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Managing for Development Results in ADB: Revised Action Plan

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
BPMSD	–	Budget, Personnel and Management Systems Department
COMPAS	–	Common Performance Assessment System
CoP-MfDR	–	Community of Practice on Managing for Development Results
COSO	–	Central Operations Services Office
CPS	–	country partnership strategy
CSP	–	country strategy and program
CPRM	–	country portfolio review mission
DEC	–	Development Effectiveness Committee
DMC	–	developing member country
DMF	–	design and monitoring framework
ERD	–	Economics and Research Department
ETSW	–	economic, thematic, and sector work
HRS	–	Human Resources Strategy
MDB	–	multilateral development bank
MfDR	–	managing for development results
MTS II	–	Second Medium-Term Strategy
OECD-DAC	–	Organisation for Economic Co-operation and Development Development Assistance Committee
OED	–	Operations Evaluation Department
PDP	–	performance and development plan
PPMS	–	project performance management system
PRS	–	Poverty Reduction Strategy
RB-CPS	–	results-based country partnership strategy
RB-CSP	–	results-based country strategy and program
SARD	–	South Asia Department
SPRU	–	Results Management Unit of the Strategy and Policy Department

NOTE

This paper uses the definitions of terms in the *OECD Glossary of Key Terms in Evaluation and Results-Based Management*.

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I. INTRODUCTION

1. This report outlines the approach used by the Asian Development Bank (ADB) to mainstream managing for development results (MfDR) in ADB, building on the experience gained since 2004.

2. MfDR is a management approach to improve planning, monitoring, and evaluating operations in order to achieve and sustain intended development results. MfDR aims to help managers answer three key questions, namely: (i) are we being effective? (ii) how do we know we are? and (iii) how do we use this information to determine future action?

3. During the Asian Development Fund (ADF) IX negotiations in 2003–2004, ADB committed to improve the effectiveness of its operations through better MfDR. An indicative action plan¹ was introduced during the ADF IX discussions on the understanding that it would be refined as experience was gained. This action plan is still the basis for MfDR in ADB. The current action plan contemplates an incremental and phased approach to facilitate learning,² as the MfDR concept was expected to continue to evolve rapidly in the global setting.

4. In November 2005, the Results Management Unit of the Strategy and Policy Department (SPRU) commissioned an external assessment of MfDR in ADB.³ That assessment (the Universalia Report) was based on a document review, a visit to ADB with extensive interviews at all levels of ADB, a modest staff survey, and a brief comparative review of MfDR at other multilateral development banks (MDBs). The Universalia Report noted that, while the current action plan provided the useful jump start that was required initially, it must now be revised to accelerate the mainstreaming of MfDR in ADB.⁴

5. At a meeting on 24 November 2005, the Development Effectiveness Committee (DEC) of the Board considered a report on MfDR in ADB and received a briefing on MfDR by SPRU. As a consequence, the DEC also agreed, among other things, that the approach to MfDR in ADB should be revised.

6. Part II of this paper highlights the major achievements under the current action plan. Part III discusses the main lessons identified from the experience since 2004 and the challenges facing the implementation of MfDR approaches. Part IV contains proposals for revising the MfDR action plan (2006–2008),⁵ particularly the actions to be taken over the next 16 months. These revisions take into account the findings and recommendations of the Universalia Report. Part V deals with the implementation and monitoring of the revised action plan. A results framework (the MfDR Results Framework) based on the revised action plan is proposed as a tool for monitoring and reporting on the implementation of the revised plan (see Appendix 1).

¹ Refer to the ADF IX Tokyo meetings in December 2003, the Lisbon meetings in March 2004, and the ADF IX Donors' Report in June 2004 (sections III, IV [Table 1], and VI [c]).

² The gradual approach was in line with similar approaches taken by the other multilateral development banks.

³ *Independent Assessment of Managing for Development Results at ADB*, Universalia, 25 November 2005. Available at www.adb.org/Documents/Reports/Consultant/MfDR/Independent-Assessment-of-MfDR-at-ADB.pdf

⁴ The independent assessment raised these concerns: the strategy was not clearly presented; the way to manage the change process was not sufficiently introduced; many of the actions were too broad and complex; the timelines were not consistently spelled out; and the expected results, the tracking indicators, and responsibilities were not specified. These concerns are consistent with ADB's internal findings.

⁵ The time frame of the revised action plan conforms to the Second Medium-Term Strategy time frame.

II. ACHIEVEMENTS

7. The current action plan outlines ADB's commitments to MfDR (Box 1) and is organized into three pillars focusing on results orientation at the level of the developing member countries (DMCs), at the institutional level in ADB, and through global partnership. ADB has been implementing the current action plan as an integral part of its Reform Agenda. The findings of the Universalia Report indicate that, overall, there has been steady progress in implementing the MfDR agenda in ADB. Indeed, there has been progress in relation to virtually all commitments on MfDR made during the ADF IX replenishment. While some commitments were accomplished at the early stages (such as establishment of a results unit, SPRU), most tasks are ongoing in accordance with the phased approach endorsed at ADF IX. Appendix 2 provides a detailed update on the status of implementation of the ADF IX commitments on MfDR.

Box 1: Concepts of Managing for Development Results

Managing for Development Results (MfDR) has evolved through the efforts of both national governments and development agencies to reduce poverty, support sustainable and equitable economic growth, and better define and measure development outcomes. Development effectiveness means that countries and agencies are better able to achieve their collective development outcomes, and that they have the right tools at their disposal to monitor progress toward those outcomes, report on them, and use the lessons to continuously improve performance. Organisation for Economic Co-operation and Development - Development Assistance Committee (OECD-DAC) (2002) defines "outcomes" as the medium-term effects or results of a development intervention: the observable behavioral, institutional, and societal changes usually resulting from coordinated interventions. The Second International Roundtable on MfDR in Marrakech (2004) defined "results" as "sustainable improvement in country outcomes," and "managing for results" as "a management strategy focusing on performance and the achievement of outputs, outcomes, and impact."

Source: OECD-DAC Joint Venture on Managing for Development Results, 2005. *Sourcebook; Emerging Good Practice in Managing for Development Results.*

A. Pillar 1: DMC Level

8. To strengthen the capacity of DMC officials for MfDR, workshops and country consultations have been conducted, and a Community of Practice on MfDR (CoP-MfDR) including practitioners from 11 DMCs has been established. DMCs are generally aware of the importance of MfDR in the global debate on development effectiveness. Various technical assistance projects have been designed to support capacity development for MfDR in concerned DMCs and to help build statistical capacity in close coordination with other development partners.⁶ In addition, ADB's MfDR Cooperation Fund (Box 2), inaugurated with contributions

⁶ Examples include TA 4581 (ADB, 2005. Technical Assistance to the People's Republic of China for Developing a Results-Based National Monitoring and Evaluation Systems for Key Projects. Manila); TA 4612 (ADB, 2005. Technical Assistance to the Socialist Republic of Viet Nam for Results-based Monitoring of Poverty Reduction and Growth. Manila); TA 4624 (ADB, 2005. Technical Assistance to the Lao People's Democratic Republic for Capacity Development for Monitoring Development Results of the National Growth and Poverty Eradication Strategy. Manila); TA 4765 (ADB, 2006. Technical Assistance to the Kingdom of Nepal for Operationalization of Managing for Development Results. Manila); TA 4801 (ADB, 2006. Technical Assistance to Kyrgyz Republic for Development of a Monitoring and Evaluation System at Oblast Level. Manila); RETA 6096 (ADB, 2003. Technical Assistance for Supporting the Sector Approach and Results-Based Management in ADB Operations. Manila [in the People's Republic of China and Philippines]); RETA 6089 (ADB, 2005. Technical Assistance for Strengthening Results-

from Canada, Netherlands, and Norway, operates to support capacity development in DMCs, though demand has been less than originally anticipated. ADB has also conducted learning programs in DMCs to introduce and explain MfDR approaches, as part of results-based country strategy and program (RB-CSP) processing missions and in conjunction with the Asian Development Bank Institute, to train government officials.

**Box 2: Cooperation Fund in Support of Managing for Development Results (MfDR-CF):
Piloting MfDR Capacity Development Initiatives in Selected Developing Member Countries**

The MfDR-CF was established in April 2004 as a multi-donor umbrella facility to promote results-based management techniques within ADB and its developing member countries (DMCs). As of 31 December 2005, accumulated Fund resources, provided through grants from Canada, the Netherlands, and Norway, amounted to \$2.9 million. A portfolio of eight to ten initiatives is expected to be financed with current resources. As of June 2006, four technical assistance projects (TA) in Kyrgyz Republic, Lao People's Democratic Republic, Nepal, and Viet Nam had been approved; three other TAs in Afghanistan, Tajikistan, and Uzbekistan, to be financed by the MfDR-CF, are being processed.

Fund proposals are reviewed by a committee representing the regional departments. Results Management Unit (SPRU) of the Strategy and Policy Department is responsible for administering the Fund and reporting to donors. The Fund is positioned to support TA projects that aim to enhance the results-orientation of public sector management in DMCs, more specifically by introducing changes in processes and/or products related to national or sectoral budgeting and planning systems. This orientation of the Fund constitutes a niche not yet addressed through any other thematic trust fund administered by ADB, for which a core number of selected TA initiatives could be pilot-tested to improve knowledge and lessons in MfDR capacity development. Another benefit of the Fund is the potential for synergies between Fund-supported TA projects and the formulation of ADB country strategies and programs, i.e., the MfDR-CF could possibly be used to strengthen DMC capacities to deliver and monitor the development results of assistance programs of the Asian Development Bank.

