

RESULTS

IDEAS AND EXPERIENCES ON MANAGING FOR DEVELOPMENT RESULTS

MATTER

ADB

May 2008

Improving the Mainstreaming of MfDR in ADB

Excerpted from the Semi-Annual Progress Report to the Development Effective Committee

Progress on the Managing for Development Results (MfDR) Action Plan is encouraging. However, in order to sustain momentum, ADB will need to specifically address the following seven issues for the remaining period of the MfDR Action Plan.

1. Improved MfDR Capacity at the Sector Level in Developing Member Countries (DMCs)

While there has been progress toward developing results-based national development plans or national poverty reduction strategies, implementation is constrained by significant capacity gaps at the line ministry and agency level. Regional departments should accord high priority to MfDR capacity development at the sector level. Necessary measures, including replenishment of the MfDR Cooperation Fund, will be needed to address this concern.

2. Urgency of Statistical Capacity Development

An effective results management system needs strong statistical capacity. ADB and other developing partners have been facing difficulties in accessing necessary information and data for planning, design, monitoring, and evaluation in many DMCs.

The ADB Economics and Research Department has been implementing a strategic approach to statistical capacity building focusing on statistically very weak DMCs. However, due to resource constraints and competing demands, regional departments have not been able to adequately address the needs of statistical capacity development. ADB, together with other development partners, will find constructive ways to deal with this emerging issue and actively participate in joint efforts in developing statistical capacity in DMCs.



South Asia Regional Department Director General Kunio Senga at the Forum on Mainstreaming MfDR in Support of Poverty Reduction in South Asia

3. The Need for a Standardized MFDR Approach

While there is always a need to examine the progress and lessons from various initiatives introduced by individual regional departments, ADB is now at the point where a further standardized approach across departments must be considered. As one step in this process, a stocktaking of the results-based country portfolio reviews will be conducted by the Results Management Unit (SPRU) in consultation with regional

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departments and the Central Operations Services Office to draw lessons from experience and develop practical recommendations on how, ADB-wide, results should be measured, interpreted, and adopted in country portfolio reviews for effective monitoring and reporting on the progress towards CPS, sector and project outcomes.

4. Improved Corporate-level Effectiveness Systems

The MfDR Action Plan includes development of a Corporate Performance Management Systems. SPRU has carried out initial preparatory work and conducted consultation with departments and offices concerned. SPRU is closely coordinating with Office of Information Systems and Technology in relation to the latter's work in improving management information systems under the Project Processing and Portfolio Management Project.

5. Greater applied MfDR learning among staff

According to initial assessments, training has helped to enhance staff knowledge on the concepts and basic techniques of MfDR. However, more emphasis is required in relation to applied learning and the use of good quality results frameworks as a management tool. Training should be tailored to staff experience levels and specific needs. In parallel with training, regional departments established focal points at the front office to review all design and monitoring frameworks (DMFs) for all loans. This approach has proven to be effective to enhance awareness of MfDR and ensure the quality of DMF. Adequate learning programs for,

or appropriate knowledge sharing among MfDR Focal Points should be arranged to support the quality assurance mechanisms at the department level.

6. Engagement on MFDR with Senior Staff

Commitment and leadership by regional/department management are key variables in mainstreaming MfDR at the department level. Their clear guidance, backed by resources, recognition, and incentives, will stimulate staff to practice MfDR techniques in actual work and accelerate changes of results culture. An MfDR colloquium with Vice Presidents in 2006 provided a good opportunity to interact with external experts in results management. Building on this experience, a follow-up colloquium with senior staff should be continued to further enhance their capacity to manage for outcomes. SPRU and Human Resources are now addressing this as part of the MfDR Learning and Development Curriculum.

