An Introduction to Results Management

This guide explains the main principles of results management, the core of the managing for development results approach. It also discusses the implications of implementing the approach and its application in Asian Development Bank’s operations at the country and project levels.

About the Asian Development Bank

The Asian Development Bank (ADB)’s work is aimed at improving the welfare of the people of Asia and the Pacific, particularly of the 1.9 billion who live on less than $2 a day. Despite many success stories, Asia and the Pacific remains home to two thirds of the world’s poor. ADB is a multilateral development financial institution owned by 64 members, 46 from the region and 18 from other parts of the globe. ADB’s vision is a region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their citizens. ADB’s main instruments for providing help to its developing member countries are policy dialogues, loans, technical assistance, grants, guarantees, and equity investments. ADB’s annual lending volume is typically about $6 billion, with technical assistance usually totaling about $180 million a year.

ADB’s headquarters is in Manila. It has 26 offices around the world and more than 2,000 employees from over 50 countries.
An Introduction to Results Management
Principles, Implications, and Applications

Asian Development Bank
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The Asian Development Bank (ADB) is implementing managing for development results based on three pillars; (i) strengthening developing member countries’ (DMC) capacity to manage for results; (ii) strengthening ADB’s own results management; and (iii) strengthening international partnerships for managing for development results.

This guide was developed by the Results Management Unit to assist ADB staff and DMC officials. It was written by Per O. Bastoe, Principal Results Management Specialist, and Clarence Henderson, Staff Consultant, with valuable support from colleagues in the Results Management Unit and in other parts of ADB.
CHAPTER 1
RESULTS MANAGEMENT: CONTEXT AND EVOLUTION
Results Management: Context and Evolution

Overview and Purpose of the Guide

The Asian Development Bank (ADB) has made a commitment to enhance its results orientation—its development effectiveness—by implementing “managing for development results” (MfDR). While MfDR is a new term primarily used within the development community, the core concept is well established and has been applied in many public and private organizations in the last two decades. These other organizations have used terms such as “results-based management,” “performance management,” and “managing for outcomes.” The core of these diverse concepts is basically the same and can for simplicity be referred to as “results management.”

Results management has its roots in business management theories, applied social research, program evaluation, and expenditure management. The approach, initially applied in private sector organizations, moved quickly to the public sector as part of reform efforts in the 1980s and 1990s. Over the last decade, it has increasingly been implemented in development agencies and multilateral organizations. Results management implies a new way of doing business and a fundamentally different approach to management than has traditionally been used in public sector and development organizations.

The purpose of this guide is to explain the main principles of results management and the implications of implementing it in an organization. This introductory chapter gives a brief historical overview of results management and its adaptation in the development community. Chapter 2 discusses the basic principles and logic behind results management, Chapter 3 sets out a step-by-step method for applying the approach, and Chapter 4 discusses challenges and success factors for implementation. The list of references identifies useful resources on results management, while the two appendixes describe how the concept is being applied to project management and country strategies in the Asian Development Bank (ADB).

Historical Context and Evolution

Traditional public sector management. Public sector organizations are preoccupied with rules and procedures, with an emphasis on delivering services in compliance with specific guidelines and business processes. As such, there has been limited attention to clients’ needs and customizing services for specific circumstances. Public sector organizations have in many ways traditionally been more supply than demand driven. Similarly, in development organizations, the emphasis has typically been on processing

1 “Results management” refers to approaches to manage programs, projects, and organizations for results. “Results” refers to both outputs and outcomes with a particular focus on the relationship between outputs and outcomes.
The concern in many organizations has been to “do things right” rather than to “do the right things.”

and implementing projects according to prescribed procedures. In other words, the concern in many organizations has been to “do things right” rather than to “do the right things.”

This approach—the old way of doing business—began to change during the late 1960s. Planning, programming, and budgeting systems were developed to improve the quality of financial planning and cost accounting and, more fundamentally, to ensure accountability. These systems allowed management to exercise unprecedented control over inputs such as human resources and operating and capital expenses. Management by objectives (MBO) was introduced in public sector organizations in the mid-1970s, with many managers learning to set objectives and identify good performance indicators; this significantly improved their ability to manage effectively and delegate responsibility appropriately.

During the 1970s and 1980s, “program management by activity” methods were developed. Among the productivity tools that emerged were the work breakdown structure, Gantt charts, the critical path method, and the program evaluation and review technique (PERT). These tools provided relatively strict blueprints for executing programs and projects, reflecting their origins in disciplines such as engineering and systems management.

By the end of the 1980s, governments in many developed countries (especially Organisation for Economic Co-operation and Development members) had reoriented themselves to focus more on clients and services. They learned from various management trends—quality control/quality assurance, ISO accreditation, total quality management (TQM)—generally related to continuously improving service quality and standards.

The 1990s saw a series of extensive public sector reforms in many European and North American countries and in Australia and New Zealand in response to growing economic, social, and political pressures. Governments were almost uniformly experiencing ballooning fiscal and budgetary deficits, the competitive pressures of globalization, growing public demands for cost-effective government services, and calls for accountability. As a consequence, they were forced to respond to public discontent and to the need for more transparent and accountable governance at all levels in the public sector.

The development sector. The 1990s in the development sector can be described as an era of reform and of reformulation. Disparities between rich and poor were growing, and aid agencies were increasingly concerned about the impact of globalization on
poor people in developing countries. At the same time, there was a realization that the concrete results of traditional development assistance were not living up to expectations, i.e., that intended or desired results were not being achieved. There was also great concern that development assistance funds be used more equitably and effectively.

The “results revolution” came to the development sector in part as a result of “aid fatigue,” a generalized perception among influential publics, government decision makers, and donors that aid programs were not particularly effective in attaining the development objectives they were created to achieve. At the same time, agencies’ budgets were declining, and governments themselves were undergoing major organizational reforms. By 2000, there was growing pressure for institutional reform and a rethinking of the traditional way of doing business.

The results revolution was also fueled by the development of powerful tools based on systematic analysis of logical cause and effect. Logical frameworks (logframes) were quickly accepted as valuable tools for improving planning and implementation. Experiences from public sector reforms gradually trickled into development organizations, and new approaches and tools were developed.

The transition to results orientation was implicit in the Millennium Development Goals (MDGs) adopted by 189 countries in 2000. The MDGs set clear targets for eradicating poverty and other sources of human deprivation. The Monterrey Consensus (2002) stressed the need to mobilize financial resources more efficiently and emphasized development effectiveness as a core operational principle. Subsequently, the Joint Marrakech Memorandum signaled a renewed emphasis on aid effectiveness, with particular emphasis on the harmonization and alignment of programming, monitoring, and evaluation activities. More recently, the Paris Declaration identified the five principles of country ownership, alignment, harmonization, managing for results, and mutual accountability as the core of the global development agenda. In other words, the push towards results management has gained momentum and there is now a broad consensus regarding the importance of achieving measurable results.

