



# Technical Assistance Report

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Project Number: 39601  
December 2005

## Proposed Technical Assistance Mainstreaming Managing for Development Results in Support of Poverty Reduction in South Asia (Financed by the Poverty Reduction Cooperation Fund)

## ABBREVIATIONS

ADB	–	Asian Development Bank
CPRM	–	country portfolio review mission
DFID	–	Department for International Development
DMC	–	developing member country
ICT	–	information and communications technology
M&E	–	monitoring and evaluation
MDG	–	Millennium Development Goal
MfDR	–	managing for development results
NPRS	–	national poverty reduction strategy
OED	–	Operations Evaluation Department
RB-CSP	–	results-based country strategy and program
PRS	–	poverty reduction strategy
RETA	–	regional technical assistance
RM	–	resident mission
SAOC	–	Operations Coordination Division, South Asia Department
SARD	–	South Asia Department

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Targeting Classification</b>	–	General intervention
<b>Sector</b>	–	Law, economic management, and public policy
<b>Subsector</b>	–	Economic management
<b>Themes</b>	–	Capacity development, regional cooperation, sustainable economic growth

## NOTE

In this report, “\$” refers to US dollars.

<b>Vice President</b>	L. Jin, Operations Group 1
<b>Director General</b>	K. Senga, South Asia Department (SARD)
<b>Director</b>	R. Vokes, Operations Coordination Division, SARD
<b>Team leader</b>	Z. Farhadian-Lorie, Principal Economist, SARD
<b>Team member</b>	S. Durrani-Jamal, Economist/Country Programs Specialist, SARD

## I. INTRODUCTION

1. The overarching objective of the Asian Development Bank (ADB), as defined by its poverty reduction strategy, is to reduce poverty in the Asia and Pacific region. A recent review of the strategy underscored the need for ADB to sharpen its country focus by adopting a more results-oriented approach to operations, providing more flexible financing modalities, and improving the skills mix of its staff to better address the changing needs of its client developing member countries (DMCs). These initiatives form the core of ADB's reform agenda aimed at achieving greater development effectiveness. Since mid 2003, ADB has adopted managing for development results (MfDR) as an approach to help focus on outcomes that matter to DMCs.

2. Improving development outcomes, as set out in the Millennium Development Goals (MDGs), is clearly a shared responsibility of DMCs and their development partners. Of crucial importance to ADB and other development partners is that, while we build our internal capacity for implementing the MfDR approach, we also develop a similar capacity within DMCs. However, the challenge of building MfDR capacity in DMCs is a much larger and longer-term undertaking that is highly demanding, multi-faceted, and resource-intensive.

3. ADB has taken a proactive role with results orientation within its South Asian DMCs<sup>1</sup> with the introduction of results-based country strategy and programs (RB-CSPs) and specialized technical assistance (please see details in Appendix 1). ADB is now interested in building on these initiatives and in particular utilizing its resident missions to further strengthen the capacity of DMCs with whom RB-CSPs have been developed or will be developed.

4. The United Kingdom's Department for International Development (DFID) is a valued partner of ADB and has in the past provided technical expertise to ADB's resident missions and headquarters. DFID is also recognized for its strategic efforts to strengthen country systems for poverty monitoring. The partnership between DFID and ADB was further strengthened in May 2005, when they entered into a formal memorandum of understanding that outlined three principal areas of collaboration: pro-poor policy development and implementation, regional programs, and collaboration at the country level. A main commitment under the memorandum is to support performance assessments and results-based management.<sup>2</sup>

5. This regional technical assistance (RETA)<sup>3</sup> proposes a collaborative program between DFID and ADB, the longer-term goal of which is to sustainably strengthen DMC capacity to implement results-oriented approaches to poverty reduction. Both institutions are committed to the Paris Declaration of March 2005, which envisages that DMCs assume ownership of their development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment). This RETA seeks to assess and then strengthen DMCs' capacity for results orientation, which will eventually enable development partners to rely more confidently on country systems for planning, strategy development, resource allocation, and accountability of development resources, thus allowing the delivery of more flexible and relevant forms of development assistance. The RETA has been developed on the basis of a series of consultations between the MfDR team of ADB's South Asia Department (SARD) and the resident missions, preliminary consultations with DMC governments, and consultations with DFID, taking into account the ongoing MfDR initiatives in ADB and its DMCs.

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<sup>1</sup> The South Asia Department (SARD) includes Afghanistan, Pakistan, India, Nepal, Bangladesh, Bhutan, Maldives, and Sri Lanka, with resident missions in six of these countries, excepting Bhutan and Maldives.