Preliminary lessons and experiences from TAs financed by the MfDR-CF are expected to emerge in 2006–2008 and will be reported in annual progress reports. In the meantime, the Committee and SPRU are reviewing the Fund design and performance with the Fund contributors.

B. Pillar 2: Institutional Effectiveness at ADB

9. ADB's main efforts in MfDR have centered on the initial work to mainstream RB-CSPs. In fact, the MfDR agenda hinges on the effective management of country programs for results. There has been progress in designing CSPs to be better managed for development results. To date, the Board has endorsed eight RB-CSPs, namely, those for Nepal, Cambodia, Philippines, Bhutan, Mongolia, Bangladesh, Uzbekistan, and Papua New Guinea. Moreover, since August 2005, all new CSPs have had to adopt a results framework, which is the design centerpiece of RB-CSPs.⁷ At the project level, the design and monitoring framework (DMF) was introduced as part of the enhanced project performance management system (PPMS) to improve results orientation in project design and performance monitoring. Guidelines for preparing DMF were

Based Management for Sector Agencies. Manila [in Cambodia and Mongolia]; RETA 6256 (ADB, 2005. Technical Assistance for Results-based Project Design and Management. Manila [all DMCs]); and RETA 6262 (ADB, 2005. Technical Assistance for Enhancing the Development Effectiveness of the Greater Mekong Subregion Economic Cooperation Program. Manila).

⁷ This is a requirement under the enhanced Poverty Reduction Strategy.

developed to provide technical guidance. Central Operations Services Office (COSO) has been leading this work on project-level results management. While much more needs to be done, there has been steady progress at ADB in both important areas of country-level and project-level outcomes.

10. As an institution that strives toward results-orientation and that values transparency and accountability, ADB must assess and report its performance to a variety of audiences (Board, Management, donors, civil society, and so on) and for a variety of purposes (country operations, individual projects, work programs, budget and financial statements, corporate policies or strategies, administration of funds, etc.). It is thus not surprising that results chains or frameworks that depict cause-and-effect relationships and that usually include indicators to monitor progress toward the intended results are now commonly developed and used as management tools for monitoring and reporting on performance at virtually all levels and in all areas of work. The corollary is also true: no one, single, overarching results framework can capture performance across all areas and at all levels. We can expect to see a proliferation of results tools, such as results matrices and scorecards, in any results-oriented organization. To make the corporate-level planning process more results-oriented, results frameworks have been designed as part of a number of recent strategy and policy documents and, importantly, have been included in the enhanced Poverty Reduction Strategy (PRS), the Work Program and Budget Framework for 2006–2008, and the Reform Agenda.⁸ A “learning culture” is being promoted in ADB through knowledge management initiatives and practice notes, though real, systematic progress remains somewhat muted.

11. The new Human Resources Strategy⁹ (HRS) was intended to usher in a more results-oriented performance management system. A number of the actions under the HRS enable and reinforce the results agenda of ADB. In 2005, for the first time, work plans were required at department, division, and individual staff member levels, with individual work outputs cascading down from the divisional and departmental work plan. The new staff performance management system, the Performance and Development Plan (PDP), states the work plan outputs for which an individual staff member is responsible, with associated indicators (quality- and time-specific) and the expected behavioral standards. Approved in January 2005, this allows the assessment of staff performance with a focus on achieving results. Further, the Learning Plan component of the PDP focuses on individual staff learning and development needs to enable them to perform more effectively and efficiently. On the basis of these plans and the priorities identified for the organization as a whole, ADB’s learning and development program is being developed.

12. An output-focused core competency framework applicable to various levels, defining the expected skills, knowledge, and behaviors that are critical to the key organizational processes, was established. Jobs at ADB were further classified into broad categories called job families, then into job profiles. The job families and profiles included work output and results expectations, accountabilities, and skill and knowledge requirements. The PDP process was linked to ADB’s compensation and incentives system to enable financial rewards to reflect performance.

13. A key purpose of the HRS is to strengthen the leadership and accountability of senior staff. The accountability of departments and the responsibility of managers for budgetary and staff resources are being reviewed more regularly against work program accomplishments. To

⁸ ADB, June 2004. *Review of the Asian Development Bank’s Poverty Reduction Strategy*; ADB, 2005. *Work Program and Budget Framework (2006-2008)*; ADB, August 2004. *ADB’s Reform Agenda Today, Achieving Results Together*.

⁹ ADB, October 2004. *Human Resources Strategy*.

support a manager's role, results-management learning modules are now part of managerial improvement.

14. In addition, and as noted in the DEC report on MfDR, departments and offices in ADB have adopted specific organizational arrangements to enhance their ability to better manage for development results.¹⁰ For example, all departments have nominated MfDR focal points and this network is becoming more active. South Asia Department (SARD) has taken initiatives to enable the department to focus on development effectiveness, including MfDR approaches. SARD has recently introduced a department-wide system to appropriately monitor and report the results of ADB operations. On the other hand, taking advantage of the flexibility offered under the current action plan, other departments have preferred to integrate MfDR approaches into existing work plans and operational procedures.¹¹

Box No. 3: Common Performance Assessment System (COMPAS)

The first COMPAS report was published jointly by the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, and the World Bank in May 2006. The report presents information collected through an innovative new system intended to provide consolidated data on how MDBs are organized and managed for development results, and how they may improve their contributions over time. COMPAS is designed to provide information for managers and shareholders of the MDBs.

As the first annual iteration, the 2005 COMPAS Report provides an initial basis for the systematic collection of consistent and comparable information. The establishment of COMPAS has been praised by the donors and other MDBs and is considered to have a great potential as a collective and consolidated source of data on how MDBs contribute to development results.

Data show that all MDBs have made sound progress in implementing MfDR. The awareness of results is increasing, and frameworks, systems, and procedures are being put in place. The independent evaluation function is being strengthened. The degree of institutionalization, however, varies among MDBs at present and seems to be related to how established the MfDR approach is in each organization. It will necessarily take time to design and implement new procedures and systems. A common challenge is to go beyond systems and procedures and to actually use results information for learning and decision making. This first COMPAS report also reveals that the information available from MDBs on MfDR is still incomplete.

On the basis of the initial experiences, the system will be further refined and strengthened. In line with the original idea of rotating the editorship, the Inter-American Development Bank has taken the lead in preparing the 2006 report, with ADB providing continuity and support in the process.

15. SPRU continues to play the central role in supporting MfDR throughout ADB. Apart from providing specific technical advice for RB-CSPs, and assisting with the design of results frameworks for economic, thematic, and sector work (ETSW) and corporate-level planning,

¹⁰ The DEC report on MfDR is available at <http://lxapp1/adbmdr/modules/cjaycontent/content/DEC-Report-on-MfDR.pdf>.

¹¹ While this type of innovation and creativity has helped with the introduction of MfDR across ADB, it has been perceived to be ad hoc.

SPRU has researched, designed, and published MfDR tools for use in mainstreaming MfDR in ADB, including a basic guide to MfDR in ADB, a capacity assessment tool,¹² a “Lesson Note” on ADB’s first pilot RB-CSP, the Nepal RB-CSP, and maintains ADB’s MfDR Web site and the MfDR intranet site for staff.

C. Pillar 3: Global MfDR Partnership

16. ADB is perceived to be an active member of the emerging global partnership to encourage MfDR among development stakeholders. ADB helped to convene the Second International Roundtable on MfDR (Marrakech 2004), and is now proposing to co-sponsor the Third International Roundtable on MfDR (Hanoi 2007). ADB continues to serve as the inaugural Chair of the MDB Working Group on MfDR and the co-chair of the OECD-DAC Joint Venture on MfDR. Importantly, ADB has initiated the joint development of the MDB Common Performance Assessment System (COMPAS; see Box 3). It has also actively participated in global initiatives such as the annual contributions to the Global Monitoring Report, and, with the World Bank, OECD-DAC, and others, contributions to the development of the definitive tool for practitioners in this field, namely, the Sourcebook on Emerging Good Practices in MfDR. The MfDR Sourcebook has been developed jointly by concerned international practitioners as a mutual learning tool, built around the Marrakech Core Principles on MfDR.

III. LESSONS

17. Despite positive developments, MfDR approaches have yet to be systematically institutionalized within ADB, and, as such, they are not yet widely used as management tools to improve decision making.

18. This should not be surprising. It has been a common experience among comparable public sector institutions that implementing results-based management is a time-consuming and complex process. Most commentators agree that the transition to a “learning organization” may take up to 10 years to accomplish. Therefore, making the transformation to a results-orientation is challenging in virtually all organizations. This is particularly true for MDBs, considering that development results will always be influenced by a variety of factors in the DMCs. MDBs, including the World Bank, have faced, and continue to face similar issues in relation to mainstreaming MfDR, such as: (i) increasing the use of information on outcomes in the decision-making process; (ii) improving staff knowledge of, and skills in results management; and (iii) recognizing that MfDR requires the demonstrative leadership of senior management, a flexible and proactive organizational culture receptive to change, and staff incentives that prioritize the use of results in managing performance.

