

RESULTS

IDEAS AND EXPERIENCES ON MANAGING FOR DEVELOPMENT RESULTS

MATTER

ADB

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Observations from the CoP-MfDR 2007 Annual Meeting MfDR Capacity Building Advancements in Developing Member Countries

By Bruce Purdue, Head, Results Management Unit

On 1 November 2007, the annual meeting of the ADB-sponsored Community of Practice on Managing for Development Results (CoP-MfDR) was held at the Asia-Pacific Finance and Development Centre (AFDC) in Shanghai, People's Republic of China.

ADB has financed the establishment and operation of the CoP-MfDR. However, the most important aspect of the CoP is that it is "owned," managed, driven, and animated by the CoP members themselves. CoP-MfDR is proving to be an important contributor in ADB's efforts to promote partner country ownership under the Paris Declaration on Aid Effectiveness.

Member Activities and Presentations

The CoP has grown over the last year or so. From an initial core group of around 25 members, the CoP has attracted nearly 100 active members, with the Shanghai meeting comprising over 50 participants. This has been an heartening evolution and a tribute to the hard work of the SPRU team in supporting the fledgling CoP-MfDR.

CoP-MfDR members gave excellent presentations in Shanghai, and these are all available on the CoP website (<http://cop-mfdr.adb.org>). In particular, the representative from Sri Lanka presented a great "story" on how his country has embraced MfDR, and credited ADB for being instrumental and pivotal in bringing this about. Representatives from Afghanistan offered an encouraging testimonial that the CoP-MfDR has assisted them in finding technical help from friends on the CoP virtual network (Malaysia, in this case).



Members of the CoP-MfDR enjoy the Huangpu River Cruise in Shanghai, People's Republic of China. Visit <http://cop-mfdr.adb.org> for more information

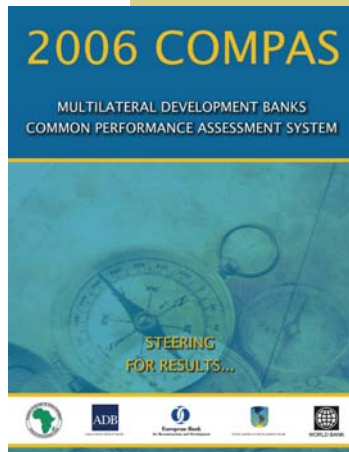
A Philippine CoP member described our important new initiative in the Philippines (with excellent support from the Philippines Country Office) to sponsor a country-level subgroup of the CoP-MfDR, which convened a major inaugural meeting at ADB

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Summary of Main Findings on MfDR in 2006 COMPAS



DMC's demand for strengthening country capacity to MfDR is increasing. MDBs are keen to respond to this growing demand and support the strengthening of capacity through a variety of means. MDBs have taken various approaches and steps to assess existing country capacity to identify capacity gaps to be addressed. The assessments are conducted as an integral part of the process of country strategy formulation (ADB, African Development Bank [AfDB]), or during the design of public sector management projects (WB), or under specific initiatives (IADB).

Results orientation is adopted in the country strategy process, but quality should be improved. MDBs monitor compliance with results features, either through country strategy quality-at-entry reviews carried out by Management (ADB), or via country strategy evaluations carried out by independent evaluation office (ADB, AfDB, IADB, WB). MDBs also take steps to ensure that results are achieved from the implementation of country strategies through country strategy completion reports (ADB, AfDB,

WB) or independent evaluation (ADB, AfDB, IADB, WB). However, greater improvement in the quality of country strategies is needed.

Project performance and monitoring could be improved. All MDBs conduct periodic reviews of project quality-at-entry. Independent evaluation offices periodically review the quality of project design and monitoring framework (ADB and AfDB), and project evaluability (IADB). All MDBs have procedures for reporting on the results of their operations after completion and also for conducting independent ex-post evaluation. Significant room for improvement exists in project implementation, monitoring, and supervision.

Institutional Learning from Operational Experience is not systematic. Various formal devices are in place to identify lessons and disseminate MfDR lessons to Partner Countries. Recommendations arising from independent evaluations do seem to influence the way MDBs conduct their business. Some MDBs have a formal mechanism to keep track of, and measure Management's actual adoption of independent evaluation recommendation (ADB, and WB). However, the actual degree of lesson utilization remains unclear and needs to be improved.