<sup>2</sup> Memorandum of Understanding between the Asian Development Bank and the United Kingdom Department for International Development. *Memorandum of Understanding for Administrative Arrangements*. May 2005.

<sup>3</sup> The TA first appeared in *ADB Business Opportunities* on 13 October 2005.

## II. ISSUES

6. This section sets out the main issues to be considered in introducing MfDR to improve public sector management. A DMC-specific set of issues for the three DMCs under this RETA will be identified during the MfDR readiness assessment.

### A. Public Sector Performance Improvement

7. Improving overall performance and, in particular, public sector performance is seen as being critical to attainment of the MDGs.<sup>4</sup> A number of initiatives are already underway in South Asia to improve public sector performance. These include results-oriented national poverty reduction strategies (NPRS); medium-term expenditure frameworks; reform of intergovernmental fiscal relations such as fiscal decentralization; poverty monitoring; civil service reforms; and anticorruption initiatives. Strengthening results-based management across the public sector can lead to sound public sector management by adding an important feedback loop to systems of policy, planning, resource allocation, and operations that may work in isolation from each other.<sup>5</sup>

### B. Accountability and Oversight Systems

8. While the strength of the oversight mechanisms varies considerably among countries, MfDR can provide a powerful reporting mechanism that can improve the accountability of organizations and improve the rigor of the oversight function. Sharing information on the efforts made by different agencies to improve performance has been instrumental in encouraging other agencies to also improve their performance.

### C. Long-Term Commitment and Managing Expectations

9. Long-term commitment, reflected in institutional systems that create demand for, and make use of, output and outcome information, is vital to the successful implementation of MfDR. Commitment must survive shorter-term political changes. The introduction of MfDR, in this context, needs to be viewed as a major change initiative and as such requiring a change management strategy, which, inter alia, includes setting realistic expectations on (i) the timeframe to be expected in implementing MfDR and (ii) regular communication across the organization (and not simply in terms of reporting up the hierarchy) on what is being achieved, what is not, and why. Setting and managing expectations is critical to success of MfDR.

### D. DMCs' Capacity to Mainstream MfDR

10. Developing capacity to strengthen performance includes the gamut of skills from data collection, monitoring, evaluating, financial management, specialized analytical and technical skills, and the ability of management to make decisions based on information derived from monitoring. Capacity strengthening for MfDR is needed with respect to two key areas: an activity's efficiency (is value for money increasing?) and effectiveness (are we achieving intended outcomes?). Public sector agencies usually factor in equity and financial sustainability considerations as other important indicators of their performance.

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<sup>4</sup> This has also necessitated rethinking the role of the government in view of successful community initiatives for service provision.

<sup>5</sup> For instance, improving labor productivity will require close coordination between agencies responsible for health, education, and training services as well as private sector employers.

## **E. Culture of External and Internal Information Sharing**

11. A need also exists for mechanisms of stakeholder feedback on the reliability and coverage of public services and the efficiency of delivery systems. A parallel need is to establish an organizational environment of free-and-easy information sharing that encourages the exchange of ideas and values teamwork. Incentive mechanisms need to be in place to encourage efforts to achieve interagency collaboration.

## **F. Management Information Systems and E-Government**

12. To make timely, accurate, and informed decisions, either for public policy or operational improvements, management needs functional information systems. Many governments have used information and communications technology (ICT) for timely information sharing among employees, to increase citizens' access to information on government services, and to allow electronic transactions. ICT can also play a critical role in supporting MfDR when used to support personnel performance, monitoring and, later, evaluation of government services. These two systems are discussed separately below.

13. **Supportive Personnel Performance Systems.** Human capital is increasingly proving to be a critical factor for sustainable development and determining a country's comparative advantage. Therefore, it is imperative that human resources employed by an organization understand and work towards common performance targets, and that suitable personnel performance systems are in place to ensure this.

14. **Monitoring and Evaluation Systems.** As in any major initiative involving structural and systemic changes, the need is well understood for monitoring and evaluation (M&E) systems to assess "whether we are on track." However, what makes a results-based M&E system different from traditional M&E systems is that the former goes beyond monitoring implementation progress—i.e., from inputs to outputs—and asks what the intended and unintended outcomes and impacts of these actions are; why they have occurred; and what implications they have for public policy, investments, and the manner in which implementation progress is assessed. Good M&E systems benefit from robust statistical systems. Building and maintaining such systems requires sustained effort as they provide the information that is critical for the feedback loop to continually improve performance.

