

# **ASIAN DEVELOPMENT BANK**

## **PRACTICE NOTE ON RESULTS-BASED COUNTRY STRATEGIES AND PROGRAMS**

September 2005

## ABBREVIATIONS

ADB	-	Asian Development Bank
ADF	-	Asian Development Fund
CAPE	-	Country Assistance Program Evaluation
CAS	-	Country Assistance Strategy
COSO	-	Central Operations Services Office
CPRM	-	Country Portfolio Review Mission
CSP	-	Country Strategy and Program
CSPU	-	Country Strategy and Program Update
DMC	-	Developing Member Country
IEI	-	Innovation and Efficiency Initiative
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
MICs	-	Middle Income Countries
NPRS	-	National Poverty Reduction Strategy
OC	-	Operations Coordination Division
OECD-DAC	-	Organization for Economic Co-operation and Development – Development Assistance Committee
OED	-	Operations Evaluation Department
OM	-	Operations Manual
PRS	-	Poverty Reduction Strategy
RB-CSP	-	Results-based Country Strategy and Program
RETA	-	Regional Technical Assistance
RSDD	-	Regional and Sustainable Development Department
SPD	-	Strategy and Policy Department
SPMS	-	Management Support Division
SPRU	-	Results Management Unit
UNDP	-	United Nations Development Program
WB	-	World Bank

## GLOSSARY OF TERMS

Based on OECD-DAC Glossary<sup>1</sup>, following definitions are developed for key terms used in Results-Based Country Strategies and Programs:

Country Development Goals	higher-order long-term development (i.e, 10-15 years) objectives identified by the country, to which development interventions are intended to contribute
CSP Outcomes	medium-term (i.e, 5 years) development objectives which CSP will contribute to achieve during the CSP period
Inputs	the financial, human, and material resources used for the development intervention
Milestones (or tracking indicators, intermediate indicators )	actions, processes, outputs, development interventions that help monitor implementation towards achieving CSP outcomes
Outputs	the products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes
Performance monitoring	a continuous process of collecting and analyzing data to compare how well development interventions are being implemented against CSP outcomes
Results chain	the causal sequence for development interventions that stipulates the necessary sequence to achieve intended CSP outcomes – beginning with inputs <sup>2</sup> , moving through outputs, and culminating in outcomes, impacts, and feedback

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<sup>1</sup> OECD. *Glossary of Key Terms in Evaluation and Results Based Management*. Development Assistance Committee 2002.

<sup>2</sup> In the case of country level results chain, bundles of inputs and outputs from various interventions will collectively contribute to achieving results.

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## I. INTRODUCTION

### A. Background

1. During the Asian Development Fund (ADF) IX negotiations in 2003-2004, Asian Development Bank (ADB) committed that it would improve the effectiveness and impact of its operations through better Managing for Development Results (MfDR). Increasing the results orientation of Country Strategies and Programs (CSPs) was adopted as a key element of MfDR. The Review of the Poverty Reduction Strategy (PRS) in July 2004 also recommended that CSPs be made results-oriented so that results based Country Strategies and Programs (RB-CSPs) could be used for better planning, monitoring and assessing the performance of operations at the country level, and enabling feedback and learning.

2. ADB's efforts for the development effectiveness have been taking place within the broader global framework. The Second International Roundtable on MfDR in Marrakech in February 2004 endorsed a set of Core Principles for development agencies to promote a harmonized approach to MfDR<sup>3</sup>. These Core Principles emphasize the importance of results based country programming. The Second High Level Forum in Paris in March 2005 adopted the Paris Declaration on Aid Effectiveness which encapsulates commitments by a range of stakeholders to specific actions to enhance the impact of development partnerships, including results based country programming.

3. ADB has been implementing its commitment RB-CSPs. A Management Committee Meeting on 25 July 2005 reconfirmed the recommendation of PRS review that all new CSPs under preparation should include a results framework which is a centerpiece of RB-CSPs. Shifting the orientation of country programming from resource transfers to development outcomes involves changes in knowledge, attitudes, practices, institutional culture, and techniques. This requires some experimentation, creative and innovative trials, and continuous learning.

4. This Note<sup>4</sup> provides an overview of the emerging principles and practices in preparing and implementing RB-CSPs. Specifically, it has been prepared to provide practical guidance and options to address specific issues raised during the RB-CSP Workshop held at Headquarters on 9-10 June 2005 – such as components of Results Framework, design of outcome indicators, implications for the existing portfolio, results oriented Sector Roadmaps, joint CSP process, and results oriented Country Portfolio Review Mission (CPRM). It draws on the recent experience of ADB in piloting the RB-CSP and other development partners, particularly World Bank<sup>5</sup>, and the Sourcebook of Organization for Economic Co-operation and Development-Development Assistance Committee (OECD-DAC) Joint Venture<sup>6</sup>. While these principles are generally applicable across countries, they need to be interpreted in the light of the unique situation of each country and be applied specifically in each Developing Member Country (DMC). This Note complements the Interim Guidelines on Results-Based CSP jointly prepared by Strategy and Policy Department (SPD) and Regional and Sustainable Development Department (RSDD), and Technical Note on Preparation of Results Based CSP

<sup>3</sup> Refer to Action Plan on MfDR adopted in the Roundtable Meeting in Marrakech, Morocco, on 5 February 2004

<sup>4</sup> This Note is based on the operational procedures contained in OM section A2/BP and OP.

<sup>5</sup> World Bank. *Results Focus in Country Assistance Strategies: A Stocktaking of Results-Based CASs*. February 2005.

<sup>6</sup> OECD-DAC Joint Venture. *Managing for Development Results: Principles in Action. Sourcebook on Emerging Good Practice*, 2004.

prepared by South Asia Department (SARD), both of which cover basic technical aspects of RB-CSP<sup>7</sup>.

5. RB-CSPs will be implemented through actual delivery of results-oriented interventions. Enhanced Design and Monitoring Frameworks for projects have been introduced this year as a results-based tool for conceptualizing, designing, implementing, monitoring, and evaluating projects<sup>8</sup>. The Innovation and Efficiency Initiative (IEI) has also developed recommendations to improve development effectiveness through strategic clarity at the country level, selectivity in programs, operational quality at entry, and transaction costs reductions<sup>9</sup>.

## B. Definitions

6. The Second International Roundtable on MfDR in Marrakech has defined *results* as “sustainable improvements in country outcomes”, and *managing for results* as “a management strategy focusing on performance and the achievement of outputs, outcomes, and impact.” MfDR involves establishment of clearly defined results goals, utilizing results goals to guide the planning process, monitoring and evaluation to determine status of and contribution to results, and the use of information to improve decision-making processes. A RB-CSP is a country strategy and program<sup>10</sup> that is designed to improve development effectiveness and impact of ADB operations in the subject DMC in a sustainable manner through better managing for development results. It should be able to answer two questions: “are we being effective?” and “if so, how do we know?” Specifically, the RB-CSP will (i) identify the “CSP outcomes” that are expected to be achieved during the CSP period; and (ii) provide a mechanism and indicators for monitoring the progress toward achievement of those intended outcomes and allow necessary adjustment over time to improve the likelihood of achieving successful outcomes. The RB-CSP should be developed and implemented based on detailed discussions with the Government (alignment) and other development partners (harmonization).