19. Some of the more important lessons of experience are presented below.

A. Pillar 1: DMC Level

20. **Awareness Building Towards Capacity Development.** MfDR practitioners at international financial institutions now agree that the most challenging issue in MfDR is to find practical ways to assist governments in implementing results-based approaches and in operationalizing MfDR in a sustainable manner. In some cases in the past, awareness-building

¹² An instrument designed to enable staff, to make an assessment of the MfDR capacity in a DMC as a prelude to the processing of an RB-CSP.

activities were limited to participation in international meetings. Many participants perceived MfDR only as part of a donor-driven agenda and did not have incentives or ownership to apply MfDR principles or to sustain interest in MfDR back in the DMC. It is unrealistic to expect that such traditional approaches to training will fix weak MfDR capacity in a sustainable manner in all DMCs. Therefore, ADB needs to focus on potential champions and key practitioners and give them concrete support in their capacity development actions. Experience suggests that the RB-CSP is a primary instrument with which ADB can directly encourage and facilitate DMCs to apply MfDR in their own development process. This points to the fundamental importance of MfDR capacity assessment by regional departments during CSP processing.

21. **Focused, Systematic, and Results-Oriented Capacity Development.** Experience since the Second International Roundtable on MfDR in Marrakech (February 2004) suggests that DMC capacity development in MfDR will require making a long-term commitment, building on experiences, and adjusting to the specific local context to customize the MfDR approach. MfDR capacity-development initiatives must also be linked with governance and public sector management reforms and, like any other development process of this kind, must be demand-driven, properly sequenced, well coordinated with other development partners, and aligned with country readiness.

B. Pillar 2: Institutional Effectiveness at ADB

22. **Need for Management and Senior Staff Leadership.** Management leadership, backed by action, incentives, and resources, is critical in mainstreaming MfDR. All managers must be accountable for improving MfDR. This was highlighted in the Universalia Report, and is the subject of a number of key recommendations in that report. Without commitment from managers, there is a risk that MfDR will stay at the rhetorical level and not provide practical guidance in new ways of doing business. The MfDR approach must be embedded in ADB's business process with appropriate guidelines, but with an emphasis on learning and development so that staff can see MfDR as a valuable feature of their own work. It is particularly important to ensure that directors general and directors manage for outcomes.

23. **From Measurement to Management.** Improved effectiveness of ADB's operations will depend on the actual use of MfDR approaches as management tools. Success, in turn, will depend on usefulness: if an MfDR instrument, such as a results matrix, is actually used to improve decision making, then it will drive management. This has certainly been the experience in implementing ADB's first pilot RB-CSP, the Nepal RB-CSP. Results orientation was not about following a predetermined plan or being controlled by targets for reporting or declaring attribution; improving MfDR entailed a focus on results by adopting "outcomes" as the basis for planning, monitoring, and evaluation.

24. **Change Management.** Implementing effective approaches to MfDR involves changes in approaches, attitudes, practices, institutional culture, management, the use of knowledge, and incentive systems. As noted in the Universalia Report, change management is a process that requires continuous learning and a long-term perspective. In particular, the complexities involved in changing the institutional ethos should not be underestimated. ADB has so far been in an early phase of MfDR implementation, and the progress made in ADB is in line with the experience of other MDBs. However, as the Universalia Report notes, the challenge now is to scale up MfDR actions in a more coherent way, particularly through Management guidance and direction, enhanced learning, particularly among senior staff, and some mandatory training. This also requires implementing MfDR selectively, building on the achievements to date, defining well ADB-wide responsibilities and accountability for MfDR, and improving communications.

C. Pillar 3: Global MfDR Partnership

25. **Continued Knowledge Sharing, but with a Focus on Specific Issues.** All the MDBs (and many other organizations) are facing similar challenges and technical issues in the complex and challenging task of implementing MfDR. Sharing of knowledge and experience among MDBs has proven to be one of the most powerful learning avenues available to ADB. For example, not only are we sharing extensive information about planning and implementing MfDR approaches, but we have worked closely with the World Bank Results Secretariat and colleagues in the other MDBs on most aspects of the MfDR agenda, WB staff participated in ADB's "internal" learning program on results-based country programming, ADB staff are now invited to attend the WB's Country Assistance Strategy Academy, and we have specific arrangements for joint processing of RB-CSPs and WB's results-based country assistance strategy in a number of DMCs (e.g., Bangladesh in 2005, Viet Nam in 2006). ADB staff from SPRU was invited to share its experience on MfDR with International Fund for Agriculture Development, which is also moving to a results orientation. As noted in the Universalia Report, participation at this global level is time- and resource-intensive, and it has perhaps led to a perception that ADB has allowed a disproportionate focus on these external links. While the global MfDR partnership is extremely valuable and reliance on this network in the early years is justified, limited resources dictate that we may not be able to sustain such a heavy external involvement in future years, and we need to seek ways to nurture this valuable partnership without jeopardizing attention to the work under Pillars 1 and 2.

IV. THE REVISED ACTION PLAN (2006–2008)

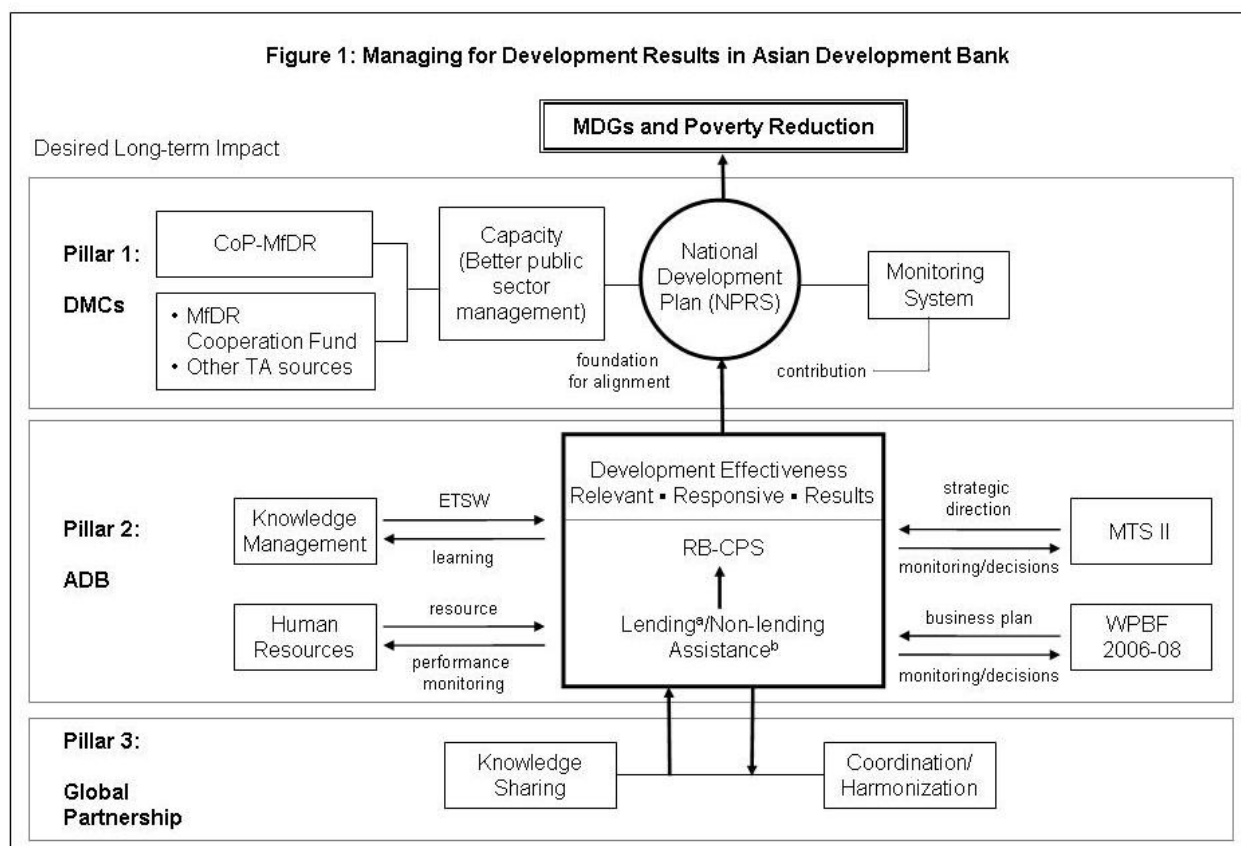
26. Lessons of experience suggest that three overriding themes must drive ADB's revised plans to better manage for development results. First, the effort to mainstream MfDR approaches in ADB must now move from the rhetorical to the practical: while the theoretical bases of MfDR will remain important, ADB must pursue selective, concrete steps to achieve our goals under each of the three pillars of the revised action plan. Second, as the President stated on 6 February 2006,¹³ greater efforts must be made to mainstream MfDR approaches throughout ADB, and this requires shared responsibilities. Third, MfDR tools must actually be used as part of decision making at all levels in ADB; in other words, we must not only design results frameworks but we must also report and act on the outcomes that are monitored under those frameworks as the means to better manage performance.

27. The thrust of the revised MfDR strategy over the next 3 years is for Management to focus on selected and achievable outcomes for each of the three pillars of MfDR in ADB, and to monitor and assess specific actions by departments and offices, which are designed to contribute to the achievement of those outcomes.

28. **The "Three-Pillar Approach" Remains Valid.** Figure 1 depicts the current three pillars of MfDR in ADB at present. As agreed during the ADF IX replenishment, ADB's main objective in pursuing MfDR is to manage better in order to achieve development results in DMCs. In this regard, and as acknowledged in the Paris Declaration on Aid Effectiveness, the DMCs' own development priorities must be the starting point for determining the scope and depth of ADB's assistance (i.e., ADB's assistance must be aligned with the DMCs' development priorities). All

¹³ The President emphasized, in his speech "Challenges for All at ADB" on 6 February 2006 at ADB headquarters, that there is a need to intensify MfDR efforts at all levels throughout ADB, and instructed vice presidents, department heads, and division directors to more closely guide staff in this effort.

