

# Results-Based Management Set to Impact the Future of Development

## RBM: The Way Forward for Many Sectors

By Sherry Kennedy, NARO

In the corporate world, the ratio of dollars spent versus results obtained is often instrumental in deciding whether alternative courses of action need to be taken to reap better results or ultimately, whether to pull the plug on a project. These considerations are now included in a greater extent in the work of other sectors such as nongovernment organizations (NGOs)—their stretched resources often necessitate this streamlined approach.

A clear example of a results-based management (RBM) plan in action within the NGO sector is in the Pacific countries, where physical isolation, small populations, and a low resource base have placed greater reliance on NGOs to respond to the community's needs in place of the Government. The Pacific Skills Link (PSL), an NGO capacity-building project, assisted the Vanuatu Association of NGOs (VANGO) to emerge from near collapse by helping them create a strategic plan that incorporated an RBM foundation—identify objectives, strategies, and indicators to achieve goals. VANGO is now working toward a 3-year strategy (2004–2006) to facilitate building the capacity of Vanuatu NGOs and community-based organizations.

PSL and VANGO were able to capitalize on the training manual and instruction of a Canadian Performance Management

Training Team that emphasized stakeholder participation, logical sequencing, quantitative and qualitative indicators, and consideration of the impact of external factors and flexibility—all important components of most RBM strategies. The RBM training manual in this case stated that the trend toward RBM systems is fueled by a need “to see more evidence that funded activities are producing longer term benefits...the pressure is on the not-for-profit community, among others, to describe and then track the results of their work using RBM concepts and tools.”

The multilateral development community has also been undergoing transformation on how they go about the business of achieving sustainable development in developing countries. Fueled by a commitment

to meet the Millennium Development Goals of halving global poverty by 2015 and with scarce official development assistance, multilateral development banks (MDBs) have come together to create a new working model guided by partnership and harmonization in

their approach to development. In a joint statement issued in February at the Second International Roundtable on Managing for Results in Marrakech, participants described the RBM or Managing for Development Results (MDR) approach (the latter term is used in this article when referring to the work of MDBs—World Bank, African

Development Bank, Inter-American Development Bank, European Bank for Reconstruction and Development, and ADB) “as a shift from focusing just on individual activities to focusing also on the development goals those activities are expected to accomplish—for example, not just building more schools, but seeing that more children

*(continued on page 2)*



**PLANNING** Identifying objectives, strategies, and measurable indicators can yield better results

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*In this publication, \$ refers to US dollar.*

**The new paradigm focuses on development goals—for example, not just building more schools, but seeing that more children are educated.**

**—Tadao Chino  
ADB President**

## Results-Based Management

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are educated.” This paradigm shift is clearly changing the way they do business—and the implications are expected to be far reaching.

## Widening the Circle of Development

In more developed countries that have the resources and capacity to become donors to multilateral development institutions, bilateral aid agencies are tasked with distributing and managing aid flows and projects. They are also seen to be leading the change toward an RBM approach to international development, buoyed by smaller budgets and increasing pressure from their constituents to justify expenditures. To capitalize on this approach, they have also had to reorganize their internal structures and strategies.

The United States Government, through the Millennium Challenge Corporation (MCC) and the US Agency for International Development (USAID) is forging new ground. The MCC will manage the Millennium Challenge Account—\$5 billion access to these funds. Plans are under way to reorient USAID to meet the development needs of countries that need further assistance to meet MCC targets. In a white paper released in January 2004, Andrew Natsios, USAID Administrator, lays out a clear plan for the agency that will clarify its goals and align resources to them; strengthen institutional capacity; improve aid coordination and harmonization; increase flexibility and availability of resources; and emphasize partnership, ownership, and internal participation of developing countries. In this context, bilateral aid is seen as a tool to strengthen and transform weak states into fully engaged democratic states, which will be less threatening to the world’s security—a process termed by Administrator Natsios as “widening the circle of development.”

The Canadian International Development Agency (CIDA) has utilized a fully

integrated RBM strategy for over a decade. Testament to Canada’s commitment to RBM is demonstrated within CIDA’s physical structure—it houses a Results-Based Management Division within its Performance Review Branch. The Performance Review Branch is responsible for improving the Agency’s ability to demonstrate accountability and transparency to Canadians. In her 2003 annual statement, Susan Whalen, CIDA’s Minister for Cooperation, stated that although the Agency had increased its foreign aid lending, “budget increases alone were not enough...CIDA has been working to increase the impact of its development

programming to get the best possible results and deliver value for taxpayers’ money.”