7. Comparing with the traditional methodology, the RB-CSP will further emphasize alignment with the country owned development strategy; a realistic and selective development approach than ideal and comprehensive approach; achievement of development impact in the field than preparation of a strategy document itself; outcome monitoring than input control; and closely coordinated assistance among development partners than isolated individual interventions.

8. The RB-CSP cycle will be comprised of RB-CSP preparation (including Results Framework), RB-CSP progress monitoring, and RB-CSP completion report. Implementation of CSP Results Framework should be regularly monitored and adjusted, if needed. The process of RB-CSP progress report will be further developed (in the mean time, see the section III B). The Poverty Reduction Strategy Review in July 2004 introduced the preparation of CSP completion report. It will be a tool for learning and self-evaluation of country operation performance by the country team and will also discuss outcomes to be delivered in the next

<sup>7</sup> Refer to Interim Guidelines for details on the concept of RB-CSP, necessary assessments, and CSP template; and SARD Technical Note for details on results framework, respectively.

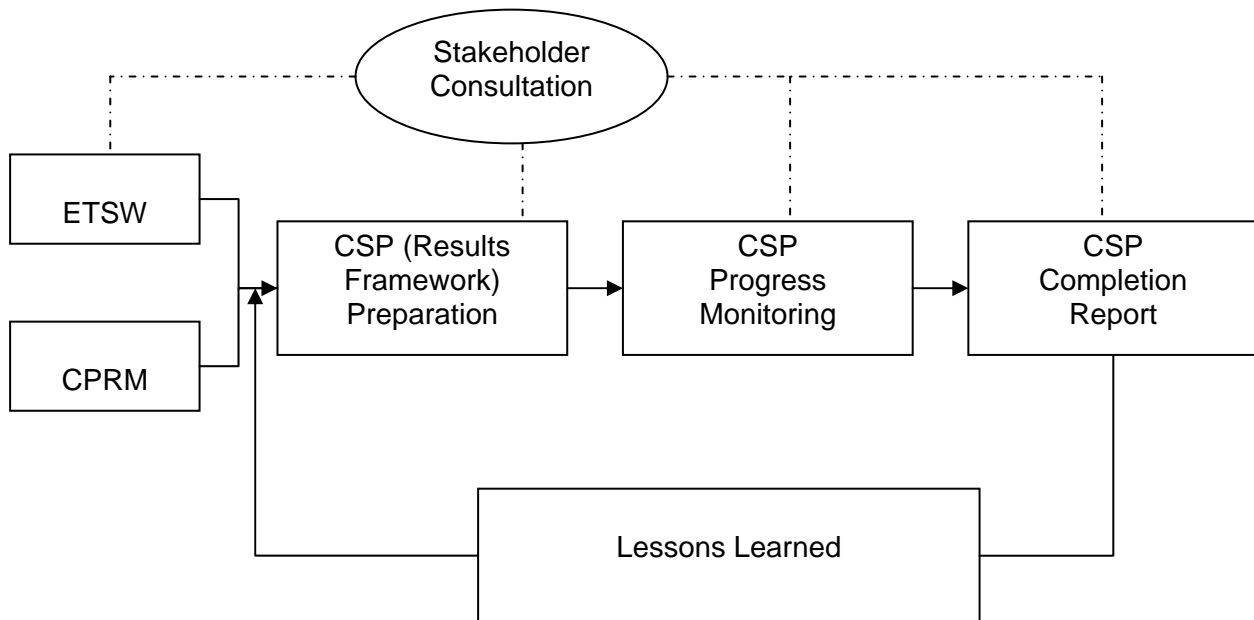
<sup>8</sup> Refer to Draft Staff Guidelines for Preparing the Design and Monitoring Framework, COSO, 14 July 2005

<sup>9</sup> Draft Change Proposals on Country Program Strategy and Business Processes, Innovation and Efficiency Initiative, May 2005

<sup>10</sup> According to OM Section A2/OP, ADB's strategy for a developing member country is formulated through the country strategy and program.

CSP period by the ongoing portfolio. Brief guidelines for the completion report will be prepared and a transitional arrangement for the CSP completion report preparation will be discussed depending on the progress of RB-CSP preparation. According to draft Country Assistance Program Evaluation (CAPE) Guidelines<sup>11</sup>, OED plans to validate the CSP completion report. Figure 1 summarizes the RB-CSP cycle.

Figure 1: RB-CSP Cycle



## II. RESULTS BASED COUNTRY PROGRAMMING

### A. Align with Country Development Goals

9. The main objective of RB-CSPs is to provide a plan of how ADB's assistance will effectively contribute to the achievement of the country's development and poverty reduction goals as well as country specific Millennium Development Goals (MDG). The CSP preparation needs to be aligned with the DMC's planning cycle, which may be for a 5-year period<sup>12</sup>. In the Paris Declaration<sup>13</sup>, development partners committed to base their overall support on partner countries' national development strategies. According to the Marrakech Action Plan, the assistance program of development partners should be guided by well-articulated development strategies and priorities established by partner countries, to achieve better development results. This alignment principle is expected to make ADB operations more relevant and responsive.

<sup>11</sup> ADB. *Draft Guidelines for the Preparation of Country Assistance Program Evaluation Reports*. OED. August 2005. Complementarity between CAPE and CSP completion report will be further developed

<sup>12</sup> In case when the country planning cycle is not for a 5-year period, the CSP duration may be adjusted accordingly.

<sup>13</sup> See para. 16 of the Declaration.

10. **Flexible for country specific situations.** Actual alignment in the preparation of the RB-CSP depends on the quality of country's development plans, national poverty reduction strategy and the strength of statistics/data. Diagnostic reviews and consultations are important to assess the state of the national development plan, national poverty reduction strategy, the priorities expressed in different sectors, and expenditure framework. The tacking and monitoring matrix in the national poverty reduction strategy, if available, could be a useful starting point. If the national development priorities are clearly articulated in the Government strategies<sup>14</sup>, then the RB-CSP process will concentrate on analysis of ADB's comparative advantage, Government requests, and contributions of other development partners. When the Government's development strategies are not sufficiently prioritized, the RB-CSP process should start with a policy dialogue with Government on intended impact of country development and necessary trade-offs between various development plans based on macroeconomic and poverty assessment. If necessary, RB-CSP should address how to strengthen the DMC's planning capacity and how to integrate diagnostic reviews with the country-led development strategy. In the case of fragile states and where the Government's goals or priorities are not well articulated even after policy dialogue, consultations with a range of in-country stakeholders will be useful to identify the grass-roots priorities to set development priorities that will be broadly supported from different groups. Stakeholder analysis will be a useful tool to identify who are important and influential stakeholders as well as how to involve them<sup>15</sup>. This consultative process will provide an opportunity to build consensus on the best options to achieve development goals and identify the areas where ADB will contribute.

