

**ASIAN DEVELOPMENT BANK**

**TAR:OTH 36473**

**TECHNICAL ASSISTANCE  
FOR  
STRENGTHENING RESULTS-BASED MANAGEMENT FOR  
SECTOR AGENCIES**

**December 2002**

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADBI	–	Asian Development Bank Institute
CSP	–	country strategy and program
DMC	–	developing member country
MTEF	–	medium-term expenditure framework
RBM	–	results-based management
RSGR	–	Regional and Sustainable Development Department, Governance and Regional Cooperation Division
SWAp	–	sectorwide approach

## NOTE

In this report, "\$" refers to US dollars.

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## I. INTRODUCTION

1. The Technical Assistance (TA) aims to improve sector agencies' understanding of practical applications of results-based management (RBM) systems. The concept paper for the TA was prepared by the Regional and Sustainable Development Department, Governance and Regional Cooperation Division (RSGR), and cleared by the governance and capacity-building committee in May 2002.<sup>1</sup> The TA was endorsed by the knowledge management committee meeting in June 2002.<sup>2</sup>

## II. ISSUES

2. In many Developing Member Countries (DMCs), improving the delivery of basic services continues to be a challenge. DMC sector agencies work in environments that have complex strategic frameworks, such as national poverty reduction strategies and millennium development goals, as well as challenging public administration demands such as medium-term expenditure frameworks (MTEFs) and decentralization programs. Improved delivery of basic services requires that these systems be simultaneously applied in institutional environments that are changing rapidly, fiscally constrained, and unevenly endowed with capacities to deal with radical modifications. RBM must be explored to see how far it can be used in a structured and coordinated way to translate strategic and public administration frameworks into results that impact on peoples' lives.

3. Since the 1980s, funding agencies have encouraged sector agencies to adopt RBM, but for external aid projects rather than the agencies themselves. A number of lessons are to be learned from the international practice and experience of RBM, as documented by the Operations Evaluation Unit of the Organization of the Organization for Economic Cooperation and Development (OECD):

- (i) RBM requires a fundamental paradigm shift in how sector agencies operate. Such a major change requires modifications in the business culture and processes, which can only be achieved in the medium to long term, and is critically dependent on how quickly staff capacities can be built.
- (ii) RBM requires strong support and commitment from the highest levels of sector agency management. If RBM is to be integrated into institutional practices, then senior management of participating agencies must provide unequivocal and sustained direction.

4. DMCs have only recently given more attention to agency-level adoption of RBM. Bangladesh, Cambodia, Mongolia, and the Philippines are beginning to use RBM to formulate and evaluate policies, largely by adopting sector-wide approaches. In Cambodia, the first SWAp was developed in the education sector through Asian Development Bank (ADB) assistance in 2001 and is being implemented. SWAps are applications of RBM in sector agencies, and important triggers for RBM reforms. SWAps emerged during the mid-1990s, initially in the health and education sectors, in response to popular disaffection with poor coordination; vertical imbalances between higher and lower levels of authority in planning, financing, and delivering services; and a chronic misallocation of resources. SWAps are based on the assumption that the sector agency takes lead responsibility and accountability for the delivery of specified

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<sup>1</sup> The TA first appeared in *ADB Business Opportunities* on 17 September 2002.

<sup>2</sup> The concept paper, approved by the committee, was titled "Developing a Methodology for Strengthening Sector Performance," later slightly adjusted to better reflect the TA's purpose.

medium-term sector outcomes. Performance analyses identify the policy, institutional, and financial constraints that hinder eventual outcomes. The sector program of investment and reform is built around addressing these constraints. So far, DMCs' experiences with RBM at the sector level are not well documented.

5. The TA will enable sector agencies to learn from experiences in RBM and promote its adoption. The experiences gained from implementing this TA will help DMC sector agencies strengthen their sector focus and effectiveness, prepare sector road maps and demonstrate ADB operations' effectiveness. The TA will also help sector agencies implement the recommendations following from the ongoing ADB operations evaluations study on lessons learned from project performance management in ADB and selected DMCs. The TA will contribute to the effective use of the project performance management system in ADB and DMCs (for ADB-funded projects). The TA will contribute to the success of ADB's country strategies and programs (CSPs).