While bilateral aid agencies have committed to an RBM approach in their daily operations, RBM also impacts the project side of their work. In

1998, a case study was conducted on Lessons Learned from Implementing Results-Based Management in CIDA on the Yunnan Mother and Child Health Project in the People’s Republic of China (PRC), a project designed to address problems such as poverty, lack of equipment, and shortage of trained personnel for carrying out mother and child health activities at the country level.

The Performance Review Branch of CIDA cited several factors contributing to the project’s overall success, including partnership. Field visits and consultations between Canada and the PRC were crucial to achieving the project’s final results-based format. Other factors were transparency and accountability—the result of a draft management plan that was available for comment to all stakeholders by the end of the design mission. Because of a participatory approach, all parties were clear about their respective accountability for results.

Perhaps the next steps in this movement will have to

come from the donor countries. They have to examine two key questions, according to Richard Manning, Chair of the Development Assistance Committee—How is the world progressing toward the desired outcomes set out in the Millennium Development Goals? How much are development assistance programs contributing to progress?

## Putting People First

ADB President Tadao Chino addressed the delegates at the Managing for Development Roundtable in Marrakech, leading the RBM discussion on the core development issue. He said delegates should not lose sight of their primary goal “to assist our developing member countries reduce poverty—development effectiveness is about achieving results at the country level.” For developing countries saddled with weak economies, poor infrastructure, and lack of institutional capacity, the additional processes and requirements of an RBM system can create additional challenges. ADB, in coordination with other institutions, is helping its developing member countries (DMCs) alleviate some of the burden through its financial and technical resources for these countries to reap the ultimate benefits—healthy, prosperous, and peaceful communities.

In Marrakech, several developing Asian countries presented case studies of their experiences with RBM. Timor-Leste’s report served as a positive example of a postconflict country attempting to effectively move toward a peaceful and functioning society. In her report, Emilia Pires, Advisor on Development Planning and External Coordination to the Government,

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**—Susan Whalen  
Minister for Cooperation, CIDA**



**CIRCLE OF DEVELOPMENT** Bilateral and multilateral organizations need to improve aid coordination and harmonization to meet the needs of developing countries

described the country's status after its vote for independence in 1999, when 85% of public buildings had been destroyed, two thirds of the population had been displaced, and the state had collapsed. At that time, the Joint Timorese-International Assessment mission produced sectoral plans and budgets with no targeted results.

The consequences included fragmented aid delivery, lack of Timorese involvement in design and implementation, and absence of clear and measurable results, which thus led to a false conclusion. To regain control of the reconstruction process, new criteria were created in late 2000, which listed frequent and achievable targets and monitoring to build momentum; a simple user friendly format to encourage country ownership; and political, institutional, economic, and social targets with strong links between sectors.

The revised plan helped accelerate the pace of reconstruction and made the plan central to the Government's processes. The plan stated that in postconflict reconstruction situations, the RBM model helps governments and donors prioritize efforts, manage expectations, and provide a simple management tool for new leaders and civil servants, who typically lack experience in governance.

Adjustments were recommended to focus on short-term results that would help stabilize the political environment, specify capacity-building efforts in a simple format with frequent monitoring, and mount an effective information campaign to disseminate expected and actual results.

ADB continues to work with countries undergoing postconflict reconstruction through several projects, including Monitoring of the National Development Plan in Timor-Leste, Capacity Building for Agriculture Policy Reform in Afghanistan, and Basic Social Infrastructure Development in Sri Lanka. Through these efforts, ADB and its development partners strive to assist DMCs lift themselves out of poverty to achieve "transformational development."

## Partnership: The Glue That Binds

Simply stated, RBM in a development context involves using information to make better decisions and to target development efforts toward clearly defined goals. MDBs have come together to strengthen their initiatives and programs.

At the Marrakech Roundtable, these institutions outlined five core principles toward Managing for Development Results/RBM: the dialogue must focus on results for partner countries, development agencies, and other stakeholders at all phases of project and program development; actual programming, monitoring, and evaluation of activities

must be aligned with the agreed and expected results; the results reporting system should be kept as simple, cost-effective, and user-friendly as possible; manage for, not by, results by focusing first on the desired outcomes and impacts rather than inputs and actions; use results information for management learning and decision making, as well as for reporting and accountability.

ADB is proceeding in line with the Core Principles and Global Action Plan endorsed in the Joint Marrakech Memorandum. In line with this approach, it continues to incorporate Management for Development Results/RBM at both the country and institutional levels. It has incorporated performance indicators to report on progress at both levels, and it has established a Results Management Unit to analyze and facilitate the design and implementation of results management policies, actions, practices and procedures.

In addition, its Action Plan on Managing for Development Results will help DMCs introduce and improve management for development results at the country level, incorporate actions into their national strategies, and undertake internal initiatives that will help improve institutional performance and ADB's role as a partner with other donors and stakeholders.