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2 Agreed at the International Conference on Financing for Development in Monterrey, Mexico, 2002.
3 Managing for Development Results: Second International Roundtable on Results, Marrakech, February 2004: Joint Marrakech Memorandum.
4 Paris Declaration on Aid Effectiveness: Ownership, Harmonization, Alignment, Results and Mutual Accountability, 2 March 2005, High-Level Forum on Aid Effectiveness.
CHAPTER 2
What Results Management Is And Why It’s Important
What Results Management Is And Why It’s Important

Results management, properly implemented, improves efficiency and effectiveness. Results management goes beyond focusing solely on formal systems and measurement to emphasize shared values and leadership as key success factors. This implies a multifaceted approach to deal effectively with complexity and an ability to adapt to change while maintaining core values and public confidence. Results management should have embedded within it a commitment to organizational learning and improvement in support of results-based decision making related to achieving the organization’s strategic goals.

For most organizations, results management represents a new and different way of doing business. In order to more clearly understand what this implies, it may first be useful to also clarify what results management is not.

What Results Management Is Not

Results management is not the same as MBO. MBO, originally described by Peter Drucker over half a century ago, is based on aligning goals and subordinate objectives throughout an organization. In theory, the organization-wide alignment of goals and objectives maximizes effectiveness and leads to achieving objectives. Indeed, there are many positive lessons to be learned from MBO, including the need for a systematic, strategic planning process and a managerial focus on objectives rather than on activities. However, MBO works only if objectives are clearly understood, few in number, and specific. It works best with centralized organizations and assumes full organizational control over outcomes and fixed relationships between inputs and outputs. In contrast, results management works best in decentralized organizations operating in fluid and changing environments.

Results management is not the same as program evaluation. Traditional evaluations are generally completed only after a project or program is completed. In most evaluations, findings are not fed back into the organization as part of an iterative, responsive, decision-making process. Project managers seldom receive real-time feedback; instead, feedback comes only with the findings of the formal evaluation by which time it is no longer possible to make corrections. Real-time (or nearly real-time) feedback loops are integral to results management and play a key role in supporting results-oriented decision making. The two approaches complement each other and are important components of a comprehensive results management approach.

Results management is not just a design tool. The logframe was originally developed for use by the United States Agency for International Development (USAID) in the early 1970s. Since then, the logframe has become a key planning tool.
For most organizations, results management represents a new and different way of doing business.

and management tool for many development agencies—Britain’s DfID, Canada’s CIDA, Australia’s AusAID, and Germany’s GTZ to name just a few. Typical uses of the logframe have been to support participatory project planning, to serve as an analytic tool to document project results, and to provide a sound monitoring and evaluation framework. The logframe has clearly proven its value as a management and planning tool and is now firmly established as an essential tool in development work. Indeed, the logframe is the primary tool through which development agencies conceptualize project objectives and determine appropriate strategies and tactics to attain those objectives. However, as originally formulated, the logframe’s primary application has been as an analytical tool for project design. In the context of results management, modifications to the original logframe are required, particularly as stakeholder understanding of the causal relationships between expected results and underlying assumptions and risks are elaborated. This dynamic element is generally absent in the traditional logframe approach.

What Results Management Is

Results management is simultaneously (i) a management approach and (ii) a set of tools for strategic planning, monitoring and evaluating performance, reporting, and organizational improvement and learning. Results management improves organizational performance by applying traditional tools such as strategic planning, results frameworks, monitoring, and program evaluation in the modern context of decentralization, networking, flexibility, participatory processes, and accountability.

A Logical Approach to Cause and Effect

At the heart of “results thinking” is the concept of the results chain, a schematic illustration of the intended causal relationships among various elements over time (see Box 1). The results chain clearly shows the plausible, causal relationships among its elements, while also clarifying the various cyclical processes and feedback loops planners need to be aware of. The basic rationale is to plan from right to left by initially focusing on impacts and intended outcomes and then identifying the outputs, activities, and inputs required to achieve them. Tracking performance then goes from left to right, feeding information back to inputs and activities to make necessary adjustments and improvements thus leading to better results.

Focus on Outcomes

The core of results management is its focus on desired outcomes. Outcomes

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5 See also “Glossary of Key Terms in Evaluation and Results Based Management” published by OECD-DAC and available the following website: http://www.oecd.org/dataoecd/29/21/2754804.pdf
are the intended, intermediate effects of an intervention’s outputs. At the sectoral or country level, they are shaped by many factors, with any particular project or program making only a marginal contribution. While it is important to have a vision of desired impact, actually managing for impact is unrealistic and in fact impossible. Realistically, managers of specific projects or programs aim to manage progress towards outcomes. Given that achieving outcomes depends in part on factors beyond the direct control of a project or program, a different approach to attribution than that traditionally used for inputs or outputs is needed. Such an outcome orientation represents a fundamentally different way of thinking about stakeholder and client relationships that requires managing for results across all layers of the organization, with a consistent focus on partnership and collaboration.

**Leadership**

The role of leadership is essential not only to set the direction for and constantly contribute to clarifying the core functions and objectives of the organization but also to model the behavior and attitude to support the results orientation.

**Participation**

Buy-in and support can only be achieved by actively involving staff and stakeholders. People are inclined to resist any approach that is perceived as being imposed from above. However, when staff are actively involved in developing and implementing a results approach, they become owners of the process. Thus, participation plays a key role in ensuring relevance and responsiveness; defining realistic expected results; accurately assessing risks and assumptions; monitoring progress towards expected results; reporting on performance; and assessing lessons learned and providing input into management decisions.
Learning and Improvement

Unless results management is perceived as useful and applicable, it is likely to be viewed negatively as involving additional requirements and placing extra burdens on staff. Successful implementation requires creating and nurturing an organizational culture in which outcomes are valued because they are understood by all stakeholders to be important. This implies a shift from traditional, procedure-oriented bureaucratic thinking to flexible, results-focused thinking that is responsive to client demands. This requires that managers and staff see the value of adopting an outcome orientation and using performance information to achieve relevant outcomes.

Improved knowledge is a prerequisite for making better decisions. Systematic feedback loops help to identify those factors that predict good performance (i.e., achieving results). Improving the flow of information about results supports making more appropriate and timely strategic decisions about implementation and quality improvements.

Integrating Stakeholder and Client Concerns

All public sector and development organizations have stakeholders that are “partners” and “clients.” The nature of partners and clients differs from organization to organization. In a government agency, clients might be the recipients of services; in a development agency, clients might be governments of developing countries. Similarly, the term “partner” in government might refer to other public sector agencies, while in a development agency it might refer to other donors or international organizations.

Organizations are accountable to their stakeholders, and stakeholders should be involved in making the transition to results management. Thus, in both public and private sector organizations, successful results management requires building and sustaining transparent and accountable strategic partnerships.
CHAPTER 3
PUTTING RESULTS MANAGEMENT INTO PRACTICE
Reforms are Required

Making the transformation to a true results orientation is challenging in virtually all well-established organizations. Technology and management information systems may need to be significantly upgraded, and staff must greatly improve their knowledge of results management. The process of becoming results focused requires the understanding and commitment of top management, a supportive organizational culture, and staff incentives that prioritize achieving results rather than conforming to particular business processes. In short, results management has major implications for the organization. Box 2 presents some of the implications of results management for organizational reform and change.