ADB operations should then be responsive to government priorities, relevant to the intended outcomes, and results-oriented to contribute to achievement of those intended DMC outcomes. At the corporate level, ADB operations will continue to be guided by the strategic directions provided under the Second Medium-Term Strategy (MTS II), which will be operationalized through the results-based Work Program and Budget Framework, provided with adequate resources in annual budgets, and supported by knowledge management and human resource management. Knowledge sharing and harmonization through the global partnership will continue to contribute to the development effectiveness of ADB's aid assistance.



- CoP- MfDR = Community of Practice-Managing for Development Results
 DMC = developing member country
 ETSW = economic, thematic, and sector work
 MfDR = managing for development results
 MTS II = second medium-term strategy
 NPRS = National poverty reduction strategy
 RB-CPS = results-based country partnership strategy
 WPBF = Work Program and Budget Framework

^a Includes private sector operations

^b Includes ESTW

29. **RB-CPS¹⁴ a Key Feature of ADB's MfDR Efforts.** The results-based country partnership strategy (RB-CPS) will remain the critical intersection point for the MfDR strategy. It will be the primary vehicle for contributing to capacity development in MfDR at the DMC level. It is predicated on the concept that the entire country partnership strategy and operations program must be managed for development results, with the aid of a well-crafted results framework, including an effective monitoring and evaluation system, and it provides a vehicle for enhanced harmonization among development partners.

A. Pillar 1: Support DMC Capacity to Manage for Development Results¹⁵

1. Intended Outcome: Increased Understanding and Use of Results Management in DMCs

(i) Continue to Use the CPS as the Primary Entry Point for MfDR Capacity Development

30. As an essential part of the RB-CPS process, regional departments, particularly through resident missions, will assess the MfDR capacity of the concerned DMC in conjunction with governance and public sector management assessments.¹⁶ Each RB-CPS will analyze the findings of this assessment, indicate how the DMC will manage country priorities for development results, and explain the steps to be taken by the DMC, ADB, and any other stakeholders to rectify any shortcomings in the ability of the DMC to help manage the program for development results.

(ii) Integrate MfDR Capacity Development Innovations with Operations

31. On the basis of long-term perspectives¹⁷ and ADB's policies on capacity development, the regional department concerned will specify the assistance, if any, to be provided to the DMC, in coordination with other development partners, to support sector governance and results-based national development planning. This is in line with the Paris Declaration. Regional departments will lead these MfDR capacity-development efforts in DMCs in coordination with related initiatives, including ADB's capacity development task force (Regional and Sustainable Development Department) and capacity development for DMFs (COSO), and ADB's new approach to statistical capacity building initiated by Economics and Research Department (ERD). They will provide capacity-development technical assistance, including technical assistance financed by the MfDR Cooperation Fund and linked to ADB operations, in close coordination with other development partners, for results-based management and improvements in statistical capacity and in the measurement, monitoring, and reporting of results.

¹⁴ CSP was renamed into Country Partnership Strategy (CPS) based on the paper on *Further Enhancing Country Strategy and Program and Business Processes which was approved by the President on 4 August 2006*.

¹⁵ In the Paris Declaration on Aid Effectiveness (indicators 1, 4, and 11 in the section), DMCs committed to develop national development strategies (including national poverty reduction strategies) with clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets, and to develop a results-oriented framework to assess progress against national development strategies and sector programs. Development partners committed to provide capacity-development support through coordinated programs consistent with national development strategies.

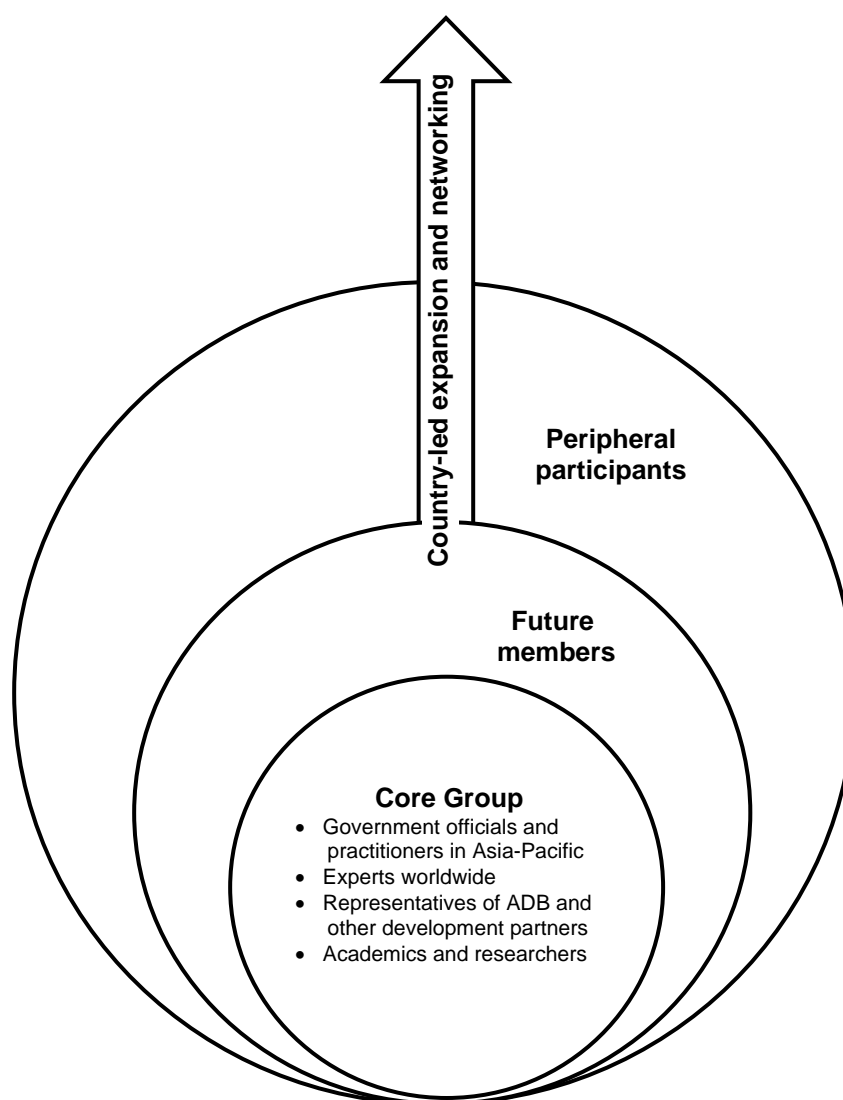
¹⁶ If relevant assessments of other development partners and the government are available, the country team will use these as much as possible.

¹⁷ Refer to RETA for Mainstreaming MfDR in Poverty Reduction Operations in South Asia, which applies a long-term approach to capacity development in DMCs for mainstreaming of MfDR.

(iii) Strengthen DMCs' Capacity through CoP-MfDR

32. SPRU is facilitating the pilot CoP-MfDR for results management practitioners in the Asia Pacific Region, which was launched in March 2006. The CoP-MfDR is a self-help vehicle to strengthen the MfDR capacity of DMC practitioners. Subject to a successful pilot phase, the CoP-MfDR will be managed by ADB over 3 years in a phased manner, building on the experience of the pilot test and value added from each preceding phase, to facilitate practical learning among selected MfDR practitioners from DMCs. It will be designed and managed to assist the DMCs and to double the number of DMC participants by 2008 as the value of the community is demonstrated. Figure 2 depicts the CoP-MfDR expanding over time.

Figure 2. Community of Practice on Managing for Development Results to Promote Sustainable Capacity Development



B. Pillar 2: Enhance ADB's Results Orientation and Institutional Effectiveness

1. Intended Outcome 1: Improved Quality of RB-CPSs

(i) Mainstream RB-CPSs as an ADB Priority

33. ADB will continue to better align and link its resources and assistance with the DMC national development strategies (or national poverty reduction strategies) through the RB-CPS process.¹⁸

34. A "learning note" on the experience of designing and implementing ADB's first RB-CSP, the Nepal RB-CSP, was disseminated to operations staff in March 2006. A "stocktaking" of RB-CSP procedures was completed by SPRU in July 2006. SPRU will further update and disseminate the Practice Note on RB-CSPs as more experience in MfDR processing is gained. Finally, to provide consistent and systematic guidance, and build on the lessons of experience and the findings of the stocktaking assessment, staff guidelines on RB-CSPs will be prepared and the *Operations Manual* will be revised by September 2006. SPRU has already begun work on the introduction of a form of completion report for RB-CSPs (see below). The chronology for RB-CPSs is shown in Figure 3.

Figure 3. Results-Based Country Partnership Strategy Mainstreaming Process



CPS = country partnership strategy
RF = results framework

¹⁸ Refer to indicator 3 in Section III of the Paris Declaration.

(ii) Implement and Evaluate RB-CPSs

35. The CPS will be implemented through results-oriented lending, private sector operations, and non-lending assistance including results-oriented ETSW. As several RB-CSPs are still in the early stages of implementation, the monitoring and evaluation of RB-CPS implementation will be pilot-tested and developed as follows: (i) annual updates of CSPs have been replaced with a CPS mid-term review report and the annual indicative rolling country operations business plans from August 2006; (ii) country portfolio review missions (CPRMs) will be further linked to next-generation RB-CPS processing and will be increasingly used to monitor the progress of the CPS outcomes, primarily utilizing the results framework as the main management tool; and (iii) an RB-CPS completion report, which was foreshadowed as the learning and self-evaluation tool under the enhanced PRS, will be pilot-tested in 2006, with the aim of mainstreaming the report in 2007, subject to the progress of pilot cases. The first retrospective assessment of CSPs is currently being conducted in accordance with the enhanced PRS to provide guidance on further improvements in quality-at-entry.