**As partners, our joint achievements (of the MDBs) need to be more than the sum of our individual contributions. We need to encourage a 'win-win' situation based on dialogue, mutual trust and understanding, and close cooperation.**

**—Tadao Chino  
ADB President**

In Marrakech, President Chino emphasized the importance of partnerships in the successful implementation of Managing for Development Results: "As partners, our joint achievements need to be more than the sum of our individual contributions. We need to encourage a 'win-win' situation based on dialogue, mutual trust and understanding, and close cooperation." Three quarters of the world's population, the estimated number living in developing countries, may literally be banking on this continued cooperation. The developed world, too, has a stake in a successful outcome for as recent history dictates, weak and unstable societies often breed violence, unrest, and insecurity that can easily flow across borders and pose a supranational threat. Clearly, the entire global community has much at stake in this development paradigm shift.

For more information, visit [http://www.adb.org/Documents/Events/2004/Managing\\_Development\\_Results/default.asp](http://www.adb.org/Documents/Events/2004/Managing_Development_Results/default.asp) ■

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# NARO Spotlight

## NARO Welcomes James Rockett, Resident Director General

**T**he second quarter of 2004 will usher in a new era for the North American Representative Office (NARO) as we bid a fond farewell to Karti Sandilya, outgoing Resident Director General, and welcome James Rockett.

Mr. Rockett, an Australian citizen, is scheduled to arrive in Washington in early June. He brings 27 years of experience in ADB, where most recently he served as Principal Director of the Central Operations Services Office (COSO) and was directly responsible for more than 50 ADB-financed development projects in the Asia and Pacific region.

Since joining ADB in 1976 as a Project Engineer in the electric power sector, he has held several senior positions in ADB, including appointment as Principal Director of COSO in 1999. This office provides centralized services and advice to ADB and

its member countries, in procuring goods and services, recruiting consultants financed under ADB loans and technical assistance grants, holding business opportunity seminars, and promoting portfolio management.



In 1996, Mr. Rockett was appointed Manager, Energy Division (West) in the Infrastructure and Financial Services Sectors Department, where he managed ADB's energy sector operations related to electric power, oil, gas, and coal projects. Prior to this, he was Manager, Water Supply, Urban Development and Housing in Division (West), overseeing ADB's social infrastructure operations related to water supply, sanitation, urban development, and housing projects.

He holds two degrees with honors in electrical engineering and commerce and a master's in business administration from the University of Queensland, Australia. ■

## Upcoming Events

### NARO CALENDAR HIGHLIGHTS

#### June

##### North American Consultations on ADB's Draft Communications Policy

The draft policy, released in February 2004, is the result of a comprehensive review of ADB's 1994 Policy on Confidentiality and Disclosure of Information (Disclosure Policy) and the complementary Information Policy and Strategy (Information Policy). The North American workshops will take place in Ottawa, Canada on 17 June (co-hosted by the International Development Research Centre) and Washington, DC on 21 June (co-hosted by the World Affairs Council). The workshops are part of an 11-city tour to solicit feedback from stakeholders in an informal and face-to-face setting that will also promote dialogue toward finalizing the policy.

##### Leadership Forum: Building Knowledge-Based Economies

The June Leadership Forum on 28 and 29 June in Anchorage, Alaska will be the first of its kind in North America—designed to increase private sector opportunities to create economic growth and generate jobs for the Alaska people who live in impoverished rural villages. Initiated at the request of Alaska's indigenous peoples, the Forum will focus on building knowledge-based economies. NARO will join the World Bank, Inter-American Development Bank, Harvard University-Center for International Development, Alaska Federation of Natives, and Denali Commission at this Forum.

To view a complete list of all ADB events in North America, visit <http://www.adb.org/NARO/events.asp>

## New Project Profile

### Master Plan for Afghanistan's Road Network Improvement

**T**he primary objective of the project preparatory technical assistance (Project No. AFG 37084-01) to Afghanistan is to prepare a Road Master Plan and conduct a feasibility study for road projects that are accorded high priority. The Plan will map out a road network development strategy and program over the next 5–10 years, with a main geographical focus on the central mountain region and other areas currently underserved by the national primary road network, providing an accessible link to potential centers of economic activities such as mines and gas fields.

The recruitment of consultants will be conducted soon after the fact-finding mission, which began in April 2004. ■

For more information, visit <http://www.adb.org/Documents/ADBBO/PPTA/>

# News Briefs

## ADB Appoints Vice-President for Finance and Administration

**A**DB has appointed Madam Khempheng Pholsena as Vice-President for Finance and Administration, a position formerly held by John Lintjer. Madam Khempheng Pholsena is the first female Vice-President of ADB.