11. **Country ownership.** Valuable lesson emerged from experience is that the DMC should "own" the RB-CSP process<sup>16</sup>. The Government should exercise leadership in developing and implementing its national development strategies through broad consultative processes and translate its priorities into its expenditure framework and other development resources. Advocates should be identified within Government who will champion the process and they should be engaged at an early stage to establish necessary environment for applying results management to country development<sup>17</sup>. To achieve increased ownership of RB-CSP would require an enhanced role of Resident Missions and country teams in conducting extensive policy dialogues and consultations in the field through long-term engagement, based on the country and sector knowledge, with various levels of the Government, sub-national authorities, and other stakeholders. It will be useful to explain the ultimate objective of the RB-CSP, and how to work towards a development goals expressed by DMCs<sup>18</sup>. It is important to promote ownership and alignment sooner rather than later.

12. It is also necessary to address concerns raised by some DMCs that results based country programming might lead to an excuse for probable reduction of future development assistance<sup>19</sup>. It should be clarified that results will not be achievable without adequate inputs<sup>20</sup>

<sup>14</sup> For instance, well-performing Middle Income Countries (MICs), Viet Nam, and Bhutan

<sup>15</sup> For details, refer to Draft Staff Guidelines for Preparing the Design and Monitoring Framework, COSO

<sup>16</sup> In such as the case of Nepal, strong leadership by the National Planning Commission was a major driving force in developing a Nepalese approach to MfDR despite a difficult political and economic context and weak capacity.

<sup>17</sup> SPRU has started to facilitate a "Community of Practice in MfDR" to share experiences, good practices, and knowledge on results management among DMCs.

<sup>18</sup> In the case of Philippines, the Government has requested to prepare CSP in the form of a brief cover note to the 5-year Medium Term Development Plan.

<sup>19</sup> Some countries including Cambodia and Lao PDR face the significant reduction of ADF Indicative Planning Figure (IPF) under the Performance Based Allocation system.

<sup>20</sup> While external assistance will be part of solution to fill up the financing gap, it should not be viewed as the principal source for the country development.

and that results management aims to provide inputs that may be managed in a more effective manner toward achieving better development impact. Under RB-CSP, the appropriate mix of development support (lending and non-lending) will be more critical than ever. In addition to financial resources, quality non-lending activities including advocacy, capacity development, knowledge management, and best practice advice become important.

## **B. Specify CSP Outcomes**

13. **Selectivity.** The RB-CSP must specify country development constraints that ADB will address and then define the specific CSP outcomes to which ADB's assistance will directly contribute during the CSP period, based on comparative advantage, track record in the particular areas, and availability of support from other development partners. The problem analysis through the development of a problem tree<sup>21</sup> and a well-crafted SWOT (strength, weakness, opportunities, and threats) analysis<sup>22</sup> will probably be extremely useful in this process. By working back from these intended CSP outcomes, the RB-CSP, as tracked by the Results Framework, will help to sharpen the selectivity of ADB interventions. ADB is not in a position to comprehensively address all the country's development issues during the time frame covered by the CSP. The activities ADB will pursue are those aligned with the Government priorities and with a good chance of achieving the expected outcomes<sup>23</sup>. The RB-CSP should reflect the trade-offs and make clear those initiatives which ADB will pursue and why; and those areas which will not be covered and why.

14. **Relationship between country level development goals, CSP outcomes, and project level results.** The country development goals will be achieved over long-term period collectively through the activities of the Government, development partners, private sector, and other stakeholders given the exogenous forces. CSP outcomes are the medium-term results of a 5-year CSP. They are defined as outcomes that could be realized within the time frame of the CSP and to which ADB could contribute in a substantial way. The CSP outcomes are a subset of the country level development goals but higher than the project level outcomes<sup>24</sup>. Actually defining CSP outcomes is a challenging task and depends on ADB's relative role within the country and other specific sectors. For instance, if ADB's contribution is relatively small or marginal (as in the case of large DMCs), then ADB will be unlikely to have a significant influence on the country level development goals. In this case, CSP outcomes will be more sector (or sub-sector) specific or region specific. Contributions in a catalytic manner or a demonstration manner through new approaches can also be considered, if appropriate. If ADB's role is relatively significant, CSP outcomes may be closer to certain areas of country level medium-term outcomes.

## **C. Effectively Mobilize and Manage the Country Team**

15. The design and monitoring of the RB-CSP will require much more of a cross-sectoral approach to country development issues and substantive inputs from all country team members. The RB-CSP preparation may begin with early country team retreat, organized by the country team leader and possibly facilitated by SPRU. Such a retreat will be used to introduce the basic concept of and procedures for RB-CSP to the country team as a whole,

<sup>21</sup> Refer to Draft Staff Guidelines for Preparing the Design and Monitoring Framework, COSO

<sup>22</sup> Refer to the draft CSP initiating paper for Uzbekistan, and Viet Nam

<sup>23</sup> Refer to Philippines CSP in 2005

<sup>24</sup> For details on the project level outcomes, refer to Enhanced Project Performance Management System (particularly, Design and Monitoring Framework for projects).

identify key lessons from the implementation of the previous CSP, and discuss problems for the country development and solutions to address them.

16. The RB-CSP preparation will remain the primary responsibility of the country team (with staff consultants, if any, playing a support role). The success of the RB-CSP depends on how effectively country teams are mobilized and managed. It will be useful if the country team leaders (with guidance of concerned Country Director or Operations Coordination Division (OC) Director, if not delegated) could select and manage the country team. In this context, the country team leaders should develop a proposed list and specific terms of reference of country team members considering expertise and availability, and submit them for endorsement of the Regional Management Team. The contribution of each country team member to the CSP process needs to be appropriately reflected in each individual's work program. It is also important that the number of country team members should be limited at a manageable level<sup>25</sup> and that the team members should not be frequently changed.

17. Strong commitment of the Regional Management Team and the concerned Vice President is critical to ensure that sufficient resources are provided to country team retreats and adequate staff time would be budgeted for participation of country team members. In particular, early and continuous involvement of the Regional Management Team is crucial<sup>26</sup>. At a practical level, it will also be necessary to clarify the roles of Regional Management Team and country team to ensure the complementarity of these two groups.