2. Intended Outcome 2: Improved Results-Focus at the Project Level

(i) Link Projects to RB-CPSs and Improve Quality

36. Regional departments, with the assistance of COSO, will continue to enhance results-orientation at project and program level by mainstreaming the DMFs, which are linked to the RB-CPS results framework, particularly through results-oriented sectoral road maps. Regional departments will also be responsible for continuing to improve the quality of project design and portfolio management. The action plan that was prepared in November 2005 to improve loan and TA portfolio performance in response to Operations Evaluation Department's (OED) 2004 annual report will be implemented, and progress will be reported to Management.

3. Intended Outcome 3: Institutionalized Results Reporting in ADB Corporate Management Systems

(i) Use Results Approach in Strategic Planning and Management Process

37. MfDR will be vital for MTS II, and MTS II itself is expected to be managed for results. This is consistent with the recommendations of the Universalia Report. In addition, Management will guide the continuous improvement of the results-orientation of the President's Planning Directions, the Work Program and Budget Framework, and the Budget. For example, the Planning Directions will reflect an analysis of the previous year's achievements and impediments (particularly the findings of the PRS annual report for the preceding year), clearly set out operational priorities and outcome targets, and strengthen the linkage between planning and budget. The preparation of the Work Program and Budget Framework in 2006 and the Budget process will build on the initial experience with MfDR in 2005, while the monitoring and feedback process will be strengthened in line with MfDR principles.

38. A number of innovations will continue to be introduced progressively to enhance the results-orientation in ADB's strategic planning and budgeting process (Box 4).

Box 4: Results-Orientation in Strategic Planning: The Way Forward

Innovations are being introduced to enhance the results-orientation of the Asian Development Bank's (ADB's) corporate-level strategic planning and budgeting. Recent achievements include, among others, the application of a strengths-weaknesses-opportunities-threats (SWOT) model to assist in the formulation of MTS II, the design of a results framework supported by monitoring indicators and targets in the 2006–2008 Work Program and Budget Framework; enhanced linkages between work plans, resource requirements, and budget allocations; and better monitoring of resource-use efficiency through the introduction of unit costs for key deliverables. Results frameworks, showing the logical linkages between new or revised corporate statements and development results “on the ground,” are now commonly developed together with specific monitoring indicators and targets.

These changes should be considered as the first part of a more comprehensive and longer-term effort to improve ADB's planning and budgeting processes on the basis of MfDR, and with a view to informing the next strategic planning cycle. Better linkage between planning and budgeting, streamlined budget preparation and execution procedures, Management insistence on ownership and accountability for outcomes, promotion of outcome-based budgeting, institutionalization of results reporting as a basis for feedback and decision making, and so on, are part of this longer-term effort.

A comprehensive review of the way ADB plans, implements, monitors, evaluates (and learns from) its corporate mandates is the *sine qua non* of an effective results-based system. Ultimately, a unified and streamlined corporate-level reporting system should be established and used by senior management for decision making.

39. Regular communications with the Board on MfDR will be maintained through the semiannual progress reports on MfDR to the DEC. In addition, OED also plans to review and evaluate MfDR at ADB in 2007, subject to the finalization of the OED work plan.

(ii) Design a Corporate-Level Performance Management System

40. To provide managers with concise information on implementation, performance, and outcomes, the monitoring and results reporting process must be streamlined.

41. For example, at the corporate level, and to assist Management decision making, the annual report on PRS implementation may be developed further as a main report on ADB's development effectiveness, reporting on both internal efficiency and external effectiveness. This will require further buy-in across ADB.

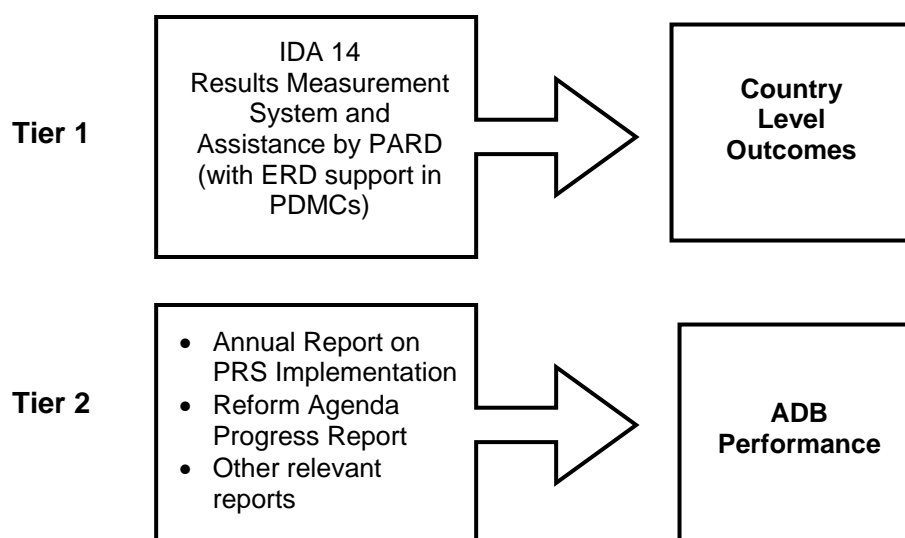
42. There is also a need to design a corporate-level performance monitoring system to capture ADB's contributions to development outcomes in an efficient manner, and to help in managing for outcomes. Recommendations for a performance monitoring system, building on experience from balanced scorecards in the Office of Administrative Services and SPRU, will be submitted to Management by end-2006. The need for adequate IT support will be appropriately addressed in connection with the development of a corporate-level performance monitoring system.

(iii) Implement a Measurement and Monitoring System for ADF

43. As part of the ADF IX replenishment, it was agreed that ADB should monitor and report on development outcomes at country level among ADF countries. In response to this commitment, efforts have been made to improve monitoring and results reporting systems

related to ADF operations. Starting in 2006, ADB will report on development outcomes in ADF countries, as part of the ADB-wide enhanced PRS implementation report. For the purposes of immediate reporting, ADB will adopt an ADF results reporting system similar to the so-called “Tier 1” system now being used by International Development Association and African Development Bank.¹⁹ This system is consistent with the Millennium Development Goals and captures both economic growth and human development priorities. It monitors aggregate progress in ADB’s developing member countries, including the ADF countries.²⁰ Building on the experience gained in preparing the first annual PRS implementation report in 2005, the results framework and the reporting format have been further developed in 2006 to reflect ADF concerns and to give clearer guidance to senior management. The report also discusses results at different levels of ADB, with a focus on the overall progress toward development effectiveness and poverty reduction, to track ADB’s institutional efficiency (the so-called “Tier 2”).

Figure 4: Reporting on Results for ADF IX



ADF	=	Asian Development Fund
ERD	=	Economics and Research Department
IDA 14	=	14 th Replenishment of International Development Association resources
PARD	=	Pacific Department
PDMCs	=	Pacific developing member countries

¹⁹ IDA also uses a “Tier 2” system to assess progress on IDA’s internal efficiency.

²⁰ There are five ADF countries that are not part of IDA, namely, Cook Islands, Federated States of Micronesia, Marshall Islands, Nauru, and Tuvalu. Therefore, the Pacific Department, working with ERD, will strengthen the statistical systems of those ADF countries, to fill the gaps in the ADF country-level outcomes data.

4. Intended Outcome 4: Increased Staff Knowledge of MfDR

(i) Develop ADB's Capacity for MfDR

44. Further developing internal capacity for MfDR will be a core activity under the revised action plan. To mainstream MfDR approaches, ADB's internal capacity for results management must be developed in a more systematic way. To strengthen MfDR leadership, a number of initiatives including high-level reviews of procedures and quality assurance will be undertaken in 2006 and 2007 to support the vice presidents and directors general in their MfDR responsibilities. To help ADB manage for outcomes, learning and development opportunities are being provided to directors in collaboration with donor countries including New Zealand. This collaboration has resulted in the development of a pilot "primer" or checklist on MfDR for directors. A training needs assessment for staff is now being conducted by the Human Resources Division, with assistance from SPRU, with the aim of installing a better internal capacity development program for MfDR. (This will be in addition to the comprehensive learning program for project-level results management and use of DMFs, which is being successfully conducted by COSO.) This learning and development process will include a series of in-house seminars and workshops designed by Budget, Personnel and Management Systems Department (BPMSD), together with SPRU, to educate mission leaders and country team members in MfDR approaches as they apply to the country partnership strategies and programming process, sector road map development and monitoring, and country portfolio reviews. It is anticipated that all country team leaders, project team leaders, and resident mission staff will have received MfDR training by 2007. Starting in 2007, all new CPS team leaders must have attended a learning program in results-based country programming before initiating the preparation process. In addition to raising awareness and provoking an MfDR mind set in the staff, results-based systems and tools must be introduced, explained to, and taken up by staff, especially senior staff. This also requires skills enhancement, and sharing of learning and understanding.

45. The new PDP system, with its emphasis on achieving results, relies heavily on supervisors' capability to manage for development results. The PDP support activities taking place in 2006 and beyond emphasize this need to manage for outcomes, especially at the senior staff level. The PDP process also provides an opportunity to recognize and reward staff who effectively adopt MfDR approaches. To reinforce the importance of the role of departmental MfDR focal points, each such focal point is expected to include the MfDR work in his or her work plan. Decisions for senior positions need to take into consideration the candidate's ability to manage for development results, and selection panels will be reminded of this key consideration. BPMSD continues to focus on the incentives for staff to pursue MfDR.