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<th>Box 2: Reform Aspects of Results Management</th>
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<tr>
<td><strong>Accountability.</strong> Committing to results management requires that management and staff be held accountable for appropriate levels of results.</td>
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<td><strong>Client focus.</strong> Achieving results is linked to understanding stakeholders’ perspectives and needs; thus, there is a significant emphasis on participatory processes and ensuring that the organization is responsive to the needs of beneficiaries.</td>
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<td><strong>Streamlined business processes.</strong> In order to achieve results, traditional organizations must make important changes to their operational policies and procedures to increase efficiency, improve the allocation of resources, and enhance transparency.</td>
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<td><strong>Decentralization.</strong> Responsiveness implies delegating authority to accountable staff and then empowering them to do their jobs.</td>
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<td><strong>Working in strategic partnerships.</strong> Involving partners and stakeholders in results management is essential. In the context of development work at the country level, development partners must harmonize their activities among themselves and ensure that the collective results of their efforts are aligned with country-owned development objectives.</td>
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<td><strong>Staff Incentives and training.</strong> Managing for results represents a fundamentally different way of doing business. Traditional incentive systems reward activities and processes rather than achievements and results. Results management requires that staff be rewarded on the basis of measured results and that they be supported with solid training programs, performance information databases, toolkits, mentoring, and other resources.</td>
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<tr>
<td><strong>Organizational change.</strong> Any organization has its own culture characterized by implicit and explicit values, behavioral expectations, customs and rituals, and terminology. Implementing results management requires that the organizational culture be transformed to support results orientation. Organizations that make a successful transition to results management are often those that are able to manage this challenging transformation effectively.</td>
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Prerequisites: Leadership, Culture, and System

Making the transition to results management requires a long-term organizational commitment, with management taking on a strong leadership role. It involves important changes in organizational culture—changes that must be proactively managed (see Box 3). It also requires an appropriate enabling environment, in particular management and information systems that allow results management to blossom.

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<th>Box 3: Characteristics of a Results Management Culture</th>
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<td>• readiness to think and act across boundaries</td>
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<td>• effective teamwork</td>
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<td>• organizational flexibility</td>
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<td>• openness to innovation and creativity</td>
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<td>• ability to capitalize on windows of opportunity, to tolerate mistakes and to manage risk</td>
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<tr>
<td>• capacity to build strategic alliances, collaboration, and trust and to negotiate to achieve joint outcomes</td>
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<tr>
<td>• adaptability to changing circumstances</td>
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<td>• persistence</td>
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<tr>
<td>• encouragement of diverse views and awareness of and appreciation of different cultures</td>
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<tr>
<td>• capacity to balance the tension between short-term and long-term goals</td>
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<tr>
<td>• effective knowledge management</td>
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Leadership. Management’s role is to set out a clear, easily understood vision of the organization’s results. Without the full support of senior management and without a clear articulation of that commitment to staff, there is little chance that the necessary organizational changes can be made. Management must actively support and visibly participate in all phases of implementing results management.

Organizational culture. Merely articulating a commitment to results management is not enough. Success depends substantially on developing a results-oriented organizational culture. The public sector’s traditional emphasis on administrative procedures and inputs is deeply ingrained. Moving to results management requires nurturing a mindset that focuses on actively managing inputs and outputs to achieve outcomes.

Supporting systems. Implementing results management requires reliable systems to ensure collection, encoding, analysis, and reporting of performance data. Weaknesses in many organizations are especially evident in reporting experiences from a number of countries and organizations implementing results management all point to these elements as keys to success. See for example Implementing Results-Based Management: Lessons from the Literature. Office of the Auditor General of Canada. March 2000 and Perrin, Bert “Governments That Deliver: Moving from Outputs to Outcomes”. Paper based upon a Roundtable Discussion 15-16 December 2004 sponsored by IBM and the World Bank.  

From a presentation by Lynelle Briggs, Public Service Commissioner, Australia, May 2005.
putting results management into practice

performance information and using it for decision making and learning. One of the primary benefits of results management is the ability to generate real-time feedback to improve the quality of decision making. An integrated approach to knowledge management and sharing information is essential to achieve this.

The Cycle of Results Management
Managing for results requires in-depth analysis, careful planning, and clear focus. This process can be visualized as an ongoing cycle involving eight phases (see figure at right) that proceed in a logical sequence, though there may also be some movement back and forth and a need to revisit various phases as work proceeds. Results management requires flexibility, but flexibility within the context of a sound strategic planning cycle.

Phase 1: Strategic planning and resource allocation. The origin of the term strategy lies in the Greek word strategos, used to describe the broad sweep of conducting military campaigns and foreign policy among city-states. Over the intervening centuries, the term “strategy” retained its association with the battlefield and military operations. By the late 20th century, however, the term had been widely adapted in management literature, and “strategic planning” came into its own as a corporate tool. As part of the continuing evolution in public sector management, progressive government agencies and development organizations are now fully committed to strategic planning.

Managing for results requires in-depth analysis, careful planning, and clear focus.

Initially, it is important to carry out a comprehensive scan of the organization to understand the internal (organizational) and external environments as fully as possible. Various acronyms have been used to describe this analysis, including “PEST” (political, economic, social, and technical environments) and “SWOT” (strength, weaknesses, opportunities, and threats).
Strategic planning normally improves an organization’s capacity to achieve results.

Whatever method is employed, good strategic analysis addresses key questions such as the following.
- Where have we been, and where are we now?
- Where will we be in the future if we continue on our present course?
- Where do we want to be in 3 years? In 5 years?
- How do we get from point A (now) to point B (the 3- or 5-year end point)?
- How will we know when we have arrived?

The precise form taken by strategic planning will vary depending on the organization’s culture, leadership, complexity, size, and mission. Strategic planning, which usually refers to a 3-5 year timeframe, normally improves an organization’s capacity to achieve results. Strategic planning for results requires particular attention to linkages between strategic objectives and the bottomline budget. What financial resources are required to implement the plan? How will the money be spent and how will the expended financial resources contribute to desired results?

Phase 2: Selecting indicators and targets. The first step in operationalizing the strategy is to develop sound indicators and targets as these are the keys to knowing when you are making measurable progress toward desired results. This process is grounded in the results framework which provides an overview and quick summary of cause-and-effect relationships and allows differentiation of inputs, outputs, outcomes, and ultimately impacts. By understanding these relationships, it becomes possible to “work backwards” to develop appropriate and reliable performance indicators. Indicators measure progress on a quantitative scale. Examples include literacy rates, agricultural productivity/crop yields, and child mortality ratios. In each case, the indicator measures progress towards the outcome reflecting the desired result.

Once indicators have been identified, baseline values need to be collected for each indicator before project activities begin. A solid baseline is essential for measuring and monitoring of subsequent progress to be effective. Having good baseline data is also essential for setting explicit targets, i.e. particular values for an indicator to be achieved within a clearly defined timeframe.

