

## ADB's Results Framework and the 2007 Development Effectiveness Review

By Shiladitya Chatterjee, Strategy and Policy Department

The long-term strategic framework 2008–2020 (Strategy 2020) of the Asian Development Bank (ADB) envisages the development of a new results framework to monitor ADB's effectiveness in realizing its vision of an Asia and Pacific region free of poverty. The ADB results framework was developed through a yearlong internal and external consultation process during the preparation of Strategy 2020 and approved by ADB's Board of Directors in September 2008. A similar results framework for Asian Development Fund (ADF) operations was endorsed by ADF deputies at the conclusion of the ADF X negotiations in April 2008 in Madrid. The ADB results framework, while sharing common indicators with the ADF X results framework, contains baselines and targets relevant for ADB as a whole. It is an important tool to help management monitor ADB's performance in implementing Strategy 2020 and steer the institution to perform effectively according to its strategic priorities. For the latter purpose, the Development Effectiveness Review plays a key role.

### Four Levels of the ADB Results Framework

**Level 1: Asia–Pacific outcomes.** The first level of the results framework tracks the development progress of the region through selected regional outcomes to which ADB contributes with its development partners. Indicators of poverty and human development, gross domestic product per capita, regional cooperation and integration, access to basic infrastructure, governance, and environment have been selected to represent the major development outcomes that ADB is seeking.

Figure 1: Key Results and Indicators



**Level 2: Contribution to country outcomes through key outputs.** ADB will assess its contribution to country and regional outcomes by aggregating key outputs delivered to developing member countries through ADB projects in priority sectors of Strategy 2020: transport, energy, water, education, and finance. Indicators at this level also link outputs to beneficiaries, providing a measure of the impact of operations.

**Level 3: Operational effectiveness.** Improving the performance of its operations can help ADB increase its contribution to country outcomes. Indica-

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# MfDR in the Accra Agenda for Action

An excerpt from the document endorsed at the Third High Level Forum on Aid Effectiveness in Accra, Ghana on 4 September 2008

**M**inisters of developing and donor countries responsible for promoting development and Heads of multilateral and bilateral development institutions endorsed the following statement in Accra, Ghana, on 4 September 2008 to accelerate and deepen implementation of the Paris Declaration on Aid Effectiveness (2 March 2005).

The following are the AAA's commitment to MfDR.

## **We will focus on delivering results**

We will improve our management for results by taking the following actions:

- a. Developing countries will strengthen the quality of policy design, implementation and assessment by improving information systems, including, as appropriate, disaggregating data by sex, region and socioeconomic status.
- b. Developing countries and donors will work to develop cost-effective results management instruments to assess the impact of development policies and adjust them as necessary. We will better co-ordinate and link the various sources of information, including national statistical systems, budgeting, planning, monitoring and country-led evaluations of policy performance.
- c. Donors will align their monitoring with country information systems. They will support, and invest in strengthening, developing countries' national statistical capacity and information systems, including those for managing aid.
- d. We will strengthen incentives to improve aid effectiveness. We will systematically review and address legal or administrative impediments to implementing international commitments on aid effectiveness. Donors will pay more attention to delegating sufficient authority to country offices and to changing organisational and staff incentives to promote behaviour in line with aid effectiveness principles.

## **We will be more accountable and transparent to our publics for results**

Transparency and accountability are essential elements for development results. They lie at the heart of the Paris Declaration, in which we agreed that countries

and donors would become more accountable to each other and to their citizens. We will pursue these efforts by taking the following actions:

- a. We will make aid more transparent. Developing countries will facilitate parliamentary oversight by implementing greater transparency in public financial management, including public disclosure of revenues, budgets, expenditures, procurement and audits. Donors will publicly disclose regular, detailed and timely information on volume, allocation and, when available, results of development expenditure to enable more accurate budget, accounting and audit by developing countries.
- b. We will step up our efforts to ensure that—as agreed in the Paris Declaration—mutual assessment reviews are in place by 2010 in all countries that have endorsed the Declaration. These reviews will be based on country results reporting and information systems complemented with available donor data and credible independent evidence. They will draw on emerging good practice with stronger parliamentary scrutiny and citizen engagement. With them we will hold each other accountable for mutually agreed results in keeping with country development and aid policies.
- c. To complement mutual assessment reviews at country level and drive better performance, developing countries and donors will jointly review and strengthen existing international accountability mechanisms, including peer review with participation of developing countries. We will review proposals for strengthening the mechanisms by end 2009.
- d. Effective and efficient use of development financing requires both donors and partner countries to do their utmost to fight corruption. Donors and developing countries will respect the principles to which they have agreed, including those under the UN Convention against Corruption. Developing countries will address corruption by improving systems of investigation, legal redress, accountability and transparency in the use of public funds. Donors will take steps in their own countries to combat corruption by individuals or corporations and to track, freeze, and recover illegally acquired assets. ■

# Moving the MfDR Agenda Forward

## An excerpt from the Final Report of the Third High-Level Forum Roundtable on Aid Effectiveness in Accra, Ghana

**T**he 2008 Survey on Monitoring the Paris Declaration shows that very few partner countries have quality results-oriented strategies, and progress is generally slow. However, there are encouraging signals that *things are moving in the right direction*.

- The Roundtable confirmed that good, partner country led practice in MfDR is emerging all over the world.
- Knowledge-sharing and peer-to-peer learning on MfDR within countries, within regions and between regions is increasing. Regional Communities of Practice in Asia-Pacific, Africa and Latin America are clearly the important drivers for this.
- A number of country reports linked to the Evaluation of the Paris Declaration revealed some progress in particular areas and ambitious near-term plans to launch strong national systems.

**Three core essentials are crucial for results that are sustainable, democratically owned and that make a real difference in people's lives: (i) robust country systems, (ii) leadership, and (iii) sustainable capacity.**

To capitalize on these promising trends and to reinforce a strong political push for institutionalizing MfDR, the Roundtable aimed to identify the remaining bottlenecks, provide concrete key suggestions on how and by whom these can be addressed, and broaden the commitment base among partner countries and development partners.

The following summary emerged from the Roundtable, setting the scene to move the MfDR agenda forward:

- **On the input side**, MfDR is no longer just about managing aid. While aid will remain a catalyst for the process, MfDR is fundamental to public sec-

tor reform and a change process that involves all domestic and external resources available for economic development. MfDR paves the way for transition from aid effectiveness to development effectiveness.

- **On the outcome and impact side**, MfDR is no longer a technical tool meant only to gear resources towards narrowly defined goals and targets. Instead, MfDR reflects a comprehensive way of thinking on how best to achieve outcomes and impacts, according to national and sectoral priorities as well as being in line with the Millennium Development Goals and other Internationally Agreed Development Goals, including commitments on gender equality, human rights and the environment.
- **On the stakeholders' side**, MfDR no longer applies only to selected entities of government. The setting of goals, agreements on targets and strategies, allocation of available resources to activities (i.e. a results-budget link), monitoring and evaluation as to whether allocated resources are making a difference, performance reporting and, finally, feedback of information into the decision making process—this entire “MfDR cycle” requires a “whole of society” approach and the involvement of a broad range of stakeholders. Democratic ownership calls for the inclusion of the entire government and the active participation by parliamentarians, civil society, media and private sector.

This message marked a real shift from the focus of the roundtable on MfDR at the Second High-Level Forum on Aid Effectiveness 2005 in Paris, which had mainly focused on technical issues related to aid management.

But what must be done to implement this broader political MfDR agenda, and to translate it from wishful thinking into reality?

The participants of the Roundtable identified **three core essentials** that are crucial to achieve results that are sustainable, democratically owned and that make a real difference in people's lives: **Results require robust country systems in place to manage change, they require leadership and they require sustainable capacity.** ■

# Sri Lanka's MfDR Experiences

By Guanghui Li, Results Management Unit

From 12 to 14 November 2008, the Community of Practice on Managing for Development Results (CoP-MfDR) held its 2008 Annual Meeting in Colombo, Sri Lanka. The meeting was cosponsored by the Asian Development Bank and the Ministry of Plan Implementation of the Government of Sri Lanka. A total of 36 CoP members from 15 developing member countries participated, and a representative from the African CoP-MfDR also attended. The selection of Sri Lanka as the meeting venue stemmed from the CoP-MfDR's desire to see more practical on-the-ground MfDR experiences in a developing country.