## **G. ADB's Capacity to Support MfDR**

15. Within the ADB, MfDR has been introduced to enhance the efficiency and effectiveness of operations. ADB is committed to

- (i) a results-based framework to support performance-based resource allocation;
- (ii) improving performance monitoring, measurement, and management, with support from independent Operations Evaluation Department;
- (iii) harmonizing efforts and developing stronger partnerships to improve collaboration in operations, planning, financing and evaluation; and
- (iv) improving internal governance and management systems.

16. A key element of improving ADB's performance is to continue strengthening the capacity of its resident missions and sector divisions to better plan, design, monitor, and assess operations with a focus on results.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

17. The expected impact over time of this RETA is to contribute to holistic poverty reduction as reflected in the attainment of the Millennium Development Goals (MDGs) in Nepal, Bangladesh, and Pakistan. This will be done through ADB's resident missions, in close coordination with the local DFID offices and other development partners to help develop sustainable country capacities for the application of results-oriented approaches to poverty reduction within the framework of each country's own system. Appendix 2 presents the design and monitoring framework for the RETA.

18. The main intended outcome of the RETA is that these three DMCs adopt MfDR as an explicit public sector management practice. The expected outputs and key deliverables of this RETA are (i) MfDR readiness assessment, (ii) MfDR strategy and implementation plans, and (iii) MfDR mainstreamed under ADB-financed pilot initiatives.

#### B. Methodology and Key Activities

19. **MfDR Readiness Assessment.** A readiness assessment will be undertaken by each DMC government with support from development partners to map existing MfDR systems in the country and activities of other donors, based on consultations with a broad spectrum of stakeholders. The assessments will focus on the following broad categories: (i) commitment, leadership, and ownership; (ii) clarity of objectives and performance standards based on client needs; (iii) linkages between plans, budgets, and actions; (iv) institutional structures; (v) management information systems; (vi) feedback to decision-making mechanisms; (vii) performance accountability systems; and (viii) stated culture and values and actual practices.

20. **MfDR Strategy and Implementation Plans.** Based on the findings of the readiness assessments, and on the interest expressed by some or all of the three DMC governments to carry this work forward, an MfDR strategy and fully costed implementation plan, with key initiatives, will be developed by the governments to help identify (i) the objectives of each government's adoption of MfDR; (ii) its strategy for introducing this by building on ongoing reform initiatives to support NPRSs; (iii) capacity building needs for MfDR; (iv) institutional arrangements for results-based decision making and resource allocation; and (v) strategies for sharing experiences with development partners and regional DMCs. DFID's country offices in the DMCs covered by the RETA will be closely consulted in this process.

21. **MfDR Mainstreamed Under ADB-Financed Pilot Initiatives.** While output 2 will include recommended changes at the whole-of-government and cross-sectoral levels, accompanied with a multidonor financing plan for the longer term, it would be cost-effective to begin testing some readily implementable initiatives to improve performance under ADB-financed projects. Emerging lessons under these initiatives will be used to refine the DMCs' MfDR implementation plans and will contribute to SARD's own strategy for mainstreaming MfDR in its operations. Implementation of these pilot initiatives will be closely monitored to fully understand the types of resistance and bottlenecks MfDR initiatives can face, and the lessons learned will be used to draw a carefully phased implementation plan for future interventions.

22. Outputs 1–3 comprise the design phase of the overall program to support mainstreaming of MfDR in DMCs. It is anticipated that this RETA will be followed by an implementation phase

that will aim to roll out the implementation plans developed under this RETA. In addition to ADB, the support of other development partners will be solicited for the implementation phase.

### **C. Cost and Financing**

23. An estimated \$1.9 million will be needed to support the initiatives under this RETA. Of this amount, \$1.8 million will be financed on a grant basis by the Poverty Reduction Cooperation Fund administered by ADB to cover the costs of the international expert for 18 person-months and 42 person-months of local expert services per DMC. A detailed cost estimate and financing plan is included in Appendix 3. DMC governments are expected to contribute \$100,000 in costs for consultations with counterpart staff at different levels of government, office accommodation, utilities, and miscellaneous expenses.

### **D. Implementation Arrangements**

24. This RETA will be implemented over 22 months, from March 2006 to December 2007. ADB will serve as the Executing Agency, and SARD's Operations Coordination Division (SAOC) will be the Implementing Agency. The assignment will require hiring one international expert to be located within SAOC at ADB headquarters and at least two local experts to be located in each of the three DMCs. Experts will be engaged as individual consultants and in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. The most suitable location of the local experts (initially proposed to be one in the government and the other in the local resident mission) will be discussed with the governments during the inception mission. From January 2008, SARD intends to continue the position of the international expert/regional advisor, and one national officer per DMC, under its approved staff complement.

