

**ASIAN DEVELOPMENT FUND (ADF)
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**ENHANCING EFFECTIVENESS:
MANAGING FOR DEVELOPMENT RESULTS**

Paper for Discussion

**Asian Development Bank
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ABBREVIATIONS

ADB	–	Asian Development Bank
CAPE	–	Country Assistance Program Evaluation
CPRM	–	country portfolio review mission
CSP	–	country strategy and program
DAC	–	Development Aid Committee
DMC	–	developing member country
ESW	–	economic and sector work
IDA	–	International Development Association
IFI	–	International Financial Institution
M&E	–	monitoring and evaluation
MDB	–	multilateral development bank
MDG	–	Millennium Development Goals
OECD	–	Organization for Economic Cooperation and Development
PRS	–	Poverty Reduction Strategy
RBM	–	results-based management
RD	–	regional department
RETA	–	regional technical assistance
RM	–	resident mission
TA	–	technical assistance

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EXECUTIVE SUMMARY

The results agenda of the Asian Development Bank (ADB) covers three fronts:

1. assisting ADB's developing member countries (DMCs) in adopting and implementing development management techniques to demonstrate achievement of development results;
2. advancing the process for ADB to operate more comprehensively and systematically as a results based organization; and
3. participating effectively in partnerships with ADB's stakeholders and other development agencies to contribute to the achievement of the global and regional results agenda.

Implementation of the results agenda has commenced. ADB's top management team has made a commitment to a results based management process, as articulated at the highest level planning documents of the Bank; and specific initiatives launched in recent years – at project, sector, and country levels – provide the platform for translating this into a coherent and systematic business process.

In mid-2003, the President convened an ADB-wide working group to review where ADB stands in its results agenda; determine the lessons that can be learned from the experience of other public organizations in implementing a managing-for-results process; garner the views of the Board of Directors, Management, and Senior Staff; and assess the progress achieved by various initiatives that have been pursued in ADB, what remains to be done, and how this might be achieved in terms of a time-bound action plan.

The findings of the working group, as assisted by an external expert, are incorporated in this paper, which defines the framework for ADB's results agenda in greater detail and presents a time-bound action plan.

The implementation challenges addressed in the action plan include

- aligning ADB's results agenda with the national strategies of DMCs.
- establishing a set of outcome indicators for DMCs that take into account MDG indicators, indicators in the national strategy for poverty reduction (or equivalent), and indicators relevant to ADB's mandate;
- helping to develop or improve DMC capacity to adopt management-for-results processes;
- preparing and monitoring ADB country strategies and programs (CSPs) that are results based;
- applying a results based management process to ADB's economic and sector work;
- harmonizing ADB's results agenda with that of other multilateral development banks and donors, and sharing lessons;
- creating a corporate environment and system for ADB-wide implementation of the results agenda; and
- ensuring staff awareness and 'buy-in' of the corporate results agenda.

Donors' views are sought on a number of issues listed at the end of this Paper.

I. INTRODUCTION

1. ADB is introducing a more comprehensive system for monitoring, measuring, reporting and managing for development results. This is in line with similar approaches in other MDBs, and development institutions and agencies. ADB's system will be designed to meet the specific needs of ADB and is based on existing results-oriented practices in ADB, and draws on the previous experiences and best practices from other organizations.¹
2. The international community has accepted the MDGs as benchmarks to assess long-term aid effectiveness. The MDGs and the new international development agenda – characterized by concepts of ownership, coherence, partnership and results-orientation – provide the framework for improved management for development results. An International Roundtable on Better Measuring, Monitoring and Managing for Development Results was held in June 2002 at which it was agreed that MDBs must progressively introduce results oriented initiatives to improve their development effectiveness. ADB is committed to management to achieve development results and will take immediate action to move beyond analysis to implementation; and, in doing so we will build on the initiatives already taken by ADB to improve tracking of our contribution to development effectiveness.
3. ADB is also committed to helping its DMCs achieve the MDGs as well as placing targets for MDGs and related outcomes at the core of benchmarks for its operations. That commitment entails an equally important commitment to the *process* by which the achievement these targets can be measured, monitored, and managed. That process, and the challenges that it brings to ADB, are at the center of *managing for development results*, as elaborated in this paper. Acknowledging the relationship between desired results and the management process, the President established a single working group in May 2003 to review the status of both MDGs and results management in ADB and the DMCs, and to recommend steps to accelerate the implementation of the MDG results agenda in ADB.
4. This paper describes ADB's approach to improving management for development results and outlines a framework to achieve accelerated progress, together with an action plan. The paper also seeks Donors' views on a number of issues.
5. The Paper is arranged as follows: Chapter II presents the background to the development of a framework to manage for development results, including an assessment of where ADB stands with regard to managing for results. Chapter III outlines the results framework. Chapter IV summarizes the action plan. Chapter V puts forward a number of issues associated with the action required under the framework.

