



Capacity Development for Results-Based Management

SOCIAL SECTOR AGENCIES IN A DECENTRALIZED CONTEXT

What is Results-Based Management in a Decentralized Context?

Results-based management (RBM) is about enabling better performance. RBM

- can be applied at the country level; within sectors; and to organizations, networks, and individuals;
- promotes clear goals, objectives, and processes for monitoring and evaluating results;
- enables a learning culture and environment based on continuing evaluation; and
- can help define clear accountabilities and responsibilities in a decentralized and deconcentrated context.

Most important, RBM can ensure that results are strongly linked to planning and resource allocation processes.

Increasingly, client countries of the Asian Development Bank (ADB) are adopting decentralization policies and strategies. This involves increasing the authority of local governments to manage their own affairs and become more accountable to local parliaments for service delivery and its quality.

RBM can

- play a role in assessing the effectiveness of decentralization and deconcentration;
- help identify barriers to achieving better results;
- highlight bottlenecks in planning and budgeting processes; and
- point out uncertainties in institutional and organizational arrangements, especially between central, provincial, and district roles and responsibilities.

In this context, RBM has particular application in health and education services, which have wide coverage and impact on a wide range of stakeholders.

RBM Can Enable Capacity Development Action Plans

Recognizing the crucial importance of developing national capacity, ADB adopted capacity development as a crosscutting thematic objective in 2004. In operational terms, ADB has classified capacity development in three broad dimensions.



The most important result of ADB assistance is to help reduce poverty by generating sustainable rural livelihoods and incomes

- **institutional development** – processes for analyzing, influencing, and implementing the formal and informal rules that govern the behavior of the target group or organization most relevant for achieving the intended objective;
- **organizational development** – the organizational and management processes needed to achieve the intended objective; and
- **client relations, network, and partnership development** – processes responsive to the needs of specific clients and the capacity for improved communication, information, and interaction among those involved in achieving an intended objective.

RBM approaches are critical in ensuring results focus when conducting capacity development assessments and planning strategies for effective national capacity development. ADB is developing tools and methodologies that help embed RBM in its capacity development interventions. ■

Results-based management (RBM) is about enabling better performance, and ensuring that results are strongly linked to planning and resource allocation processes

ADB Supports RBM Assessments and Action Plans in Sector Agencies

Building on Past Partnerships in RBM Approaches

ADB recognizes the particular challenges facing education and health ministries in implementing RBM approaches. Innovative methodologies and tools were pilot-tested under regional technical assistance (RETA) 6089: Strengthening Results-Based Management for Sector Agencies in the Education Sector in Mongolia and Cambodia in 2003/2004.

In adopting RBM, key enabling factors were identified, such as recognition of different RBM entry points, results-oriented leadership, predictable resource envelopes, and early start-up of results-oriented information systems. Development partners can also play an important role by promoting a results focus in planning and execution, alongside results-oriented technical assistance and support programs.

A vital finding was that governments' own self-assessment of RBM adoption was strongly influenced by the decentralization context, especially the extent to which organizational authority and accountability systems were effectively aligned. In Cambodia, where decentralization was at an early stage, alignment was less problematic than in the more mature but more decentralized Mongolian education system.

Major recommendations from RETA 6089 were to adopt RBM as part of a change management process; follow up initiatives in other sector agencies and decentralization contexts; and jointly analyze, with the

client, institutional and organizational arrangements to better enable RBM implementation.

RETA 6218: Extending RBM Approaches

The rationale for RETA 6218 was to widen the depth of analysis of factors that can enable RBM adoption, diversify the range of RBM tools and methodologies, and examine constraints and opportunities facing different sector agencies. A crucial objective was to identify and share lessons and knowledge on how client countries' decentralization policies and strategies may help or hinder RBM approaches, and how ADB may facilitate a more results-oriented approach. Accordingly, education and health sector agencies in Cambodia, Indonesia, and Mongolia agreed to participate in the RETA.

