



Not for Quotation, work in progress

Title **Brief Special Evaluation Study: Managing for Development Results**

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1. This paper introduces a new form of evaluation report known as a 'Brief Special Evaluation Study' (BSES). Similar to regular Special Evaluation Studies (SES), BSES will focus on selected thematic issues across sectors and/or countries, or evaluate an Asian Development Bank (ADB) policy or process. In contrast to SES, BSES will be undertaken with reduced timeframes and smaller budget with no field work outside of headquarters. It is proposed that a BSES be undertaken in 2007 of ADB's Managing for Development Results (MfDR) initiative, with a full SES on the same topic in 2009. Such an approach will provide timely feedback and help guide the evolution of MfDR within ADB. This BSES will also feed into other studies planned for 2007, particularly evaluations of ADB's Long Term Strategic Framework and the operations of the Asian Development Fund (ADF).

A. Background

1. ADB's reform agenda

2. An International Roundtable on Better Measuring, Monitoring, and Managing for Development Results was held in June 2002, at which, it was agreed that Multilateral Development Banks (MDBs) must progressively introduce results orientated initiatives to improve their development effectiveness.¹ In 2003, ADB's President formed an agency-wide working group to consider how to progress results-based management within ADB (Operations Evaluation Department [OED] was a member of this group). A summary of the working group's findings is presented in Appendix 1.

3. In August 2004, ADB committed to an internal reform agenda aimed at improving its performance as partner of its developing member countries (DMCs) and as an MDB. The reform agenda was informed by the enhanced Poverty Reduction Strategy (PRS)² and the Long-Term Strategic Framework (LTSF) (2001–2015).³ The PRS adopted poverty reduction as ADB's overarching goal and laid out the framework for achieving it. The LTSF outlined ADB's long-term goals and fundamental operating principles. Replenishment negotiations for the ADF IX in 2003–2004 provided the impetus for ADB to consolidate various ongoing and planned reform initiatives into a comprehensive institution-wide reform agenda.

¹ Agreed at the International Conference on Financing for Development in Monterrey, Mexico, 2002.

² ADB. 2004. *Enhancing the Fight Against Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Manila.

³ ADB. 2001. *Moving the Poverty Reduction Agenda Forward in Asia and the Pacific: The Long-Term Strategic Framework of the Asian Development Bank (2001–2015)*. Manila.

4. The long-term goal of the reform agenda is to achieve demonstrable improvements in the impact of ADB operations. The reform agenda aims to significantly enhance ADB's organizational effectiveness or capabilities to manage inputs (financial and human resources) and activities to efficiently deliver specific products and services to DMCs. To achieve this goal, the agenda consists of 19 initiatives to deliver five broad outcomes related to internal changes and realignment:

- improved operational policies and strategies
- mainstreamed management for development results
- refined organizational processes and structure
- reinforced knowledge management
- improved human resources management and staff incentives.

5. The responsibility for implementing a specific reform initiative and monitoring its progress lies with the focal department or office concerned. However, line management of the organization is also responsible for implementing adopted policies or strategies. A Reform Coordination Committee (RCC) facilitates the reform process by coordinating the implementation of the agenda, monitoring its progress, and communicating with staff and stakeholders. The committee is led by the Managing Director General, assisted by the RCC Secretariat.

2. What is MfDR?

6. ADB has made a commitment to enhance its results orientation—its development effectiveness—by implementing MfDR. MfDR initiatives include (i) what countries are doing to manage toward outcomes, and (ii) what development agencies are doing to measure and monitor whether the resources they contribute to poverty reduction and economic growth efforts are making a difference.

7. MfDR is a fundamentally different approach to management than what has traditionally been the case in public sector and development organizations. Rather than focusing on inputs and procedural compliance (project administration), MfDR stresses using intended results (outcomes/impacts) as the starting point, then constructing a 'results chain' to guide measuring, monitoring, and reporting activities at the planning, implementation, and evaluation stages. MfDR also requires an organizational culture that is committed to learning and achieving outcomes for clients, along with a compatible incentive structure and set of business processes.⁴

8. The 1990s in the development sector was an era of reform and of reformulation. The "results revolution" came to the development sector in part as a result of "aid fatigue," a generalized perception among influential publics, government decision makers, and donors that aid programs were not particularly effective in attaining the development objectives they were created to achieve. At the same time, agencies' budget were declining, and government themselves were undergoing major organizational reforms.⁵ By 2000, there was growing pressure for institutional reform and a rethinking of the traditional way of doing business. The transition to results orientation was implicit in the millennium development goals (MDGs) adopted by 189 countries in 2000. The MDGs set clear targets for eradicating poverty and other sources of human deprivation. The Monterrey Consensus (2002) stressed the need to mobilize

⁴ See Appendix 2 for a partial review of the literature concerning the implementation of results-based management.