6. The ongoing discussion within the donor community on the effectiveness of aid<sup>3</sup> emphasizes sustainable growth and poverty reduction. External aid allocation will soon be linked to not only country performance but also sector performance. The policies and institutions adopted by sector agencies, particularly those responsible for basic service delivery, are important in achieving sustainable growth and reducing poverty. Participating sector agencies will thus be enabled to increase their access to donor funding generally and ADB funding specifically.

### III. THE TECHNICAL ASSISTANCE

#### A. Purpose and Outputs

7. The TA will improve sector agencies' understanding and applications of RBM systems by paying special attention to RBM issues arising from the broader context of public administration reform. By supporting RBM reforms in service delivery sector agencies, the TA will help improve basic service delivery (Appendix 1).

8. Participating sector agencies will increase their emphasis on at least one element of RBM: (i) defining strategic performance objectives; (ii) specifying results and performance expectations of stakeholders; (iii) establishing performance measurement systems, including a transparent database for performance reporting; (iv) creating accountability for performance; and (v) promoting performance analysis for continuous improvement.

9. The TA has four closely linked outputs:

a) Provide opportunities to targeted sector agencies in at least two DMCs to (a) review RBM experiences against RBM concepts and good practices in other DMCs, and (b) determine the focus and approach of diagnostic studies.

b) Conduct a diagnostic analysis to identify the reasons for performance gaps that underlie poor basic service delivery. The approach will emphasize how to address sector issues arising from public administration reform, requiring an in-depth analysis of sector

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<sup>3</sup> World Bank. 2002. *Better Measuring, Monitoring, and Managing for Development Results*. Washington, DC.

impacts of, for example, MTEFs, sector policy and performance, and policy and structures for decentralization.

c) Develop action plans to prepare or improve sector road maps. Given the importance of leadership within a given agency, high-level workshops will be utilized to present the results of the diagnostic studies and obtain directions for further steps, followed by working-level workshops.

d) Facilitate cross-sectoral and cross-country learning to enable countries/sectors to learn from good practices. For instance, cross-sectoral in-country workshops on topics of common concern (e.g., how to translate millennium development goals into performance indicators, etc.) will be held and information exchanged between the agencies.<sup>4</sup>

## **B. Methodology and Key Activities**

10. The TA is the first of a series of follow-up TAs to develop, test, and implement RBM for sector agencies. RSGR will try to ensure fund availability for the follow-up TAs.

11. Given the TA's limited budget, the selection of participating DMCs and sector agencies is critical to ensure a clear focus of the work. The screening process will involve sector committees; operational departments, particularly the resident missions; and RSGR. Selection criteria will be (i) availability and access to adequate and up-to-date sector work on public administration reform, e.g., decentralization programs, SWAps, MTEFs, etc.; (ii) amount of ADB resources programmed to support basic service delivery; (iii) readiness of sector agencies to adopt the approach, indicated by at least some initial RBM work; (iv) leverage the agency has to change decision-making processes/leadership; (v) readiness of operational departments, particularly the resident missions, to support the TA by, for example, acting as a focal point for the TA.

## **C. Cost and Financing**

12. The total TA cost is estimated at \$310,000 equivalent, of which \$188,000 will be in foreign currency, and \$122,000 in local currency equivalent. ADB will provide a grant of \$250,000 financed by the TA funding program. A detailed cost estimate is in Appendix 2. The governments will each finance \$30,000 of the local costs by providing office space, remuneration, and per diem of counterpart staff.

## **D. Implementation Arrangements**

13. RSGR will implement the TA in close coordination with resident missions, which will act as focal points. The TA will focus on education agencies in Cambodia and Mongolia. The TA might be extended to other DMCs and to their health and education agencies based on discussions with governments. Consultants will only be engaged when agreement has been reached with two sector agencies in two DMCs.

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<sup>4</sup> Depending on whether the Asian Development Bank Institute's (ADBI) support can be ensured, an E-learning platform will be designed in cooperation with and funded by ADBI along the lines of the program developed for Pacific DMCs.