Source: Common Performance Assessment System (COMPAS 2006)

CoP-MfDR *(continued from page 1)*

Headquarters on 5 October 2007. This included over 60 representatives from all over the Philippines. In many ways, this type of piloting of the CoP concept at the country level may hold the best hope to add value through the community. Indeed, Mongolia has specifically requested our further help to conduct a similar pilot in Mongolia early next year.

Partnerships and Outreach

At the meeting, the Singapore Ministry of Foreign Affairs (MoFA) and the Singapore Civil Service College (CSC) described their proposed training program in performance budgeting for DMCs, to be convened in March at the CSC and cofinanced by the Singapore MoFA. The key here is that the participants must be selected based on their ability and authority to take concrete steps toward appropriate performance-based budgeting when returning to their home countries. The concept is based on follow-up with participants after they return home. Again, CoP-MfDR members are very keen to apply for a place in this program. Two such programs are being contemplated per annum from 2008 to 2009.

The Asian CoP-MfDR innovation has triggered the establishment of an African CoP-MfDR, sponsored by the World Bank and supported by the Afri-

can Development Bank. A representative of African colleagues (from Tanzania) and delegates from the World Bank also participated in the Shanghai meeting to observe and gain lessons from the experience of Asian CoP.

Challenges

While all these aspects were positive developments, the CoP-MfDR is still fragile and has yet to reach its full potential. This is not surprising, as it is only 1 year since the successful completion of the pilot phase! The real measure of success will be the role of the CoP network in delivering sustainable help, on a peer-to-peer basis, to each other in the evolution of MfDR at the country level.

The challenges and threats to the CoP-MfDR are simple, but real. Even with a good system such as the CoP, each developing member country (DMC) still needs results champions to value the MfDR techniques available through the CoP-MfDR. Two very practical issues also need to be solved for the CoP to be even more valuable: we need to help translate the CoP and its various tools into the local language of our DMCs; and, importantly, we need to solve the problem of key users and champions having the time to devote to logging on and actually using the CoP-MfDR. ■

Developing Capacity in Public Sector Organizations to Implement MfDR

Ziba Farhadian-Lorie, Principal Economist (South Asia Regional Department)

A 2-day Forum in Bangkok on 13–14 November 2007 brought together senior officials from oversight agencies and pilot organizations under ADB RETA 6306, Mainstreaming MfDR in Support of Poverty Reduction in South Asia,¹ from Bangladesh, Nepal, Pakistan, and Sri Lanka. Representatives from various donor agencies also joined to observe evidence of capacity and ownership in managers of pilot organizations to own and lead the change management requirements of MfDR.²

Increased Country Capacity

The Forum demonstrated achievements made under the RETA to build capacity in officials of developing member countries (DMCs) on MfDR. These officials representing the pilot agencies covered by this project ably discussed their assessment of their technical and managerial capacities to manage for development results their strengths and shortcomings, and options to further address the identified capacity gaps. There were numerous examples of the way processes, procedures, and management practices were changed as these officials learned to mainstream MfDR (not as a collection of technical requirements but as a change management competency) in their individual organizations.

Under the Paris Declaration, both partner countries and development partners committed to work together to strengthen country capacities and demand for results-based management. They also agreed to jointly assess, through existing and increasingly objective country-level mechanisms, mutual progress in implementing agreed commitments.



The author (second from left) at the Forum on Mainstreaming MfDR in Support of Poverty Reduction in South Asia

Capacity Assessment Tool

RETA 6306 has taken a pragmatic approach in developing a tool for capacity assessment of DMCs, followed by action plans to address capacity gaps that are revealed by the tool. Importantly, this work is focused on capacity assessment at the organization level, not the whole public sector. This has been an emphasis of the Ha Noi roundtable and a recommended approach for work on MfDR in the future.

One of the few points on which the majority of practitioners in the field of managing for results seem to agree is that any efforts to build/develop serious capacity in the public sector to fully manage for results will have to start with a deep assessment of the existing capacity. Such an assessment of existing capacity must go beyond the assessment of existing (and necessary) technical devices and processes to assess the managerial capacity to understand and manage the needed change processes involved. To date, few developing countries have moved from stage one to stage two. Many are still planning the implementation of stage one, with stage two lying ahead as an unclear gap in the implementation process.