## Sri Lanka's Best Practices

During the meeting, a Sri Lankan team, composed of champions from four different government agencies, discussed their MfDR experiences. The presentations were well received, and participants were impressed by the broad coverage and in-depth explanations on the current progress, challenges, success factors, and bottlenecks in MfDR institutionalization at the national, sector, and project levels.

In particular, the following 10 points were highlighted by participants as the most inspiring experiences presented by Sri Lanka.

1. In Sri Lanka, MfDR receives top-level political support. The President chairs quarterly progress review meetings to assess development projects, programs, sectors, ministries, and institutions, with a focus on results. Such a high-level meeting provides guidance

on MfDR agenda implementation and a forum for troubleshooting issues. Endorsement by the Cabinet of Ministers on the institutionalization of MfDR also indicates political will and policy-level commitment to the MfDR process.

2. The heads of the Department of Foreign Aid and Budget Monitoring of the Ministry of Plan Implementation are powerful champions of MfDR. A core group on MfDR, established to guide initiatives, is chaired by the secretary of the Ministry of Plan Implementation, with representation from the President's Office, Ministry of Finance and Planning, line ministries, and development partners.
3. The MfDR approach adopted in Sri Lanka is a whole-of-government approach covering national, sector, institutional, and project levels. A results focus is being built into national development plan, sector plans, ministries, and various projects. Clearly, Sri Lanka's ultimate goal is public sector and public financing reform, not just managing foreign aid or official development assistance.
4. The government strongly believes that the institutionalization of MfDR is fundamental to policy execution, improvement of accountability, transparency, and governance. Under the MfDR initiative, each ministry is requested to develop a clear mission, thrust areas, goals, and comprehensive performance measures. The national strategy includes time-bound actions, road maps, processes, institutional arrangements, legal frameworks, risk management, and capacity development.

5. The government uses the term "MfDR Circle" to describe the major elements and sequence of MfDR. It includes the setting of goals, agreements on targets and strategies, allocation of available resources, monitoring and evaluation, performance reporting, and feedback of information into the decision-making process. The process calls for the inclusion of the entire government and the participation of parliamentarians, civil society, media, and private sector as stakeholders of the MfDR Circle.

6. The MfDR process began with pilots. The previously mentioned comprehensive MfDR system was originally piloted with



Sri Lanka Ministry of Plan Implementation Secretary Mrs. Dhara Wijayatilake (right), demonstrates the Sri Lanka's Electronic Project Management System

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# MfDR Consultation Work with Development Partners

By C.C. Yu and Patrick Safran, Results Management Unit

**D**uring 17–27 November 2008, we visited five bilateral and multilateral agencies to exchange knowledge and share experiences in managing for development results (MfDR) at the institutional and country operations levels. We also explored potential areas of collaboration in results-based management and synergy within and between our respective institutions. The agencies we visited included the World Bank, Inter-American Development Bank (IDB), and United States Department of State in Washington, DC; the United Nations Development Programme (UNDP) in New York; and the Canadian International Development Agency (CIDA) in Ottawa. The following are some of our major findings.

## World Bank

The World Bank has been focusing its efforts on conducting the Multilateral Development Banks' Common Performance Assessment (COMPAS) report; the MfDR Capacity Scan, a set of analytical tools designed to assess the capacities of individual institutions in MfDR; and the Results Platform, which is mainly an information technology system that facilitates results monitoring and reporting. A key feature of this system is its ability to show vertical links, demonstrating how different projects in a country contribute to a specific country outcome. However, a major challenge is the lack of numeric data at the project level on project outputs and outcomes, which prevent their quantitative aggregation.

The World Bank also introduced a specific MfDR module into its Operations Roadmap Learning Program as part of its basic operations training, followed by intermediate workshops on implementing projects for results and the implementation and status results report.