7. Systematic Quality Assurance of CPS.

ADB needs to improve the quality of sector roadmaps and CPS results frameworks. Unlike the DMFs, there is no annual assessment of the quality of CPS results features. Although the first biennial quality-at-entry assessment for all CPSs approved during 2004-2005 was conducted in 2005, and SPRU's own stock-taking assessment was undertaken, these have not been able to provide real time feedback on the quality of CPS results frameworks. Building on experiences, appropriate ways to establish ADB-wide annual assessment of the quality of CPS results features could be considered. ■

The Community of Practice on MfDR (CoP-MfDR), established in March 2006 with ADB sponsorship, has emerged as an important initiative in helping to build sustainable MfDR capacity in participating DMCs. CoP-MfDR comprises more than 80 members from 18 DMCs and development partners. The focus of the CoP-MfDR in 2008 is to help member countries establish integrated results based management system through a series of online and face-to-face activities. For more information, visit <http://cop-mfdr.adb.org>



A Preliminary Assessment of Managing for Development Results in ADB

J. Scott Bayley, Team Leader of the Study, Operation Evaluation Department

In 2007, the Operations Evaluation Department of ADB conducted a Special Evaluation Study (SES) titled *Managing for Development Results in the Asian Development Bank: A Preliminary Assessment*. The study focused on examining three issues:

1. Do staff think that ADB's internal enabling environment is consistent with the known requirements of MfDR? If not, how can it be strengthened?
2. Is ADB making satisfactory progress in adopting MfDR?
3. What can ADB learn about implementing MfDR from other development institutions?

The study's methodology included survey responses from 958 staff (41% response rate), 11 focus groups with about 150 participants, one-on-one interviews with some 50 staff including vice-presidents and directors general, consultations with six development organizations, and views of various documents.

ADB's Compliance with the Known Requirements of MfDR

Investigations focused on (i) senior leadership support, (ii) staff skills and training, (iii) organizational culture, (iv) management practices and incentives, (v) capacity and resources, (vi) managing the change, and (vii) business systems and processes.

A salient finding was that staff view the role of senior management as a key enabler. At the same time, they believed that senior management's support has not always been translated into practice, visibly sustained, or may have become diluted during the implementation process. Elsewhere, staff opined that ADB's culture still emphasizes achieving loan approvals, disbursements, and lending targets as opposed to focusing more actively on development results. Also, staff identified management practices and incentives as an area in which improvements continue to be needed. In addition, they stressed the need to continue refining ADB's business systems and processes and ensure that outdated or outmoded processes are removed as they are superseded.

The study revealed that many staff are uncertain about the nature of ADB's wider results agenda and how MfDR interfaces with their work at the opera-

tional level: they sought greater guidance as to what MfDR is, and how it relates to their duties. On the positive side, the study suggested that most staff believe they have a clear understanding of the results they need to achieve, and that they have the knowledge and skills to be results oriented.

Assessment of ADB's Progress in Adopting MfDR

The study judged that ADB's progress and challenges have been generally comparable to those of other multilateral development banks: this is confirmed by the performance data presented in the 2005 and 2006 Common Performance Assessment System (COMPAS) reports, documents on MfDR obtained from multilateral development banks, and consultations with the six development organizations.

ADB is in the early stages of transition along the continuum of awareness, exploration, transition, full implementation, and continuous learning, and has not yet reached that of full implementation. ADB has modified policies and introduced tools to support MfDR, developed new training courses, and undertaken preliminary work to support the development of a new corporate management information system. However, given that managerial decisions within ADB are not routinely informed by relevant outcome data, it has not yet achieved the full implementation of MfDR.

ADB's progress reports to the Development Effectiveness Committee show that ADB is undertaking a number of actions to strengthen its capacity to manage for development results through (i) results-based country partnership strategies; (ii) results-based approaches at the project level; (iii) improvement of results monitoring and reporting in operations; and (iv) learning and development programs, practice notes, guidelines, as well as other publications on MfDR. Since 2000, there has been much improve-

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¹ ADB. 2007. Special Evaluation Study on Managing for Development Results in the Asian Development Bank: A Preliminary Assessment. Manila. Available: <http://www.adb.org/Documents/SES/REG/SST-REG2007-32/SST-REG-2007-32.pdf>

New Tools Developed to Support Mainstreaming of MfDR

By Hans Carlsson and Alely Bernardo, South Asia Department

Two major tools for building capacity in Managing for Development Results (MfDR) in developing member countries have been developed under ADB RETA 6306: Mainstreaming MfDR in Support of Poverty Reduction in South Asia.