Perhaps most important is that indicators are based on valid and reliable data and that they are intuitively useful to managers. Indicators should, to the extent possible, conform to the “SMART” paradigm; specific, measurable, attainable, realistic, time-bound. When these criteria are met, well-informed management decisions can be made.

Phase 3: Establishing responsibility and accountability. An important prerequisite before implementing the strategy is to reach consensus on responsibility and accountability at all levels. The effective delegation of authority
putting results management into practice

is essential. If staff are to be held accountable for the results they achieve, they must be clearly empowered and given the authority they need to get the job done. Such empowerment is generally achieved by progressive human resource management that allows for flexibility in determining how staff do their jobs, while simultaneously giving priority to measuring, monitoring, and managing results.

Performance improves when the staff members who actually do the work have authority and responsibility delegated directly to them. This type of delegation goes beyond the traditional rationale based on effectiveness or efficiency and requires a major rethinking of management systems and practices.

**Phase 4: Measuring performance and results.** Effectively implementing results management requires that performance be measured at all levels of the organization. In general, monitoring systems should be designed using available data sources while avoiding duplicating other management systems. It is also important at the outset to determine the frequency of monitoring.

**Phase 5: Analyzing performance and results information.** Analyzing performance and results data is essential for effectively monitoring and managing programs and projects. Measuring and monitoring data involves an iterative process of assessment, comparison, and interpretation. After the data are analyzed, results must be interpreted with specific reference to whether desired results are being achieved.

**Phase 6: Using performance and results information.** Information on performance and results serves many purposes, including management decision making, improving business processes, documenting progress toward results, and reporting on organizational effectiveness to stakeholders.

**Phase 7: Reporting performance and results information to stakeholders.** It is important to specify who will use results information and for what purposes. Other important issues include determining when exactly the information will be required and what decision-making processes need to be supported.

**Phase 8: Getting feedback and inputs from stakeholders.** Dialogue with and feedback from stakeholders are essential to understand the relevance and usefulness of performance information, feedback mechanisms, and reports. This then forms the basis for the next round of planning and implementation.

SMART: specific, measurable, attainable, realistic, time-bound.
CHAPTER 4
IMPLEMENTING RESULTS MANAGEMENT: CHALLENGES AND OPPORTUNITIES
Implementing Results Management; Challenges and Opportunities

The first three chapters have presented an overview of results management making every effort to simplify complex concepts and communicate key points clearly. However, the presentation has necessarily been somewhat theoretical given the complex concepts involved in results management. The challenge for practitioners is to translate these theoretical concepts into effective management tools. To support this effort, this chapter examines some of the challenges to implementing results management and some key success factors that can help overcome those challenges. (The two appendixes provide more concrete detail on results management at the project and country levels respectively).

Challenges to Effective Results Management

Organizational culture. Making the transition to results management requires more than simply adopting new systems or processes. Results management requires the organization to create and sustain an organizational culture focused on results. This can be challenging in organizations that have traditionally emphasized inputs and processes rather than outputs and outcomes.

Resistance to change. The difficult but absolutely necessary transition from managing for outputs to managing for outcomes (results) is likely to encounter resistance. Many desired development results are likely to be incremental and difficult to measure. As a result, managers and staff may tend to shift their workloads to tasks that are easier to measure or achieve rather than staying focused on what is important from a development perspective.

Tendency to make things complicated. One common mistake is to design overly complicated results frameworks with large numbers of indicators and targets. Even if these are clearly differentiated from one another, the proliferation of indicators makes monitoring difficult and unfocused and the practical use of the information more difficult.

Inadequate staff incentives. In most traditional public sector organizations, staff incentives revolve around implementing business processes and ensuring that the organization transforms certain inputs into desired outputs. In international financial institutions, staff incentives are traditionally oriented around processing projects and ensuring that country “pipelines” are full. However, these incentives are not likely to motivate staff to make the transition to results management, a transition that requires a fundamentally different way of thinking.

Insufficient training and organizational support. In many cases, organizations develop elaborate results management systems without paying sufficient attention to the human dimension. The concepts of results management are often new to staff;
Strong leadership is essential.

they represent an altogether unfamiliar way of doing business. If they are not fully supported with sustainable capacity development programs and reference materials, implementation will be jeopardized.

**Five Key Success Factors**

**Strong, focused leadership.** Senior management must take the lead in clearly communicating the main purpose and function of the organization. This defines the results the organization aims to achieve and should focus all stakeholders’ attention on the task at hand. Strong leadership is essential for making the major changes in values, attitudes, and organizational behavior required to create a culture focused on achieving development results.

**Customizing to the specific context.** Even though the core elements of any applied results management approach are basically the same in any organization, program, or project, the specific blend of elements needs to be customized. For instance, implementation of results management in Asia must take into account Asian values and Asian ways of communicating. Simply replicating what works in one context in another (often quite different) context is unlikely to be successful. At the same time, however, learning from the experiences and best practices of other organizations is often quite valuable.

**Keeping things simple.** It is important not to try to do too much at one time or to develop overly complicated and comprehensive systems in the short term. Results management requires the formulation of realistic expectations and the use of credible information. It is important to start small and limit the number of desired outcomes and indicators. Only then can you begin to build practical systems that support organizational improvement and a consistent results focus. If results management is to be sustainable, early efforts must be perceived as useful and as having organizational legitimacy. This suggests that a gradual and systematic approach involving phased implementation is essential in most organizations.

**Building ownership through participation.** Implementing results management is best done using a blend of top-down and bottom-up approaches. While it is certainly important to determine the information parameters of systems to support strategic management of the organization, it is also essential to take into account the preferences and needs of staff, partners, and other stakeholders. Participatory processes should be an integral part of designing results
management approaches, both in order to identify basic constraints and to ensure that the voices of those who will use the systems are heard. Designing a system from the top down and imposing it on the organization is much less effective. 

**Making conscious organizational changes.**

Organizations constantly change. As the philosopher Heraclitus pointed out 2000 years ago, you can never dip your toe into the same river twice since the water is always flowing. Organizations exist in a similar state of flux. Concentrated efforts are required to remain relevant and to continue achieving results in a constantly changing environment. Results management, when properly implemented, represents a viable and powerful strategy for effectively meeting this challenge. Most organizations underestimate the scope and impact of the organizational changes that accompany results management. Results management will not work in an organizational culture wedded to strict hierarchies, tight management control, and rigid compliance with rules and procedures. Organizational change affects every aspect of operations, including strategic planning, resource allocation and management, assessment and incentive systems, monitoring, and reporting. This suggests that organizations should be ready to launch a well-planned and adequately financed process of change management.

Simply replicating what works in one context in another context is unlikely to be successful.
Materials and Resources on International Experience with Results Management

There is a vast body of documentation and materials on the experience of national governments and international agencies. A starting point for further familiarization with international experience may include the following resources.