25. The international expert will be responsible for developing the work plans of the local experts, in close consultation with DMC officials, SAOC and country directors, and local DFID offices. Reporting requirements will be in the form of (i) quarterly updates from local experts to the international expert (through their respective country directors), (ii) midterm progress report to ADB and DFID, and (iii) an assessment paper upon completion of the RETA to discuss achievements made and to give guidance on the design of the implementation phase. The preliminary terms of reference for the experts (Appendix 4) will be finalized during the inception missions. The good practices learned through this initiative will be disseminated through international conferences, publications, and informal seminars both internally and externally with other DMCs and development aid institutions. Assistance to each participating DMC will not begin until ADB receives a no objection from the government of the participating DMC.

## **IV. THE PRESIDENT'S RECOMMENDATION**

26. The President recommends that the Board approve ADB administering technical assistance not exceeding the equivalent of \$1,800,000 to be financed on a grant basis by the Poverty Reduction Cooperation Fund, for Mainstreaming Managing for Development Results in Support of Poverty Reduction in South Asia.

## **SARD'S EFFORTS TO ACHIEVE MORE POVERTY REDUCTION BY ENHANCING DEVELOPMENT EFFECTIVENESS**

### **A. South Asia Department's Specific Agenda for Managing for Development Results**

1. Considering the prominence of the South Asia Department (SARD) in total Asian Development Bank (ADB) operations, and in view of SARD's senior management being strongly committed to the principles of managing for development results (MfDR), SARD is strategically well-placed to substantially contribute to the development of ADB's operational framework on results-orientation. SARD is therefore developing a relevant and operationally meaningful framework for MfDR, the main components of which include, *inter alia*,

- (i) aligning the results agenda of ADB's operations in South Asia with the national strategies of developing member countries (DMCs), harmonizing SARD's results agenda with those of other multilateral development banks and development partners in the region, and sharing lessons learned;
- (ii) helping to develop or improve DMCs' capacity to adopt their own results-oriented planning, budgeting, project implementation, and monitoring and evaluation processes;
- (iii) ensuring that all future country strategies and programs for countries covered by SARD, and the processes that culminate in the production of the documents, are fully based on results;
- (iv) establishing a set of outcome and impact indicators for DMCs in South Asia that would give direction to SARD's future operations by taking into account indicators of the Millennium Development Goals (MDGs), of the countries' own national development strategies, and of relevance to ADB's mandate;
- (v) extending results-based management process to economic and sector work;
- (vi) at the corporate level within SARD, creating functional systems (information technology systems, administrative arrangements for country-specific monitoring and reporting frameworks, human resource planning and personnel matters, among others) for full implementation of SARD's results agenda;
- (vii) ensuring staff awareness and buy-in of SARD's results agenda through recognition of good practices and initiatives;
- (viii) building deep technical capacity in SARD staff, both at headquarters and in the resident missions, to focus on results in projects, sector roadmaps, country strategy documents, and technical assistance operations through regular training;
- (ix) pilot testing and defining good practices for various aspects of operational planning, processing, implementation, and monitoring, such as upgrading the focus on results in project logframes and sectoral roadmaps; and
- (x) assessing the needs of the developing member countries in the region for capacity building on MfDR.

2. SARD's framework on MfDR is, first and foremost, a tool to deliver better poverty reduction results. Applying this agenda within an operational department as large and as active as SARD demands time and resources. That SARD is leading and piloting many of these activities makes this undertaking even more challenging.

### **B. SARD's Initiatives to Improve Development Effectiveness**

3. To achieve better development impact, SARD is working to (i) improve its future results by developing better planning, measuring, and monitoring systems for current operations and (ii)

improve the results of current operations. SARD has so far taken the following initiatives and actions (many of which are currently being piloted in ADB) to enhance the development impact of its operations:

## 1. Improving Future Development Outcomes

4. To improve future outcomes and impact, SARD has begun to plan future operations with a stronger focus on expected results and plans to follow up on the implementation of these operations through results-based monitoring systems.

5. **Results-Based Country Strategy and Programs.** SARD has produced ADB's first pilot results-based country strategy and program (RB-CSP) in Nepal, and two subsequent RB-CSPs in Bangladesh and Bhutan in which main development outcomes to which ADB is contributing will be monitored with the help of clear and measurable indicators. What is more important is that information gleaned from monitoring will be used to inform future decisions on resource allocation for the areas of focus of ADB's operations in these countries.