⁵ ADB. 2006. *An Introduction to Results Management: Principles, Implications and Applications*. Manila.

financial resources more efficiently and emphasized development effectiveness as a core operational principle. Subsequently, the Second International Roundtable on MfDR (Marrakech 2004) signaled a renewed focus on aid effectiveness, with particular emphasis on the harmonization and alignment of programming, monitoring, and evaluation activities. The Paris Declaration (2005) identified the five principles of country ownership, alignment, harmonization, managing for results, and mutual accountability as the core of the global development agenda. In other words, the push towards results management has gained momentum and there is now a broad consensus regarding the importance of achieving measurable results. Most recently, the Third International Roundtable on MfDR⁶ (Hanoi 2007) focused on building the capacity of DMCs to manage for development results.

9. During the ADF IX negotiations in 2003–2004, ADB committed to improve the effectiveness of its operations through better MfDR. An indicative action plan was introduced during the ADF IX discussions on the understanding that it would be refined as experience was gained (see Appendix 3 for a summary of this plan). In line with the action plan, a Results Management Unit (SPRU) was established within the Strategy and Policy Department (SPD), and was tasked to spearhead the implementation of MfDR.

10. SPRU commissioned an evaluation of the MfDR initiative in 2005 which was undertaken by the private consulting firm Universalia.⁷ Their report made a number of recommendations relating to the strategic leadership of MfDR within ADB, organizing MfDR at the ADB, and ADB's results management unit.⁸ The Universalia report led to ADB releasing an updated MfDR Action Plan in August 2006.⁹

11. Consistent with the approach taken by many other international financial institutions, ADB is implementing MfDR based on three pillars:

- (i) strengthening DMC capacity to manage for results;
- (ii) strengthening ADB's own results management; and
- (iii) strengthening international partnerships for managing for development results.

12. Pillar 1 focuses on country capacity where ADB helps its DMCs increase their understanding and use of MfDR through a multi-donor MfDR Cooperation Fund, awareness-raising at the country level including the formation of the Community of Practice on MfDR. Pillar 2 focuses on the institutional effectiveness of ADB wherein ADB is strengthening its own capacity to manage for development results through (i) results-based country partnership strategies; (ii) results-based approach at the project level; (iii) improvement of results monitoring and reporting throughout its operations; and (iv) learning and development programs, practice notes, guidelines, as well as other publications on MfDR for its managers and staff. Pillar 3 focuses on effective partnerships wherein ADB continues to be an active participant in global partnerships on MfDR.¹⁰ Currently, ADB is the chair of the MDB Working Group on MfDR, a forum to facilitate exchange of information and sharing of tasks among the multilateral development banks (MDBs). In addition, ADB also co-chairs the OECD-DAC Joint Venture on MfDR.

⁶ ADB was one of the sponsors of both the Second and the Third Roundtables on MfDR.

⁷ Universalia. 2005. *Independent Assessment of Managing for Development Results at ADB*. 25 November. Available: www.adb.org/Documents/Reports/Consultant/MfDR/Independent-Assessment-of-MfDR-at-ADB.pdf

⁸ See Appendix 4 for a summary of these recommendations.

⁹ See Appendix 5 for a diagram of ADB's 2006 MfDR Action Plan and Appendix 6 for a comparison of the 2004 and 2006 MfDR Action Plans.

¹⁰ See Appendix 7 for a logic model illustrating the presumed causal mechanisms in operation and how this leads to better development outcomes.

13. Consistent with ADB's strategy to progress the adoption of MfDR through a graduated and evolving 'learning by doing' approach, MfDR is still in the process of being mainstreamed within the Bank. In 2006, Human Resource Division-Learning and Development and SPRU developed and piloted the MfDR learning and development curriculum. This involved training at a basic, intermediate, and advanced levels. About 250 participants attended the 10 programs conducted in 2006 with additional programs planned for 2007. ADB's new procedures for Country Partnership Strategies were recently released, and under the revised 2006 MfDR Action Plan and ADF IX mid-term review ADB committed to reflect on the development of a corporate performance management system. According to the Treasury Board of Canada Secretariat,¹¹ the implementation of managing for results follows a sequence of five stages common to all organizational transitions. These stages are awareness, exploration, transition, full implementation, and finally, continuous learning. Based on the characteristics of each of these five stages, ADB would be assessed as being in the transition stage. See Appendix 8 for further information on the five stages.