The philosophy of the RETA can be summarized as follows: introduction of MfDR into the government of a country is a long-term process that requires change at both the institutional and organizational levels. Stage one of this process of managed change is the introduction of a results-focus into the country planning and budgeting processes, along with various

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¹ RETA 6306 was approved on January 2006. A total of 58 participants, 26 of which came from DMCs covered by the RETA, attended the Forum. Further information may be obtained from project leader (Z. Farhadian-Lorie, zflorie@adb.org).

² Some 23 background papers were prepared for the Forum (including eight reports on the application of the Readiness Assessment Tool on individual pilot agencies). Sixteen powerpoint presentations were made during the 2-day gathering. Four country papers and four papers on proposed reform initiatives for future activities were brought to the attention of representatives of development partners at the Forum. The Forum program and a list of participants, as well as copies of the presentations and background papers distributed, are available at www.adb.org/Documents/Events/2007/Mainstreaming-MfDR/

Improving Aid Effectiveness through MfDR in Afghanistan

By Farid Tanai, Aid Coordination Officer, Ministry of Finance, Afghanistan



Afghanistan has adopted the UN Millennium Development Goals and localized it into national strategy, the Interim-Afghanistan National Development Strategy (I-ANDS). The Government is currently working to develop the full Afghanistan National Development Strategy (ANDS). This strategy consists of eight sectors: security, governance, rule

of law and human rights, infrastructure and natural resources, education, health, agriculture and rural development, social protection, and economic governance and private sector development. The strategy also addresses crosscutting issues such as gender equity, counter narcotics, regional cooperation, anticorruption, and environment.

An Aid Effectiveness Working Group has been established to conduct high-level meetings for dialogue between the Government and development partners, focused mainly on indicators in the Paris Declaration and the Afghanistan Compact, pertaining to aid management, coordination, mobilization and effectiveness. This is chaired by the Minister of Finance.

The Government's Aid Coordination Unit handles relations with development partners. One of its major areas of responsibility is monitoring the progress of Paris Declaration and Annex II of the Afghanistan Compact. The Aid Coordination Unit has conducted the first round of the Paris Declaration survey focusing on official development assistance spending. A separate survey has also been conducted on the local economic impact of aid to Afghanistan. The Unit is now planning to conduct the second round of the Paris Declaration survey, as well as a follow up survey of the local economic impact of aid to Afghanistan.

To avoid uncoordinated activities, the Government of Afghanistan should be on the driver's seat and lead its development agenda. The ANDS is the development agenda of the Government. All development partners are invited to align their activities with this. However, with a staff of one manager, 7 officers and one advisor, the Aid Coordination Unit has difficulties coordinating the aid provided by 47 development partners. At the moment, most development partners' reports are still not aligned with the Government's reporting requirements. This is a major challenge in implementing MfDR in aid effectiveness on the ground. ■

Developing Capacity *(continued from page 3)*

technical devices and processes that can demonstrate the focus remains on results (e.g., introduction of log frames and indicators at the project and sectoral levels; monitoring and reporting processes).

Cascading to Individual Organizations

Stage two cascades the philosophy and practices down to the individual organizations within the government and holding these units responsible for delivering the planned results identified in stage one. Without a planned and managed cascading process, the results frameworks created at the highest level are often expected to run on auto-pilot and are unlikely to ensure the optimal delivery of results.

What the cascading process does is to move the process of implementation from the realm of the development economist and the governance of the state to that of the management and leadership of individual public sector organizations. At this stage, the management and employees of every state organization becomes involved in organizational and behavioral change, which is likely to run counter to many elements of the existing culture of the civil service.

Change Management

MfDR in the public sector is more than a new system of measurement. It is a long-term process involving

a reorientation of thinking and planning, and change at the institutional and management levels.

The management parlance of the DMC officials who worked under this RETA clearly showed their appreciation of the importance of MfDR's technical aspects (the introduction of a results frameworks and indicators into country planning, policy making, strategy development; monitoring and evaluation systems; stakeholder consultation; and input-oriented measures of performance). However, their presentations strongly argued that these technical components must be accompanied by managerial capabilities such as understanding the enabling environment, cultural values (and barriers), forces and pockets of resistance to change, and incentive systems affecting performance, among other things, to bring about a material improvement in development results.

