

ADB



Results Based Management: Supporting a Sector Approach

Asian Development Bank

What is Results Based Management?

Results Based Management (RBM) has a long history of success in the private sector and has undergone many changes of identity in its 40 years of existence. The essential idea, however, has remained the same: to improve the performance of an organization through described and measured results.

- RBM is built upon clear goals and objectives.
- It provides systems for measuring and monitoring performance and results.
- It promotes a learning culture grounded in evaluation.
- It incorporates active participation at all stages.
- It requires distinct accountabilities in a decentralized framework.
- It links results with planning and resource allocation.
- It provides management with a tool with which to align activities, behaviors and outputs with planned results and outcomes.

What is Managing for Development Results?

Managing for Development Results (MfDR) is the RBM approach adopted by the Asian Development Bank (ADB) and is endorsed by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC), a key forum for major bilateral donors to work together to increase development effectiveness.

The MfDR approach at ADB seeks to

- strengthen the focus upon development outputs, outcomes, and impacts;
- improve responsiveness to developing member countries (DMCs);
- facilitate partnerships and harmonization with other donors; and
- improve internal efficiencies.

Supporting Results Based Management Processes in Developing Member Countries

Beginning in 2003 as part of its continuing commitment to RBM, ADB has implemented several regional technical assistance (RETA) projects. This booklet summarizes the experiences and lessons learned in implementing RETA 6096: Supporting the Sector Approach and Results Based Management in Asian Development Bank Operations. This RETA and other projects (see box) have provided opportunities for pilot-testing RBM approaches in different country contexts and have offered opportunities for learning and knowledge sharing between countries and across sectors.

RETA 6096 was funded by the Department of Foreign and International Development (DFID) of the Government of the United Kingdom with the objective of providing direct support to the preparation of results-based sector road maps in member country agencies.

RETAs in Support of RBM:

- **Strengthening RBM for Sector Agencies** focused on RBM processes in education sector agencies in Mongolia and Cambodia.
www.adb.org/projects/rbm/default.asp
- **Decentralization in Social Sectors** supports RBM orientation and service delivery capacity in education, health, and local government agencies in Cambodia, Mongolia, and Indonesia.
- **Results-Focused Project Design and Management** introduces results-focused approaches and tools in participatory program/project design and management in agencies of the Kyrgyz Republic, Nepal, Lao People's Democratic Republic, Fiji Islands, and Philippines.
- **Mainstreaming MfDR in Support of Poverty Reduction in South Asia** supports capacity development for RBM in agencies in Pakistan and Bangladesh, emphasizing RBM-readiness assessments and the development of implementation plans

Supporting Sector Approaches Selection Criteria and Key Agencies

Jointly with ADB operational departments, agencies were chosen for inclusion in RETA 6096 based on the commitment shown by

their leadership to results-based sector reforms, their desire to own the process of change, and to ensure representation from both line and oversight agencies. These criteria were met best in the agencies of the Governments of the People's Republic of China (PRC) and of the Philippines. An essential aspect of the approach of the RETA team in both countries was the networking between oversight and sector agencies with regard to the implementation of a results-based sector focus. In the PRC, the network included the Key Projects Investigation Office (KPIO) and the Ministry of Finance (MOF) as the oversight agencies, and the Ministry of Communications (MOC) as the sector agency. In the Philippines the Department of Budget and Management (DBM) and the National Economic Development Authority (NEDA) formed the oversight grouping, working in partnership with the Department of Energy (DOE), the Department of Social Welfare and Development (DSWD), and 10 other sector departments.

The RETA adopted a multi-dimensional approach to supporting capacity for RBM-based sector roadmaps:

- *organizational capacity development*, through support to RBM readiness assessments for specific sector agencies
- *institutional capacity development*, through support to the analysis of the country-specific regulatory linkages between public expenditure management and sector RBM
- *network/partnership capacity development*, through the emphasis placed on cooperation between oversight and sector agencies.

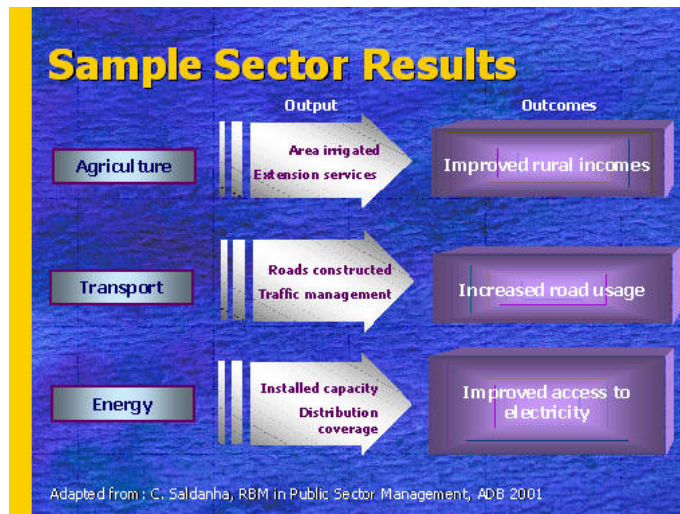
Key Project Activities

Using international best practice principles, derived from the work of OECD-DAC, the Results Unit of ADB and of other international bodies, the work of the RETA took three main forms:

1. Awareness Raising and Implementation Planning Seminars. The RETA team conducted seminars and implementation planning workshops for over 150 senior officials of the Governments of the People's Republic of China and of the Philippines. The seminars adopted both a technical and a managerial approach to the development of a results focus, incorporating discussions on change, management decision-making, and leadership in addition to the

technical aspects of RBM. This approach enabled the impact of the seminars to extend beyond that of log-frame workshops.

In Beijing, the team facilitated 100 members of KPIO, MOF, and MOC plan the implementation of RBM in the ADB-funded Western Yunnan Road Construction Project. In Manila, 50 participants at the undersecretary and director levels from DBM, NEDA, and DOE focused on implementing RBM through performance-based budgeting. In both cases, extensive results-based design and implementation work followed, assisting each country to further develop its approach to RBM and contributing to learning in the field.



Key Principles for Capacity Development:

- **Ownership:** Nurturing leadership and commitment within organizations.
- **Values:** Respecting the importance of local value systems and self-esteem.
- **Space:** Providing space for experimentation and learning.
- **System:** Identifying roles and capacity development targets of partners and of the system as such.
- **Process:** Adopting medium- to long-term orientation and monitoring on a regular and participatory basis.

2. Supporting Oversight Agencies Introduce RBM.

The work following the awareness-raising and planning seminars, in particular with the Government of the Philippines, illustrates how working through oversight departments and adopting a sector approach provides a focus for providing capacity development assistance in RBM implementation. In line with change and capacity development best practice principles, the process remained in the ownership of the Government of the Philippines, supported by the RETA consulting team. The work concentrated upon three vital aspects of implementation:

Enhanced Support for Learning: Moving the OPIF Process Forward.

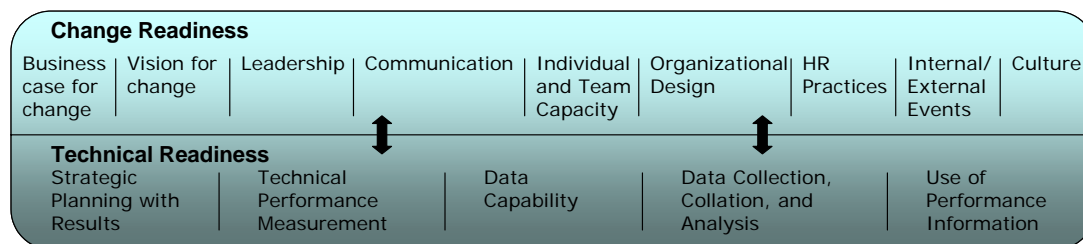
Working with DBM and 12 pilot departments, the consulting team assisted in the ongoing development and implementation of the Organization Performance Indicator Framework (OPIF). The OPIF is the main tool of the results-based system in the Government of the Philippines and forms a core part of the annual budget submission to Congress. A series of consultations facilitated by the RETA team worked to improve existing major final outputs (MFOs) and results frameworks and enabled the development of new approaches and measures of performance. Working together, the consulting team and the staff of the oversight agencies facilitated line ministries:

- analyze existing practices and procedures;
- take a participatory approach to the development of results frameworks, MFOs, outcomes, and impacts, ensuring that all stakeholders are involved in the complex negotiation process between oversight and sector agencies; and
- prepare department-specific OPIF documentation which detailed the results frameworks and the resulting resource requirements.

The involvement of the RETA team with the management of all the involved agencies of government integrated the process, ensuring that all parties agreed as the process unfolded. The work begun by RETA 6096 will be continued under PHI TA 4686, which will focus on Harmonization and Managing for Results.

Pilot Studies and Readiness Assessments.

The RETA team carried out pilot RBM readiness assessments in DBM and DSWD. The readiness assessment tools developed for the purpose focus on two major dimensions of readiness: organizational change readiness and technical readiness. The dimensions of each are shown in the diagram below:



For the two pilot departments, the tool identified areas that required priority action if the implementation of OPIF were to be successful. The assessments were made using a range of approaches including interviews with staff at all levels, focus group discussions, field visits to regional offices, questionnaires, and literature reviews.

For DBM, in terms of organizational change readiness, priority areas for management attention included communication, in particular, regular communication from the leadership, the alignment of human resource practices behind the implementation of the OPIF, in particular, the processes of performance management. For DSWD, priority areas were the development of the business case in terms of a generally appreciated awareness and understanding of the objectives of OPIF, the management of change, and the development of a change model to provide staff with a measure of confidence in the process. DSWD had a poor historical track record of change management, which lowered staff confidence in the OPIF change process. Both departments shared a need to focus on the cultural background and history against which the OPIF was to be implemented, in particular, the staff perception that the present culture was too directive and rules-based for real change to occur.

