

## Why We Need a Reform Agenda

ADB has made important contributions to poverty reduction in the Asia and Pacific region over the years. ADB is also committed to helping all our developing member countries (DMCs) achieve the Millennium Development Goals (MDGs) in the region by 2015. These contributions and commitments are widely acknowledged and appreciated in the international community.

However, a great deal more needs to be done. Poverty remains all too prevalent in the region, and our shareholders and millions of poor people are looking to ADB with higher expectations than ever before. This means that we must critically examine how we can improve the way we do business, how we can be more responsive, and how we can enhance our relevance.

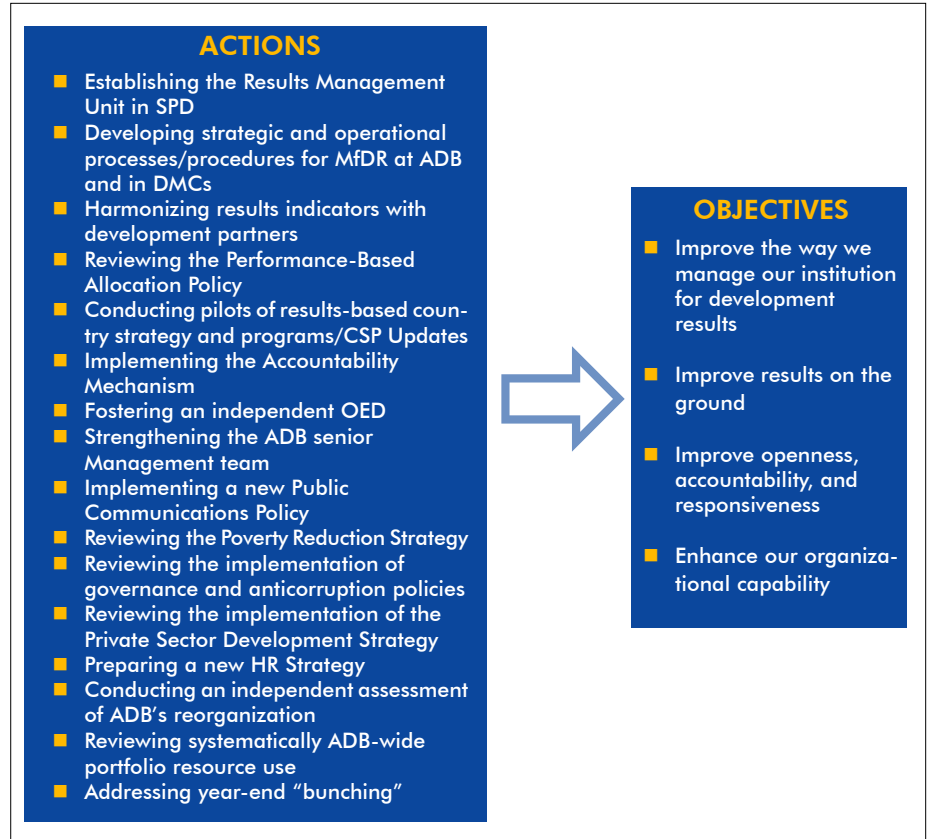
ADB has already begun actions to improve our development effectiveness by commencing the introduction of techniques to manage better for development results (MfDR). The ADB reform agenda will further accelerate our efforts and position ADB to take on a greater leadership role in sustaining development in Asia and the Pacific, while building on our experiences and strengths. The reform agenda, which received strong support during the recently concluded Asian Development Fund (ADF) IX negotiations, applies to all ADB operations (see *frequently asked questions on back*).

## What We Will Achieve Together by Implementing the Reform Agenda

The goal of the reform agenda is to make ADB more effective in helping our DMCs reduce poverty. In support of this goal, the reform agenda has four specific objectives:

- Improve the way we manage our

## ADB Reform Agenda Framework



institution for development results

- Improve results on the ground
- Improve openness, accountability, and responsiveness
- Enhance organizational capability

Several actions are required to achieve these objectives (see *figure*). The reform agenda is an integral part of ADB's firm commitment to MfDR and enhanced collaboration with our development partners.

## Next Steps

- **Vice-Presidents' roundtables and other staff outreach activities.** The ADB Management team (the Vice-Presidents and the Managing Director) has the central responsibility and accountability for the reform agenda. It will lead the implementation phase, initially by com-

- **Communicating with staff through roundtables, workshops, and informal discussions.**
- **Web site.** All activities involved in implementing the reform agenda will be posted on ADB's web site, initially as part of the ADF page ([www.adb.org/ADF/](http://www.adb.org/ADF/)).
- **Training on MfDR.** As part of the MfDR agenda, training programs are being designed to assist staff at all levels to adopt better techniques, based on the use of results, as part of work programs and management processes.
- **Coordinated educational efforts.** Specific elements of the reform agenda will be coordinated, including a new Human Resources Strategy, revised Performance-Based Allocation Policy, reformulated Poverty Reduction Strategy,

and independent review of ADB's 2002 reorganization.