46. In addition to providing current staff with opportunities to gain knowledge and skills in MfDR, BPMSD is seeking to recruit staff with MfDR experience, in addition to their other technical knowledge and skills. Furthermore, to support this mainstreaming of MfDR, RDs could expand the functions of those who are dedicated to implementing the RB-CPSs (similar to the approach taken by SARD) to also take on the responsibility for monitoring MfDR-related work.

(ii) Focus on Senior Staff

47. In 2006, the Human Resources Division introduced a session on MfDR learning for senior staff. It is expected that all concerned directors general and directors will have participated in MfDR learning sessions by the end of 2007. ADB's internal MfDR network, involving MfDR focal points throughout ADB, has been improved through enhanced engagement of senior staff, regular meetings on specific issues and topics calling for action on the part of the network, and a division of labor among network members to make better ADB-wide progress in MfDR. The Universalia Report supports the enhancement of this network.

(iii) Improve Communications regarding MfDR in ADB

48. The Universalia Report urges ADB to pay much more attention to the communication of MfDR throughout ADB. The communication of the MfDR agenda has been addressed through numerous interdepartmental meetings; a regular MfDR newsletter; in-house seminars, lectures, and workshops; the publication of various tools and documents; the preparation of staff guidelines; and the maintenance of a comprehensive Web site and intranet site. But MfDR imperatives seem not to have been effectively disseminated throughout ADB. The Department of External Relations is preparing a communications plan for the Reform Agenda, which will now be expanded to encompass MfDR. These efforts will be regularly upgraded.

C. Pillar 3: Maintain Effective Results Partnerships

1. Intended Outcome: Increased Contribution of ADB to Support MfDR Knowledge Sharing and Harmonization Efforts, Particularly Through Collective Reporting Initiatives

49. ADB will continue to participate in the global knowledge-sharing process, including the MDB Working Group on MfDR, the OECD-DAC Joint Venture on MfDR, and the Third International Roundtable on MfDR. The main focus of our external engagements will be contributions to COMPAS, capacity development (Community of Practice; Sourcebook on MfDR), and harmonized joint efforts in results-based country programming. The Department of External Relations will help strengthen relationships and outreach to key global and DMC media and influential target audiences on MfDR.

V. IMPLEMENTATION AND MONITORING

A. Supporting Change Management

50. A central challenge in implementing MfDR is changing organizational behavior and culture. To promote this process, ADB is pursuing a series of initiatives over the next 3 years. These include: (i) strengthening direct Management guidance and supervision on MfDR (see below); (ii) improving communications through a common language on the MfDR vision and processes specified in the revised MfDR action plan; (iii) strengthening learning and development programs on MfDR, particularly for senior staff to facilitate good practices; (iv) aligning the PDP process and incentives with the adoption of MfDR techniques to empower staff for changes; and (v) institutionalizing good practices to contribute to a results-oriented culture through the progressive introduction of guidelines, systems, and tools.

51. Management has stressed the importance of development effectiveness and is committed to give guidance on MfDR with a sense of urgency and to accelerate the change management process. Therefore, the Management Committee will, among other things, review progress under the revised action plan based on the MfDR Results Framework (Appendix 1), including monitoring indicators, and take appropriate action, as necessary, to overcome any impediments to progress, and resolve any implementation problems and issues. Vice presidents will report to the Management Committee on the progress of the revised MfDR action plan in their respective areas of responsibility.

52. Pursuant to existing arrangements, progress on the revised MfDR action plan will also be discussed with DEC through the normal semiannual briefings.

53. Strategy and Policy Department will continue to provide services to operations departments in relation to MfDR techniques and will support Management Committee oversight through consolidated monitoring and reporting on ADB-wide MfDR initiatives and action. Figure 5 summarizes the organizational responsibilities for MfDR in ADB.

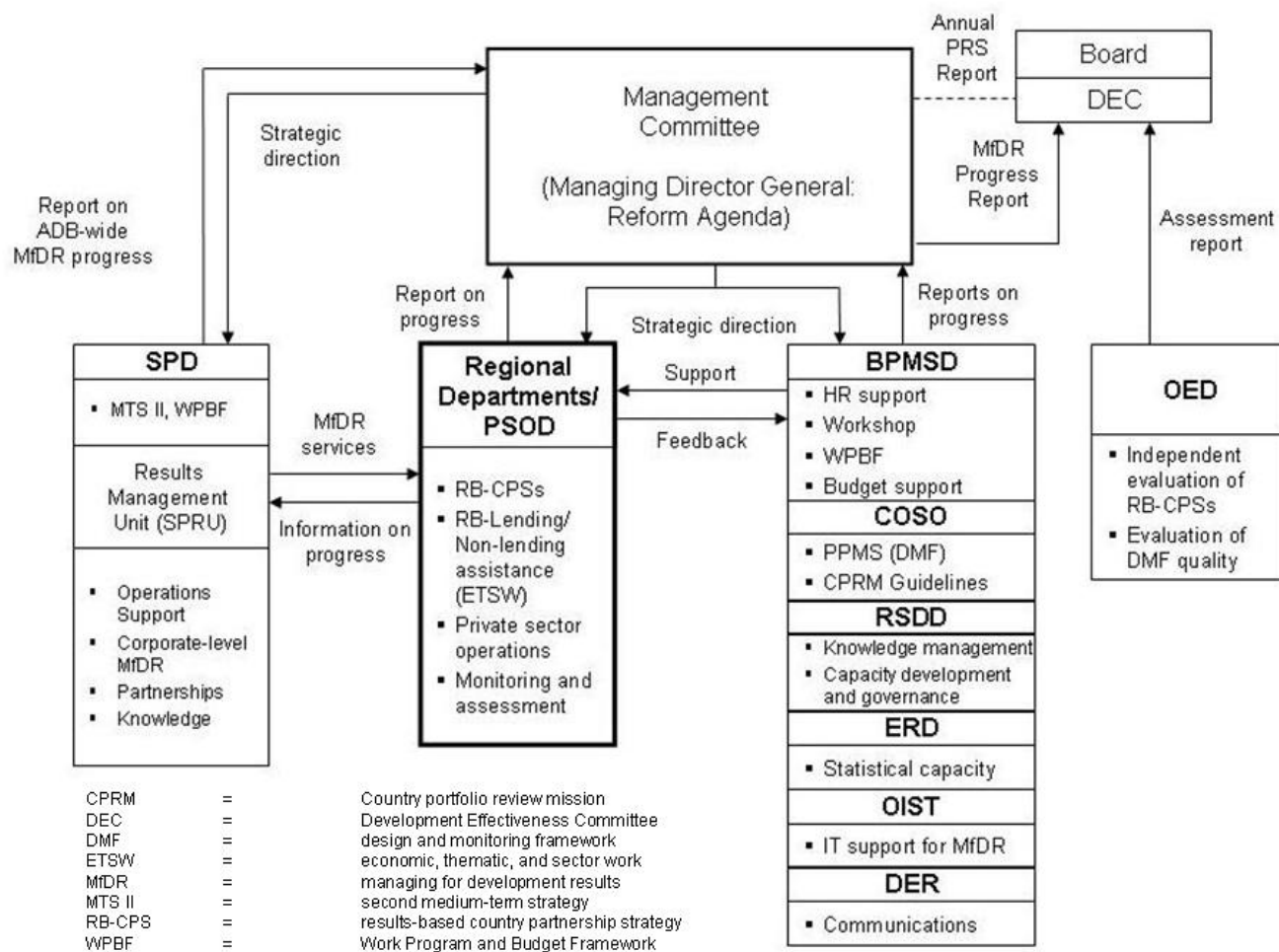
B. Resource Implications

54. MfDR is a means of conducting business—a management style that seeks to base decisions on information from indicators and targets, and by adoption of appropriate systems and procedures, including results frameworks. As MfDR is an approach to improve planning, monitoring, and evaluating operations that generates costs as well as savings from efficiencies over time, it is difficult to quantify with precision all the incremental staff and budgetary resources required by ADB to institutionalize and mainstream MfDR in ADB and to assist DMCs in moving to results-based management.

55. During the past 3 years, about \$4.9 million has been funded through ADB's internal administrative expense budget, primarily for the following: (i) staffing of SPRU and a PPMS specialist in COSO to spearhead MfDR efforts in ADB,²¹ (ii) consultations with other international financial institutions and OECD-DAC to benchmark approaches to MfDR, (iii) training and development of MfDR approaches to RB-CPSs, and (iv) consultants' services directly and indirectly related to MfDR, including the external review of ADB's action plan.

²¹ An authorized professional staff position and a national officer position at COSO have been utilized to meet the immediate requirements under the PPMS action plan.

Figure 5: Organizational Responsibilities on MfDR



56. A significant amount of work remains to be done to mainstream MfDR, and ADB remains committed to the MfDR action plan. In the medium term (i.e., the next 3 years), it is anticipated that SPRU will continue to be the focal point for the MfDR action plan, which includes assisting DMCs in mainstreaming results at the country level and at project level.

57. By effectively using and adjusting the existing resources and processes for MfDR initiatives, additional cost requirements over the long term are expected to be minimal. In the meantime, quantifiable costs in the medium term (i.e., over the next 3 years) are estimated to reach about 1% of the total net internal administrative budget, which comprises (i) recurring costs related to the operation of SPRU; (ii) incremental learning and development costs, primarily for the continuing focus on MfDR approaches to country programming, preparation of results-based sector road maps, and country portfolio reviews, as well as training for senior staff in MfDR approaches; and (iii) incremental staff time and services of staff consultants in operational departments to support the mainstreaming, preparation, and implementation of RB-CPSs.