6. This approach is particularly noteworthy for the United Kingdom's Department for International Development (DFID) because monitoring of operations on the ground is one of strong points of DFID and an area in which SARD could benefit from DFID's experience. It would therefore be important for SARD and DFID to collaborate on monitoring development impact achieved through implementation of RB-CSPs.

7. **Developing Country-Specific Results-Monitoring Systems.** SARD is fully aware that results orientation of projects, sector roadmaps, and country strategies and programs will not amount to much unless they are followed by appropriate systems and procedures to ensure monitoring of implementation with an eye toward improving the feedback mechanisms that could lead to improvements in future operations. However, these systems will need to be developed in such a way that they reflect the specific capacity and needs of the country, activities of other development partners, and the characteristics of ADB's portfolio in the country. Therefore, avoiding a one-size-fits-all approach, SARD has undertaken the task of developing country-specific systems for M&E of its operations.

8. **Internal Reorganization of SARD to Improve Development Effectiveness.** In early 2004, SARD reorganized itself to put in place the needed Development Effectiveness and Results Management Unit, which focuses on the development effectiveness and results orientation of operations in South Asia. In this way, a coherent internal structure within SARD was created to provide staff with technical advice and assistance to improve the results focus of their work. The unit helps staff in developing RB-CSPs, coherent results matrices for such documents, results-based sector roadmaps, and project logframes. It maintains an overview of the evaluation results from ADB's independent Operations Evaluation Department (OED) and lessons of good practice developed through the Development Effectiveness Committee of the Board of Directors. The unit is small, however, for such a large agenda.

## 2. Enhancing the Development Outcomes of Current Operations

9. Measuring and monitoring development outcomes can lead to improving results of future operations. However, SARD is also active in taking measures to improve the outcomes of current operations. Some initiatives taken in this regard are the following:

10. **Quality Improvement and Assistance.** SARD has established a quality assessment and facilitation system that sets department-wide performance standards and works to address constraints in meeting those standards through active participation of technically qualified and experienced staff.

11. **Program of Internal Capacity Building for Staff.** In line with an ADB-wide program of capacity building for staff on technical aspects of MfDR, SARD has initiated such a program internally. The program works through regular discussions series, the issuance of guiding notes, and the review of project documents. Its objective is to bring as much focus on results as is practicable, into the processes that lead up to the approval of projects, as well as sector and country strategies. SARD's experience gained so far on good practices for mainstreaming results orientation into operations are being shared with other regional departments of ADB with the objective of wider replication of innovative pilot initiatives.

12. **Participation in Partnerships.** It is important not only to align ADB's efforts to improve development results with the efforts of its DMCs, but also to harmonize with the individual and collective efforts of other development partners who are active in the field. Improving SARD's role as a partner with other development partners and stakeholders is a key component of efforts to improve its contribution to development effectiveness and its own performance.

13. One important challenge facing SARD is to create a system to help it better assess its effectiveness as a partner and the way it works with others to pursue development results. This includes the way in which SARD exchanges information, the extent to which it can engage in joint activities such as joint reviews with other development partners, and the way in which its staff are encouraged to work together with staff of partner development institutions and other stakeholders. SARD appreciates DFID's recent initiative to undertake an assessment of the MDBs' effectiveness. Lessons learned in that exercise will be valuable for SARD's efforts to better manage for development results.

14. **Decentralization of Operations.** SARD has applied ADB's policy on decentralization of operational responsibilities to the resident missions rigorously. All resident missions in SARD's region, except Afghanistan, are now authorized to plan medium-term country operations and, increasingly, to administer the resulting lending and non-lending operations. SARD is seeking new ways to complement these responsibilities with the appropriate authority for decision-making on procurement.

15. ADB's policy on decentralization makes it more important to develop partnerships with other development partners, in particular with bilateral donors who have a substantial presence in the field and grassroots knowledge of development needs and systems. In this context, partnership with DFID, already highly appreciated in all our operations, becomes crucial in two special cases:

- (i) countries for which RB-CSPs are being piloted (i.e., Nepal and Bangladesh) because of the higher need for focus on M&E and
- (ii) partnership in Pakistan, where ADB has an active program of decentralization and reform.