## Inter-American Development Bank

Currently, it seems that IDB has not yet developed its results-based country assistance strategies. IDB staff members expressed a strong interest in the Asian Development Bank's (ADB) results-based country partnership strategy methodology and learning process. It appears that ADB could adapt and/or customize (i) IDB's process of integration of development effective-

ness into its private sector operations, and (ii) IDB's methodology for developing and using a balanced scorecard for assessing its performance results. IDB developed its balanced scorecard with the participation of its operations departments and resident missions to engage all potential users in identifying and developing relevant indicators. Its development was strongly supported by the vice president in charge of private sector operations. Furthermore, IDB has made significant progress in using results-based approaches in its loan design by building in performance indicators.

## United Nations Development Programme

UNDP has approved its corporate-level results framework and seems to face challenges similar to ADB in filtering corporate indicators down to individual country operations. UNDP has developed an information technology system capable of vertically linking project-level outputs and their contributions to major outcomes for each country program.

The system was developed using Systems, Applications and Products in Data Processing enterprises resources planning. Like the World Bank's system, UNDP's system is also capable of demonstrating how many of UNDP's projects are contributing to a particular outcome in a country. Although such a link is expressed in qualitative terms, the system seems useful in terms of bringing the responsibilities of corporate results achievement down to individual project officers. Although there are significant differences between ADB and UNDP in their respective lines of business and the need for results accounting,

ADB's current Project Processing and Portfolio Management efforts may benefit from a better understanding of the UNDP and World Bank systems.

## Canadian International Development Agency

CIDA, generally acknowledged as a results-based management frontrunner, has pioneered many innovative uses of results-based management approaches in its aid programs. As an example, ADB could learn from CIDA's results and risks concepts and techniques in designing and implementing results frameworks at the country and project levels.

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# Progress Reports from Developing Countries

Contributed by members of the Community of Practice on MfDR



**Afghanistan:  
Moving toward Program  
Budgeting**  
by Wahidullah Waissi, Ministry of  
Finance

In developing Afghanistan's 2007 budget, the Ministry of Finance selected three ministries (Education, Public Health, and Rural Rehabilitation and Development) to pilot program budgeting, i.e., integration of operating and development budgets. These ministries were required to present their budget information in a basic program format, linking their budgets to Afghanistan National Development Strategy priorities and objectives. A brief report with their program budget tables was presented, along with the 2007 budget, to the Cabinet and National Assembly.

For 2008 and 2009, program budget preparation has been extended to an additional 13 line ministries (four in 2008 and ten in 2009). These ministries have been requested to prepare their future annual budgets in the program format and present it as supplementary information with their regular budget submission.



**Bangladesh:  
Toward a National  
Performance Framework**  
by M. A. Hye Talukder and Phillip  
Choudhury, Ministry of Planning

Work on a 5-year strategic plan for results-based monitoring and evaluation began in the middle of 2007 through a 2-year technical assistance project known as the Strengthening Results-Based Monitoring and Evaluation Project.

Bangladesh has put in place several bold and innovative results-based initiatives, including a 3-year poverty reduction strategy with results indicators for each sector, a medium-term budget framework specifying strategic outcomes and targets for key ministries, and several advisory projects attempting to establish results frameworks for specific sectors.

However, each of these initiatives has several weaknesses, such as indicators that are not specific nor measurable, and strategic outcomes that do not specify actual results. In addition, there is a need to tie these initiatives together to form a single national performance framework.



**Malaysia: Internalized Self-  
Evaluation**  
by Koshiy Thomas, Ministry of  
Finance

Malaysia's modified budgeting system (MBS) was based on results-based management philosophies while using an integrated performance management framework to drive results. It was implemented on the principle of "letting managers manage" through a top-down planning methodology in which managers are empowered to use resources and to generate outputs as cost effectively as possible, resulting in program effectiveness.

The focus of the MBS on results is clear due to the approach, strategic components, and links evident in its planning process, which is prepared in the form of an integrated performance management framework. The modified budgeting system requires considerable strategic planning and needs assessment before goals and objectives are set for each program and activity. Program managers are required to carry out detailed analysis and to use program logic in determining client needs, program goals, objectives, outputs, and specific activities to be carried out toward achieving these objectives and impact.