Appendix 1: Results Management at the Country Level

Development results are achieved at the country level and must be measured, monitored, and managed at the country level. Achieving country development outcomes helps improve the quality of life of poor people. Results management in this context requires a clear understanding of exactly what development results are desired and how those results will be assessed. Among the key elements of effective results management at the country level are the following:

- enhanced country diagnostics, especially with regard to poverty assessment;
- alignment with and use of country systems;
- harmonization among development agencies/donors;
- development of selective and focused programs;
- careful attention to tracking and actively managing a particular agency’s contribution to key development outcomes.

Results management at the country level should be understood in terms of the complex nature of national development outcomes. It is essential to recognize that the assistance provided by any particular development agency is highly unlikely to lead directly to country-level development results; instead, they are the aggregate impact of investments and inputs from many sources—the developing country’s government, the private sector, and multilateral and bilateral development agencies. The key for any particular agency is to understand the impact of its own inputs/investments and the contributions they are making to the desired development results.8

In order to illustrate how results management can be implemented at the country level, this appendix describes how the Asian Development Bank (ADB) designs and implements its results-based country strategies and programs (RB-CSPs).9

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8 In most developing countries, the inputs provided by a development finance institution such as the Asian Development Bank represent only a tiny fraction of total investment in the country.

9 ADB has taken a number of significant steps for implementing country leadership and ownership policies. The Resident Mission Policy recognizes the importance of local knowledge and capacities and calls for stronger client and partnership orientation. New business processes emphasize the primacy of the country strategy and program (CSP) in guiding ADB operations. The recent practice note on results-based CSPs focuses on the CSP outcomes that are expected to be achieved during the CSP period and the need to develop mechanisms and indicators for monitoring progress toward achievement of those outcomes. A results-based CSP is developed and implemented based on detailed discussions with the government and other development partners. Compared with the traditional methodology, the results-based CSP further emphasizes (i) alignment with the country-owned development strategy, (ii) a realistic and selective development approach rather than an ideal and comprehensive approach, (iii) achievement of development impact on the ground rather than preparation of the strategy document itself, (iv) outcome monitoring rather than input control, and (v) coordinated assistance among development partners rather than an isolated individual intervention.
Results management in this context requires a clear understanding of exactly what development results are desired.

The principles presented flow naturally out of the early discussion on results frameworks and monitoring and evaluation systems.

**Country Ownership and Leadership**

Ideally, governments will take the lead in crafting their own national development strategies. There are a growing number of poverty reduction strategy papers (PRSPs) in the region, for example, the National Poverty Reduction Strategy of Cambodia, the Poverty Reduction Strategy Paper of Nepal, the Poverty Reduction Strategy Paper of Pakistan, and the Comprehensive Poverty Reduction and Growth Strategy of Viet Nam. In each case, governments and their development partners are refocusing their efforts on results management, including developing sector and thematic road maps, project-level results frameworks, and capacity-development results frameworks.

ADB’s RB-CSPs are grounded in country-owned priorities and rely on extensive stakeholder consultations. These principles were evident in developing the first RB-CSP in Nepal, a process that involved extensive consultations to identify expected results and comprehensive analysis of how to achieve those results. In Bangladesh, ADB developed an RB-CSP based on unprecedented stakeholder consultations and donor coordination (among ADB, Japan, United Kingdom, and the World Bank). Similarly, the development of Viet Nam’s RB-CSP is taking place within the context of close alignment among five banks (World Bank, Japan Bank for International Cooperation, ADB, Agence Français de Développement, and KfW Bankengruppe).

**Alignment**

RB-CSPs must be aligned with the development objectives defined by the developing member country (DMC) government in its national poverty reduction strategy (NPRS). In many DMCs, these take the form of PRSPs; in countries that do not have a PRSP, those development objectives are usually stated in a national development plan. In this context, the RB-CSP must clearly show how ADB’s assistance will effectively contribute to achieving the country’s development and poverty reduction goals as well as the Millennium Development Goals (MDGs).

Different strategies are required to achieve alignment in different DMCs depending on such factors as the quality of development planning and clarity of the NPRS. If national development priorities are already clearly articulated, the RB-CSP process can concentrate on such issues as how to leverage ADB’s comparative advantages, how best to support government priorities, and how to ensure harmonization with the programs of development partners.

When the government’s development strategies are not sufficiently prioritized, the RB-CSP process may need to begin by engaging the government and stakeholders.
in dialogue about the tradeoffs involved in prioritizing certain objectives over others. The results of macroeconomic and poverty assessments need to be carefully studied and, as necessary, clearly communicated to stakeholder groups. In other words, consensus must be built regarding the most effective uses of ADB investments to achieve agreed development objectives.

**Harmonization**

ADB is fully committed to harmonization, one of the key principles of the Paris Declaration. ADB collaborates closely with other development partners in the development of its RB-CSPs. Examples include regular consultations with the World Bank, the International Monetary Fund, the United Nations Development Programme, and the European Union. In certain sectors, ADB works with specialized agencies of the United Nations and with bilateral development agencies. ADB often takes on a leading role in donor coordination in DMCs where it has a comparative advantage and/or when requested to do so by the government.

The process of collaborating on country programming also helps scale up government capacity. The first step is often a joint strategic planning retreat, with the government taking the lead and major development partners participating. Development partners work together to reach consensus on desired development results, responsibilities for diagnostic work, and the respective outputs to be produced by various development partners.

A key step is to develop a joint results framework supported by the government and agreed to by stakeholders and development partners. Developing the framework requires comprehensive strategic analysis; some of the tools often used are strengths, weaknesses, opportunities and threats (SWOT), problem trees, mind maps, and logframes. Once the framework is in place, each development agency can align its strategy and program with it in a manner reflecting respective comparative advantages and resource availability.

ADB is also developing and implementing its measurement and monitoring systems in close collaboration with strategic partners. In sectors and thematic areas where donors and other development partners have common interests, sector and thematic results are monitored and evaluated jointly whenever possible. This commitment to harmonization helps lower transaction costs for DMCs and facilitates comparative analysis.

**The Asian Development Bank’s Results Based-Country Strategy and Program**

In general, the RB-CSP does the following:

- clearly identifies desired development results, intermediate
A key step is to develop a joint results framework.

outcomes, and outputs to be produced;
• describes a credible plan for achieving those outputs and outcomes;
• specifies time-bound indicators and targets.

The RB-CSP defines the expected changes in the lives of beneficiaries (especially the poor), including measurable indicators and links between the activities/projects described in the CSP and desired results. The RB-CSP acknowledges the development constraints under which ADB must operate and specifies the country-level outcomes that ADB’s assistance will help to achieve during the CSP period.

Results framework. At the core of the RB-CSP is a results framework laying out the logical relationships between ADB’s interventions and the DMC’s development goals. As described in chapters 1 and 2, the framework is a critically important planning and management tool that clearly identifies links between strategic development goals, the outcomes that are directly influenced by ADB’s CSP, and the key results required for those outcomes to be attained. Developing the framework is in itself an important learning and capacity development intervention as it forces participants to critically examine the strategy, particularly with regard to selectivity and focus. A sound results framework improves the design of the CSP and the quality of management decisions and leads to better results.