II. BACKGROUND TO THE RESULTS FRAMEWORK

6. ADB has noted the best practices and lessons learned from other organizations and has obtained external views from a consultant on results-based management. ADB has also sought to consolidate the views of Management, senior staff, and the Board to design a framework to manage for development results. The consolidation process will continue.

¹ Managing for development results is still a relatively new concept, though there is much evolving work on key areas such as indicator selection, linkage between outputs and outcomes, measuring agency effectiveness, indicators of development effectiveness and so on. ADB is building, as much as possible, on lessons learned from other agencies, including bilaterals, and the substantial body of work on results based management, generally, to craft the conceptual framework for moving forward.

A. Approach to the Design of the Results Framework

7. There is no standard model applicable to managing for development results. However, the approaches that seem most successful have a number of components in common, namely (i) a focus on desired results, (ii) the ability to measure progress made toward those results, (iii) ability to use information on results to manage operations and resources with a view to improving future performance, (iv) accountability for results at all staff levels, (v) a merit-based human resource management system, and (vi) staff awareness and ownership.

8. An optimum phased approach to management for development results also aims to capture the following features over time:

Managing for Development Results at Country Level (with other donors) to introduce and nurture the capacity and demand for improved techniques to manage for development results, including attainment of MDG and related targets

Managing for Development Results at Institution Level to achieve a number of objectives, including

- Improve activities at various levels such as
 - Project/program level
 - Appropriate use of logical frameworks to give focus and direction
 - Monitoring and supervision of ongoing projects/programs
 - Completion reporting of lending and non-lending projects/programs
 - Independent evaluation of a random sample of completed project/programs
 - Country/sector level
 - Results-based country and sector programs
 - Ongoing monitoring of performance
 - Retrospective reviews of country and sector strategies
 - Independent evaluation of strategies before revisions
 - Corporate level
 - Results-based annual work-programming
 - Performance-based budgeting
 - Development of monitoring and evaluation tools and procedures
- Work with personnel departments to nourish human resource management
 - Transparent promotion and recruitment
 - Effective staff performance assessment
 - Adequate incentives
 - Training programs
 - Improved knowledge management
- Strengthen and develop management through
 - Management training
- Develop technology support systems
 - Development and implement needed management information tools

- Adequate systems to increase transparency internally and externally

Participation in Partnerships to

- Enhance joint efforts with UN (especially on MDGs), other IFIs, and bilateral donors
- Participate in global forums
- Take part in unified efforts to develop indicators and other M&E instruments

B. Lessons of Experience

9. There are also a number of general lessons of experience associated with the introduction of management for results. These are summarized in Box 1.

Box 1 Lessons of Experience in Managing for Results

- **Each organization must adopt its own, customized, system.** Though it may be tempting to simply adopt a management system deemed successful in another organization, this practice has not proved to be very effective. The system should be developed according to the needs of the user. No single system will be appropriate for every organization.
- **Developing a performance management culture is crucial.** Successful implementation is dependent on the ability to create a management culture that is focused on results. It requires more than the adoption of new administrative and operational systems.
- **Senior level leadership and involvement is essential.** There is evidence to suggest that senior level leadership is necessary for successful implementation. Without the support of senior management, there is no impetus for change.
- **Full participation by staff fosters support for implementation.** Successful implementation is often attributed to full participation of staff at all levels. In addition to staff, it is beneficial to include other stakeholders in the process especially when identifying expected outcomes.
- **Training and education are key ingredients for success.** A major hurdle in implementation is a relative lack of experience and expertise. Successful implementation is dependent on managers and staff having the necessary knowledge, skills and abilities to develop and use the performance measurement system.
- **The approach should be simple and user-friendly.** Practical reference tools and training are probably the most important ingredients for developing ownership of the system. It is important not to underestimate time for training and support.
- **Risk of distortions in behavior.** These could be in the form of resistance to a results framework, dishonest reporting, or a focus on tasks that are easy to measure or achieve, rather than on more important tasks. To avoid possible distortions, incentive systems should be revised in order to give proper weight to results, taking into account the need to align staff incentives with corporate priorities.
- **Design and implementation of an effective system to manage for results takes time and resources.** Particularly since the change needs to be driven internally by those who will use the information on performance results.
- **Adopting too many indicators.** In an effort to cover all information needs, a system could become too complex. It is important to select the few vital indicators that test progress on strategic outcomes—not individual activities.
- **Avoid attribution.** At the aggregate level (outcome and impact levels) it is difficult, if not impossible, to attribute changes and results to certain projects and programs. Shared vision, joint accountability, and collective use of indicators and data help avoid these pitfalls. Managing for results is a tool for dialogue, partnership and participation.