Many pilot agencies talked of the dangers of an organization developing a sense of complacency when the technical aspects of MfDR are in place. Project implementation may improve and portfolios become less risky. Yet, the organization's true clients may not be well served as operations could be misguided without a clear organizational results chain.

Lessons learned from the RETA have been widely disseminated within the global development community and shared within ADB. ■

Improving Portfolio Performance in Nepal

By Ki Hee Ryu, Head, Portfolio Management Unit, Nepal Resident Mission

Nepal's portfolio performance had been well below ADB-wide averages for many years. Following the adoption of the first results-based Country Strategy and Program for Nepal in 2004, improving performance of the Nepal portfolio—and accelerating the delivery of results on the ground—in a conflict environment became the pri-

ority of the ADB–Government team. Bimonthly meetings with Government held to identify and remove policy and institutional constraints under ADB-financed projects.

3. 'Early warning system' on portfolio performance—frequent regular monitoring of project performance reports and other data and meetings

Portfolio Performance Indicator	2002–2004		2005		2006	
Active Loan Portfolio (number and \$ million)	22	735	23	648	23	687
Disbursement Achievement (\$ million)		28		44		108
Disbursement Ratio (%)		7		8		20
Contract/Commitment Ratio (%)		6		15		22
Net Resource Transfer (\$ million)		(8)		3		63
Projects at Risk (Number and %)	5	23	7	30	4	17

ority of the ADB–Government team. By 2006, the performance of ADB's Nepal portfolio had improved considerably (Table).

What helped facilitate these improvements?

Key actions taken by the ADB and Government team include:

1. Comprehensive country portfolio reviews to assess not only portfolio performance, but also “development results” in terms of progress toward outputs and outcomes (since 2006).
2. Portfolio performance action plans agreed with

to enable timely actions—established in South Asia Regional Department (SARD) (2005).

4. Portfolio management strategy to mainstream conflict-sensitive approach adopted by Nepal Resident Mission (2006).
5. Annual spring cleaning exercises undertaken to remove poorly performing portfolio elements (since 2005, \$75 million in loan savings have been reallocated).
6. Sector results profile as monitoring tool—a snapshot of progress toward expected results—prepared for priority sectors, updated and assessed regularly to identify issues and take timely action (since 2005).
7. Project readiness filters adopted to reduce start-up delays and accelerate implementation (since 2005).
8. Reforms in procurement and financial management undertaken by Government to strengthen country systems (since 2005).
9. Upfront screening mechanism adopted to assess project design during the early stage of project preparation (since 2006). ■



Source: South Asia Regional Department, Asian Development Bank.

Building a Results-Based M&E System in Sri Lanka

By Velayuthan Sivagnanasothy, Department of Foreign Aid and Budget Monitoring, Ministry of Plan Implementation, Sri Lanka

The Ministry of Plan Implementation (MPI) has introduced the results-based management (RBM) and reporting system with performance indicators to track development results of the line ministries and their programs. Logical Framework Analysis and Results Framework are being increasingly used in planning and monitoring and evaluation (M&E) arrangements within government. Line ministries are required to justify their budgets with well-defined output/outcome indicators. The Department of National Budget and Treasury has revised their budget circulars to focus on “results” to institutionalize performance budgeting systems. The Government’s 3-year Medium-Term Expenditure Framework incorporates outcome-based key performance indicators to justify public expenditure and helps allocate resources rationally on a results-oriented manner. All these developments clearly indicate that the concept of “managing for results” set out in the Paris Declaration is being institutionalized and is moving forward in Sri Lanka.

The Government’s MfDR Strategy

A strong link exists between the MPI, Ministry of Finance and Planning (MOFP), and President’s Office; they work very closely with each other on the M&E strategy. Major achievements on M&E strategy include the following:

- A home-grown, user-friendly, national, web-based electronic online project monitoring system has been established in the MPI to track the implementation progress (financial/physical) and results of all development projects and programs.
- A comprehensive Performance Measurement System is being piloted with four key line ministries (M/Education, M/Health, M/Agriculture, M/Highways). An RBM core group has been established to drive this initiative with the leadership of the MPI secretary. The experiences of the North American RBM models operated in Oregon, Minnesota and Virginia were considered in developing a localized model.
- The Government has established a localized results reporting system for the Millennium Development Goals, for which data collection support is extended



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)

by the Department of Census and Statistics and is being widely used within the government.

