluation of change management strategies was emphasized if ADB is to ensure long-term success.

10. Open-Ended Feedback

30. The survey’s final item was an open-ended comment box that allowed staff to share additional views on NOM. This resulted in 440 detailed qualitative responses, expressing a mix of frustration, constructive criticism, and occasional optimism about NOM. Many respondents expressed dissatisfaction with NOM’s implementation and impact, while others offered specific recommendations for improvement or highlighted broader organizational issues.

Box A2.5: Staff Perspectives on the New Operating Model: Challenges, Impacts and the Path Forward



While some staff saw potential benefits in NOM, such as increased collaboration and opportunities for professional growth, others felt NOM had not delivered on its promises. Some staff called for a thorough review of NOM to identify what was working and what needed to be changed. Some staff suggested reverting to the pre-NOM model, while others advocated continuing with adjustments and improvements.




1. **Implementation challenges and confusion.** Many comments highlighted that the implementation of NOM had been rushed and poorly planned, leading to confusion and inefficiencies. Staff felt that changes had not been clearly communicated, leaving them to navigate new processes without adequate guidance. Many said that NOM had created more complexity, despite its claim to be streamlining operations. Many raised concerns about unclear roles,




- responsibilities, and accountability and said these were contributing to delays and workflow disruptions.
2. **Impact on organizational structure, staff morale, and well-being.** The creation of a top-heavy structure and perceived weakening of regional departments were key concerns. NOM has negatively impacted staff morale and well-being, bringing with it increased workloads, lack of clarity, and constant changes, leading to stress and disengagement. There is a need for better support systems and resources to help staff manage their responsibilities and maintain a healthy work-life balance.
 3. **Coordination and communication.** Comments highlighted the increased complexity of processes and the need for coordination among multiple departments, saying these had led to communication challenges. ADB has not provided enough clear guidelines or put in place consistent practices, resulting in varied practices and inefficiencies. Changes have often been implemented in an *ad hoc* manner, creating confusion and additional challenges for staff.
 4. **Impact on operational efficiency.** Respondents disputed that NOM has improved operational efficiency. The additional layers of approval and decision-making that it requires have slowed down processes and created bottlenecks. ADB needs to improve the alignment of roles and responsibilities to ensure smoother workflows and more efficient operations.
 5. **Impact on business processes and IT systems.** Respondents argued that NOM has introduced new processes that are more time-consuming and complex than those they replaced. Staff called for IT systems to be upgraded to support NOM and streamline workflows.
 6. **Client-centric approach and decentralization.** NOM's goal of bringing ADB closer to its clients and empowering resident missions has not been realized. Staff felt that the centralized approach, particularly in areas such as quality assurance and procurement, contradicted the client-centric strategy. They saw a need for more decision-making authority at the resident mission level to enable ADB to maintain strong client relationships and to ensure that resident missions have the necessary resources and authority to support clients effectively.
 7. **Centralization and disempowerment of resident missions.** NOM has centralized decision-making in headquarters, reducing the authority and influence of resident missions. This has led to a sense of disempowerment among resident mission staff, who feel that their roles have been diminished and their ability to tailor solutions to client needs has been compromised.
 8. **Need for continuous improvement and adaptation.** While NOM has introduced significant changes, staff recognized that continuous improvement and adaptation are necessary. They highlighted the need for ongoing adjustments to address the challenges and gaps in the current model. Many felt that more inclusive and participatory approaches were needed to ensure NOM's success.

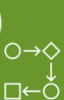
Source: ADB. IED. *Evaluation of ADB's New Operating Model. Staff Perception Survey.*