C. Views of Management, Senior Staff, and the Board

10. At a two-day retreat in October, Management, senior staff, and members of the Board discussed ADB's approach to become more results-oriented. There was substantial agreement on a number of basic issues that should shape ADB's action plan, including the following:

- **The proposed system must attempt to measure the impact of ADB's operations**, and not be perceived as measuring DMC performance. The latter is a wider issue and is contingent on several exogenous and endogenous factors over which ADB (and in many instances DMCs) may have little control.
- **Managing for results at this stage is not about duplicating the performance-based allocation system.** It is about the organization's internal culture and management processes to become more results-oriented. It is also about assisting a DMC to manage its national development agenda by focusing on results.
- **Participation of and consultations with DMCs is crucial.** This must be done as part of the development of ADB's framework to manage for development results.
- **A realistic, timebound action plan must begin now, rather than wait for perfection.** A reasonable set of outcome indicators of measurement at sectoral and country level should be identified now, even if it means that ADB would start by monitoring indicators on a selected part of operations.
- **Accountability at the organizational level should be measured by appropriate development-oriented indicators.** Input indicators (e.g., number and volume of lending), although important, should not be used as the only measure of performance.
- **Appropriate accountability, delegation of authority, merit-based human resource strategies, and issues of ownership should be addressed as a part of personnel management.** Without these elements, ADB's efforts at measuring the progress toward its objectives will not be sufficient to ensure best results.
- **Resource implications of this agenda must be addressed.** We should not compromise on the crucial elements of the agenda.

D. Current Status of Initiatives at ADB

11. ADB has introduced a number of initiatives, particularly to reorient operations towards addressing the overarching goal of poverty reduction. These initiatives provide a platform to manage better for results.

12. At the design stage, lending and non-lending documents contain a log-frame that attempts to identify the medium to long-term impacts on potential beneficiaries. As part of the new CSP process, ADB has expanded the scope of ESW by undertaking formal assessments in each DMC. The ESW also includes Country Governance Assessments, Gender Assessments, and Private Sector Assessments. Sector road maps have been developed for individual DMCs to sharpen the poverty reduction impact of ADB's operations. Institutional strengthening and capacity building are given emphasis in ADB operations, along with the crosscutting concerns of private sector development, gender, environment management, and regional cooperation. More recently, ADB has recognized poor governance as a major cause of sluggish growth and development, and, to the extent feasible, ADB projects seek to address underlying governance problems. CSPs are updated annually to incorporate the lessons learned, and to reorient the operations to changing domestic and global economic situations. All these measures are aimed at improving the development effectiveness of ADB's operations.

13. At the project level, ADB has improved its portfolio management and monitoring, and in several DMCs, joint CPRMs are held with other donors, notably with the World Bank. For completed projects/programs, the lessons learned are documented in the PCRs and PPARs, and subsequent interventions attempt to address the causes for the inadequate performance. At the sector level, policy dialogue with DMCs has become more extensive with improvements in the analytical content of the ESW. At the country levels, CAPEs provide an assessment of the effectiveness of ADB's operations in a particular DMC.

14. While these measures, taken together, have improved management of ADB's operations, as yet there is no mechanism for measuring effectiveness in a systematic manner, and for linking performance at project, sector, and institutional levels.² The framework to manage for development results will attempt to fill this void.

15. The Appendix presents a representative sample of both ongoing and planned ADB initiatives that are relevant to implementing the results agenda.

III. A FRAMEWORK TO MANAGE FOR DEVELOPMENT RESULTS

16. ADB's approach to managing for results rests on the twin objectives of improving ADB's contribution to development effectiveness at the country level, and improving its own performance as an institution. In seeking to achieve these objectives, ADB will need to improve its orientation at country level to manage for development results; take a variety of steps as an institution to manage for development results; and become a more effective partner to pursue development effectiveness. Each of these three elements entails specific actions and, in each case, we need to develop suitable methodologies to track performance. ADB will also undertake a number of Bank-wide changes to support the process of managing for development results.