- The MPI undertakes ongoing, ex-post, and impact evaluation of selected mega projects and disseminates evaluation findings to concerned stakeholders.
- The MPI has established a web-based Post-Evaluation Information System (PEIS) to ensure effective dissemination of evaluation findings, lessons learned, and synthesis of such findings. Such evaluation information will provide sector-wise synthesis to ensure more effective feedback and help integrate evaluation findings into the planning and budgeting process.
- The Sri Lanka Evaluation Association acts as a catalyst in advocacy; awareness creation; training; and helping develop standards, ethics, methodologies, and best practices to improve evaluation culture.

Issues and Challenges

- To ensure successful operation of RBM systems, “incentives” for achievements and some form of “penalty” (punishment) for slippage.
- M&E institutions and the planning institutions seem to function in isolation and do not have an effective formalized feedback arrangement to integrate lessons into the planning and design of new projects. Therefore, it is necessary to establish strong links between the M&E on the one hand and policy

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Integrated Results Based Management in Malaysia

By Koshy Thomas, Deputy Undersecretary, Ministry of Finance, Malaysia

Malaysia's integrated results-based management (IRBM) system was developed in the late 1990s. Its primary components are a results-based budgeting system (RBB) and a results-based personnel performance system (PPS). These are complemented by two other components: a results-based management information system (MIS) and a results-based monitoring and evaluation framework (M&E).

Integrated Results-Based Management

The primary components under IRBM provide the necessary framework for planning, implementing, monitoring and reporting on organizational performance, and linking organizational performance to personnel performance. The complementary components, M&E and MIS, provide the entire framework with a dynamic dimension. They bring to life static information by establishing some level of causality.

IRBM is now being implemented in a number of countries, such as Malaysia, Zimbabwe, Mauritius, India, Namibia, Botswana and Afghanistan. In some of these countries, the four components are being implemented in stages, with RBB and M&E as the forerunners, followed by the other components.

Malaysia's Experiences

In Malaysia, RBB is the main driver of IRBM. At the activity level, a performance agreement is prepared and submitted by the activity manager to the control-

ling officer, who in turn aggregates all the performance agreements and submits them to the Central Budget Office. The Ministry of Finance, by way of an administrative circular, mandates the process. RBB requires considerable strategic inputs and needs assessment before goals and objectives are set for each program and project. The inputs in the document have to be driven by management, with department heads being the main stakeholders in the proposed results. The budgeting system must not only have strong linkages between resource utilization, outputs completion and ensuing program results, but must also be strongly linked with the policy framework.

Personnel Performance System and Results Based Budgeting

The PPS has also been identified a major components in Malaysia's IRBM. The role of the PPS is important in establishing and mandating the RBM accountability framework. Since clear lines of accountability are established, linkages between organizational performance and personnel performance can also be set. The ap-

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Sri Lanka *(continued from previous page)*

formulation, reforms, planning, budgeting, and resource allocation functions on the other.

- While recognizing the demand side of the equation for creating local demand for MfDR with utilization focus, the supply side of the equation that includes skills, procedures, methodology, data systems, manuals, etc. has to be addressed as well.
- It is necessary to look at the balance between learning and accountability. In some cases, RBM creates fear of being held accountable for performance when cooperation and assistance outside the organization are necessary for success. Also, weak link

between "agency performance" and "individual performance" is a concern.

- Development agencies tend to shift from projects and programs to sector-wide approach. As such, an M&E approach needs to cover policies, sectors, and thematic areas on a countrywide basis. Policy, sector, and thematic evaluations are becoming equally important.
- RBM systems often create "information overload" which decision makers find difficult to absorb. It is necessary to understand who needs what information, for what purpose, and when. ■

Integrated Results Based Management in Malaysia *(continued from page 7)*

praisal system under the PPS gives weight to the individual's performance as well as other attributes. As a result of this inherent linkage, Human Resource Development becomes more specific and focused.