APPENDIX 3: TEN FEATURES OF THE NEW OPERATING MODEL AND KEY EVALUATION FINDINGS

Key Features of New Operating Model	Proposed Actions	Evaluation Coverage	Evaluation Findings
1  One ADB RDs and RMs	<p>Regional departments and resident missions coordinate the programming and implementation of sovereign, nonsovereign, advisory, and knowledge activities.</p> <p>Regional and country work programs coordinate all ADB operations. Sovereign portfolio management jointly shared between regional departments and sector offices. Regional and country management teams monitor, update, and implement work programs. New positions to manage and coordinate regional operations, private sector development, regional cooperation and integration, and economics.</p>	<p>Extensively assessed, including coordination successes and implementation challenges at regional and country levels.</p>	<ul style="list-style-type: none"> NOM has dismantled rigid regional silos, enhanced cross-regional mobility, but may risk losing deep country-specific knowledge and relationships. (Chapter 3A) Country management teams demonstrated varying levels of effectiveness. At times, they enhanced collaboration, often with complicated decision-making due to the lack of authority. (Chapter 4A) Role of country directors and resident missions in the design, management, and implementation of sovereign operations remains unclear. (Chapter 4A) Responsibility of regional PSD heads vary across regional departments. (Chapter 5B)
2  ADB-wide sectors and themes	<p>Sector specialists consolidated into sector offices (originally organized in Sector Group, subsequently divided into three sector departments) and CCSD.</p> <p>Sector offices lead sovereign operations and will initially support NSO and advisory services with the gradual merger of sovereign and nonsovereign teams. Themes and sectors lead some knowledge activities. Themes and sectors increasingly collaborate to deliver solutions.</p>	<p>Evaluation of operational efficiency, enhanced collaboration, clarity of roles and responsibilities, approval authority, and accountability.</p>	<ul style="list-style-type: none"> NOM has promoted cross-regional collaboration within sectors, enhancing cohesion and expertise, with the unintended consequence of stronger sector silos. Efforts to integrate technical knowledge with operations teams have had variable results. (Chapter 3B) Despite NOM's aim to promote integrated solutions, the new structure limits cross-sector collaboration through inconsistent procedures, unclear roles, and lack of formal incentives—hindering efforts to address complex development challenges (Chapter 3B) Quality assurance responsibilities have become dispersed and unclear, with sector offices and regional departments splitting duties and embedding specialists into operations teams without clear roles or processes. (Chapter 4C)

Key Features of New Operating Model	Proposed Actions	Evaluation Coverage	Evaluation Findings
3  Expanded synergies between SOV and NSO	Greater integration across ADB, with NSO and advisory services playing a larger role in country programs. Initially, PSOD will deliver NSO, with gradual merger between sovereign and nonsovereign teams with common managers. Establishment of sector strategies that span public and private sectors. Pilots to explore different options for integration.	Carried out review of pilots, background documentation, and qualitative findings on synergies between departments.	<ul style="list-style-type: none"> • Efforts to implement PSD are limited by a lack of synergy and poor sequencing between the enabling environment and private sector operations. (Chapter 5B) • There is no consensus on the nature or purpose of gradual sovereign and nonsovereign integration, making it unclear if it aims to enhance collaboration or structurally merge parts of PSOD with sector offices. (Chapter 5B) • Pilots did not clarify the structural integration of sovereign and nonsovereign operations, leaving next steps unclear (Chapter 5B)
4  Private sector development platform	Whole-of-bank approach to PSD, with an updated strategic framework. The newly established OMDP to serve as ADB-wide PSD thematic champion with RMs overseeing country road maps for PSD.	Covered the structural establishment and initial operational impacts but with limited depth on financial mobilization aspects.	<ul style="list-style-type: none"> • OMDP's role as the ADB-wide thematic champion for PSD remains undefined. (Chapter 5B) • A new operational approach to PSD is yet to be developed. (Chapter 5B) • The lack of a clear, shared definition of PSD hinders its implementation, tagging, and effective monitoring across ADB (Chapter 5B) • Without clear terms of reference, regional PSD heads have developed varied approaches to collaboration, coordination, and staffing. (Chapter 5B) • Guidance for the preparation of private sector analysis to inform CPSs and PSD plans are being developed. (Chapter 5B)
5  A renewed setup for economics and research	Increased alignment with research to corporate priorities, with a greater role for sector and project economists. New mechanisms to measure development impact.	Included briefly, but progress has been too limited for a detailed assessment at this stage.	