#### **D. Findings of CAPE**

18. It is increasingly important to incorporate lessons learned from the ADB's past operations in the new CSP. Well coordinated sequence between CAPE and CSP preparation is crucial. For this reason, it is required that a CAPE be prepared by OED and discussed by the Development Effectiveness Committee of the Board prior to the submission of a CSP, in those cases when a CAPE is to be prepared. Given the key role of monitoring and evaluation in RB-CSP process, it will be important to understand in advance the criteria that will be used in evaluating a CSP. According to the draft CAPE Guidelines of OED, the evaluation criteria will include the relevance, efficiency, effectiveness, sustainability, and impacts of the assistance efforts. The following key questions will be addressed by the CAPE:

- Was ADB's strategy and program relevant to the development challenges facing the DMC? Was ADB's strategy and program aligned with national priorities, well positioned given ADB's mandate and country competence, and harmonized with the assistance provided by other development partners?
- Was ADB assistance effective in achieving the desired objectives? If so, were these objective achieved efficiently? Are the achievements sustainable over time?
- Did ADB assistance contribute to outcomes that will improve the DMC's capacity to combat poverty and foster sustainable socio-economic development?

19. These inquiries need to be kept in mind when preparing a RB-CSP.

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<sup>25</sup> If necessary, a core country team will be established to ensure full participation of critical members and efficiently manage the participatory process.

<sup>26</sup> Refer to Philippines CSP in 2005

### III. RESULTS FRAMEWORK AND SECTOR ROADMAPS

#### A. Results Framework

20. The Results Framework is the centerpiece of a RB-CSP, and the fundamental management tool for the design, management, monitoring, and evaluation of RB-CSPs. It should be “owned” as much by the Government as by ADB, and used as much by them, to assist in managing implementation. It defines the logical links between country level development goals, outcomes influenced by the CSP, and ADB-supported interventions and partnerships. The Results Framework should help answer the following types of questions:

- i. What are the strategic development goals of the country to which ADB’s interventions are expected to contribute? (for the column on long-term country development goals)
- ii. What are the key development challenges and issues that need to be addressed by CSP in order to achieve the selected development goals? (for the column on constraints)
- iii. What are the key development outcomes that will be benefited from ADB’s assistance during the CSP period, combined with the efforts of the Government, and other development partners? (for the column on CSP outcomes and outcome indicators)
- iv. What are the key actions, processes, development policy changes, and development interventions that help monitor whether implementation is on track? (for the column on milestones or tracking (or intermediate) indicators)
- v. What are ADB and development partners’ ongoing and new lending and non-lending activities that contribute to the achievement of the intended CSP outcomes? (for the column on interventions)

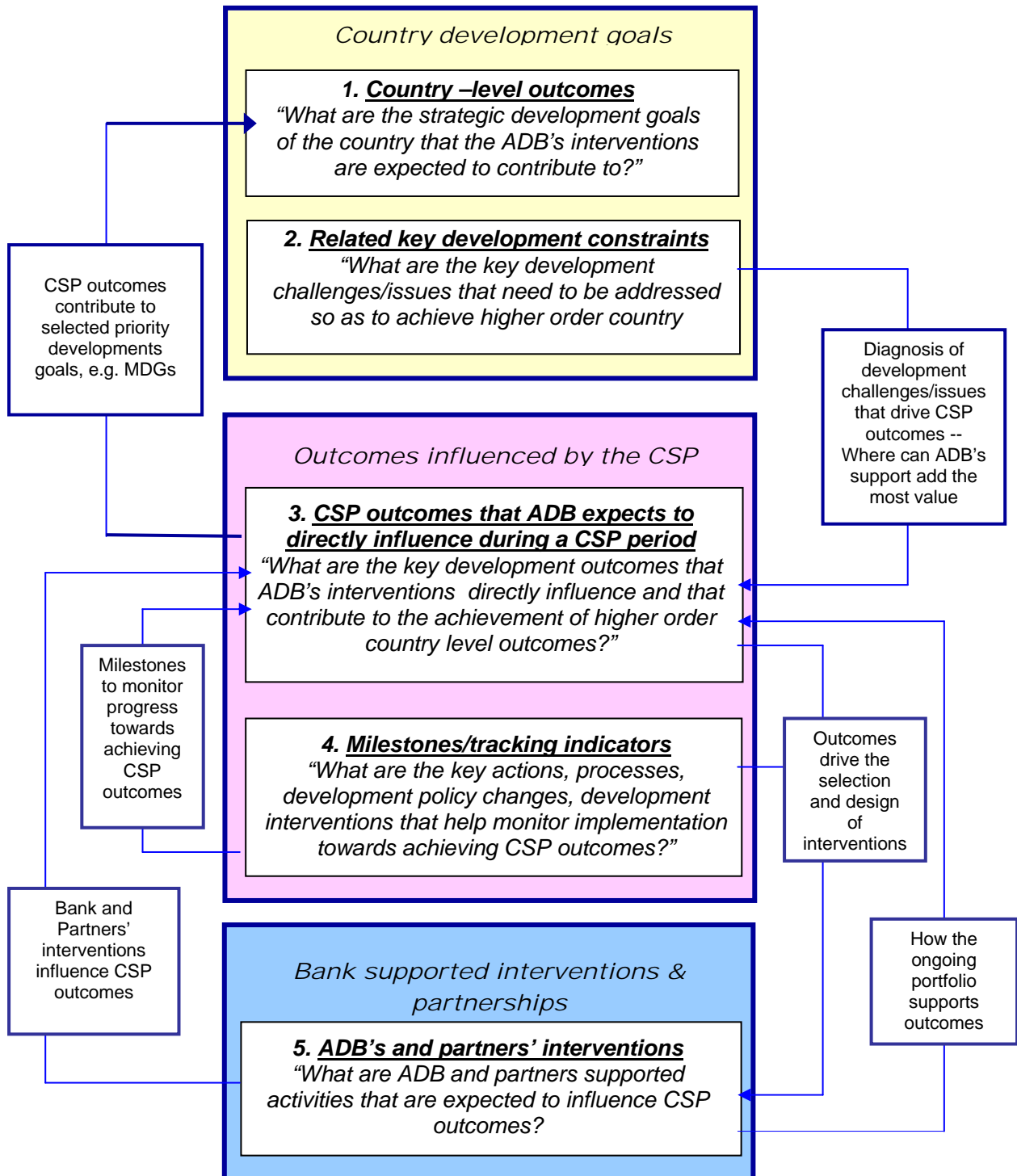
21. **Format.** Experience to date indicates the importance of six components: (i) Long-term country development goals, (ii) Constraints, (iii) CSP outcomes and outcome indicators, (iv) Milestones (or tracking indicators), (v) Interventions<sup>27</sup>, and (vi) risks. The specific format for a Results Framework may be different from country to country and a more innovative approach is encouraged depending on specific situations<sup>28</sup>. The Results Framework for Nepal and an alternative option<sup>29</sup> are presented in Annex1 for reference. Figure 2 presents the results chain from country level development goals to individual ADB’s interventions.

22. **Early development of draft Results Framework.** A good practice is to start with development of skeleton of Results Framework, addressing issues of i, ii, and iii of para 20. Once consensus is achieved on these issues among the country team, the Government, and relevant stakeholders, then discussions on ADB’s sector and geographical focus should follow. The Results Framework and its logical thinking should resonate throughout the RB-CSP document. Perhaps the summary of the Results Framework may be presented as the Executive Summary of CSP. The Results Framework will help to sharpen the CSP programs, especially at the CSP design stage. To this end, it should be developed in tandem with the development of the Sector Roadmaps and the program, taking into account practical considerations and resource constrains (See below the Sector Roadmaps section).