As a senior government official of the Government of the Lao People's Democratic Republic (Lao PDR), Madam Khempheng Pholsena was responsible for negotiations with foreign institutions, countries, and international agencies with the aim of furthering international economic relations and cooperation. Her last position was Vice-Minister for Foreign Affairs, Lao PDR. ■



## \$1 Billion in New Assistance Pledged to Afghanistan

**A**t a recent international conference held in Berlin, Germany on “Afghanistan and the International

Community—a Partnership for the Future,” ADB President Tadao Chino announced ADB’s commitment to the country’s development.

The assistance will consist of \$800 million in highly concessional Asian Development Fund (ADF) loans and grants during 2005–2008, subject to the outcome of ADF IX negotiations and the future availability of ADF. In addition, ADB has earmarked loan and equity investments of up to \$100 million in partnership with local and foreign investors, as well as guarantees of about \$100 million to catalyze private sector investments in Afghanistan.

ADB’s first pledge of \$500 million at the Tokyo conference in 2002 consists of an assistance portfolio of loans and grants that target priority reconstruction needs identified by the Government—transport, energy, natural resource management, governance, and financial sectors. For more information, visit [http://www.adb.org/Documents/Reports/Rehabilitation\\_Afghanistan/theme800.asp](http://www.adb.org/Documents/Reports/Rehabilitation_Afghanistan/theme800.asp) ■

## ADB to Set up Japan Fund for Public Policy Training

**T**he Japan Fund for Public Policy Training (JFPPT) has been established to enhance capacity building. The Fund’s main goal is to assist institutions of ADB’s developing member countries in building capacity for public policy management.

Initially concentrating on economies in transition, it will help set up partnerships with local training and research institutions and will enable DMCs to acquire assistance from foreign academics to jointly develop and conduct training programs, primarily in local languages. The training program in each country will be tailored according to its specific needs.

Each training program will be targeted at mid-career to senior level government officials engaged in economic management

at national and subnational levels. The curricula will cover a range of public policy issues, including analytical skills in planning and implementing public economic policy.

The ADB Institute, based in Tokyo, will manage the Fund and implement the programs, which will be initiated in Viet Nam. For more information contact, <http://www.adbi.org/> ■

## ADB Issues Indian Rupee Bonds

**I**n February, ADB issued its debut Indian rupee (INR) bonds in the domestic capital market of India. The issue has a principal amount of INR 5 billion and a bullet maturity of 10 years. The lead arrangers of the issue were HSBC and ICICI Securities, with Bank of India and Union Bank of India participating in the syndicate as co-arrangers.

Priced at par, ADB’s rupee bonds carry a semiannual coupon of 5.4% per annum to yield 17 basis points over the 7.37% Indian G-Sec due April 2014. Before launching the issue, ADB and the lead arrangers conducted an extensive road show to present the deal to key institutional investors in Mumbai, New Delhi, and Kolkata.

Offered through a bookbuilding process, the issue generated strong demand with total bids amounting to over INR10 billion or double the issue amount. The issue achieved a broad distribution with up to 60% of the bonds placed with banks, 21% with insurance companies, and 19% with mutual funds. The bonds will be listed on the National Stock Exchange.

ADB’s rupee bond issue represents many firsts in the Indian capital market: first issue by a foreign entity, first supranational issue, and first issue rated triple-A by Fitch, Moody’s, and Standard & Poors.

The issue also marks the first time that ADB has tapped the domestic bond market of a developing member country. For more information, <http://www.adb.org/Documents/Speeches/2004/ms2004008.asp> ■

ADB Publications

# Investing in Ourselves: Giving and Fund Raising in Asia

ISBN: 971-561-439-6

Publication Date: March 2004

Cost: Free



This seven-volume series features special reports on the funding climates in Bangladesh, India, Indonesia, Nepal, Pakistan, Philippines, and Thailand. Each report also details the findings from the January 1998 International Conference on Supporting the Nonprofit sector in Asia, which was sponsored by the Asia Pacific Philanthropy Consortium. The conference focused on ways that governments, international financial institutions, philanthropic foundations, corporations, and others could contribute to the growth and financial sustainability of nonprofit organizations in Asia during periods of economic decline.

To order a copy, contact NARO or for more information, visit  
[http://www.adb.org/Documents/Books/Investing\\_In\\_Ourselves/REG/default.asp](http://www.adb.org/Documents/Books/Investing_In_Ourselves/REG/default.asp)

# ADB

NEWS FROM

# NARO

The quarterly newsletter of the Asian Development Bank (ADB) North American Representative Office (NARO) aims to enhance communications between ADB and its client groups in North America. Articles in the newsletter do not necessarily reflect the official ADB view. We welcome readers' comments and suggestions.

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