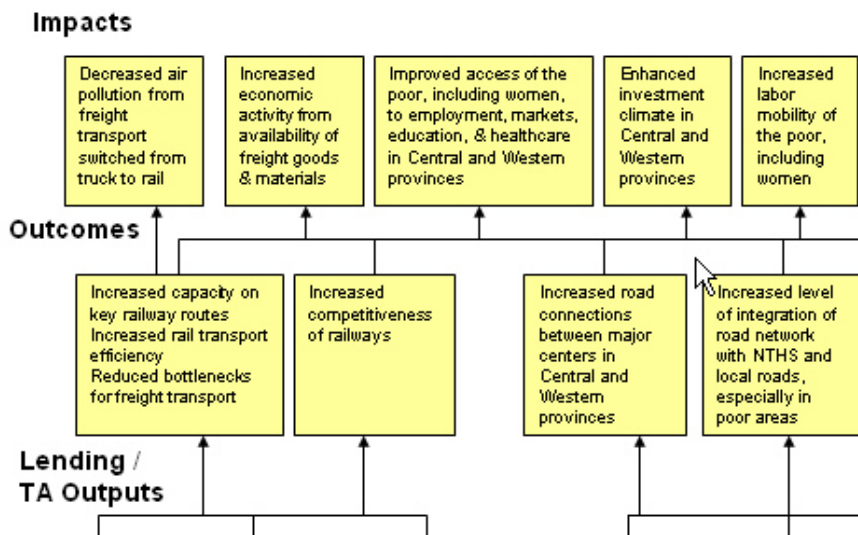
In terms of technical readiness, the two departments face differing challenges in OPIF implementation: DBM has many new indicators for outputs and outcomes that will require additional effort and systems for data collection. DSWD relies heavily on external entities for data on results achievement but there are often serious delays in acquiring the data, or these are not available at all.

One of the most important aspects of the work with DSWD was the linking of a performance contracting system to the OPIF, taking departmental level results and cascading them down through the organization. By establishing accountability for departmental outputs through performance contracting at different levels, DSWD has a focus on RBM that permeates the organization. The performance contracting system mandates a periodic review of performance which, in turn, creates a “demand-pull” for performance information throughout the system, placing an emphasis on data collection. However, performance contracting cannot reach its full potential without changes to civil service policies and regulations that would permit more substantial rewards for good performance and meaningful censure for bad performance.

OPIF Manual Development.

The consulting team supported the development of the operating manual for the implementation of the OPIF, providing government staff with the specific guidelines they require for proper implementation. The manual provides a step-by-step guide to the OPIF process and components and incorporates examples of experience to date in the field of results implementation. The manual has become the basis for ongoing training in the Government of the Philippines. The principles contained in the manual can be readily adapted to the situation of other countries.

3. CSP Support. In the PRC, the support for RBM in sector agencies proceeded in a different direction, through the provision by the RETA team, of direct support to the development of the ADB Country Strategy and Plan (CSP). This provided the RETA with the opportunity to develop new approaches to assistance and contrasted with the direct intervention approach taken in the Philippines. The primary involvement of the RETA team with the PRC CSP was in the development of results-based sector matrices. Results chain diagrams and logic models were developed at the overall program level and for six sectors/themes including transport, agriculture and natural resources, energy, water supply, sanitation and solid waste management, and finance and governance.



In addition, a performance measurement framework was developed for the transport sector. In terms of the quality of the results focus in the resulting CSP, the RETA team was able to contribute to the process of stratifying expected results into a causal chain, clearly identifying and linking outputs, outcomes, and impacts. In sector road maps, improvements were made to the distinction and correlation between expected results and indicators.

4. Supporting Knowledge Dissemination. The project team identified results-based sector experiences in the region for sharing with a wider audience. A Cambodian State Secretary of Education, Youth and Sports was supported to share the leadership approach applied in the Cambodian education sector. The State Secretary presented the experience during the Annual Learning Network for Capacity Development's Forum *on Addressing the Paris Declaration. Collective Responsibility for Capacity Development: What Works, and What Doesn't*, which took place in Nairobi, Kenya on 3–5 October, 2006.

Lessons Learned and the Way Forward

Assisting in the implementation of a results focus is a multifaceted and long-term commitment incorporating policy discussion, awareness and technical training; organizational, behavioral, and technical consulting; capacity development; and the commitment of the staff of the organizations involved. Working with a committed leadership in both oversight and line departments who take ownership of the process and who use the assistance provided by international bodies as a resource for to their own implementation processes is critical to long-term success. What constitutes “readiness” for RBM in an organization can certainly be assessed but, in the final analysis, readiness is a function of internal demand. When the stakeholders of an organization demand better results and the senior management demand better information to make results-focused decisions, the demand-pull will bring an organization to the point of readiness. Readiness is an internal process that outsiders can only assist in.

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