<sup>27</sup> Not necessarily list all activities but the areas of interventions. They will cover ADB’s public and private sector operations as well as major involvement of other development partners.

<sup>28</sup> Refer to the RB-CSP of Philippines which was discussed with and endorsed by the Board on 8 July 2005

<sup>29</sup> Refer to the Results Framework of 2005 Greater Mekong Subregion (GMS) Regional Country Strategy and Program Update (RCSPU)

Figure 2: CSP Results Framework<sup>30</sup>

<sup>30</sup> Developed based on WB material for CAS Academy

23. **Implication of ongoing portfolio.** Results of interventions under the new CSP will appear after a span of some years (likely beyond the time frame of the CSP) and only very early intermediate outcomes or outputs of new interventions may be included in the Results Framework. ADB's contribution to the country development during the CSP period will depend, to a substantial degree, on the existing portfolio and recently completed activities. In some cases, non lending activities including policy dialogues and best practice advice under the new CSP may be able to deliver results in the near term. Country development is an ongoing process and synergies between past strategies, the ongoing portfolio, and new CSP can amplify development effectiveness. It is recommended that outcomes or outputs delivered by the ongoing portfolio should be identified and their relevance to the current priorities of the country be assessed<sup>31</sup>. Based on this assessment, the Results Framework should reflect the areas of ongoing portfolio which will contribute to the intended CSP outcomes. However, in practice, it will be very challenging tasks to monitor and abstract relevant outcomes from the existing portfolio if those interventions were not developed in a results-oriented manner. If appropriate, the country team should also assess whether there is any need to restructure the ongoing interventions to better align with development priorities and CSP outcomes<sup>32</sup>. In many cases, country priorities will not change often. However, in certain circumstances (i.e., when new Government is formulated), new priorities may be discussed and presented. When a new CSP introduces changes of the strategic focus, a country team needs to address how to handle certain ongoing loans, TAs, or knowledge management which are not fully consistent with the new CSP<sup>33</sup>. The proposal of an ongoing review of the Policy on Supplementary Financing Policy<sup>34</sup> would support restructuring and expansion of ongoing interventions, where justified, in order to respond to newly emerging development needs and achieve better results.

## **B. Annual Updating and Mid-term Correction**

24. Since the Results Framework will become the fundamental CSP management tool, during implementation of RB-CSP, it is used for management purposes to help track the progress, assess whether the intended results are being achieved, and use the lessons learned in making mid-course adjustments and in preparing the next CSP. The Results Framework will be regularly updated to ensure its continued relevance, to identify and guide the operations to achieve intended results, and to monitor progress. Country operations need not to be rigidly bound by the initial blueprint. Results orientation is not to strictly follow a predetermined plan nor be strictly controlled by quantitative targets; but to monitor progress in a timely manner and to make necessary changes to achieve intended results. The Results Framework is not a tool to declare attribution<sup>35</sup>. It is important to maintain a focus on the results by adopting outcomes as the prism of planning, monitoring and evaluation.

<sup>31</sup> Refer to WB CASs recently approved (including Cameroon, Tunisia and India)

<sup>32</sup> Generally, restructuring of ongoing interventions is a result of stakeholder discussions during project reviews.

<sup>33</sup> In the case of Philippines, the overhang interventions at the advanced stage were weaved into the pipeline of RB-CSP, in terms of, for example, serving the objective of investments for MDGs.

<sup>34</sup> SPMS is currently reviewing the policy on supplementary financing of cost overrun. To improve responsiveness to DMC's needs and investment flexibility, and to enhance impact of ADB's operation, the review process proposes to broaden scope of the current policy to enable ADB, in addition to providing a supplementary loan in the event of cost overrun, to finance (a) project restructuring to address unanticipated circumstances that emerged during implementation, where justified, and (b) expansion of proven successful activities for well-performing projects.

<sup>35</sup> Outcomes are influenced by various factors and thus attribution to one single factor is not possible. Instead, contributions to intended outcomes will be assessed through data collection, qualitative and quantitative techniques. While a broad range of approaches and techniques have been introduced, there is still no single objective and scientific method for assessing contribution to country level outcomes. In many cases, actual assessment of contribution to CSP outcomes will be qualitative.

25. As experience is gained in use of the Results Framework as the CSP management tool, annual updates of CSP (CSPUs) may be discontinued subject to further discussion with the Board and approval of Management<sup>36</sup>. If so, the results framework may be annually monitored and updated only for the self-monitoring purpose through country portfolio performance reviews (see the section IV C. Expanded Role of CPRM). Perhaps, there will be a need to conduct a mid-term review exercise around mid-point (i.e., at the third year) of the CSP cycle to (i) review the relevance of the strategic thrust of the CSP, (ii) report on the progress toward achieving CSP outcomes, and (iii) adjust the results framework and programs, if necessary. The annual updates and mid-term correction process will be further developed by reflecting the discussions on the possible removal of CSPUs.

### C. Outcome Indicators

26. Indicators are the quantitative or qualitative variables that provide a simple and reliable means to monitor progress, and assess achievements. Anticipated CSP outcomes should be translated into a modest set of measurable outcome indicators for monitoring and continuous feedback. CSP indicators should serve to answer whether ADB and the DMC are on track toward achieving the intended outcomes and to determine whether outcomes are achieved. Upon completion, outcome indicators will generally be the basis for evaluation. In principle, good indicators should be SMART<sup>37</sup>:

- Specific – clearly and directly related to achieving intended outcomes
- Measurable – specifying quantity, and quality
- Adequate – provide a sufficient basis to assess performance
- Realistic – establishing levels of performance that are likely to be achieved in a practical and cost effective manner
- Time-bound – specifying the time frame

27. Actual indicator selection is a complicated process and depends on country specific situations and data collection capacity. When data for direct indicators are not available on a regular basis, proxy indicators may be used to provide approximate “evidence” on progress. There may be a tendency to develop comprehensive indicators. This tendency should be appropriately managed to avoid a possible risk that such management system will not actually work and that limited resources will be inappropriately diverted from the work of delivering outcomes or outputs toward documentation for reporting. It is important to select the limited number of key indicators (i.e., 10-15 or maximum 20) which are crucial for decision-making given the specific country context. The country team may refer to several international indicators including MDG indicators, NPRS indicators, UNDP Human Development Index, International Development Association (IDA) 14 Indicators and the proposed ADF indicators. In addition, Annex 2 provides some examples of outcome indicators for reference.

### D. Sector Roadmaps

28. Sector Roadmaps are important tools to define the key issues at the sector level and, therefore, ADB’s strategic sectoral plans to address them within the CSP framework. In order to better align with the approach of RB-CSPs, the Sector Roadmap should be considered as a

<sup>36</sup> Draft IEI paper also suggests the removal of CSPUs.