14. RSGR will actively implement the TA by coordinating the selection of DMCs and sector agencies; and contributing to workshops, case studies, and diagnostic analysis. RSGR will coordinate the TA with the Operation Evaluation Department's special evaluation study on lessons learned from project performance management in ADB and selected DMCs. RSGR will also link the TA with other ADB-supported initiatives being implemented with the targeted agencies.

15. The TA will require up to 6 person-months of international consultant services and up to 18 person-months of domestic consultant services. All consultants will be engaged by ADB as individuals in accordance with its *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. Outline terms of reference for the consultants are in Appendix 3. The TA will involve educational and training institutions in the DMCs.

16. The experiences gained under the TA will be disseminated through the ADB governance website and a publication to be titled "RBM Reforms in Asia: Case Studies from a Sector Agency Perspective."

17. As the process of organizational development will be highly inclusive and participatory, frequent workshops, working-group meetings, and field trips to regional offices will be required.

18. The TA is intended to be the first phase (12 months) of a long-term process. By the end of the first phase, the two agencies will have increased their understanding of RBM, conducted diagnostic studies to identify performance gaps, and developed road maps. Agencies involved in the TA will share their experiences with other DMC agencies working in similar fields of work.

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

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$250,000 on a grant basis for preparing the Strengthening Results-Based Management for Sector Agencies, and hereby reports this action to the Board.

### TECHNICAL ASSISTANCE FRAMEWORK

<b>Design Summary</b>	<b>Performance Indicators/Targets</b>	<b>Monitoring Mechanisms</b>	<b>Assumptions and Risks</b>
<p><b>Goal</b> Improve delivery of basic services</p>	<p>Significant improvement in quality and quantity of services delivered in the next 10 years</p>	<p>In-country performance measurement systems at local level</p>	<p>The governments are committed to improve the delivery of health and education services.</p>
<p><b>Purpose</b> Improve sector agencies' understanding and applications of RBM systems by paying special attention to RBM issues arising from the broader context of public administration reform.</p>	<p>Evidence of improved understanding and applications of RBM issues arising from the broader context of public administration reform in at least two DMC sector agencies</p>	<p>DMC sector agency road maps and work plans; design of external aid projects in the sector; press releases; funding agency reports on RBM in the sector agency</p>	<p>Funds are available to continue and sustain the work.  Top management of sector agencies continuously supports improvement of the understanding and applications of RBM.</p>
<p><b>Outputs</b> (i) Provide opportunities to sector agencies in two DMCs to (a) review experiences with RBM against its concepts and good practices, and (b) determine the focus and approach of diagnostic studies</p>	<p>Representatives of at least two agencies understand experiences in other countries and can assess the potential of RBM reforms by the end of July 2003.  Write-ups of good experiences with RBM implementation as well as case studies that can be used as workshop materials are available by the end of April 2003.  Workshops on RBM for sector agencies have been held in at</p>	<p>Consultant reports; workshop handouts and case studies; list of workshop participants; sector agency feedback on workshops; outlines for diagnostic studies</p>	<p>Governments honor their commitments to second senior staff to workshops. Governments are interested in taking stock of existing experiences and in identifying performance gaps.</p>

<b>Design Summary</b>	<b>Performance Indicators/Targets</b>	<b>Monitoring Mechanisms</b>	<b>Assumptions and Risks</b>
<p>(ii) Conduct diagnostic analyses to identify the reasons for performance gaps in at least two sector agencies</p> <p>(iii) Develop action plans to prepare and implement sector road maps</p> <p>iv) Facilitate cross-country and cross-sectoral learning</p>	<p>least two DMC sector agencies by July 2003.</p> <p>An informative analysis of selected key public administration issues and other problems that underlie poor service delivery is conducted for at least two sector agencies by end of November 2003.</p> <p>Understanding of necessary actions to prepare and to implement sector road maps is improved. High-level workshops have been held to present the results of the diagnostic studies and obtain directions for further steps by December 2003, followed by working-level workshops by January 2004.</p> <p>Staff of sectoral agencies have increased access to means of sharing RBM experiences with other DMC sector agencies.</p>	<p>Consultant report, diagnostic study report, funding agency reports on public administration reforms in sector agencies, e.g. public expenditure reviews, decentralization studies</p> <p>Workshop reports, public sector agency reports</p> <p>ADB governance website, publications</p>	<p>Agreement on focus and approach of diagnostic study can be obtained. Sector agencies are committed to conduct diagnostic studies.</p> <p>Sector agencies are committed to send high-level staff to workshops.</p> <p>Results are available on time.</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<b>Inputs/Activities</b>  <b>ADB contribution:</b> Consultants (6 person-months of international and 18 person-months of domestic consultants) Training, seminars, conferences, and Contingencies	<u>\$250,000</u> \$210,000   10,000  30,000	Date of disbursement, consultant contracts, flight tickets	TA approval