58. Capacity-development technical assistance to build DMC institutional and statistical capacity to measure, monitor, report, and manage for results remains a key element of ADB's MfDR efforts. ADB will closely coordinate with other development partners and maximize synergies with the available resources from all donors for these efforts. Where feasible, joint work with other development partners will be encouraged. Finally, continued support for the CoP-MfDR, which is currently funded through a small-scale technical assistance, is also necessary to ensure continued dialogue among ADB, MfDR practitioners, DMCs, and development partners in results-based management.

59. Experience in the implementation of RB-CSPs, on which these estimates are largely based, has so far been limited. In practice, the implementation of RB-CSPs will depend not only on the resources provided by ADB, but also on the capacity of DMCs to absorb results-based management techniques and the availability of robust tracking indicators on the ground. These will need to be continuously monitored to determine the likely impact on ADB's staff and budgetary resources.

C. Suggested MfDR Results Framework

60. The MfDR Results Framework (Appendix 1) is proposed as a tool for monitoring and reporting on the implementation of the revised MfDR action plan to Management as well as a means for communicating progress on key results to stakeholders. This framework—like other reporting tools developed for particular agendas or policies of the ADB—is limited in its scope, purpose, and time horizon, and therefore does not constitute a comprehensive corporate performance reporting system (unlike the Reform Agenda, the Work Program and Budget Framework, or the PRS), nor is it an attempt to capture ADB's contribution to longer-term development outcomes (unlike the PRS report).

61. The framework identifies key initiatives that contribute to the outcomes of each pillar of the MfDR action plan, together with a set of ten performance indicators for assessing progress toward these intended outcomes. To the extent possible, this set of indicators (and their target values) has been harmonized with those of ADB-wide results frameworks (including the Work Program and Budget Framework, the PRS, and the Reform Agenda) and the key initiatives are consistent with broader ADB corporate objectives. These indicators possess "SMART" features: they are (i) **S**pecific (associated to, though not necessarily the same as, the outcomes of the MfDR action plan), (ii) **M**easurable (quantified and readily available in ADB information systems), (iii) **A**chievable (based on an analysis of both baseline data and likely results of the key initiatives), (iv) **R**elevant (susceptible to a reasonable degree of control, and action to achieve the intended results), and (v) **T**ime-bound (limited to the 2006–2008 action plan period). The framework constitutes the principal reporting tool on the MfDR action plan, and the selected indicators will be incorporated and analyzed in semiannual reports to the DEC. This framework is intended to be a concise and efficient tool to track performance; but, as the emphasis of ADB's results agenda evolves and the information base is enriched, the framework can be refined and other indicators integrated.

RESULTS FRAMEWORK FOR THE REVISED ACTION PLAN (2006–2008)

Progress will be reported to Management Committee and Development Effectiveness Committee

Table A1.1: Pillar 1—Support DMC Capacity to Manage for Development Results

Outcomes	Performance Indicators	Key Initiatives Contributing to Outcomes	Responsibility
1.1 Increased understanding and use of results management in DMCs	<ul style="list-style-type: none"> Number of DMCs receiving ADB technical assistance to strengthen MfDR capacities and systems <p>Baseline 2005: 6 DMCs (PRC, MLD, VIE, LAO, PHI, PAK) 2008 target: 15 DMCs</p> <ul style="list-style-type: none"> Number of results management practitioners actively participating in the Community of Practice on MfDR <p>Baseline 2006: 25 2008 target: 50 (double)</p>	<p>Initiation of country-level dialogue on MfDR capacities and systems in conjunction with RB-CPS processes</p> <p>Processing and administration of MfDR-focused capacity development TAs, including capacity development under the Statistical Capacity Building initiative</p> <p>Administration of the MfDR Cooperation Fund and reporting on lessons learned</p> <p>Facilitation and management of the Community of Practice on MfDR</p> <p>Engagement of DMC officials in results management learning events and workshops, including RETA to support results-based project design and management, and ADB/ADB course on results-based management; by December 2007, at least 250 executing agencies (about 80% of all executing agencies) have participated in an induction workshop on results-focused performance management).</p>	<p>RDs, with SPRU assistance</p> <p>RDs, ERD</p> <p>RDs (SPRU as secretary)</p> <p>SPRU, with RDs/RMs</p> <p>COSO, ADBI, SPRU, BPHR</p>

Table A1.2: Pillar 2—Enhance ADB's Results Orientation and Institutional Effectiveness

Outcomes	Performance Indicators	Key Initiatives Contributing to Outcomes	Responsibility
2.1 Improved quality of RB-CPSs	<ul style="list-style-type: none"> Number of DMCs with formulated RB-CPS <p>Baseline 2005: 5 DMCs (NEP, UZB, PHI, BAN, BHU) 2008 target: All DMCs for which CPSs are programmed</p>	<p>Revision of RB-CPS business processes by end 2006, including stocktaking of RB-CSP process, retrospective assessment of quality, and preparation of staff guidelines</p> <p>Piloting in 2006, and eventually mainstreaming, of CPS completion reports by 2007</p> <p>Strengthening of linkage of CPRMs with CPS preparation and monitoring</p> <p>Development of CPS quality assurance mechanisms</p>	<p>SPRU/SPMS/RSDD</p> <p>RDs, with SPRU assistance</p> <p>RDs, with COSO/SPRU assistance</p> <p>SPD, RDs, RSDD</p>
2.2 Improved results-focus at project level	<p>Percentage of project Design and Monitoring Frameworks (DMFs) summary outcome statement rated satisfactory or better by OED</p> <p>Baseline 2006 (for 2005 projects and TAs): 79% for projects, 60% for ADTAs</p>	<p>Strengthening of quality assurance mechanisms developed at the departmental level</p>	<p>RDs, COSO, with guidance from Management</p>

Outcomes	Performance Indicators	Key Initiatives Contributing to Outcomes	Responsibility
	<p>2008 target (for 2007 projects and TAs): 85% for projects, 75% for ADTAs</p> <ul style="list-style-type: none"> Percentage of public sector loan projects “at risk” <p>Baseline 2005: 18% for program loans, 14% for project loans</p> <p>2008 target: 11% for program loans, 8% for project loans</p>	<p>Implementation of the Action Plan to Improve Loan and TA Performance</p>	<p>RDs, with guidance from Management</p>
<p>2.3 Institutionalized results reporting in ADB corporate management systems</p>	<ul style="list-style-type: none"> Number of progress reports on MfDR submitted to and accepted by the Management Committee <p>Baseline 2005: 1 2006–2008 target: regular semi-annual reports</p> <ul style="list-style-type: none"> Number of meetings on development effectiveness chaired by vice presidents to discuss ADB’s results agenda and development effectiveness issues <p>2006–2008 target: semiannual meetings</p>	<p>Regular reporting on the implementation/ management of Poverty Reduction Strategy, MTS II, Work Program and Budget Framework (WPBF), Reform Agenda, and Innovation and Efficiency Initiative (IEI)</p> <p>Introduction of ADF monitoring and reporting for the ADF IX midterm review in 2006</p> <p>Review of corporate planning and budgeting processes by end-2006, including corporate-level performance management system</p> <p>Continued implementation and improvement of Performance and Development Plan (PDP)</p> <p>Evaluation of MfDR by OED, including effectiveness of mainstreaming of MfDR (2007); effectiveness of project operations, quality control systems and processes (2007); interim evaluation of the results of the IEI (2008)</p>	<p>SPD, BPMSD, MD, RSDD, RDs</p> <p>SPD</p> <p>SPRU/SPMS/ BPBM, with selected departments</p> <p>BPMSD/BPHR</p> <p>OED</p>
<p>2.4 Increased staff knowledge of MfDR</p>	<ul style="list-style-type: none"> Improved quality of results-orientation of CPSs (according to OED MfDR evaluation in 2007) Improved results orientation of DMF (according to OED evaluation) 	<p>Introduction of results management modules in BPHR management training programs for director level and above in 2006; all concerned DGs, directors, and CDs have gone through MfDR learning programs by 2007</p> <p>Development of learning initiatives in CPS formulation and implementation monitoring in 2006; by 2007, all CPS team leaders will have gone through RB-CPS learning program; by 2007, all project team leaders and RM staff will have gone through MfDR learning program</p> <p>Development of learning initiatives in project design and management, through implementation of the Project Performance Management System (PPMS) and other relevant initiatives: by 2007, all project staff will have gone through PPMS learning program</p> <p>Continued improvement of the learning components of the PDP</p> <p>Improved internal communication on the results</p>	<p>BPHR, with assistance of SPRU</p> <p>BPHR, with assistance of SPRU,</p> <p>BPHR, with assistance of COSO</p> <p>BPHR</p> <p>SPRU/DER</p>

Outcomes	Performance Indicators	Key Initiatives Contributing to Outcomes	Responsibility
		<p>agenda, through publication of newsletters and good practices sourcebook, Web site maintenance, and other means</p> <p>Conduct of RM policy review, which will start in 2006 and address the increasing role of RMs in adoption of MfDR techniques</p>	BPMSD/SPD