- **Reaching external stakeholders and the public.** We will implement media and external relations activities as part of a communications plan to disseminate the reform agenda to external stakeholders and the public.

## Summary: Working Together

- ADB Management has taken the initiative in committing to an ambitious but essential reform agenda that will make this institution more accountable and will contribute significantly to development effectiveness and accelerated poverty reduction.
- The reform agenda is comprehensive—but achievable—with the

commitment and support of Management and all staff together.

- Management will work closely with all work units and staff to implement the reform agenda.
- All of us are accountable for this agenda.
- Through this process, ADB will be a more effective partner as we work together to reduce poverty and achieve the MDGs in the region.

## Frequently Asked Questions

### MANAGING FOR DEVELOPMENT RESULTS

#### What is MfDR?

MfDR is a management technique and set of tools that uses measurable and monitorable indicators for decision making at all levels. The focus of MfDR is on development results at the country level. MfDR has already been introduced in many multilateral and bilateral development institutions, and ADB is playing a key role in helping to shape aspects of the global development agenda related to MfDR.

#### Why is MfDR important?

The global development agenda emphasizes development effectiveness and all institutions, including ADB, are expected to demonstrate this. While ADB has always stressed achievement of results, it has been less focused on appropriately measuring, monitoring, and evaluating outcomes in support of sound decision making. We must now prioritize MfDR and ensure that "feedback loops" are developed through which results are assessed and findings made available in a timely manner to support ADB management processes.

#### What are the Monterrey Statement and the Marrakech Memorandum?

The Monterrey Statement is an international commitment signed by the multilateral development banks, United Nations Development Programme, and Organisation for Economic Co-operation and Development in March 2002, agreeing to institute better measurement, monitoring, and management for development results. The Marrakech Memorandum renewed that commitment, including adopting core principles contributing to further harmonization within the context of the results agenda.

#### Who is responsible for MfDR at ADB?

The Results Management Unit, which reports to the President through Director General, Strategy and Policy Department, was established to spearhead the results agenda. However, responsibility and accountability for MfDR lies with all of us, Management and staff alike.

#### What is being done to implement MfDR at ADB?

We are now reviewing ADB's existing results-oriented systems and procedures and are pilot testing results-oriented country strategies and programs in several countries. Proposed sets of indicators to apply to country level achievements and institutional performance will also be identified. ADB is playing a lead role in preparing for the Second High-Level Forum on Harmonization and Alignment, to be held in Paris in early March 2005, including sponsoring two regional workshops focusing on harmonization, alignment, and MfDR.

### ASIAN DEVELOPMENT FUND

#### What is ADF?

ADF, established in 1973, is the only multilateral source of concessional assistance dedicated exclusively to the needs of the Asia and Pacific region. ADF provides loans on concessional terms to developing member countries DMCs with low per capita gross national product and limited debt-repayment capacity. ADF accounted for 23% of ADB's lending at year-end 2003.

#### What is the ADF IX replenishment?

Initial donor contributions to ADF were pledged in 1973 for ADF I. ADF has since been replenished eight times, with each four-year replenishment period. We are now in the final year of ADF VIII (2000–2004). The recent ADF IX negotiations concluded successfully with a replenishment of \$7 billion for 2005–2009, compared with the previous replenishment of \$5.65 billion. Of the total \$7 billion, at least \$3.7 billion will be provided from internal resources. The remainder will be provided by new contributions pledged by donors.

#### What are the features of the ADF IX?

The ADF IX program takes into account the increased need for concessional assistance in the region for

- accelerating progress toward the MDGs in the poorest countries;
- meeting the special needs of smaller, less developed countries;
- assisting countries in transition from conflict;
- helping countries with significant debt challenges;
- strengthening regional cooperation; and
- supporting priority technical assistance across the region.

#### What are the key policy issues?

The ADF IX negotiations centered on the theme of development effectiveness, as reflected in the subtitle of the ADF IX Donors' Report *Development Effectiveness for Poverty Reduction*. The dialogue with donors emphasized above all else the importance of country ownership and the key role played by nationally owned poverty reduction strategies. In support of that principle, ADB is committed to

- managing for development results;
- improving harmonization and building development partnerships;
- improving internal governance and management systems; and
- improving measurement, monitoring, and evaluation systems.

#### What role will grants play in ADF IX?

Grants, as established for the first time under ADF IX, will represent up to 21% of total ADF IX operations. The ADF IX grants program will

- take into account the debt burden of development finance in the poorest countries;
- assist poor countries in transition from postconflict situations to peace and stability;
- combat HIV/AIDS and other infectious diseases; and
- support priority technical assistance.

#### For More Information

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