**Nepal: Efforts and Issues in  
MfDR Institutionalization**  
by Teertha Raj Dhakal, National  
Planning Commission

As a part of the reform process, Nepal has already designed results frameworks for each development sector in the first Poverty Reduction Strategy Paper (2002/03–2006/07) and the current Three-Year Interim Plan (2007/08–2009/10) and has made efforts to establish links between sector results and poverty reduction goals.

In addition, as a tool of public expenditure management, the government has implemented a system to (i) develop a consistent and realistic resources framework for sustaining macroeconomic stability, (ii) improve budget allocation to priorities among and within sectors, (iii) increase incentives for efficient and effective use of resources by government agencies, and (iv) make the development budget more results-oriented.

Further, the government has designed the Poverty Monitoring and Analysis System for coordinating, consolidating, harmonizing, and facilitating analysis of data and communicating results in ways that provide effective feedback to the policy decision-making processes. This system includes results indicators, information sources for monitoring indicators, and sequencing of household surveys and institutional frameworks. Four annual progress reports have already been produced based on the system.



**Viet Nam: Perspectives and Experiences on MfDR**  
**Cao Manh Cuong, Ministry of Planning and Investment**

In Viet Nam, the results-based management system was first adopted in the Com-

prehensive Poverty Reduction and Growth Strategy (CPRGS) in 2002. The development of the CPRGS relied on strong analytical inputs and was based on piloting results-based management in 24 provinces. Annual progress reports assess achievements against a monitoring and evaluation framework. Since 2004, following the example of the CPRGS, Viet Nam has adopted best practice principles in MfDR by involving all stakeholders in formulating its Five-Year National Socio-Economic Development Plan for 2006–2010. All targets in the CPRGS and the Millennium Development Goals are also set for 2006–2010. By consulting with all development actors, the government has engaged them in the implementation process. Viet Nam's donor community is committed to aligning its assistance strategies to the National Socio-Economic Development Plan and related national, provincial, and sector strategies. ■

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## Sri Lanka's MfDR Experiences *(continued from page 4)*

four key line ministries and is currently operational in 35 line ministries.

7. Another significant aspect of Sri Lanka's MfDR system is the establishment of the National e-Project Monitoring System, which captures implementation progress and the results of all key development projects and programs in an intranet website. It provides policy makers and senior officials with online and real-time access to projects' inputs, activities, outputs, and outcome information. Its wider use is in line with the Paris Declaration on Aid Effectiveness principles of enhancing the use of country systems. With regard to development projects, the Ministry of Plan Implementation has been working closely with megaprojects to develop key performance indicators that will enhance systematic tracking of results. A web-based evaluation information system is being developed to capture all major evaluation findings on a project-wide basis with sector synthesis to ensure wider use of evaluation information.
8. The Ministry of Plan Implementation also established a web-based MfDR platform to maintain and

make available (online) the results framework and scorecard of each line ministry. The scorecard tracks the progress of line ministries toward their core thrust areas by using key performance indicators. Action is being taken by the ministry to ensure regular reporting of scores by all key line ministries.

9. A strong link exists between the Ministry of Plan Implementation and the Ministry of Finance and Planning, and performance information is extensively used in the budget process. For line ministries, outcome-based performance indicators and targets have been incorporated into the budgeting process. The line ministries' Annual Implementation Plan sets out key deliverables and operational intentions and serves as a basis for reporting progress.
10. Using readiness assessment tools developed by the Asian Development Bank, the government conducted readiness assessment for key ministries and agencies in order to calculate their MfDR capacity gaps. The spiral diagram detailed this assessment's preliminary results in nine core areas, and is regarded as extremely useful. ■

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## MfDR Consultation Work *(continued from page 5)*

This exercise has affirmed that ADB's current approach and activities are on the right track. The mutual learning process will surely serve to strengthen and to improve the MfDR momentum within and between respective organizations for the sake of member

countries and their beneficiaries. In addition, ADB's experience in learning and managing for results and the approach taken to filter corporate-level results indicators down to the country level proved to be valuable for the other institutions. ■

# ADB's Results Framework *(continued from page 1)*

tors of operational effectiveness are classified into five main categories: (i) operational quality and portfolio performance, (ii) finance mobilization, (iii) strategic focus in operations, (iv) knowledge development, and (v) partnerships.