## DESIGN AND MONITORING FRAMEWORK

<b>Design Summary</b>	<b>Performance Targets/ Indicators<sup>a</sup></b>	<b>Data Sources/ Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
<b>Impact</b> Holistic poverty reduction occurs in the DMCs	<ul style="list-style-type: none"> <li>• Relevant MDGs</li> </ul>	<ul style="list-style-type: none"> <li>• Government data sources</li> <li>• UN Reports</li> <li>• Independent research and/or survey reports</li> <li>• Household income and expenditure survey</li> <li>• living standard survey</li> </ul>	<b>Risk</b> <ul style="list-style-type: none"> <li>• Governments don't maintain a long-term perspective or, hence, long-term support for public sector performance improvement.</li> </ul>
<b>Outcome</b> DMCs adopt MfDR as a public sector management practice	<ul style="list-style-type: none"> <li>• DMC governments issue notification and guidelines on MfDR to all line ministries.</li> <li>• Budget preparation includes line ministry initiatives to improve performance</li> </ul>	<ul style="list-style-type: none"> <li>• Government circulars and notifications</li> <li>• Line ministry business plans for annual budget submission</li> <li>• Other government documents</li> <li>• Field reports</li> <li>• Interviews</li> </ul>	<b>Risk</b> <ul style="list-style-type: none"> <li>• Governments are discouraged by initial failures and/or slow emergence of improved performance results.</li> </ul>
<b>Outputs</b> 1. MfDR readiness assessment and mapping of existing systems and activities.  2. MfDR strategy and implementation plans  3. MfDR mainstreamed under ADB-financed pilot initiatives	<ul style="list-style-type: none"> <li>• MfDR readiness assessment for Pakistan, Nepal, and Bangladesh completed by September 2006</li> <li>• MfDR strategy and implementation plans finalized by selected DMCs by February 2007.</li> <li>• To be determined, as these will be based on agreed pilot initiatives from those identified under output 2. Depending on the initiatives taken, examples of possible indicators could include               <ul style="list-style-type: none"> <li>(i) less duplication of activities among pilot agencies,</li> <li>(ii) the number of ongoing projects that have performance indicators and are reviewed on a biannual basis,</li> <li>(iii) the number of employees recognized for outstanding efforts to improve agency performance, and</li> <li>(iv) x% decrease in the cost of x service.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly reporting</li> <li>• Readiness assessment reports delivered 6–8 weeks after inception mission in each DMC.</li> <li>• MfDR strategy and implementation plan delivered within 12–16 weeks of initiation</li> <li>• Government reports</li> <li>• Business plans and/or practices of exemplary agencies</li> <li>• Progress reports</li> <li>• Media reports</li> <li>• Private sector/NGO reports</li> <li>• Field visits</li> <li>• Interviews</li> </ul>	

Activities with Milestones	Inputs
<p>1.1. Conduct country-specific readiness assessments and mapping exercise, using strength-weakness-opportunity-threat analysis of the environment, culture, systems, and capacities vis-à-vis MfDR in the three DMCs, in particular analyzing leadership and management practices for planning, budgeting, implementing, and monitoring activities for a subgroup of well-performing and poorly performing agencies.</p> <p>1.2. Analyze the poverty impact monitoring capabilities of the DMCs and in particular the feedback loop into government plans, budgetary allocations, and policies.</p> <p>2.1 Conduct interviews, workshops, meetings and other forms of consultations across the government and with private sector partners, civil society, and donor partners to get agreement on key objectives of public sector reform (if not already in place) and the role of MfDR in achieving these objectives.</p> <p>2.2 Develop a strategy for introducing or strengthening MfDR in the public sector, based on an analysis of ongoing initiatives, that can be implemented in the long term and short term (see 3.1).</p> <p>2.3 Develop a fully costed implementation plan for MfDR priority initiatives along with an M&amp;E plan to evaluate the progress of this effort.</p> <p>2.4 Develop a dissemination plan to share emerging good practices in the three DMCs with ADB, DFID, regional governments, and others. This will include linking with ongoing MfDR dissemination efforts such as the MfDR community of practice.</p> <p>3.1 Consult with government staff, resident mission staff, donor agencies, and the private sector and review documents such as CPRMs, OED reports, and media reports to identify methods for improving the design, management, and implementation of selected ADB-financed TA, projects, programs, and ongoing services.</p> <p>3.2 Identify government agencies and resident missions willing to pilot such initiatives (e.g., develop performance indicators for ongoing projects and estimate the cost of service delivery).</p> <p>3.3 Develop a monitoring plan for the implementation of performance improvement initiatives.</p> <p>3.4 Use information from pilot initiatives to refine the implementation plan.</p>	<ul style="list-style-type: none"> <li>• DMC government staff time and expertise</li> <li>• Local experts</li> <li>• International expert</li> <li>• Publications</li> <li>• Workshops/conferences</li> <li>• Learning materials</li> <li>• ICT equipment and management information system training</li> <li>• ADB staff time and other contributions</li> </ul>

ADB = Asian Development Bank, CPRM = country portfolio review mission, DFID = Department for International Development, DMC = developing member country, ICT = information and communications technology, M&E = monitoring and evaluation, MDG = Millennium Development Goal, MfDR = managing for development results, MIS = management information system, NGO = nongovernment organization, OED = Operations Evaluation Department, TA = technical assistance, UN = United Nations.