Readiness Assessment Tool: Implementing a Results Focus in Organizations

Assessing the readiness and capacity to adopt MfDR as a management strategy, RETA 6306 pilot-tested a new readiness assessment (RA) tool for public sector organizations in Bangladesh, Nepal, and Pakistan. Following an organization development approach, the RA tool places MfDR readiness in the context of organization capacity and readiness to change.

The full RA tool is available at the MfDR CoP website's South Asia Room. As a further learning development, an online self-assessment tool is also available at <https://cop-mfdr.adb.org>.

Using sliding scales, the impact of RA categories and various factors are indicated by the user. The user can also record thoughts and notes during each step of the RA.

The online software analyzes the data and provides both written and graphical presentation of the results in the form of a "traffic light system" and spider web diagram.

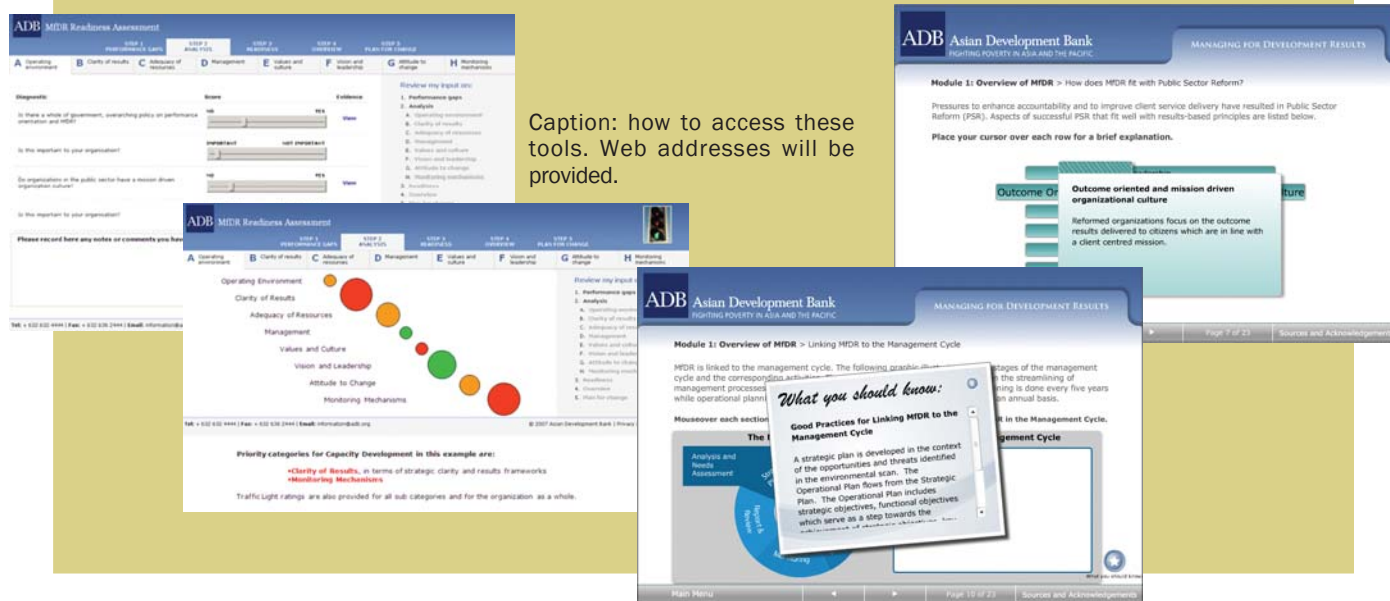
The results of the RA can be made available to groups of managers and consultants using the same website.

Interactive MfDR e-Learning Tool

To support MfDR Training of Trainers, a new interactive tool was designed and developed in response to the need to build MfDR capacity and develop human resources as trainers, focal points, and staff of the pilot organizations.

As an introductory course, the interactive e-learning MfDR program is self paced, combining theory with exercises and quizzes. The course consists of six modules, namely (i) overview of MfDR, (ii) context and stakeholder/client analysis, (iii) results, (iv) risks and assumptions, (v) performance measurement, and (vi) reporting and learning.

This tool is now available online at www.url.com. All materials are also available on an interactive CD-ROM, which will be made available through ADB's resident missions. ■



Caption: how to access these tools. Web addresses will be provided.