**Level 4: Organizational effectiveness.** This level captures ADB's progress in increasing efficiency in the use of internal resources and implementing reforms essential to maintain relevance, a results focus, and contribution to development effectiveness. The three main areas addressed are (i) use of human resources, (ii) use of budgetary resources, and (iii) business processes and practices.

Given its use as a key instrument for monitoring ADB's development effectiveness, the results framework is closely aligned with ADB's strategic priorities defined under Strategy 2020. It is harmonized with the results measurement systems of the International Development Association and the African Development Fund, and contributes to the harmonization and alignment commitments of the Paris Declaration on Aid Effectiveness. A schematic presentation showing the logical chain of the results framework is in Figure 1.

Table 1: Summary of Main Conclusions of the 2007 Review

Asia-Pacific Development Outcomes (Level 1)		
Poverty and Human Development Indicators	⊃	⊃
Other Outcome Indicators	↑	↑
	Assessment	
<b>Performance Indicators</b>	ADB	ADF
<b>Level 2: Key Outputs</b>	Not Yet Due for Assessment	Not Yet Due for Assessment
<b>Level 3: Operational Effectiveness</b>		
Operational Quality and Portfolio Performance	↑	↑
Finance Mobilization	↑	↑
Gender Mainstreaming (ADF)	No Assessment <sup>1</sup>	↓
Strategic Focus in Operations	↑	No Assessment <sup>2</sup>
Knowledge Development	↑	⊃
Partnerships	↑	↑
<b>Level 4: Organizational Effectiveness</b>		
Use of Human Resources	⊃	⊃
Use of Budgetary Resources	↑	↑
Business Processes and Practices	↑	↑

ADB = Asian Development Bank; ADF = Asian Development Fund  
<sup>1</sup> Gender mainstreaming in all ADB projects is captured as part of the "Strategic Focus in Operations" indicators.  
<sup>2</sup> No specific indicators for "Strategic Focus in Operations" are adopted under ADF's results framework.

**Assessment Markers**

- ↑ Most indicators in group have shown improvements over baselines or over previous periods.
- ⊃ Results are mixed with equal number of indicators improving and regressing or stagnating.
- ↓ More indicators regressing or stagnating than improving.

The results framework is an important instrument for monitoring development effectiveness and for introducing organizational and institutional improvements to ADB on a continuing basis. ADB's operations vice-presidents are already using several results framework indicators on a weekly basis through a corporate performance monitoring system referred to as "the dashboard." The results framework will be used to improve the indicator set in the dashboard. Departments are also disaggregating the results framework to allow a closer monitoring of results at their level, and management has begun reviewing performance using the disaggregated indicators.

## The First Development Effectiveness Review

The first Development Effectiveness Review—for 2007—was finalized and presented to the Board in November 2008. The review is the main reporting mechanism for monitoring both Strategy 2020 and ADF operations, and adopts the results framework for this purpose. The review consolidates (and retires) three institutional reports on development effectiveness: (i) the report on the implementation of the poverty reduction strategy, (ii) the report on the reform agenda, and (iii) managing for development results reports. The review will be prepared on an annual basis and will be an important input into the 3-year rolling work program and budget framework, as well as in formulating the President's planning directions for the subsequent year.

Table 1 summarizes the main conclusions of the 2007 review. Asian economies are growing fast, becoming more integrated, and progressing toward poverty reduction and human development targets. At the same time, the region still struggles to meet some of the non-income poverty targets. Faster progress on infrastructure development and governance is needed to accelerate growth and improve living standards. ADB has delivered considerable sector outputs that have contributed to specific development outcomes. It has made progress in improving its development effectiveness and organizational effectiveness, aided by various change initiatives undertaken since 2004. To sustain progress, the review identifies areas requiring attention, and Management has adopted 13 specific sets of actions responding to these. ■

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