<sup>a</sup> Baseline and targets for the performance indicators, as well as data sources at the impact and outcome for each DMC, will be finalized in consultation with DMC under output 2.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Poverty Reduction Cooperation Fund Financing<sup>a</sup></b>			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultant <sup>b</sup>	360.0	0.0	360.0
ii. Domestic Consultants <sup>c</sup>	0.0	380.0	380.0
b. International and Local Travel <sup>d</sup>	50.0	25.0	75.0
c. Publications and Translation	40.0	25.0	65.0
d. Local Communications	0.00	30.0	30.0
2. Workshops/Conferences			
a. Workshops and Conferences	180.00	30.0	210.0
b. Learning Materials	90.0	0.0	90.0
c. Per Diems for Government Officials	0.0	90.0	90.0
3. Overheads			
a. Facilities	30.0	30.0	60.0
b. Local Transport/Vehicle Hire	30.0	0.0	30.0
c. ICT Equipment and MIS Training	210.0	0.0	210.0
4. Contingencies	200.0	0.0	200.0
<b>Subtotal (A)<sup>b</sup></b>	<b>1,190.0</b>	<b>610.0</b>	<b>1,800.0</b>
<b>B. Government Financing<sup>e</sup></b>			
1. Accommodation and Utilities	0.0	25.0	25.0
2. Staff Salaries	0.0	65.0	65.0
3. Miscellaneous Expenses	0.0	10.0	10.0
<b>Subtotal (B)<sup>d</sup></b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total</b>	<b>1,190.0</b>	<b>710.0</b>	<b>1,900.0</b>

DFID = Department for International Development, DMC = developing member country, ICT = information and communications technology, MIS = management information system.

<sup>a</sup> Administered by the Asian Development Bank.

<sup>b</sup> One international expert (level 6 equivalent) for a total of 18 person-months.

<sup>c</sup> Two local experts for a total of 42 person-months per DMC.

<sup>d</sup> International experts will make a total of three trips to each DMC per year; local experts may each take six in-country trips.

<sup>e</sup> Governments of Bangladesh, Nepal, and Pakistan.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. This regional technical assistance (RETA) envisages putting in place a core team of seven experts comprising one international expert at the Asian Development Bank (ADB) headquarters and at least two local experts each in Bangladesh, Nepal, and Pakistan. These experts will be engaged over a period of 22 months from March 2006 to December 2007.

### A. International Expert at ADB Headquarters

2. The international expert will have worked in results-based management at many levels of the public sector, e.g., strategic and business planning, public financial and administrative systems, monitoring systems, performance measurement and program evaluation mechanisms. The expert is expected to bring practical experience in establishing performance frameworks, setting targets and standards, developing results management information systems, and using results information for policymaking and resource allocation. In addition, the expert must demonstrate excellent facilitation and problem-solving skills and an aptitude for conveying complex ideas in simple language during stakeholder consultations.

- (i) **Duration and Timeline.** 18 person-months (March 2006–December 2007).
- (ii) **Location.** ADB headquarters, Manila, Philippines, with frequent travel to Pakistan, Nepal, and Bangladesh.

#### 1. Key Responsibilities

3. Key responsibilities of the international expert include:

- (i) Develop a detailed methodology and work plan for the readiness assessment in consultation with developing member country (DMC) government officials, country directors and the staff of the relevant resident missions, SARD's headquarters, and in-country stakeholders including donor partners, especially the Department for International Development (DFID) for the implementation of activities envisaged under this partnership.
- (ii) Help DMC governments to undertake the readiness assessment using a variety of suitable methods such as review of government directives related to performance, on-going and planned initiatives to improve performance, cabinet reports, and workshops with private sector and citizen participation.
- (iii) Develop and supervise the work of local experts in the three resident missions and act as their liaison with the relevant units at ADB headquarters.
- (iv) Conduct policy dialogue on results orientation and results-based management and advise relevant government officials on options for initiating related activities within the public sector based on experience of other institutions and emerging practices.
- (v) Assist DMC governments in developing a fully costed implementation plan vis-à-vis the chosen options (i.e., perhaps in the form of pilot activities such as results-based budgeting or through reforms of the management infrastructure of certain pilot ministries).
- (vi) Develop a monitoring plan to track the progress of the pilot initiatives.
- (vii) Help DMC governments identify institutional arrangements to support and sustain the reform initiatives and to disseminate emerging lessons, nationally as well as internationally.