DMC = developing member country, RBM = results-based management.

**COST ESTIMATES AND FINANCING PLAN<sup>a</sup>**  
(\$)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Asian Development Bank Financing</b>			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	120,000	0	120,000
ii. Domestic Consultants	0	42,000	42,000
b. International and Local Travel	40,000	5,000	45,000
c. Reports and Communications	3,000	0	3,000
2. Training, Seminars, and Conferences	0	10,000	10,000
3. Contingencies	25,000	5,000	30,000
<b>Total</b>	<b>188,000</b>	<b>62,000</b>	<b>250,000</b>
<b>B. Government Financing</b>			
1. Office Accommodation and Transport	0	20,000	20,000
2. Remuneration and Per Diem of Counterpart Staff	0	20,000	20,000
3. Others	0	20,000	20,000
<b>Subtotal (B)</b>	<b>0</b>	<b>60,000</b>	<b>60,000</b>
<b>Total</b>	<b>188,000</b>	<b>122,000</b>	<b>310,000</b>

<sup>a</sup> Financed by the ADB's TA funding program.  
Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The technical assistance (TA) will provide advisory and training services of four consultants in organizational development and public administration reform. Up to 18 person-months of local and 6 person-months of international consulting services will be required to provide these services. More detailed terms of reference will be provided based on the guidance by the sector agencies following the first in-country workshops.

### **A. International Consultant A (lead consultant and organizational development specialist, 3.5 person-months)**

2. The lead consultant will be an individual with experience in designing and implementing Results-Based Management (RBM) reforms and have a good understanding of the education sector. The position requires strong facilitation and intercultural communication skills and long-term experience in Asian developing member countries (DMCs), preferably relevant long-term experience in Cambodia and/or Mongolia.

3. The consultant will (i) be in charge of the overall management of the TA, (ii) conduct case studies, (iii) prepare workshops, (iv) manage the diagnostic studies, (v) work closely with senior government education officials and advise them on implementation of elements of RBM, and (vi) coordinate closely with Asian Development Bank (ADB) and other funding agency projects in education and public administration reform. In particular, the consultant will do the following:

- (i) Consult with the Regional and Sustainable Development Department, Governance and Regional Cooperation Division (RSGR), Operations Evaluations Department, sector committees, and operational departments to discuss the TA approach, obtain background on DMCs and agencies involved in TA implementation, and prepare an inception report following these discussions.
- (ii) Prepare RBM workshops for DMC sector agencies based on the literature, materials used for RSGR RBM workshops, and case studies of two DMCs that have used RBM to reform public administration in sector agencies. Examples for such reforms are sector effectiveness and efficiency review initiative in the Philippines; and public expenditure management reforms and sector-wide approaches in Bangladesh, Cambodia, and Mongolia. The final decision on the case studies will be taken jointly with RSGR. The sector agency experiences will be written up as case studies to be used in seeding workshops and as an article to be titled "RBM Reforms in Asia: Case Studies from a Sector Agency Perspective" and published in a public administration journal. This will involve up to two field trips.
- (iii) Conduct sector agency workshops in coordination with operational departments/resident missions, RSGR, and DMC public sector agencies to review experiences in RBM its concepts and good practices, and determine the focus and approach of diagnostic studies.<sup>1</sup>
- (iv) Prepare an interim report after finalizing the workshop.