A Preliminary Assessment of MfDR *(continued from page 3)*

ment in the quality of design and monitoring frameworks prepared for project and program loans and for advisory and regional technical assistance (even if the quality of the frameworks for the former is considerably better than those prepared for the latter). But staff are divided in their assessment of ADB's progress. This raises questions about the level of staff awareness and ownership of the agenda, and therefore how staff can engage more effectively.

Recommendations and Management Feedback

The SES sets out three potential scenarios for advanc-

ing MfDR in ADB and recommends that ADB pursues a course of action similar to described under Scenario 3: "Significantly Increasing Effort". Management notes that the LTSF is currently being revised; the MfDR Action Plan (2006-2008) will be reviewed by end of 2008; and OED plans to conduct an indepth evaluation of MfDR in 2009. Therefore, under these circumstances, Management considers that Scenario 2: "Modestly Increasing Effort", offers the most appropriate course of action at this time. It is a pragmatic response within ADB's administrative capacity and resource constraints. ■

MfDR in Cambodia

By Arjun Goswami, Country Director, Cambodia Resident Mission

Although the Cambodia Country Strategy and Program (CSP) 2005–2009 was not one of the pilot results-based CSPs, it incorporated many of the results features later adopted by ADB: extensive dialogue with stakeholders, close alignment with national development goals and priorities, efforts to harmonize and coordinate assistance programs with other development partners, and use of existing government-donor mechanisms for monitoring outcomes. A Results Framework 2006–2010 provided a selective list of “SMART” (specific, measurable, achievable, realistic and timely) outcome indicators, which is the basis for monitoring the CSP implementation.

The strategic thrust of the 2005–2009 CSP is to contribute to sustainable poverty reduction by addressing binding economic constraints. The recent CSP mid-term review confirmed the relevance of this approach, which entails broadening the sources of growth and addressing rural poverty. The midterm review also highlighted the need for a greater focus on rural development. ADB assistance for the rest of the CSP period will take the form of an integrated program of agricultural and rural development, with focused interventions on access to rural credit, decentralized registration of businesses in rural areas, farmer’s education and training, risk mitigation through public financial management for rural development, and the integrated Tonle Sap initiatives.

Use of Country Systems

In early 2007, the Government issued a sub-decree that instructed all government agencies implementing

projects financed by ADB and World Bank to use the Government’s manuals for (i) standard operating procedures, (ii) financial management, and (iii) procurement. These manuals were direct products of the Government’s public financial management reform program, developed with assistance from ADB and World Bank with a view to improving the performance of project portfolio management and public procurement. They were completed in 2005 and took effect initially under a ministerial directive. While the manuals are currently applied to ADB and World Bank-financed projects, the Government is encouraging other development partners to adopt their use.

ADB support for Management for Development Results

Cambodia benefited from four ADB regional technical assistance projects introducing Management for Development Results (MfDR) techniques at the project and sector management level:

- Results-Focused Project Design and Management
- Decentralization in Social Sectors
- Assessing Private Sector Development Outcomes in Projects
- Strengthening Results-Based Management for Sector Agencies

However, despite the Government’s growing receptivity to the MfDR agenda, more country-focused assistance is needed to develop the understanding and concrete applications of MfDR in the global context of aid effectiveness. ■

On the web: Learn more about MfDR in ADB’s developing member countries at www.adb.org/MfDR/countries

Performance Budgeting Training Program Jointly Financed by ADB and the Singapore Civil Service College

The first Performance Budgeting Training Program was held from 25 February to 7 March at the Civil Service College, Singapore. It was jointly financed by ADB via Community of Practice on Managing for Development Results (CoP-MfDR) RETA and the Ministry of Finance, Singapore. The program brought 25 practitioners from Finance and Planning Departments of five DMCs (Cambodia, Lao PDR, Philippines, PRC and Viet Nam). The course comprised a combination of lectures, case studies, sharing of real life experiences among practitioners which helped participants to gain valuable insights to results based policy making process.



MfDR Innovation at Country Portfolio Level in the Kyrgyz Republic

By Valeri D. Tian, Senior Project Implementation Officer, Kyrgyz Resident Mission

ADB, KfW (German Development Bank), the Islamic Development Bank, and the World Bank has been conducting joint country portfolio reviews (JCPR) in the Kyrgyz Republic since 2004.