- (viii) Work closely with donor partners, especially DFID, in designing long-term support to sustain efforts towards results orientation within the DMC government, especially poverty monitoring.
- (ix) Identify methods to improve the design, implementation, and management of ADB interventions.
- (x) Assist the resident missions and the SARD's Operations Coordination Division to develop
  - (a) an appropriate learning and dissemination system for the duration of the partnership,
  - (b) an action plan for implementing recommendations of the partnership after it is completed,
  - (c) appropriate reporting on implementation of the objectives of this RETA, and
  - (d) the use of feedback information to influence the design and planning phase of operations.
- (xi) Provide back-up support to DMC officials to ensure high-quality presentations when they attend international events on poverty reduction and managing for development results.
- (xii) Contribute significantly to putting in place the information technology systems to support the needed monitoring systems.
- (xiii) Support resident missions and government officials in the preparation of knowledge management products, such as good practice write-ups, and ensure that the country experiences can be utilized by ADB as a whole (i.e., through Regional and Sustainable Development Department knowledge management systems).
- (xiv) Conduct training programs for national officers and other resident mission staff to instill and disseminate knowledge of, and ADB commitment to, harmonization, related procedural changes, and existing opportunities.
- (xv) Provide operational support to resident missions on request (i.e., regarding institutional and organizational assessments and country strategy and program support).
- (xvi) Set up regional knowledge management systems on organizations that develop capacity such as public and private learning organizations, think tanks, etc.

## **B. Local Experts**

4. One local expert in each DMC will be experienced in poverty impact monitoring and evaluation; the second local expert will have substantial knowledge of government systems and procedures and solid knowledge of the government's performance vis-à-vis reform initiatives during the last decade. These local experts will report to the country director and work closely with the international expert (team leader) in executing this assignment. Country directors of the respective resident missions, who will recruit these experts, will work with the international expert to develop their work program and arrangements for supervision and evaluation of work. It is understood that the large scope of issues to be addressed under this partnership proposal may require, in some cases, a flexible approach in which local experts may be replaced by others in the course of implementation of this RETA to allow the resident missions and the DMC access to different kinds of expertise as needed.

- (i) **Duration and Timeline.** 42 person-months per DMC (24 person months per resident mission; 18 person months per government). March 2006–December 2007.
- (ii) **Location.** Dhaka, Bangladesh; Islamabad, Pakistan; Kathmandu, Nepal.

### 1. Key Responsibilities

#### 5. Key responsibilities of local experts include:

- (i) Support the DMC government and the international expert in undertaking the readiness assessment by
  - (a) mapping the different ongoing donor systems and approaches so as to illustrate coherence and any inconsistencies;
  - (b) mapping donor activities to support better results focus in government monitoring and evaluation systems to ensure no duplication;
  - (c) consolidating and summarizing all existing studies;
  - (d) analyzing country leadership and ownership in defining national poverty reduction goals and commitment to lead national performance improvement initiatives in pursuance of these goals;
  - (e) identifying linkages between plans, budgets, and agency actions;
  - (f) identifying institutional structures and systems for intra-governmental decision making and resource allocation;
  - (g) assessing the quality and use of management information systems (including monitoring and evaluation mechanisms);
  - (h) distinguishing between different feedback mechanisms and their influence on the policymaking and decision-making process;
  - (i) clarifying systems for performance accountability;
  - (j) distinguishing between the stated and actual culture, values, and practice within the public service; and
  - (k) supporting the development of a plan to implement managing for development results, including the financing plan.
- (ii) Use emerging lessons and knowledge from this assignment to help resident missions refine indicators and build monitoring and evaluation systems aligned with country systems, especially in support of the RB-CSPs.
- (iii) Establish linkages between DMC monitoring and evaluation systems and information generated by private sector organizations, think tanks, and research institutes, with a view to increasing knowledge networking (rather than knowledge transfer) and using alternative sources of information to help determine policy directions.
- (iv) Help DMC and resident mission staff disseminate lessons under this RETA nationally and internationally.