

## THE EVALUATION OF ORGANIZATIONAL EFFECTIVENESS

1. A key issue in evaluating organizational effectiveness in delivering the long-term strategic framework's (LTSF's) objectives is the difficulty in attributing development results to one particular intervention. This is shown by the use in the Asian Development Bank (ADB) of Millennium Development Goals (MDGs) for measuring long-term impact where it is not possible to determine ADB's particular contribution. A review of the available literature reveals that many multilateral development banks (MDBs) and donors are increasingly using results-based management (RBM) approaches to measuring organizational effectiveness which focus on the enabling conditions required for achieving results. Examples include:

- (i) **Multilateral Organizations Performance Assessment Network (MOPAN)**<sup>1</sup> – including the methodologies and findings of the annual MOPAN survey concerned with ADB. For ADB, this annual survey is based on the perceptions of MOPAN member embassies and country offices, arising from their day-to-day contacts with ADB as a basis for accountability, policy making and joint advocacy.
- (ii) **Common Performance Assessment System (COMPAS)**<sup>2</sup> – based on a managing for development results (MfDR) framework jointly agreed by ADB and other MDBs. The main focus of COMPAS is to encourage mutual learning by tracking the progress of the MDBs as a group in implementing MfDR approaches.
- (iii) **Multilateral Effectiveness Framework (MEFF)**<sup>3</sup> – the Department for International Development's (DFID's) approach which assesses the performance of ADB against other MDBs it supports centrally in terms of organizational effectiveness.

2. An example of the RBM approach is the MEFF approach adopted by DFID, and which has been applied to ADB by DFID in order to assess the organizational effectiveness of the multilaterals it supports centrally.

3. MEFF focuses on a review of eight systems: (i) corporate governance; (ii) corporate strategy; (iii) resource management; (iv) operational management; (v) quality assurance; (vi) staff management; (vii) monitoring, evaluation, and lesson learning; and (viii) reporting of results from the three perspectives of their focus on (a) internal performance, (b) country-level results, and (c) partnerships.

4. These are used to generate a 24 cell matrix, each cell containing three of four indicators in the form of questions. Responses are scored using a traffic light system (green – system or practice is in place, amber – it is under development, red – it is not in place) and entered into a balanced scorecard which provides three levels of information. Level 3 contains question scores, level 2 aggregated scores by perspective for each system, and level 1 aggregated scores by perspective. A short report then summarizes the organizations strengths and weaknesses and identifies three areas which will be used for future agency effectiveness monitoring.

5. Other agencies have carried out both internal and external evaluations of their overall effectiveness. In 2005, the International Fund for Agricultural Development (IFAD) carried out an independent evaluation<sup>4</sup> to determine:

- (i) Relevance of IFAD's mission and results; and
- (ii) Impact in reducing rural poverty.

<sup>1</sup> For details and sample report see: [www.sida.se/shared/jsp/download.jsp?f=MOPAN\\_2005\\_Synthesis\\_Report\\_final\\_version.pdf&a=18403](http://www.sida.se/shared/jsp/download.jsp?f=MOPAN_2005_Synthesis_Report_final_version.pdf&a=18403)

<sup>2</sup> ADB. 2006. *The Multilateral Development Bank Common Performance Assessment System (COMPAS) 2005 Report*. Manila.

<sup>3</sup> DFID. 2005. *The "MEFF" Methodology: a Review of DFID's Multilateral Effectiveness Framework*. London.

<sup>4</sup> IFAD. 2005. *An Independent External Evaluation of the International Fund for Agricultural Development*. Rome.

6. The methodology consisted of the evolution of an evaluation framework and the use of Organisation for Economic Co-operation and Development/Development Assistance Committee guidelines for evaluation criteria (impact, relevance, effectiveness, efficiency, and sustainability). The framework comprised two key elements centered on impact and corporate performance objectives:

- (i) Development results and impact on rural poverty reduction in terms of:
  - a. Policy influence through dialog and advocacy; and
  - b. Project impact of loans and technical assistance grants.
- (ii) Corporate performance of policy and operations in terms of:
  - a. Resource allocation;
  - b. Policy and strategy development and implementation;
  - c. Partnerships;
  - d. Project cycle management;
  - e. Knowledge management; and
  - f. Human resource management.

7. Both the framework and the evaluation criteria were used to create sets of questions that defined evaluation inquiries.

8. The African Development Bank (AfDB) carried out an independent evaluation of its development funds in 2005.<sup>5</sup> The approach evaluated its core activities with largely qualitative measures. The methodology used included a staff wide questionnaire to elicit internal views on the effectiveness of overall operations which informed the overall evaluation.

9. The Inter-American Development Bank (IADB) and the International Development Research Centre developed a comprehensive framework for organizational assessment which expresses organizational capacity as the “ability of and organization to use its resources to perform”.<sup>6</sup> This methodology addresses organizational performance by assessing organizational capacity (e.g., strategic leadership, structure, human resources, financial management, etc.) in relation to organizational motivation (history, mission, culture, and incentives/rewards) against the environment (administrative, political, social/cultural, economic, and stakeholder).

10. These methodologies have been used to develop the proposed methodology for evaluating the effectiveness of LTSF.

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<sup>5</sup> AfDB Group. 2004. *Stepping up to the Future: An Independent Evaluation of African Development Fund VII, VIII and IX*. Tunis.

<sup>6</sup> Lusthaus, Adrien, Carden and Montalván. 2002. *Organisational Assessment – A Framework of Improving Performance*. IDRC and IADB. Quoted in UNEG. 2005. *Organizational Performance Evaluation. A Background Note for UNEG Topical Issue Session*.