ADB Kyrgyz Resident Mission (KYRM) led this exercise in 2006 and 2007, and introduced application of the MfDR approach toward country portfolio management. In 2006, JCPR KYRM introduced portfolio management framework (PMF) as a major results-based methodological tool, and a single joint background paper for all participating donors. The PMF allowed the participating donor organizations and the Government to (i) define the portfolio management impact, outcome, outputs and activities levels; and (ii) agree on specific targets/indicators for each of them. PMF replaced the standard action plans for portfolio improvement and placed a stronger focus on aid development impact. The single background paper format allowed for a concise and harmonized analysis of the joint portfolio, and integrating the systemic portfolio management issues.

Integrating Sector Results Matrixes

The 2007 JCPR featured integration of several sector results matrixes with the PMF. The covered sectors included health, education, road, and irrigation. This became the next step in advancing the MfDR at country portfolio level. The PMF summarizes the joint portfolio impacts at sector level and its contribution to country development. The sector results matrixes represent the sublevel of this analysis. They identify contribution from individual project impact and outcomes to respective sector performance. Combining the PMF with sector results matrixes allowed for interlinking the individual projects, sector strategies, the national development strategy, and the joint country portfolio. To apply this tool, KYRM provided methodological guidance to the concerned ministries and agencies to develop their sector results matrixes, based either on the existing sector strategies or agency's vision on the sector development. KYRM also intensively consulted the staff on concerned partner organizations (KfW, Islamic Development Bank, and World Bank) on the proposed methodology, which was based on ADB's South Asia Department's experience in using the sector results matrixes.



The author (second from left) talked about Sri Lanka's results-based M&E system at the 2007 Annual Meeting of the Community of Practice on MfDR (see first page)

A Useful Tool for Analysis of Aid Contribution

The PMF, combined with sector results matrixes, became a useful tool for analysis of aid contribution to sector development and overall assistance impact on country development. It also allowed advancing at times heated discussion between the Government and the civil society on aid efficiency from political to rational grounds. The work was highly appreciated by the Government and it was cited by the World Bank as best practice in the region.

To ensure the knowledge transfer and sustain the achieved progress, ADB conducted a workshop on results-based methodology for the Government, World Bank, KfW, and Department for International Development staff in summer 2007. The workshop allowed for creating the necessary "critical mass" within the Government and donor community to maintain the MfDR approach to country portfolio management. The 2007 JCPR also contributed to development of results-based joint country support strategy agreed between the Government and major donors.

This experience also contributed to the increased Government ownership over the country portfolio management. The Ministry of Economic Development, who will lead the upcoming 2008 JCPR, plans to further expand the MfDR approach to the remaining sectors. ■

MfDR in Lao PDR

By Gil-Hong Kim, Country Director, Lao PDR Resident Mission

Suggest putting introductory text here about country assistance program evaluation (CAPE) for Lao PDR.

Lessons from Past Assistance

The CAPE recommended that (i) the sector focus of ADB assistance be sharpened; (ii) stronger partnerships be forged around programs of sector support with other assistance providers; (iii) reform readiness be clearly demonstrated, sequenced over time, with more realistic measures for program lending; (iv) good governance and private sector development be carefully integrated into sector development programs; and (v) TA support be linked more closely to lending.

Results-Based Country Strategy

In response to the CAPE recommendations, ADB's 2007-2011 Country Strategy and Program (CSP) emphasizes three pillars: (i) promoting pro-poor sustainable growth by nurturing labor-intensive sources of growth (including support to the development of small and medium-sized enterprises, transition to commercial agriculture, and regional integration as the main engine of outward-oriented growth), (ii) fostering inclusive social development by investing in selected non-income MDGs (including basic education, primary health care, and water supply), and (iii) addressing priority governance issues by strengthening financial management capacities (including support to the Nam Theun 2 Hydroelectric Project through the Public Expenditure Management Strengthening Program). As a result, the CSP has greater focus, selectivity, and synergy between national and regional programs. It includes a strategic results framework serving as a management tool for managing ADB assistance to deliver the intended development results. 19. ADB's CSP is aligned with the Government's SEDP6, which fully

streamlined the National Growth and Poverty Reduction Strategy. SEDP6 preparations included extensive consultations with local authorities, development partners, academia, civil society, and the private sector. The Committee for Planning and Investment oversees the implementation of SEDP6, and since November 2006, the Government has been taking the lead in eight sector working groups, which were previously informally chaired by donors. The committee's general planning department is responsible for the monitoring and evaluation of SEDP6 using a results-based monitoring and evaluation framework.