A. Assisting DMCs: Management for Development Results at Country Level

17. **ADB will help DMCs to introduce and improve management for development results at country level** and such actions will be part of a wider approach to better align our actions with each DMC's national strategies (PRS or equivalent). DMCs need to develop the ability to manage for development results: to know what works and what does not, and how to use better information on performance and results to decide on future action. As part of this process, ADB will need to consult with each DMC and other donors on how best to help introduce management for development results.

18. This aspect of our results framework will involve at least three different areas of activity, namely establishment of a regime of country development indicators; improving the capacity to deliver on a results agenda; and education and training. We will continue to help DMCs upgrade data and statistical quality, and to adopt appropriate measuring, monitoring, reporting and evaluation techniques. It is hoped that ADB's efforts at the country level will also contribute to increased local demand for better performance management.

19. ADB's country operations should be focused on the three pillars of ADB's poverty reduction strategy (and cross-cutting themes or priorities), and where ADB has comparative

² With the introduction of the enhanced project performance management system (see para.27), ADB will be better able to gauge performance at the project level.

strengths and experience. Therefore, a first step is to define a regime of outcome indicators in the areas of focus and operational importance for ADB. A sample of such indicators is shown in Box 2.³

**Box 2: Sample Long-Term Outcome Indicators
At the Country level**

I. Pro-poor, sustainable economic growth

- Proportion of population below \$1/day poverty line,
- GDP per capita,
- Literacy rate by gender,
- Prevalence of underweight children under 5,

II. Inclusive social development

- Under-5 child mortality,
- Proportion of 1-year old children immunized against measles,
- Proportion of births attended by skilled health personnel,
- Ratio of boys to girls in primary and secondary education,
- Primary school completion rate,
- Proportion of people with sustainable access to safe water,
- Gender gaps in literacy and wage rates,

III. Good governance

- Improvement of medium-term public expenditure management that is supportive of national poverty reduction priorities,
- Growth in foreign direct investment,
- Tax receipts as % of GDP.

IV. Private sector development

- Share of private to public employment,
- Share of private sector in GDP,
- Share of non-official employment to total labor force.

V. Environmental sustainability

- Net forest generation,
- Percentage of supply of energy through market-oriented non-fossil fuel sources
- Carbon dioxide emission.

VI. Regional Cooperation

- Will be determined for each sub-region in Asia and the Pacific

³ Apart from the MDG indicators, there are other regimes of indicators that have been developed, including those established by IDA and a further set by the European Commission.

20. The indicators in Box 2 are those that can measure progress towards the outcomes that ADB and a host DMC may target (in partnership with other donors and stakeholders) on the basis of national strategies. The outcomes will not necessarily be ADB-specific; and ADB's accountability in achieving them may not be measurable. It is important, however, to be able to demonstrate plausibly that ADB is contributing toward their achievement in a manner that is aligned with the DMC's priorities in the national strategy/PRSP, and harmonized with the efforts of other donors.

21. The sample indicators in Box 2 are mostly selected from current CSPs, and are very close to (or match) the MDG indicators. In this way, ADB will have access to the data and information gathered through the United Nations' monitoring of the MDGs, though ADB will not duplicate the UN's efforts at monitoring and data collection.

22. In developing the final list of its indicators, ADB will (i) rely on and consult with the DMCs, (ii) align with national poverty reduction strategies, (iii) harmonize and coordinate with its development partners, (iv) assist DMCs to also build their own capacity to define indicators for their national poverty reduction strategies, and (v) monitor progress made on developing the indicators, particularly based on experience with results-based CSPs.

23. The work at country level will also build on the existing initiatives taken by ADB in recent years to introduce results based techniques at country level and help build capacity. For example, there are currently two Regional Technical Assistance projects (RETAs) being implemented by ADB that aim to improve the capacity of DMCs on managing for development results. See Box 3.

Box 3: Technical Assistance on Managing for Results

ADB is seeking to introduce managing for results as part of DMC capacity building.

ADB is currently implementing two regional technical assistance projects introducing managing for results techniques at country level. See also [Appendix](#).