Monitoring and evaluation. It is essential that a reliable monitoring and evaluation system be embedded in the results framework, with clearly specified indicators and reporting mechanisms. Wherever possible, indicators from government systems are used, although in all cases the indicators selected should be consistent with those used by the government. In developing appropriate indicators, ADB consults closely with the government (especially the executing agency but often with other agencies as well) and development partners to develop a short list of key indicators. These are often derived from NPRS monitoring indicators, the International Development Association’s 14 country-level indicators and the MDG indicators, but also take into account other indicators to assess the achievement of results.

Monitoring and evaluation systems should also be harmonized with those of other donors. In this context, ADB and its development partners work closely with the government to determine reliable baselines, to assess overall data quality, and to develop objective assessments of the government’s capacity. It is also essential that donor monitoring and evaluation requirements are harmonized in order to lower the burden on country capacity.
Appendix 1: Results Management at the Country Level

Capacity development.\(^\text{[10]}\) One of the major challenges faced by development agencies is that despite international commitments, actually using country systems is often constrained by lack of government capacity. Capacity is generally understood as the ability of people, organizations and society as a whole to manage their affairs successfully. Capacity development can be defined as “the process whereby people, organizations, and society as a whole unleash, strengthen, create, adapt, and maintain capacity over time.”\(^\text{[11]}\) Capacity development is critical not only to the public sector but also to the private sector and to non-government /civil society organizations. Based on an understanding that organizational effectiveness is affected by external influences and relationships, approaches to capacity development need to be multi-dimensional and include (i) institutional development; (ii) organizational development; and (iii) client relations, network, and partnership development.

Capacity development is a prerequisite for moving toward true country ownership of partner-funded development projects. The needs are many and range from helping governments to develop modern and reliable information systems to strengthening financial management systems at the provincial and district levels to building technical capacities at all levels of government. Any capacity development effort should build on a systematic assessment of the existing capacity. Different guides and tools have been developed to provide assistance for doing this.\(^\text{[12]}\)

Capacity development and knowledge sharing. Achieving development effectiveness requires sustainable country capacities in such areas as strategic planning, public financial management, monitoring and evaluation, and statistical reporting. Consistent with the identification of capacity development as a new thematic priority in its enhanced Poverty Reduction Strategy, ADB provides technical assistance to strengthen the results orientation of public sector management and to develop statistical capacity at the country level. ADB works closely with the World Bank to improve statistical capacity under the umbrella of the Marrakech Action Plan for Statistics (MAPS). Knowledge sharing at the regional level is supported through the Community of Practice in Managing for Development Results in the Asia and Pacific Region.\(^\text{[13]}\) Also supporting capacity development

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\(^\text{12}\) Refer to for instance ADB.2006 Capacity for Results Management. A Guide for Conducting a Rapid Assessment of the Capacity of Developing Member Countries to Manage for Results.

\(^\text{13}\) The community is a virtual learning network that provides an interactive forum for dialogue about Managing for Development Results among DMCs and between ADB and its DMCs.
is the Managing for Development Results Cooperation Fund that supports pilot DMC initiatives promoting results-based approaches and techniques in public sector management.

Implementing results-oriented CSPs requires major changes in knowledge, attitudes, practices, organizational culture, tools, techniques, and incentives. This process takes time and can only succeed when supported by steady improvements in institutional capacities, policies, and procedures. Follow-up measures will be required to build this capacity and to ensure that policies and procedures encourage good RB-CSP practices.
Appendix 2: Results Management at the Project Level

The design and monitoring framework. Fundamentally, managing for results begins at the project level. Achieving results at this level requires a systematic approach to design, implementation, and evaluation. The most common approach is to use a design and monitoring framework (logical framework) to structure project planning. That framework should communicate essential information about the project to stakeholders in an efficient, easy-to-read format. More specifically, the framework should make the following immediately clear:

- how the project will achieve results by converting inputs into a defined set of outputs that are expected to achieve a desired development result or outcome;
- which time-bound and quantifiable indicators and targets will be used to monitor and evaluate the project;
- what risks may adversely affect achieving results, and what appropriate measures are there to mitigate those risks;
- the specific assumptions that must remain valid if the project is to succeed.

This appendix presents a general project-planning framework based on the Asian Development Bank’s (ADB) design and monitoring framework; however, the principles are generally applicable to project design and management in any organizational setting.

Template: The design and monitoring framework (DMF). As shown in Figure A2.1, the DMF is a 14-box matrix that answers a number of key questions.

- Why do we want to do this project in the first place (impact)?
- What is the project going to accomplish (outcome)?
- What is the scope of the project (outputs) and what key activities need to be carried out (activities)?
- What resources (inputs) are required?
- What are the potential problems (risks) that may affect the success of the project?
- What are the fundamental assumptions that the project design is based on?
- How do we measure (performance indicators) and verify (data sources) that have been successful?

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The participation of stakeholders is essential from the earliest phases of project design.

Key role of participation. The participation of stakeholders is essential from the earliest phases of project design. Groups generally make better decisions than individuals, and broad participation allows diverse perspectives to be taken into account. At the same time, the act of participating, contributing, and seeing inputs translated into elements of project design builds commitment to and ownership of the project. Participatory processes in project planning are part of, both the situation analysis and project identification phases.

**Situation Analysis**

Projects are generally intended to address a specific development problem, often related to alleviating constraints in access to public services. Early on, it is essential to reach a consensus that the current situation is unsatisfactory and that changes need to be made. After that general consensus with stakeholders is reached, a full situation analysis needs to be conducted. The two main components of this are stakeholder analysis and problem analysis.

**Stakeholder analysis.** Key stakeholders should be carefully analyzed using a format like that in Figure A2.2. Initially, it is essential
to clarify which people and organizations are involved in and/or affected by the development problem. Which groups are supportive and which groups are opposed? Regardless of whether a group supports the project or not, it should be involved in identifying and understanding the development problem. In most cases, this participation takes place in a workshop setting with the dialogue facilitated by a consultant, a member of the project team, or one of the participants (see Box A2.1).

**Problem analysis.** After conducting the stakeholder analysis, the focus shifts to a comprehensive analysis of the development problem. The primary tool is the problem tree (see Box A2.2) that does the following.

- analyzes the context and situation of the problem;
- identifies various problems associated with the developed problem;
- provides a visual diagram of cause-and-effect relationships (see Figure A2.3).

<table>
<thead>
<tr>
<th>Group</th>
<th>Stakeholder's interest</th>
<th>Perception of problem</th>
<th>Resources</th>
<th>Mandate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Box A2.1: Tips for Effective Stakeholder Analysis**

- Use a series of focus group meetings and facilitated workshops to deepen understanding of the development problem and more clearly identify the way forward.
- Define group categories flexibly. The definition may be narrow or broad, depending on the situation.
- Ensure that you have all fundamental information on key stakeholders.
- Conduct an in-depth analysis of key stakeholders.
- Update stakeholder analysis during project implementation.
The problem tree analysis adds significant value.