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<sup>1</sup> In the two countries involved, public management institutes will facilitate RBM workshops. An intended side effect of the TA is to strengthen such institutes. However, if they do not fulfill the minimum capacity requirements, private sector implementing agencies will be identified.

- (v) Provide curriculum vitae of two domestic consultants for each sector agency and manage the consultants in the field.
- (vi) Manage and consolidate the results of diagnostic studies.
- (vii) Propose and conduct measures for cross-sector and cross-country learning.
- (viii) Hold workshops to draw up action plans to prepare and implement sector road maps.
- (ix) Perform other related work as required by RSGR.
- (x) Prepare a final report, including suggestions for the design of follow-up assistance.

4. The lead consultant will coordinate closely with all consultants, sector agencies, operational departments, RSGR, and other funding agencies; and conduct participatory meetings throughout the process.

**B. International Consultant B (public administration reform specialist, 2.5 person-months)**

5. The consultant will have an education in public administration or institutional economics and have long-term experience in design and implementation of decentralization reforms, public expenditure reforms, and/or sector-wide approaches. The consultant will have a strong research background and relevant long-term experience in Asian DMCs, preferably in Mongolia and/or Cambodia.

6. The consultant will (i) be responsible for public administration throughout the TA; and (ii) coordinate closely with the lead consultant, domestic consultants, cross-cutting public administration reform agencies, and other funding agencies working in public administration reforms. In particular, the consultant will do the following:

- (i) Consult with RSGR, sector committees, resident missions, and operational departments to discuss the approach of the TA, and obtain background on public administration reforms in DMCs and sectors involved in the seeding workshops.
- (ii) Contribute public administration reform aspects to the case studies and the report to be titled “RBM Reforms in Asia: Case Studies from a Sector Agency Perspective” and published in a public administration journal.
- (iii) Help the lead consultant conduct workshops. Hold sessions on public administration reform aspects of case studies and moderate working-group sessions.
- (iv) Analyze key public administration issues in the DMCs. Help tackle generic issues<sup>2</sup> that have to be addressed while designing central sector policies and institutions.
- (v) Help sector agencies prepare diagnostic studies. Following the selection of sector agencies the consultant will agree with them on the key public

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<sup>2</sup> Such issues are the following: (i) how to optimally delineate and fund service delivery mandates in the context of multilayered governance structures and inequality in terms of needs and capacities at local levels; (ii) how to design programs that create and help sustain the three primary accountabilities (upward—from the local to the central government; downward—between representative authorities and constituencies; and horizontally—between elected officials and administrators); (iii) how to link downward nationally sanctioned priorities, systems, and procedures through sustained consultative dialogue, participatory planning, and incentives; and (iv) how to foster cross-sectoral linkages, especially between monies being transferred to localities by line ministries and social fund type mechanisms concerned with spatially specific issues or cross-cutting concerns.

administration issues to be addressed by the diagnostic study and on a preliminary work program to prepare the diagnostic studies. Based on an agreement with RSGR, the consultant will conduct field trips to support selected diagnostic studies and provide reports on them to the lead consultant and RSGR. The reports will make suggestions for road maps.

- (vi) Propose and conduct measures for cross-country and cross-sector learning.
- (vii) Contribute public administration reform aspects to the inception, interim, and final report.
- (viii) Conduct other related work as required by RSGR.

**C. Domestic Consultant (two organizational development specialists, up to 9 person months each)**

7. For each sector agency, at least one domestic consultant will be recruited. The consultants will have training in organizational development, economics and/or public administration; and work experience in preparing and/or implementing public administration reforms in sector agencies, ideally in the sector the consultant is to work in. The consultant will have strong facilitation and excellent English language skills as well as long-term work experience in development.

8. The tasks of the consultant will be the following:

- (i) Liaise with the international consultants, sector agency, and RSGR.
- (ii) Help prepare background materials for the diagnostic studies.
- (iii) Support diagnostic studies, including field trips to regional governments, if necessary.
- (iv) Organize and help facilitate workshops and working group sessions.
- (v) Help prepare measures for cross-country and cross sector learning.
- (vi) Contribute to inception, interim, and final reports.