<sup>37</sup> Alternatively, CREAM is also used a set of criteria for good performance indicators: Clear (precise and unambiguous), Relevant (appropriate to the subject at hand), Economic (available at a reasonable cost), Adequate (provide a sufficient basis to assess performance), and Monitorable (amenable to independent validation).

sectoral results framework and its sector outcomes and indicators should be consistent with the CSP Results Framework. The specific format of Sector Roadmaps will be adjusted to appropriately reflect the country specific context, particularly in terms of ADB's relative role within the country and specific sectors. In practice, Sector Roadmaps will be developed in an iterative process with the Results Framework as follows (in all steps, alignment with the Government priorities and coordination with other development partners should be emphasized):

- i. The country team will discuss the country's key development challenges to be addressed by CSP and the intended CSP outcomes, based on the macro and poverty assessments, sector assessments, evaluation of previous CSP, and country portfolio performance assessment.
- ii. Once the country team initially agrees on the intended CSP outcomes<sup>38</sup>, priority sectors will then be identified in consultation with the Government. A skeleton of Results Framework will be prepared. The initial CSP outcomes will be further developed based on relevant inputs from selected priority sectors.
- iii. For the priority sectors, concerned country team members will develop Sector Roadmaps based on sector assessments as well as the skeleton of Results Framework. The Sector Roadmaps should make it clear how development of the particular sector will help achieve the intended CSP outcomes.
- iv. The draft Results Framework will be further developed based on the Sector Roadmaps. Sector outcome indicators and output indicators in the Sector Roadmaps should be consistent with CSP outcome indicators and milestones (or tracking indicators) in Results Framework. If necessary, the Results Framework and/or the Sector Roadmaps will be adjusted to ensure consistency.

29. In general, Sector Roadmaps are the tools to link the Design and Monitoring Framework for individual interventions with the CSP Results Framework. Individual interventions should directly contribute to the sector outcomes indicated in the concerned sector roadmap and then CSP outcomes. Specifically, the sector outcomes indicated in the Sector Roadmaps may be used as the project impact in Design and Monitoring Framework. In certain cases where Sector Roadmaps have not been prepared or interventions will address cross-sectoral issues, the Design and Monitoring Framework may refer to certain outcomes listed in CSP Results Framework. During implementation, a Sector Roadmap is a useful framework to monitor the sector level progress. Information gathered from various interventions within the concerned sector under the Project Performance Monitoring System will be a useful source for monitoring the sector level progress. If appropriate, Sector Roadmaps will be updated in tandem with the annual update or mid-term correction of Results Framework. To facilitate monitoring process, Sector Roadmaps need to assess the results management capacity at the sector level and address how to effectively build the necessary capacity.

#### **IV. IMPLEMENTATION AND MONITORING OF RESULTS BASED CSPs**

##### **A. Use of the Country System**

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<sup>38</sup> Actually, intended CSP outcomes and identification of priority sectors will be developed in an interactive way. Discussions on key development challenges to be addressed by ADB and initial CSP outcomes will be carried out based on preliminary thoughts on possible priority sectors.

30. A Results Framework provides a fundamental management tool for monitoring the progress and evaluating performance. The monitoring and evaluation system should be simple, cost-effective, and appropriate to the country context. In order to avoid overburdening of the country capacity and ensure the sustainability of MfDR efforts, monitoring should draw on indicators and data sources that are part of the Government's systems as appropriate. It is recommended that ADB should start to gradually use the country monitoring system, and provide necessary assistance rather than waiting until a fully satisfactory system is in place. "Learning by doing" may be one of the most effective ways to develop capacity. Where the use of country systems is not feasible, supplementary measures may be established in ways that strengthen rather than undermine national institution development. This underscores the importance of assessing the capacity of the Government to manage for results and determining how to strengthen the country systems<sup>39</sup>. In many cases, necessary information and data are not available and thus an appropriate balance should be maintained between what should be monitored and what is available, depending on country specific situations. Reasonable flexibility is needed on expectations for baselines and quantitative indicators.

31. **Capacity Development.** The capacity development efforts must be suitable and commensurate to the monitoring and evaluation capacity of specific DMCs and focus on achieving clearly defined desirable outcomes. For example, an Economic and Research Department (ERD) study<sup>40</sup> provides five stages of statistical development, ranging from a very low development to a stage of a mature DMC with a full range of statistical activities<sup>41</sup>. It proposes to provide long-term assistance in capacity development for countries at relatively low levels of capacity, while recommending a more demand-driven approach for solving specific problems or filling gaps for the more advanced DMCs. Given the limited resources of ADB, there is an important need to harmonize capacity development efforts among development partners. A proposed regional technical assistance (RETA) for Results-focused project design and management will address the need of capacity development in DMCs.

## B. Implementation and Monitoring Action Plan

32. The RB-CSP can only work to the extent that the Regional Management Team, the country team, and the Government actively use it, particularly the Results Framework, as an effective management tool. It is proposed that the country team and the Government jointly develop a detailed implementation and monitoring action plan to effectively monitor the Results Framework. The action plan may be developed, preferably in parallel with the Results Framework, as a matrix form (i.e., 5-6 pages) including columns such as baseline data<sup>42</sup>, targets, data source, data collection frequency, responsible agency for monitoring indicators<sup>43</sup>. However, there is a risk that the Government may not have any interest in data collection and monitoring. It is a challenging task to get the buy-in of the Government on the results management process. This requires a series of high level policy dialogues. It should be emphasized that the Government would significantly benefit from the effective use of key

<sup>39</sup> SPRU is currently developing Handbook on the DMC Capacity Assessment on Results Management. For details, refer to Country-level Capacity for Results-based Management: A proposed Rapid Assessment Instrument, SPRU, 27 July 2005

<sup>40</sup> ADB. *A New Look at TA projects in Statistical Capacity Building*. ERDI. June 2005.

<sup>41</sup> For instance, (i) rudimentary, uncommitted level (Pacific DMCs); (ii) early transition stage, beginning to develop basic skills (Afghanistan, Timor Leste); (iii) late transition stage, completing acquisitions of basic skills (Bhutan, Cambodia, Lao PDR, Tajikistan, and Sri Lanka), (iv) advanced transition stage (Viet Nam, Kazakhstan); and (v) mature stage (Philippines, Indonesia, Malaysia, and India).

<sup>42</sup> It is expected that baseline data will be available by the first year of CSP period.

<sup>43</sup> Refer to the cases of Nepal and Mongolia

information in the decision-making and management process. Depending on the individual DMC circumstances, it may be useful to assign staff in Resident Missions, if appropriate, to systematically apply the results based approach in implementing the RB-CSP and monitor the progress together with the counterparts in the field<sup>44</sup>.