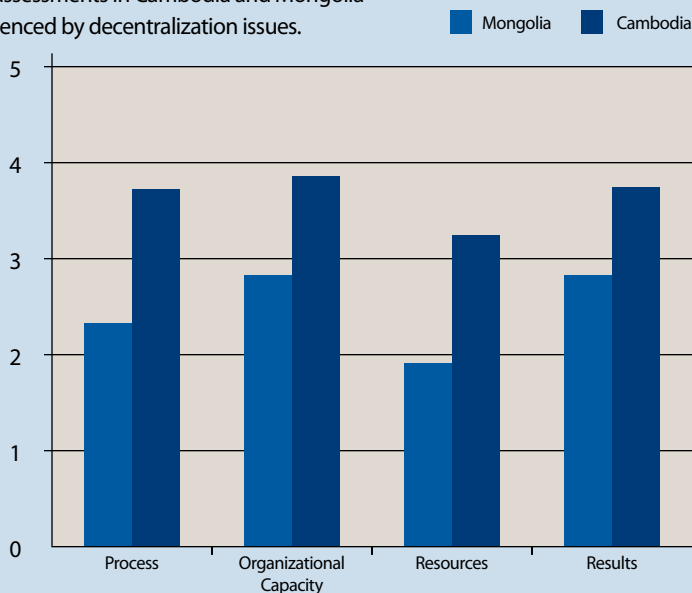
Since mid-2005, ADB has been helping education and health ministries in these three countries and selected provinces to conduct their own assessments of the results focus of planning, management, and monitoring processes, and to define priorities and action plans for improvement. Important features of the approach included using the current RBM status as the starting point; analyzing the historical context behind any shift toward RBM; and using institutional, organizational, and networking assessments. Practical examples and case studies and extensive knowledge-sharing activities helped the ministries identify initial capacity development priorities to improve and extend current RBM practices.

More than 500 individuals participated as respondents and key informants, including high-level government officials, senior central and provincial technical staff and teachers, nurses, and the general public. ■

A vital finding was that governments' own self-assessment of RBM adoption was strongly influenced by the decentralization context, especially the extent to which organizational authority and accountability systems were effectively aligned

Results-Based Management Education Government Self-Assessments, 2004

RBM self-assessments in Cambodia and Mongolia were influenced by decentralization issues.



Instruments for Assessing Results-Based Management in Decentralized Contexts

Selected education and health staff members were trained in assessing their own results-based management (RBM) processes and institutional, organizational, and networking arrangements, through

- RBM assessment tools,
- institutional assessment methodology and tools,
- organizational assessment and problem tree tools, and
- networking and partnership assessment tools.

In some cases, staff independently designed and executed additional instruments, including client satisfaction, staff satisfaction, and conditions of service surveys and a number of focus group methodologies. ■

RBM in Cambodia: Health and Education Sectors

Education: Main Findings

Impetus for RBM. Performance of the education sector has improved substantially in the past 5 years. The main impetus for RBM is to accelerate and sustain further improvement and maintain the confidence of the Government and funding agencies in providing increased investment in the sector. Incentives for results-oriented planning, management, and monitoring at lower levels of the system remain limited by still evolving decentralization policies. School block grants are beginning to promote a greater results focus for school development planning, reinforced by a comprehensive annual performance review process.

Case studies of RBM practice. Ministry teams participated in organizational assessments of central information, planning, finance, personnel, and gender mainstreaming functions. The broad conclusion is that, during the last 5 years, departmental mandates have become clearer, results are more focused on external clients and processes, and staffing is better aligned with organizational objectives. Resource allocation processes are becoming more results oriented, but some inflexibilities remain. The case studies are being used to update capacity development plans and priorities for resources.

RBM action plan development. Strengthening RBM processes in the central education ministry continues. A priority is to strengthen the results focus of provincial and district education offices, although the uncertain decentralization policy environment is a constraint. The new draft education law, setting out better-defined roles and responsibilities, constitutes a new opportunity. The draft law also identifies measures for instilling an organizational culture and incentives for provincial and district education authorities to assume greater delegated authority for decision making and their own performance monitoring. Measures to increase delegated financial authority depend on a more extensive Government decentralization and financial management policies.

ADB and other development partners will continue to use RBM action plans and related policy action plans to prioritize capacity development plans during the next 5 years, based on the education strategic plan approved in late 2004.

Health: Main Findings

Impetus for RBM. Improvements in sector performance, despite significant budget increases, have been disappointing. This trend, reinforced at annual joint Government–development partner sector reviews, is



Focusing on beneficiaries helps integrate health and education planning

the main driving force behind RBM. Positive outcomes from results-based contracting out have provided further momentum. Substantial bottom-up and results-based health sector planning and programming are a positive feature of increasingly deconcentrated health service management.

Case studies of RBM practice. Ministry teams have participated in initial RBM assessments and case studies related to sector planning and performance monitoring and alternative approaches to urban health planning. The broad finding is that RBM processes need to focus increasingly on sector outputs rather than program outputs. A second finding is that target setting and planning for the health sector should take account of the sector's enabling role in increasing worker productivity, reducing household vulnerability, and broadening national poverty reduction targets.