In most cases, there is already an initial/general understanding of the nature of the problem, whether from sector or thematic assessments, monitoring of development outcomes, or identification of specific performance problems. Nevertheless, the problem tree analysis adds significant value in that its participatory development builds on the initial diagnosis and clarifies the true nature of the problem.
appendix 2: results management at the project level

<table>
<thead>
<tr>
<th>Box A2.2: The Seven Steps in the Problem Tree Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1:</strong> Discuss the situation and underlying problems and identify the development problem with stakeholders. Clearly state the development problem as a negative situation and pin it in the center of the board.</td>
</tr>
<tr>
<td><strong>Step 2:</strong> Write the problems that are the <em>direct causes</em> of the development problem on cards and place them in a horizontal line under the development problem.</td>
</tr>
<tr>
<td><strong>Step 3:</strong> Repeat step 2 by determining the <em>direct causes</em> for each of these problems and placing them on cards in a horizontal line under each problem card. Broaden the problem tree as you work downwards until you reach very specific <em>root causes</em>.</td>
</tr>
<tr>
<td><strong>Step 4:</strong> Identify the <em>direct effects</em> of the development problem. Write them on cards and place them in a horizontal line above the core problem.</td>
</tr>
<tr>
<td><strong>Step 5:</strong> Continue to work upward by placing the perceived effects of the level below on a horizontal line above.</td>
</tr>
<tr>
<td><strong>Step 6:</strong> Review the problem tree and analyze the interrelationship of problems at different levels. Move the cards around to reflect the evolving consensus.</td>
</tr>
<tr>
<td><strong>Step 7:</strong> Draw lines with arrows pointing from each problem that is a cause to the problem that represents an effect.</td>
</tr>
</tbody>
</table>

Summary of problem analysis. The problem tree represents an evolving stakeholder consensus and is likely to be revised and refined even during project implementation. It is important to remember the following:
- Problem statements may need verification (i.e. do the problem statements still reflect what is actually happening now).
- Cause-effect links may need ongoing verification.
- A second or third development problem may need to be fully analyzed before a comprehensive picture emerges.
- Other stakeholders may need to be consulted as new issues are uncovered during the analysis.

Another useful tool for brainstorming is the mind map. Begin your mind map by writing down a central idea. Then think freely—non-linearly—and write down new and related ideas radiating out from the center of the map. Focus on key ideas, then seek out the branches and connections between ideas. The mind map helps you “tease out” hidden connections and identify previously unknown cause-and-effect relationships (see Figure A2.4).
The mind map helps you “tease out” hidden connections and identify previously unknown cause-and-effect relationships.

**Figure A2.4: Mind Map**

- GB commitments for making more money available, not met
- Rules allow for only sovereign lending
- No provision for cost-effective small loans
- Processes too complex for small borrowers
- Not providing financial knowledge to other stakeholders
- Project failures deny funding to good projects
- Lack of a sector-wide cooperative approach

**Lack of Finance for Water Services**

- Tariffs are uncommercial
- Govt uncapsilizes its providers
- No access to a domestic finance market
- Can only get finance on unaffordable terms
- Lack of financial planning skills
- Cannot access donor funds directly
- No licenses to underpin borrowing
- Inefficiencies absorb available funds
- Govt uncapsilizes its owned providers
- Other priorities squeeze water investment out
- Govt continues to own all providers
- Govt gives priority to urban water needs
- No sector-wide financing plan
- Not prepared to accept foreign exchange risks
- Lack knowledge of good practices
- Not encouraging decentralized demand-led water investments

- Inadequate donor funds
- Providers under financed
- Community funds not mobilized
- Government has limited resources
Project Identification

After you have a clear understanding of the development problem and the underlying causes, you need to specify the desired future situation. This may be referred to as the project identification phase and involves analyzing objectives and alternatives.

Analyzing objectives. The problems identified in the problem tree must now be transformed into objectives, i.e., future solutions of the problems. The analysis of objectives describes the desired situation after the problems have been resolved; the key analytic tool is the objective tree (see Figure A2.5 and Box A2.3).
The design and monitoring framework is a simple but powerful design and management tool. It helps build consensus with stakeholders and creates ownership of the project. An introduction to results management.

<table>
<thead>
<tr>
<th>Box A2.3: Analyzing Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>- <strong>Step 1:</strong> Reformulate the development problem at the highest level of the problem tree into a desired condition, i.e., into an objective. Objectives should be realistic and achievable.</td>
</tr>
<tr>
<td>- <strong>Step 2:</strong> Write the potentially direct means for achieving the development objective as statements on cards and place them in a horizontal line under the core objective.</td>
</tr>
<tr>
<td>- <strong>Step 3:</strong> Revise the statements as required and add new statements as relevant and necessary to achieve the stated objective.</td>
</tr>
<tr>
<td>- <strong>Step 4:</strong> Repeat step 2 by determining the means for achieving each of the objectives and place them on cards in a horizontal line under each statement card. You may have more objectives than you have problems in the problem tree.</td>
</tr>
<tr>
<td>- <strong>Step 5:</strong> The space above the development objective is for direct objectives. Examine each statement and convert it into a positive, desirable objective.</td>
</tr>
<tr>
<td>- <strong>Step 6:</strong> Repeat step 5 by determining the direct objective for the statements listed below.</td>
</tr>
<tr>
<td>- <strong>Step 7:</strong> Review the objectives, checking that all means-ends relationships are valid and that none are missing. Complete the tree by connecting the cards with lines.</td>
</tr>
</tbody>
</table>

**Analyzing alternatives.** This analysis (see Box A2.4) is used to do the following:
- identify alternative means of achieving the development objective;
- assess the feasibility of each alternative;
- reach consensus on the project strategy.

**Using the Design and Monitoring Framework**
The design and monitoring framework (DMF) is a simple but powerful design and management tool. It helps build consensus with stakeholders and creates ownership of the proposed project. It organizes thinking and relates activities to expected results. It provides a structure for monitoring and evaluation where planned and actual results can be compared.

The DMF matrix, similar to the logical frameworks employed by multilateral and bilateral aid agencies, is made up of 14 frames with 4 major headings/columns. The **design summary** outlines the main elements of the project and shows the **vertical logic** of the DMF—the means-ends relationship or the results chain. The vertical logic tests the soundness of the results chain by checking if the inputs are sufficient to carry out the activities that will produce the outputs. In turn, outputs are expected to achieve the desired outcome at the completion of the project. This will contribute towards achieving desired impact. The results chain is derived from the objective tree and the analysis of alternatives (see Figure A2.6).
appendix 2: results management at the project level

Box A2.4: Analyzing Alternatives

- **Step 1:** Confirm the desired objective. This then becomes the one and only outcome of the proposed project. Only one outcome should be identified for each project.

- **Step 2:** Identify sets of objectives from the objective tree that represent alternative strategies to achieve the desired situation.

- **Step 3:** Present and discuss potential alternatives with appropriate stakeholders. Make sure that each group understands the implications of each alternative for them, i.e., if it will affect them positively or negatively.