33. The intended CSP outcomes will be achieved through appropriate inputs -- individual interventions, and contributions and actions of the Government and other development partners. In order to make individual interventions to effectively contribute to achieving CSP outcomes, the linkage among Results Framework, Sector Roadmaps, and Design and Monitoring Framework of individual projects should be strengthened. The project team leader (with guidance of concerned sector director) should ensure that the Design and Monitoring Framework is consistent with the Sector Roadmap, and then the CSP Results Framework. It may be useful that country directors (or Director, OC, if not delegated) will have opportunities to participate in the review process of the Design and Monitoring Framework to reconfirm its consistency with the Results Framework.

### C. Expanded Role of CPRM

34. Preparation and implementation of a RB-CSP encourage the country portfolio review mission (CPRM) to put special emphasis on achievement of demonstrable results. The CPRM will need to be expanded, in addition to traditional portfolio issues, to monitor whether ADB's portfolio has been effectively contributing to the CSP outcomes and country development, and to discuss necessary corrective actions for achieving better results. CPRM will be an appropriate venue to monitor the progress of Results Framework. If necessary, the Results Framework will be adjusted according to the findings of CPRM. A Results-based approach to the CPRM requires the background papers to include not only the portfolio implementation matters but also the progress toward CSP outcomes. Country team members should participate in the results-based CPRM process and conduct dialogue with the Government on policy issues which are critical for better results, possible operational modifications or restructuring and strengthening synergies in the portfolio.

35. The CPRM will also be used as a prelude to the preparation of the next RB-CSP. In this context, the draft Project Administration Instructions<sup>45</sup> suggest to conduct CPRM prior to the CSP initiating meeting. The discussions on the results based CRPM, together with findings of evaluation exercise, will be important ingredients for the preparation of the Results Framework by the country team<sup>46</sup>. It will be a building block in the RB-CSP process and will help initiate to discuss the future strategic direction based on assessment of ongoing development assistance.

## V. Harmonization

36. ***Explore the possibility of joint work with other development partners.*** The Paris Declaration and Marrakech Action Plan indicate that excessive fragmentation of aid impairs aid effectiveness, and encourage joint country analytic work and joint process of operational

<sup>44</sup> For example, Nepal Resident Mission and Pakistan Resident Mission have established a Results Group and a Results Management and Development Effectiveness Unit, respectively.

<sup>45</sup> ADB. *Draft Project Administration Instructions on Country Portfolio Performance Review*. COSO. August 2005.

<sup>46</sup> The country teams of Bangladesh, Philippines, and Timor Leste have developed the results frameworks based on critical inputs from the CPRM process. The Pilippines CSP used a dramatic portfolio cleanup.

strategy.<sup>47</sup> The joint process could help scale up the Government's capacity development and improve the impact of development interventions in the field. On the other hand, it may require additional resources and staff time. It is important to clearly establish common definitions, shared responsibilities for diagnostic work, specific work plans, and expected outputs among concerned development partners at an early stage in the joint process. Holding an initial joint retreat (or perhaps a series of them) with development partners and the Government will be useful. Different guidance or requirements of other development partners on the results based country programming process may cause additional burdens and delay the joint process. In this case, the network established between headquarters, including SPRU and the results departments of other International Financial Institutions (IFIs), can help facilitate the joint process<sup>48</sup>. Annex 3 provides the list of useful documents and website addresses for RB-CSP.

37. ***Joint Results Framework and joint reporting.*** In order to effectively proceed with the joint process, it is proposed that a joint Results Framework be developed for the country development plan, based on diagnostic and consultative work, that other development partners can also support, together with the Government<sup>49</sup>. This will help organize discussions, establish the common ground, and define the outcomes and outcome indicators. Once a joint framework is developed, then each development agency's strategy and program will be derived from the common framework, reflecting its comparative advantage and resource availability. In some cases, it may be difficult to reach an agreement on joint results framework, priority agenda, or the division of labor at specific activity level between development partners. Careful management and effective coordination will be required in order to avoid unnecessary burden on development partners as well as the Government and significant delays in the process. This will be a challenging test of effective harmonization. The Government's leadership is important in donor coordination and harmonization. However, in the absence of strong Government leadership, donor coordination is even more critical and thus joint upstream assessment and joint policy dialogue become important. At the implementation stage, joint reporting, monitoring and evaluation are encouraged to avoid constraining the limited capacity of the Government, as far as possible<sup>50</sup>.

## VI. CONSULTATIONS AND RESOURCE MANAGEMENT

38. The move towards participatory processes has been an increasing trend for ADB in the recent years and is also one of main features to attend the preparation and management of a RB-CSP. Considerable consultations with in-country stakeholders and other development partners will be required not only in the preparation of the CSP document but also in the process of implementation, monitoring and evaluation. The consultation process including dissemination of draft documents will be subject to the new Public Communications Policy<sup>51</sup>. The participatory approach will help formulate a better and relevant strategy through discussions on various views and also encourage stakeholders to commit to implementing an idea they participate in developing. On the other hand, the participatory nature and results

<sup>47</sup> In Bangladesh, and Viet Nam, the RB-CSPs are currently being developed together with other development partners including World Bank and bilateral agencies.

<sup>48</sup> In the case of Viet Nam, SPRU and WB secretariat have been involved in the process from the early stage in order to facilitate the joint work of ADB and WB country teams.

<sup>49</sup> In the case of Viet Nam, the resident mission is currently helping the Government to develop a results framework for the Socio Economic Development Plan in consultation with other development partners.

<sup>50</sup> In the Paris Declaration, development partners have committed to harmonize their monitoring and reporting requirements

<sup>51</sup> The Public Communications Policy of the Asian Development Bank was discussed with and considered by the Board on 22 April 2005.

management aspects will require additional staff time and financial resources. Innovative trials will be necessary to appropriately manage the additional resource requirement. These may include: sharing the Economic, Thematic and Sectoral Work (ETSW) with other development partners, increasingly using the existing diagnostics (if appropriate), streamlining documentation requirements and processes<sup>52</sup>, linking portfolio review missions with country program review mission, limiting the number of monitoring indicators and reporting requirements, more effective use of national staff for results management, and further prioritization of work plans. In certain cases like small portfolio DMCs, the full-fledged RB-CSP process may be too expensive and needs to be simplified or tailored accordingly.

39. It is also recommended that the resources of the MfDR Cooperation Fund, which was established in March 2004, to be tapped to support local capacity development for results management. The Fund, with contributions from Canada, Netherlands, and Norway, currently totaling \$2.9 million. It is a multi-donor umbrella facility that allows for further donor contributions. Examples of country-level initiatives that may be financed under the Fund include: introduction of results-based planning and budgeting techniques; preparation of results oriented national development plans and strategies; sector plans and roadmaps, improvement of methods for measuring, monitoring and managing for results; training of DMC officials on MfDR; and participation of DMC officials in international events on MfDR and development effectiveness.<sup>53</sup>

## V. NEXT STEPS

40. As explained earlier, this Note is designed to provide practical support to help mainstream results based country programming. This Note is intended to be a “living” document and will continue to evolve<sup>54</sup>. In particular, details of monitoring and evaluation process of RB-CSP will be further developed as necessary experience is gained<sup>55</sup>. In February 2006, a stocktaking exercise of RB-CSPs will be conducted through the proposed retrospective assessments of process and procedures (not outcomes) of RB-CSPs<sup>56</sup>. Formal Staff Instructions on RB-CSP will be developed in the first half of 2006, building on lessons learned from experience and findings of the retrospective assessment.