B. Issues

14. MfDR involves a new way of doing business and a fundamentally different approach to management. SPRU's view is that the adoption of MfDR is best progressed through 'learning by doing,' and demonstrating the benefits of MfDR to staff through the provision of practical tools and guidance, while capitalizing on the influence of senior 'champions' of MfDR within ADB. Hence staff have been provided with MfDR training courses, guidance papers, and new tools. However, MfDR also requires making important changes to organizational culture—changes that must be proactively managed.¹²

15. SPRU commissioned an evaluation of the MfDR initiative in 2005 which was undertaken by the private consulting firm Universalia (footnote 7). Their report made a number of recommendations relating to the strategic leadership of MfDR within ADB, organizing MfDR at the ADB, and ADB's results management unit (footnote 8). The Universalia report led to ADB releasing an updated MfDR Action Plan in August 2006 (footnote 9). A recommendation that ADB adopt a formal change management strategy to support the MfDR initiative was not explicitly addressed in the 2006 Action Plan.

16. In recent years, several publications have identified ADB's culture and leadership as critical factors for the successful implementation of MfDR (2004 HR Strategy,¹³ 2005 Universalia report, 2006 ADB midterm review report to ADF donors¹⁴). To date, ADB has not sought to assess and then actively manage these two aspects of mainstreaming MfDR, relying instead on demand-driven staff training and public statements of support from senior leaders.

17. Under MfDR, managers should develop and implement 'results chains' and then obtain data/feedback on each stage of the chain as the key tool for guiding their decisions and actions. At this time, SPRU has not published an explicit 'results chain' for the MfDR initiative, preferring to manage through the use of the commitments articulated in the 2004 and 2006 MfDR Actions Plans.

¹¹ Treasury Board of Canada Secretariat. *The Managing for Results Self-Assessment Tool*. Available: http://www.tbs-sct.gc.ca/rma/account/transmod/tm02_e.asp

¹² ADB. 2006. *An Introduction to Results Management*. Manila.

¹³ ADB. 2004. *Human Resources Strategy*. Manila.

¹⁴ ADB. 2006. *Managing for Development Results at the Asian Development Bank*. Manila. Paper for the Asian Development Fund IX Midterm Review Meeting, held 4–5 December 2006, Frankfurt Germany.

18. The 2006 MDB Common Performance Assessment System (COMPAS) report reviewed the progress being made by five MDBs (including ADB) in implementing MfDR. Based on the self reports provided by the banks themselves, the COMPAS report concluded that all five were making good progress.¹⁵

19. After initial years of pilot test and learning, MfDR at ADB is now in the transition stage towards full implementation (SPRU refers to this as 'mainstreaming'). This new phase requires (i) change management that encompasses attitudes, management style, business processes (e.g., delegation of authority), accountability for results, use of knowledge, and incentives; (ii) more visible and direct leadership of ADB's senior management in pursuing the agenda; and (iii) enhanced internal capacity for MfDR, especially through learning, which targets staff with managerial responsibilities.¹⁶

20. Interviews undertaken by OED staff as part of the planning for this evaluation suggest that senior ADB managers would like the evaluation to assess ADB's progress to date and offer practical suggestions for moving the initiative forward. At this stage, decision-makers have not identified more specific information requirements that could give greater focus to the evaluation.¹⁷

C. Proposed evaluation approach

21. Given the timelines and resources available for this study, it is proposed that two evaluations be undertaken in separate phases (phases 1 and 2) over a period of 3 years. Such an approach would also be consistent with the MfDR initiative's early (and still evolving) state of implementation. The Phase 1 evaluation will examine ADB's progress to date with Pillar 2 of the MfDR Action Plan and whether ADB's internal enabling environment was consistent with the requirements of MfDR as identified in the literature. It is still too early at this stage to evaluate progress under Pillar 1. Limiting the evaluation to Pillar 2 and ADB's enabling environment, the most critical factor in terms of MfDR progress, will allow recommendations to be fed into ADB's MfDR Action Plan at an earlier stage than would otherwise be possible.¹⁸ The Phase 2 evaluation will examine the actual application of MfDR within ADB, the perceptions of DMCs, and initial outcomes in terms of changes in ADB and DMC behaviors.

1. Phase 1: 2007 (ADB's progress)

22. Three evaluation questions:

- Is ADB making satisfactory progress in implementing Pillar 2 of the MfDR Action Plan? (as judged by the perceptions of ADB staff, MfDR progress reports, progress against ADF IX undertakings, COMPAS reports, progress on recommendations from the 2005 Universalialia evaluation report, and ADB report on 'Quality at Entry for Projects and Country Strategies')

¹⁵ Inter-American Development Bank. 2006. *COMPAS (Multilateral Development Banks Common Performance Assessment System)*.

¹⁶ This paragraph has been adapted from the ADB report that was submitted to ADF Donors in support of the ADF IX Midterm Review Meeting held December 2006.

¹⁷ See Appendix 9 for a summary of the main themes arising from these interviews.