- **Step 4:** Confirm selection criteria, i.e. economic, financial, socioeconomic, environmental, technical, and institutional.

- **Step 5:** Based on the decision made during step 4, carry out necessary assessments, analyses, and feasibility studies.

- **Step 6:** Decide on the most appropriate strategies for implementing the proposed project. The final decision should be consensual to ensure ownership and to maximize the probability of achieving desired results.

**Understanding Project Assumptions and Risks**

Projects are not isolated from external events and are influenced by factors outside the direct control of project management. These include political, social, financial, environmental, institutional, and climatic factors. Termed “assumptions” and “risks,” these are highlighted in the fourth column of the DMF. **Assumptions** are positive statements of conditions, events, or actions that are necessary to achieve results at each level of the DMF. **Risks** are negative statements of conditions, events, or actions that will adversely affect or make it impossible to achieve the intended results. Assumptions and risks may fall into one of two categories:

- those that involve the wider policy and institutional environment and thus depend on external decision makers (e.g., policy environment; institutional capability, political will);
- those associated with uncontrollable events or conditions (i.e., political stability, world prices, interest rates, absence of natural disasters).

**Performance Targets and Indicators**

Performance indicators, which may be either qualitative or quantitative, measure project results. The two main points to bear in mind when determining indicators are the following.

- If we can measure it, we can manage it.
- All indicators have to be measurable in terms of quality, quantity, and time (target).

Performance measures allow you to recognize the successful accomplishment of objectives. Listed in the second column of the DMF, they precisely specify each result at the output, outcome, and impact levels (see Box A2.5).
### Vertical Logic of Assumptions and Risks

Assumptions and risks complete the cause-effect logic of the DMF (see figure A2.7 and Box A2.6). The completion of the activities will result in the outputs only if certain assumptions hold true and the risks do not materialize. This applies in the same way to the project outcome and the intended impact.

#### Box A2.5: Steps to Determining Performance Indicators

<table>
<thead>
<tr>
<th>Process</th>
<th>Education</th>
<th>Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome:</strong> The education system in southeast province provides higher quality, equitable education.</td>
<td>More and better-educated students graduate.</td>
<td>Rice yields of small farmers increased.</td>
</tr>
<tr>
<td><strong>Step 1:</strong> Determine the basic indicator (what you intend to measure).</td>
<td><strong>Step 2:</strong> Decide on the quantity (increase/decrease).</td>
<td><strong>Step 3:</strong> Describe the quality (what kind of change).</td>
</tr>
<tr>
<td>The number of graduates increases from 10,000 to 25,000.</td>
<td>Rice yields of at least 1,000 small farmers (owning 3 hectares or less) increase by at least 30% from 5 tons to 6.5 tons.</td>
<td>Rice yields of at least 1,000 small farmers (owning 3 hectares or less) increase by 30% from 5 tons to 6.5 tons while maintaining the same quality (average weight of grain) as in 2004.</td>
</tr>
<tr>
<td><strong>Step 4:</strong> Add the time frame (by when).</td>
<td>The number of graduates (55% female and 45% male) passing national standard examination from lower income families (US$5,000 per year) in southeast province increases from 10,000 to 25,000.</td>
<td>The number of graduates (55% female and 45% male) passing national standard examination from lower income families (US$5,000 per year in southeast province increases from 10,000 to 25,000 per annum starting in year 4 of project implementation.</td>
</tr>
</tbody>
</table>
Figure A2.7: Vertical Logic of the Design and Monitoring Framework

Design and Monitoring Framework

<table>
<thead>
<tr>
<th>Design Summary</th>
<th>Reference Version</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPACT</td>
<td></td>
</tr>
<tr>
<td>OUTCOME</td>
<td></td>
</tr>
<tr>
<td>OUTPUTS</td>
<td></td>
</tr>
<tr>
<td>ACTIVITIES</td>
<td>INPUTS</td>
</tr>
</tbody>
</table>

After assumptions and risks have been clearly understood and specified, they provide important insights and guide decisions during project design and management. The following management options are available to deal with assumptions and risks.

- **Do nothing.** This is certainly the best option if none of the assumptions and risks are critical enough to endanger the achievement of the results. These fall into the low/low category.
- **Change the project design.** If a risk is high and/or an assumption is critical to the success of the project, consider adding an output, activities, or inputs to address the assumption.
- **Add a new project.** If the possibility of addressing the risks and assumptions is beyond the scope of the project, consider an additional one.
- **Abandon the project.** If a risk
**Box A2.6: Determining Assumptions and Risks**

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1:</strong></td>
<td>Assumptions and risks are best considered during the objective tree analysis. For each statement, consider the assumptions and the risks of achieving the level above, the cause-effect relationship.</td>
</tr>
<tr>
<td><strong>Step 2:</strong></td>
<td>The analysis of alternatives should also evaluate assumptions and risks. Formulate assumptions and risks for those alternatives that are not going to be addressed by the project.</td>
</tr>
<tr>
<td><strong>Step 3:</strong></td>
<td>Assess each assumption by its necessity and sufficiency-if/then-to the logic of the project design.</td>
</tr>
<tr>
<td><strong>Step 4:</strong></td>
<td>Refine the assumption and risk statements. Overly vague statements cannot be monitored or mitigated by project activities. For example, &quot;the government remains supportive of the reform program&quot; is too general an assumption and cannot be measured. Restate it as, &quot;parliament approves the legislative changes as per agreed schedule.&quot;</td>
</tr>
<tr>
<td><strong>Step 5:</strong></td>
<td>Rate the importance and probability of each assumption and risk. Focus on assumptions and risks that are critical (positive/negative) to the success of the project and determine their likelihood.</td>
</tr>
</tbody>
</table>

is high and likely to occur or an assumption is absolutely necessary and there are no outputs or activities that can reduce the risk or increase the probability the assumption will hold true, you may well conclude that the project is too risky and abandon it.

- **Monitor and mitigate assumptions and risks.** There are a number of possible scenarios where close monitoring is appropriate. In these cases, it is essential to have clearly specified indicators. Make provisions for mitigating measures by including activities and adding resources.
An Introduction to Results Management

This guide explains the main principles of results management, the core of the managing for development results approach. It also discusses the implications of implementing the approach and its application in Asian Development Bank’s operations at the country and project levels.

About the Asian Development Bank

The Asian Development Bank (ADB’s) work is aimed at improving the welfare of the people of Asia and the Pacific, particularly of the 1.9 billion who live on less than $2 a day. Despite many success stories, Asia and the Pacific remains home to two thirds of the world’s poor. ADB is a multilateral development financial institution owned by 64 members, 46 from the region and 18 from other parts of the globe. ADB’s vision is a region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their citizens.

ADB’s main instruments for providing help to its developing member countries are policy dialogues, loans, technical assistance, grants, guarantees, and equity investments. ADB’s annual lending volume is typically about $6 billion, with technical assistance usually totaling about $180 million a year. ADB’s headquarters is in Manila. It has 26 offices around the world and more than 2,000 employees from over 50 countries.