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<sup>52</sup> The CSP format (including appendix requirements) will be revisited under the forthcoming staff guidelines on RB-CSP.

<sup>53</sup> As of 5 July 2005, five TA proposals have been endorsed by the Review Committee (Viet Nam, Kyrgyz Republic, Nepal, Lao PDR, and Philippines) for an amount of \$1.65 million. For details, contact Marc Cohen, SPRU (Committee Secretary).

<sup>54</sup> Inputs and suggestions for improvement and revision of this Note are encouraged. For inquiries and comments, contact Gil-Hong Kim, SPRU.

<sup>55</sup> The Note will also be appropriately updated when the relevant draft guidelines and documents (including draft CAPE Guidelines, draft Design and Monitoring Framework Guidelines, draft PAI for CPRM, and draft IEI paper) will be further developed.

<sup>56</sup> The biennial retrospective assessment of CSPs has been introduced under the Poverty Reduction Strategy Review in July 2004.

### Examples of Results Framework Formats

#### 1. Nepal case:

Long-Term Development Goals	Medium Term Development Agenda		Asian Development Bank Strategic Focus		Risks and Assumptions
	Strategic Goals	Key Constraints	Intermediate Outcomes	Intermediate Indicators	

#### 2. Alternative option

Long-Term Development Goals		CSP Outcomes		
Country Outcomes	Key Constraints	CSP Outcome(s) and Outcome Indicators	Milestone (Tracking Indicators)	Areas of Interventions (or Direction of Interventions in the case of MICs) <sup>57</sup>

<sup>57</sup> No need to include the full list of projects and TAs but only the areas of interventions. In the case of MICs, flexibility will be needed for future interventions to efficiently respond to the newly emerging demands. In this case, the direction of interventions may be listed.

### Examples of Outcome and Outcome Indicators

These examples are selected from CSPs, World Bank CASs, and National Poverty Reduction Strategies.

Outcome	Outcome indicators
Increased private sector access to credit	Private sector credit (% of Gross Domestic Product (GDP)) Number of clients served by banks
Increased private sector competitiveness	Private investment as % of GDP export as % of GDP
Increased agriculture production	growth rate of agriculture % increase in productive yield
Increased access to market	exports as % of products (agriculture)
Increased access to land titling	% of households with land titles % of titled land
Increased water for agriculture	Irrigated areas
Improved forest resources management	% of forest lands
Increased growth of Small and Medium Enterprise (SME)	Value of production of SMEs (% of GDP) Time spend by SMEs in obtaining license Number of days to start business
Increased tourism	number of tourist visiting the region
Improved road network	roads in good condition (km, or %) average travel time on the road
Improved access to electricity	% of households accessing electricity
Strengthened public financial management	% of qualified audit reports

Reduced corruption	% of perceived incidence of corruption
Improved public sector performance	% of satisfaction with public services Tax collection (% of GDP)
Better access to school	net enrollment rate
Improved quality of education	completion rate dropout rate student-teacher ratio number of tertiary graduates employed in their field of study
Improved health services	infant mortality rate Maternal mortality rate % of population undernourished HIV/AIDS prevalence rate healthcare center utilization rate
Improved utilization of health care	% of posts filled by trained health workers % of health facilities without drug shortage
Improved access to safe water	% population using safe water
Improved water facilities maintenance	% of water supply facilities functional

## Useful Documents and Website Link

### Asian Development Bank

Enhancing the Fight Against Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank

[http://www.adb.org/Documents/Policies/Poverty\\_Reduction/2004/default.asp](http://www.adb.org/Documents/Policies/Poverty_Reduction/2004/default.asp)

Country Strategies and Programs

<http://www.adb.org/Documents/CSPs/default.asp>

Managing for Development Results

<http://www.adb.org/MfDR/default.asp>

### OECD/DAC

Managing for Development Results: Principles in Action, Sourcebook on Emerging Good Practice

<http://www.mfdr.org/Sourcebook.html>

Development Assistance Committee of the OECD – Working Party on Aid Effectiveness and Donor Practices – Joint Venture on Managing for Development Results, April 2005

Managing for Development Results: 2<sup>nd</sup> roundtable on development results

<http://www.mfdr.org/2nd/Roundtable.html>

Harmonizing Donor Practices for Effective Aid Delivery

<http://www.oecd.org/dataoecd/0/48/20896122.pdf>

Development Assistance Committee of the OECD – Guidelines and Reference Series 2003

Paris Declaration on Aid Effectiveness, March 2005

<http://www.oecd.org/dataoecd/11/41/34428351.pdf>

Aid Effectiveness and Donor Practices

[http://www.oecd.org/home/0,2987,en\\_2649\\_3236398\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/home/0,2987,en_2649_3236398_1_1_1_1_1,00.html)

### UNDP

Results-based Management

<http://www.undp.org/eo/rbm/>

### CIDA

Results-based Management

[http://www/acdi-cida.gc.ca/cida\\_ind.nsf/0/B66743932204C0AB85256C330060DE1D?OpenDocument](http://www/acdi-cida.gc.ca/cida_ind.nsf/0/B66743932204C0AB85256C330060DE1D?OpenDocument)

**DFID**

<http://www.dfid.gov.uk/>

**IADB**

Country Strategies

[http://www.iadb.org/exr/pic/VIII/country\\_strategies.cfm?language=English](http://www.iadb.org/exr/pic/VIII/country_strategies.cfm?language=English)

**UNFPA**

Results-based Management

<http://www.unfpa.org/results/>

**USAID**

Results Oriented Assistance Instruments

<http://usaid.gov/pubs/sourcebook/usgov/roai.html>

**World Bank**

Results Focus in Country Assistance Strategies: A Stocktaking of Results-Based CASs. World Bank, February 2003

[http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2005/02/24/000090341\\_20050224111625/Rendered/PDF/31660.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2005/02/24/000090341_20050224111625/Rendered/PDF/31660.pdf)

CAS Progress Report Guidelines

<http://info.worldbank.org/etools/docs/voddocs/715/1437/CAS%20guidelines.doc>

Country Assistance Strategies

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:20120746~menuPK:51551~pagePK:41367~piPK:51533~theSitePK:40941,00.html>

Measuring Results

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:20120723~menuPK:41393~pagePK:41367~piPK:51533~theSitePK:40941,00.html>

Managing for Development Results

<http://inweb18.worldbank.org/MIP/BMMMDR.nsf/14BD965BFF0E039085256BE7005E.2.4/59535DBD0D91DF5C85256BE70060199E?OpenDocument>