¹⁸ This 2007 evaluation of MfDR will also feed into other OED evaluations planned for 2007, particularly the evaluations of ADF operations and ADB's LTSF.

- Is ADB's internal enabling environment consistent with the requirements of MfDR? (as judged by the critical success factors identified in relevant international publications, and OED interviews, e.g., leadership, culture, incentives, business processes, training, and HR practices). If not, how can it be strengthened?
- What can ADB learn from the way other development banks manage the characteristics of their own enabling environments?

2. Phase 2: 2009 (implementation and initial outcomes)

23. This evaluation would focus on:

- A follow-up of the recommendations made in Phase 1
- The impact of staff training on relevant skills and attitudes
- Changes in ADB's business processes to make these more compatible with the requirements of results-based management
- An assessment of the implementation of MfDR focusing on CPSs, project DMF/PPMS, corporate results reporting systems, and the perceived usefulness of these tools
- Evidence of ADB decisions being made on the basis of results (e.g., resource allocation decisions)
- The needs and perceptions of DMCs with regard to ADB's MfDR capacity building activities
- The impact of ADB TAs on the capacity and use of MfDR in DMCs
- Evidence of improved development effectiveness "on the ground"

D. Methodology (for Phase 1)

24. In preparing this proposed evaluation approach paper, the team has reviewed a range of international and ADB publications on MfDR (see Appendix 2 for bibliography). The team has also undertaken interviews with a cross-section of thirty-five individuals including members of the Development Effectiveness Committee, Vice-Presidents, staff of regional departments, and consultants working in the MfDR field (see Appendix 9 for a summary of these interviews).

25. The methodology being proposed for each of the evaluation questions in Phase 1 is given by the Evaluation Design Matrix in Appendix 10. Both quantitative and qualitative methods of data collection will be employed through a triangulation of (i) literature review, (ii) content analysis of documents, (iii) staff focus groups, (iv) staff surveys, (v) interviews with senior ADB staff members, and (vi) videoconferences with staff from other development banks.

26. It is intended that the OED1 team leader and national evaluation officer will jointly assess ADB's progress in implementing MfDR through an analysis of relevant documents. An international consultant with experience in MfDR will be employed to assist the team leader with the development, implementation, and analysis of an internet based survey of all ADB staff. This same international consultant will support the team leader in undertaking consultations with other development institutions. Finally a national research associate will be employed to provide administrative and technical support to the team. Responsibilities of each of the evaluation's team members are shown in the table below. Terms of reference for the two consultants are given in Appendix 11.

Evaluation question	Task & person responsible
1. Is ADB making satisfactory progress in implementing Pillar 2 of the MfDR Action Plan?	<ul style="list-style-type: none"> Document analysis – OED team leader and national evaluation officer
2. Is ADB’s internal enabling environment consistent with the requirements of MfDR? If not, how can it be strengthened?	<ul style="list-style-type: none"> Literature review – OED national evaluation officer Staff survey – OED team leader and international MfDR consultant plus national research associate. OIST to manage the technical aspects of undertaking the internet based survey Staff focus groups and videoconferences – OED team leader and international MfDR consultant Interviews with ADB Director-Generals – OED team leader and international MfDR consultant General administrative and technical support – national research associate
3. What can ADB learn from the way other development banks manage the characteristics of their own enabling environments?	<ul style="list-style-type: none"> Document review and telephone / videoconference discussions – OED team leader and international MfDR consultant

E. Proposed schedule and resources (for Phase 1)

27. The following schedule for the SES is proposed:

Approval of proposed evaluation approach paper	May I
Commencement of International consultant	June I
Completion of data collection	July IV
OED Internal review	August III
Interdepartmental review	September II
Draft to Editor	October I
Submission for Approval by Director General, OED	November I
Development Effectiveness Committee discussion	December II

28. It is estimated that the total budget required for the services of one international MfDR specialist plus one national research associate will be \$53,008. See Appendix 12 for details.

- attachments:
- Appendix 1: ADB Working Group on Managing for Development Results
 - Appendix 2: Literature Review—Implementation of Results-Based Management
 - Appendix 3: 2004 MfDR Action Plan
 - Appendix 4: Recommendations of the 2005 Universalia Report
 - Appendix 5: Diagram of ADB’s 2006 MfDR Action Plan
 - Appendix 6: Comparison of 2004 and 2006 MfDR Action Plans
 - Appendix 7: MfDR Logic Model
 - Appendix 8: The Five Stages of Managing for Results
 - Appendix 9: Summary of Interview Feedback
 - Appendix 10: Evaluation Design Matrix
 - Appendix 11: Terms of Reference for Consultants
 - Appendix 12: Proposed Budget for Consultants

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