Management Information Systems and Monitoring and Evaluation

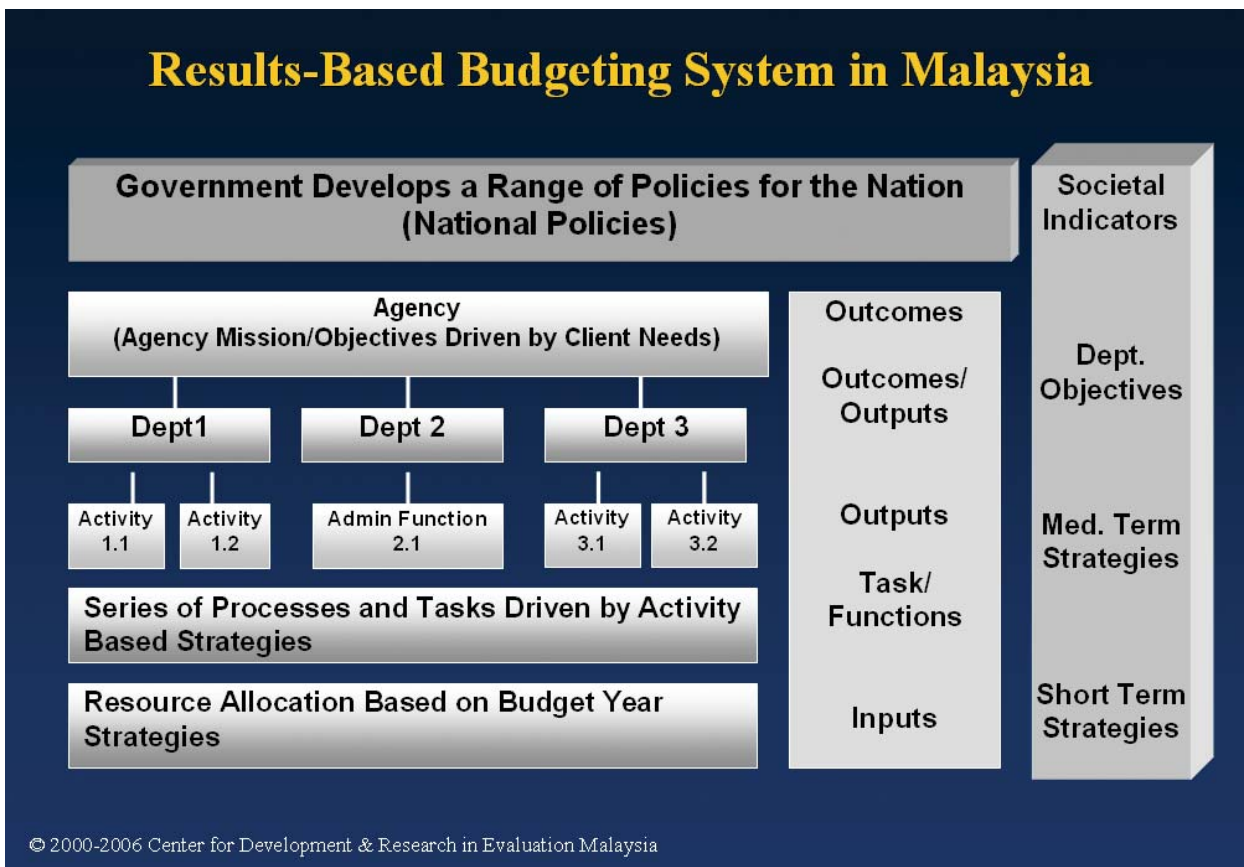
When linkages within the performance framework are driven by MIS and M&E, the IRBM system becomes more dynamic. These two components provide the performance measurement dimension to the strategic planning framework by way of accurate, reliable and timely information geared towards decision-making. MIS and M&E are closely knit, and constantly draw on each other to ensure that the system produces the right information for the right people at the right time.

All of this means that indicators should be both operational and results-based. Indicators are important to the extent that they provide information on whether a program has brought about change, negative or positive, intended or unintended, to clients and stakeholders.

Going Online

To make IRBM more practical and manageable, an e-version of the integrated performance management framework has been developed and is now being used in Malaysia.

This integrated e-enabled application solution has proven to be extremely useful for program performance planning, monitoring, and performance reporting. It has also proven to be of immense use for program evaluation purposes. ■



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