RBM action plan development. RBM processes in central and district health departments have been strengthened extensively in recent years. One priority is to realign planning and monitoring systems toward broader sector performance outcomes and realign financial planning and budgeting systems accordingly. Another priority is to introduce measures that offer greater delegated authority to operational health districts, especially for an effective spending balance between preventative and curative health care and salary–nonsalary allocations. ■

The broad conclusion for the education sector is that, during the last 5 years, departmental mandates have become clearer, results are more focused on external clients and processes, and staffing is better aligned with organizational objectives

RBM in Indonesia: Health and Education Sectors

Education: Main Findings

Impetus for RBM. In 2005, the Government approved a 5-year education strategic plan (Renstra) with defined performance targets that incorporate the minimum service standards. Decentralization policy requires districts to meet these targets and be publicly accountable to local parliaments for education performance. These initiatives provide the main momentum for strengthening RBM.

Case studies of RBM practice. Provincial and district education teams in Yogyakarta province analyzed education performance monitoring, budgeting, incentives for teachers, and the implementation of education strategy for information and communications technology. Education financial planning and management were reviewed in detail in one district. The main finding is that the role of provincial education authorities under decentralization remains ill-defined.

RBM action plan development. The key RBM action plan priority is for the province to play a greater enabling role in improving and equalizing district education performance through more engagement in results definition and monitoring; strengthening its own performance monitoring capacity; and a more proactive role in financial and budget planning, including greater use of results-oriented conditional block grants from provincial revenues.

ADB has disseminated action plan findings to central education ministries and funding agencies as part of future RBM capacity development. ADB will also use the action plan to inform its own technical assistance and lending program in the education sector.

Health: Main Findings

Impetus for RBM. A key impetus for RBM is high-level political commitment to raising Indonesia's Human Development Index ranking, which includes health and education performance indicators. Within the decentralization context, the public in Yogyakarta traditionally has high expectations of social service standards and demands evidence that health standards are being maintained.

Case studies of RBM practice. Provincial and district health teams undertook their own RBM analysis of constraints on improving the performance in different health units (*puskesmas*), the effectiveness of public accountability and complaints-handling organizations, and measures to improve networking for better health insurance coverage.

As in education, a key finding is that the role and responsibilities of health organizations at the provincial level are still emerging in the context of decentralization. Despite a growing recognition of the provincial role in enabling improved district health performance and overall strategic monitoring, staffing levels, skills mix, and monitoring information systems have not been strengthened accordingly.

A crosscutting finding is that, although networks are emerging, information, communication, and interaction systems need strengthening. This is particularly the case for communicating health performance results and entitlements to complain to the general public.

RBM action plan development. An overall priority is to implement a comprehensive organizational change management process within provincial health authorities to effectively fulfill their enabling and facilitating roles for health sector improvement. This will require an effective stakeholder consultation process, including clear definition of authority and mandate, better organizational alignment with enabling functions, and new skills mix and resources.

A related priority is to formulate a provincial health strategic plan, including clear definition of relationships and responsibilities with private health providers, health insurance companies, and the public.

ADB has disseminated action plan findings to the Ministry of Health to support future RBM capacity development. ■

A key impetus for RBM is high-level political commitment to raising Indonesia's Human Development Index ranking, which includes health and education performance indicators



A clearer role of provincial education authorities will help improve the delivery of education

RBM in Mongolia: Health and Education Sectors

Education: Main Findings

Impetus for RBM. The Government introduced far-reaching legislation in the late 1990s, delegating extensive authority for education service planning and delivery to provinces (*aimags*) and districts (*soums*). The introduction of results-oriented performance agreements followed in 2002. The main impetus for RBM is a strong desire among aimag education managers to exercise their authority and effectively implement performance agreements.

Case studies of RBM practice. Education teams from Darkhan Uul and Tuv aimags conducted their own analysis of RBM-related processes, including institutional and organizational assessments and client satisfaction surveys. The overall objective was to assess opportunities for and constraints to implementing the new 5-year education master plan targets.

A key finding was that performance agreements are insufficiently aligned with local circumstances and central budgeting formulas are not flexible enough to respond to significant variations in actual performance at aimag or school levels. Accountability mechanisms and financial authority remain misaligned. Remuneration and promotion systems for aimag and school managers and teaching staff are insufficiently results-oriented.

Existing regulatory structures are insufficiently flexible for implementing the new 12-year general education policy, especially in complex schools, which include a mix of kindergarten, primary, and secondary levels.

RBM action plan development. The top priority is to ensure that central finance and budgeting systems are more results-oriented and provide performance-based incentives and sanctions. A related priority is greater aimag- and school-level authority to allocate resources according to local needs.