Table A1.3: Pillar 3—Maintain Effective Results Partnerships

Outcomes	Performance Indicators	Key Initiatives Contributing to Outcomes	Responsibility
3.1 Increased contribution of ADB to support MfDR knowledge sharing and harmonization efforts, particularly through collective reporting initiatives	<ul style="list-style-type: none"> Number of ADB's MfDR publications produced annually and posted on the ADB Web site <p>Baseline 2005: 13 publications (including newsletters, RB-CSP practice note and interim guidelines, independent assessment of MfDR at ADB, PPMS guide)</p> <p>2006–2008 target: 15 publications annually (bimonthly newsletter, annual COMPAS reports, annual MfDR-CF progress reports, others).</p>	<p>Contributions to the Global Monitoring Report, the MfDR Sourcebook and other joint publications, including the MDBs' Common Performance Assessment System (COMPAS)</p> <p>Continued participation in the MDB Working Group on Results and the OECD-DAC Joint Venture on MfDR</p> <p>ADB participation in international MfDR roundtables, conferences, senior MDB staff meetings, and other events</p>	<p>SPD/SPRU, with RDs</p> <p>SPD/SPRU</p> <p>President, VPs, SPD, selected senior staff</p>

**IMPLEMENTATION OF THE CURRENT MfDR ACTION PLAN
(as of 15 March 2006)**

Objective/Action ^a	Target Output ^a	Comments on Action Plan / Initiatives to Date
Pillar 1: Improving results orientation at the DMC level		
1.1 Develop and implement appropriate approaches to capacity building in DMCs	DMC participation at relevant workshops and consultations; materials produced	This objective is very general—does not identify relevant areas of capacity development and specific means for building capacity. Initiatives: <ul style="list-style-type: none"> • Statistical capacity-building initiative (ERD) • New capacity-development approach (RSDD) • Community of Practice in MfDR (CoP-MfDR)
1.2 Efforts will include awareness raising, dialogue, regional workshops and production of toolkits		This objective remains valid though vague. Initiatives: <ul style="list-style-type: none"> • Regional workshops in Bangkok and Bishkek in 2004 • ADBI workshop on results-based management for DMC officials in 2005 • Sponsorship of DMC participation in Marrakech Roundtable (2004) and Paris High-Level Forum (2005) • Publications, results newsletter, Web sites including a Virtual Resource Center • MfDR presentations and training as part of the RB-CSP process
1.3 The Marrakech Roundtable on Results will be followed by stocktaking of initiatives on results at country level, seminars and workshops, dialogue, and dissemination of best practices		Reference to the stocktaking is obsolete; as the stocktaking of results initiatives at country level is a part of the RB-CSP process under Pillar 2, it need not be mentioned under Pillar 1; partly overlaps with 1.2. Initiatives: <ul style="list-style-type: none"> • Assessments of results management capacity of DMCs have been undertaken in conjunction with the RB-CSPs • ADB's capacity assessment tool introduced
1.4 ADB's technical assistance to DMCs to formulate and implement results-oriented national poverty reduction strategies will continue		This objective is focused on only one area, whereas MfDR capacity development may entail broader technical assistance. Initiative: <ul style="list-style-type: none"> • Technical assistance financed through the MfDR Cooperation Fund, and other sources
1.5 ADB will develop a set of indicators for ADB's DMCs, which align the MDG indicators, PRS (or equivalent indicators) and ADB's mandate ^b		Too general—not clear which set of indicators is being referred to (e.g., CSP-related, project- and TA-related) and for which purpose the indicators are intended (e.g., monitoring of CSP, monitoring of implementation of PRS, comparative review of DMC performance). Initiatives: <ul style="list-style-type: none"> • ADF reporting based on IDA 14 results system being finalized, in consultation with IDA • All new RB-CSPs endorsed by the Board incorporate a results framework

Objective/Action ^a	Target Output ^a	Comments on Action Plan / Initiatives to Date
		<ul style="list-style-type: none"> The first results-based report on the implementation of the enhanced PRS during 2004 was completed in 2005
Pillar 2: Improving results orientation at the institutional level in ADB		
2.1 Awareness raising, coaching, and capacity building efforts at the institutional level	Meetings, workshops, and seminars for staff	<p>Too general—does not identify the areas of learning that will be addressed, the target audience, and planned vehicles for learning.</p> <p>Initiatives:</p> <ul style="list-style-type: none"> RB-CSP workshop for CSP team leaders held in June 2005; two sessions planned in 2006 Reporting on ADB's MfDR agenda at two Board informal seminars in 2005 and through reports on the Reform Agenda Participation of some Country Directors in results management workshops Results newsletter, Web sites including a Virtual Resource Center
2.2 Individual departments will prepare results-oriented work programs and, in the process, familiarize staff with concepts of MfDR	Developing results-oriented departmental work programs	<p>Does not adequately capture the need for systematic results reporting from the institutional level down to the individual level.</p> <p>Initiatives:</p> <ul style="list-style-type: none"> The Work Program and Budget Framework now incorporates a set of indicators for monitoring performance New Performance and Development Plan (PDP) is results-based Piloting of balanced scorecards in OAS and SPRU
2.3 Focused coaching and workshops for senior management to clarify and support the role and responsibilities of management in MfDR	Relevant information materials produced	<p>Valid, though objective remains unmet.</p> <p>Initiatives:</p> <ul style="list-style-type: none"> SPRU has reported infrequently at Management Committee Meetings Senior management participated in Marrakech Roundtable and Paris High-Level Forum
2.4 Informal sessions with Board of Directors		<p>Remains valid.</p> <p>Initiative:</p> <ul style="list-style-type: none"> Two informal Board seminars (MfDR agenda and PPMS) in 2005; one in March 2006. Formal two DEC reports per annum.
2.5 Stocktaking and assessment of readiness	Report produced	<p>Too broad—does not specify the areas to be covered by the stocktaking and assessment; each area of study, e.g., RB-CSP, requires dedicated and significant resources.</p> <p>Initiative:</p> <ul style="list-style-type: none"> Independent assessment of MfDR in ADB: Universalia Report (November 2005)
2.6 Develop template for results-based country strategies, combined with a set of indicators to measure and monitor progress of implementation of the CSPs	Minimum of two results-based country strategies as pilots be initiated	<p>This objective does not capture other important aspects of the RB-CSP process, e.g., CSP completion report, results-oriented CPRM.</p>

Objective/Action ^a	Target Output ^a	Comments on Action Plan / Initiatives to Date
		Initiatives: <ul style="list-style-type: none"> • The Nepal RB-CSP, the first pilot, was endorsed by the Board in 2004; all subsequent CSPs (i.e., BAN, BHU, CAM, MON, PHI, UZB, PNG) incorporated a results framework including performance indicators to monitor and report on progress of CSP implementation. • RB-CSP being mainstreamed • Practice note on RB-CSPs • Learning Note on Nepal RB-CSP
2.7 Develop and implement adequate support mechanisms such as information technology, HR strategy, etc.	Implementation of adequate support mechanisms	The ISTS II, HR Strategy, KM Framework, and IEI are monitored under the Reform Agenda. Initiative: <ul style="list-style-type: none"> • OIST support for CoP-MfDR
2.8 Improve results orientation of lending and non-lending projects and programs	Action plan prepared	Remains valid. Initiatives: <ul style="list-style-type: none"> • Preparation and implementation of Enhanced PPMS Action Plan • Intensive training in use of the Design and Monitoring Framework • Enhanced results orientation of CPRM in selected DMCs • Preparation of results frameworks for policy papers
2.9 Prepare annual reports on results achieved in sector and thematic areas ^b		This objective has not been achieved.
2.10 Design assessment mechanisms to independently evaluate the effectiveness of the results-based CSP, loans and TAs ^b		The objective needs to also reflect other relevant forms of evaluation, e.g., evaluation of MfDR, quality control systems and processes. Initiatives: <ul style="list-style-type: none"> • Country program assistance evaluations and project performance evaluations conducted by OED • New RB-CSP completion report being designed
Pillar 3: Improving results through partnerships with other institutions		
3.1 Participate in partnerships with MDBs, OECD-DAC and other partners	Visible presence in all relevant partnerships	Remains valid. Initiatives: <ul style="list-style-type: none"> • ADB is chair of the MDB Working Group on Results and co-chair of the OECD-DAC Joint Venture on MfDR • ADB's co-sponsorship of Marrakech Roundtable and Paris High-Level Forum on Aid Effectiveness
3.2 Harmonize results indicators with partners and report to the Board ^b		The objective is not clear on the nature of indicators involved and the purpose associated with reporting on such indicators. No specific reports to Board on this issue. Initiatives: <ul style="list-style-type: none"> • COMPAS and Global Monitoring Report • ADB contributed to the OECD-DAC's MfDR Sourcebook • Paris Declaration implementation at the DMC

Objective/Action ^a	Target Output ^a	Comments on Action Plan / Initiatives to Date
		level <ul style="list-style-type: none"> • Joint country programming in selected DMCs • Collaboration with IDA on use of IDA 14 results system
3.3. Conduct consultations with DMCs on ADB's results agenda ^b		Valid, but under Pillar 1 as it relates to developing results orientation at the country level. Initiatives: <ul style="list-style-type: none"> • The RB-CSP process serves as the primary vehicle for consultations with DMCs on ADB's results agenda • CoP-MfDR will enhance consultation

^a Unless stated otherwise, the objective/action and target outputs were obtained from the MfDR Action Plan presented by ADB during the ADF IX replenishment meeting in Lisbon. The table excludes already completed actions e.g. establishment of the Results Management Unit, ADB participation in the Marrakech Roundtable.

^b The objective/action was derived either from the MfDR Action Plan presented at the ADF IX donors' meeting in Tokyo or the ADF IX Donors' Report.