Use of Country Systems

The CSP contemplates greater use of country systems. To support this process, ADB's TA program aims at strengthening capacities for fiscal planning, budget preparation, debt management, internal audit, treasury, and accounting systems. ADB will assist the Government improve the consistency between macro and fiscal forecasts; to enhance the coverage and quality of its debt management databases and systems; to institutionalize the use of a medium-term expenditure framework at both central and local governments; to build automated accounting, revenue, and recurrent expenditure tracking systems; to develop timely and consistent budgeting and reporting procedures; and to strengthen internal auditing capabilities. ■

Lao PDR Country Director Gil-Hong Kim meets with Lao PDR Minister of Information and Culture Mounkeo Oraboun to discuss ways to strengthen partnership between ADB and the government.



MfDR in Mongolia

By Adrian Ruthenberg, Country Director and Resident Representative
Mongolia Resident Mission

While the development objectives of ADB's past projects were related to the process of economic and social transition and to the national rehabilitation and reconstruction agenda, the new pipeline will be oriented towards fostering broadbased inclusive growth. The focus towards achieving the Millennium Development Goals (especially quality of health and education services delivered to the poor) requires readjustment in ADB's sector approaches. A significant pro-poor feature of the Mongolia program is the presence of Japan Fund for Poverty Reduction and Japan Fund for Information and Communication Technology projects.

ADB's 2006–2008 country laid the grounds for a results-based approach along the lines of the Economic Growth Support and Poverty Reduction Strategy (EGSPRS). The framework that underpins the results-orientation of ADB's strategy is seen as the end-result of a joint process by which the Government, ADB, and other partners agree on priorities, and take action to ensure effective support around these. The Government has initiated this process by outlining priorities, and ADB is now helping develop a results framework with performance indicators to establish sound mechanisms to manage the country strategy for results. ADB's forthcoming country partnership strategy (CPS), to be developed in 2008, will be aligned with the Government's priorities as defined in the 2008–2021 NDS currently being discussed by the Parliament.

Managing for Development Results (MfDR)

ADB has provided MfDR related assistance to Mongolia under two regional technical assistance (TA) projects: Strengthening Results-Based Management for Sector Agencies, and Decentralizing Social Sectors. The regional TAs helped improve understanding of results based management in the context of decentralized health and education services. Recently, ADB approved a TA on Mainstreaming Managing for Development Results in Investment Planning and Pub-

lic Funds Management. In addition to strengthening investment planning and monitoring of sector ministries as part of national development strategy, the TA will introduce results-based management techniques for the social security funds and other public funds, including the Mongolian Development Fund. 19.

In general, statistical capabilities tend to be impeded by inadequate data availability and reliability. A key step in the MfDR agenda in Mongolia is to develop performance indicators for the EGSPRS and to formulate related sector targets. ADB's TA to support the National Statistics Office is part of this effort to improve statistics at the central level. In parallel, ADB's TA for aid policy and debt management, executed by the Ministry of Finance, assists the Government in the prioritization and coordination of aid flows. At the level of line ministries, monitoring and evaluation systems do not provide a suitable platform for central coordination and are mainly input-oriented. ADB, together with the World Bank and the United Nations Development Programme, is supporting the integration of monitoring and evaluation systems developed at the sectoral level with the national poverty monitoring system.

Another ongoing ADB TA for the implementation of the Public Sector Management and Finance Law (PSMFL) is supporting sector ministries in the adoption of performance-based budgeting and monitoring systems.

Use of and Support to Country Systems

ADB's support to country systems in line with the Paris Declaration on Aid Effectiveness focuses on fiscal management capacity (assistance to implement the PSMFL) and public procurement systems. In particular, ADB assistance prompted the adoption of the first public procurement law in 2000 and its successive amendments in 2005 and 2006. Mongolia was selected as pilot country for the procurement assessment in the framework of Paris Declaration; ADB and the World Bank are supporting this exercise. ■

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