Key Features of New Operating Model	Proposed Actions	Evaluation Coverage	Evaluation Findings
 <p>6 Empowered One ADB project teams</p>	<p>Centralized operations services improving decision-making, financial management framework restructured, procurement fully assumed PPF, output-based staff time assignment and monitoring functions introduced, and project team authority increased with clearer delegations.</p>	<p>Assessed qualitatively through survey data, focus group discussions and interviews. Reviewed team composition of projects approved in 2023 and 2024, business processes, and end-to-end project processing efficiency.</p>	<ul style="list-style-type: none"> • The One ADB team approach has involved transitioning from a sequential, comment-based model to integrated teams. This shift encouraged joint ownership and enhanced efficiency through the early involvement of specialists. (Chapter 3A) • Effectiveness of One ADB teams has been uneven, with concerns team nomination process and the role of team members in supporting operations. (Chapter 3A)
 <p>7 Closer to clients</p>	<p>Increased decentralization of staff, including both national staff and international staff, matched by upgrades in RM facilities. New approaches to staff mobility. Rewards for decentralized staff, and the use of national staff. Sector directors increasing stationed in RMs.</p>	<p>Assessed initial results qualitatively, through country missions, surveys, and extensive interviews with country directors, country operations heads, and RM staff.</p>	<ul style="list-style-type: none"> • While the number of international staff in resident missions has increased, the overall ratio compared to headquarters staff remains stable. (Chapter 4A) • The decentralization process has been complicated by the simultaneous centralization of some responsibilities, leading to some confusion about decision-making and approval processes. (Chapter 4A) • Decentralization has been uneven, failing to consider diversity in resident mission size, capacity, and complexity, leading to varying effectiveness. Rules for resident missions-based international staff remain unclear, with some staff facing career challenges. (Chapter 4A)
 <p>8 Governance and steering arrangements</p>	<p>Management Committee strengthened and new role for vice-presidents. New approaches to resource allocation and new incentives.</p>	<p>Assessed qualitatively through interviews and focus group discussions, regarding operational effectiveness, and challenges in implementation.</p>	<ul style="list-style-type: none"> • The recent restructuring of the Sectors Group into three sector departments has led to confusion and raised concerns about ADB's commitment to specialization and collaboration (Chapter 2C). • Recent leadership changes present new opportunities, but current leaders must clarify their vision for collaboration, integrated solutions, decentralization, and other objectives of the organizational review to avoid a potential ownership vacuum (Chapter 6A). • Incentives still overwhelmingly favor volume targets, with disputes over "credit" and little reward for collaboration. (Chapter 3A)

Key Features of New Operating Model	Proposed Actions	Evaluation Coverage	Evaluation Findings
9  Culture, skills and people reforms		Examined cultural shifts, noting implementation barriers and successes. Documented experience of matrix management through focus group discussions and interviews.	<ul style="list-style-type: none"> Matrix reporting—especially in resident missions—have led to confusion about roles, performance evaluations, and workloads increasing coordination burdens and risking operational efficiency and country-level responsiveness. (Chapter 4B) Early matrix management experience resulted in complex decision-making processes and increased coordination tax administrative burdens. (Chapter 4B)
10  Business process modernization	Updated accountability and decision-making framework, greater focus on policy dialogue and on sector work. More risk-based approaches and better information systems for sovereign operations. Update of nonsovereign processes.	Broadly assessed for impact on client-centricity, operational efficiency, and collaboration.	<ul style="list-style-type: none"> Delayed rollout of business processes led to unclear accountability between the Sectors Group (now three sector departments) and regional departments. (Chapter 2C) The quality assurance process has become fragmented and staff responsible for delivering ADB's sovereign operations have lacked established procedures. (Chapter 4C) The goal of streamlined business processes conflicted with NOM's promotion of cross-sectoral collaboration and integrated solutions, which requires extensive coordination and can make operations more complicated. (Chapter 2C) ADB did not adequately adapt its processes, systems, and IT infrastructure to support NOM, resulting in confusion, coordination burdens, and shadow processes. (Chapter 4C)

ADB = Asian Development Bank; ERDI = Economic Research and Development Impact Department; KPI = key performance indicators; NOM = new operating model; NSO = nonsovereign operations; PPF = Procurement, Portfolio, and Financial Management Department; PSD = private sector development; RD = regional department; RM = resident mission; SOV = sovereign.

Source: Independent Evaluation Department.