A further priority is to revise the definition of, standards for, and financing formulas for aimags' and schools' results, consonant with the education master plan. Regulations need to be flexible enough to provide incentives for more cost-efficient school organizations, including complex schools.

ADB and other funding agencies are working with the Government on developing a sector-wide approach. The RBM assessments help identify capacity development priorities, especially legislative, regulatory, and financing reforms.

Health: Main Findings

Impetus for RBM. In the late 1990s, a policy of contracting out health services to private providers, including frontline care (family group practitioners),



Monitoring results feeds back into future sector plans

health financing (e.g., insurers), and pharmaceutical services, was introduced. Setting up results- and performance-based contracts for these providers, alongside (later) public health performance agreements, was a key impetus for a more RBM-oriented approach.

Case studies of RBM practice. Health teams from Darkhan Uul and Tuv health authorities, hospitals, and family group practitioners conducted their own analysis of results setting, work planning, and monitoring systems, especially focused on implementing organization and individual performance agreements. Teams used a range of tools, especially problem tree analysis, client satisfaction surveys, and focus group discussions among high-level officials. Teams produced their own capacity development plans as part of action plan development.

RBM action plan development. The main priorities identified were needs for clearer definition of roles, responsibilities, and referral systems between frontline care, district, and provincial hospital organizations; results-oriented performance agreements that better reflect these responsibilities; financing mechanisms that provide incentives for outcome-, not activity-, based health planning and management processes; and incentives systems for organizational change management, especially to strengthen needs assessment, results monitoring, and preventative care staff development functions.

ADB and other funding agencies will use the action plan as part of assistance for development and implementation of the new health master plan. ■

The top priority for the education sector is to ensure that central finance and budgeting systems are more results-oriented and provide performance-based incentives and sanctions

RBM Knowledge Management Enables Organizational Learning

Main Lessons Learned and Outlook

RETA 6218 and other ADB studies highlight that, especially in a decentralized context, social sector organizations at all levels are slow to adjust to changing mandates, responsibilities, and accountabilities. Participatory operational research can help organizations reflect and learn lessons, as part of a broader organizational change management process. The involvement of frontline service providers in results-focused planning and management is uneven and could play a much stronger role in stimulating organizational change.

A second lesson is that a systematic approach is needed to assess and plan RBM processes and capacity development. Enabling and constraining factors, both within and outside sector agencies, need to be systematically analyzed and addressed. Reforms and associated organizational change within sector agencies need to be linked to broader government financial, governance, and decentralization reforms. Adopting a sector-wide approach is likely to facilitate these linkages.

Another lesson is that different sectors and organizations may adopt different entry points to strengthening RBM processes. Whatever the entry point, committed leadership and flexible target setting and financing mechanisms that can respond to local circumstances are critical. Unless regulatory frameworks are clear and fully understood, especially levels of delegated authority, RBM processes are likely to remain primarily centrally driven.

A strong message from the RETA consultations and case studies is that the prospects for more results-

oriented sector planning and management are enhanced if available resources are more predictable and accountability mechanisms are clear. Uncertainties or perceived unfairness in resource allocations, especially for smaller and more remote social service units, undermines commitment and confidence to adopt RBM.

Strengthening the capacity of provinces and districts to develop and implement their own strategic plans, within overall national policy frameworks, could be a key entry point for strengthening RBM. Formulating provincial and district medium-term expenditure frameworks could help better align results achievement and often fragmented financial planning and management systems.

RETA Knowledge Management Activities

ADB is committed to promoting and supporting knowledge management systems between clients, external funding agencies, and development professionals, both regionally and globally.

Several regional and international initiatives took place under the RETA, including providing information on the RETA through ADB's website and creating or extending RBM resources in the websites of sector agencies in the three participating countries. Also, a Cambodia education case study, focusing on RBM action plan development and the role of ADB and other funding agencies, was presented by a senior ministry official at the Learning Network on Capacity Development international conference in Nairobi in October 2006. Lessons learned from the case studies and RBM action plan development were discussed at several national seminars and within ADB. ■

Strengthening the capacity of provinces and districts to develop and implement their own strategic plans, within overall national policy frameworks, could be a key entry point for strengthening RBM



RBM can stimulate organizational learning if effective feedback mechanisms from clients and other stakeholders are in place

For more information

ADB www.adb.org/projects/rbm

Cambodia

- Health www.moh.gov.kh
- Education www.moeys.gov.kh/en/education/rbm/index.htm

Indonesia

- Health www.dinkes-diy.org
- Education www.jogjabelajar.org

Mongolia

- Health www.moh.mn
- Education mecs.pmis.gov.mn

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