- a) TA for Supporting The Sector Approach and Results Based Management in ADB Operations: The scope of the TA includes examining and improving RBM in up to five DMCs by using five projects and working with each respective executing agency. The thrust will be on institutional diagnosis followed by capacity building principally through training. Training plans have been completed in PRC and PHI, and are being formulated for SRI and KGZ. Training in a fifth DMC may be added.

An expected outcome of the TA is to assist the institutionalization of the sector approach and results based management in ADB and its operations in DMCs.

- b) TA for Strengthening Results-Based Management in Central Sector Agencies: The purpose of the TA is to develop a roadmap for strengthening performance-based management systems in DMC public sector agencies. The roadmap will be developed based on (i) a review of existing experiences with performance-based management in public sector agencies as well as on (ii) the experiences of pilot studies in two public sector agencies of up to three DMCs.

To date, the TA scope addresses RBM in the education sector in Mongolia and Cambodia. It will adopt a sector wide approach focusing on the initial assessment of existing RBM processes and developing a roadmap to strengthen RBM processes identified as priorities by the DMC. Lessons learned may guide institutional reform and capacity building strategy by respective governments and donors.

The two RETAs are designed to be complementary in terms of country and sector coverage. The RETAs will provide opportunities for sharing information, methodologies and lessons learned on RBM processes within individual projects, institutions and sectors as well as the influence of different ADB lending modalities. One RETA provides depth within a sector, while the other provides greater geographical and sector spread.

The RETAs are coordinated by:

- Establishment of a common website for sharing of working materials;
- Use of common terminology taking account of OECD-DAC nomenclature;
- Exchange of training materials both generic and sectoral;
- Exchange of institutional assessment instruments and findings;

The RETAs provide an opportunity to use common feedback to refine approaches, methodologies and inform stakeholders. A joint RBM RETA team meeting will take place early in 2004 to synthesize the findings and refine work plans. The RETAs may even be used as a basis of best practice in capacity building.

B. Managing for Development Results in ADB

24. **ADB's internal initiatives to help improve institutional performance** will be key ingredients in helping ADB to better measure, monitor and manage for development results. In our CSPs and our ESW we need to be clear on what we are seeking at all five logical levels of a results chain: inputs, activities, outputs, outcomes, and impact (goals); the action we will take to achieve these; and our commitment to monitor and evaluate our performance. One of the challenges is to identify the likely impact of ADB's operations on a sub-set of MDGs most directly linked to operations, taking into account the efforts of the DMC and other donors.

25. Perhaps the most important single step in this regard will be to improve on the results aspects of our CSPs; in other words, to design and pilot test a more results based CSP template. A CSP must be based on an analysis of the outcomes and intermediate outcomes sought, and to draw clearer linkages between ADB's projects and programs and those outcomes. We must design a results chain that is specific and relevant to ADB, and where measurement of progress is based on reasonable benchmarks and indicators of performance. In short, CSPs must be more systematic about delivering on monitorable results. Measurement of these indicators should track ADB's contribution towards the long-term results, and the adjustments that will be needed in the next CSP. Unlike the long-term results indicators shown in Box 2, the output and intermediate outcome indicators may be project and country-specific and will be developed when agreement has been reached on the selection of the long-term outcome indicators.

26. Currently ADB's CSP documents include indicators to monitor progress on implementation of the CSP. CSPs demonstrate different degrees of success in implementing this requirement; some still relying on indicators of ADB inputs. Result-based CSPs will (i) identify challenges of development facing the DMC (as defined by the national strategies of the government), (ii) identify a national strategy for addressing these challenges, (iii) identify ADB's strategy to assist the DMC in a plausible way to contribute to identified outcomes, (iv) monitor ADB's progress in order to ensure that ADB remains on the right track; and (v) ensure quality at entry of projects and knowledge products and services, a standard that should be independently identified through evaluation. The CSP will specify the investment projects for attaining the goals, with emphasis on improving the 'quality of projects at entry'. It is not clear how analytically robust such a document can be in the first instance, and it may take time to prepare documents of acceptable quality.

27. Therefore, work will commence immediately on the design and introduction of a more results based CSP. Also, we will work on a system to assess performance independently under a results based CSP. ADB has already taken steps to improve the quality of reporting at project level. A Bank-wide working group has completed work on an improved project performance management system and has proposed an action plan to implement this improved system.

28. ADB will also begin work on better techniques for monitoring, evaluating and assessing ADB's ESW. ADB's performance in relation to ESW is directly relevant to the work that will be undertaken to improve ADB's country orientation on results and our participation in partnerships with others for development results.

29. ADB's institutional capacity to undertake an expanded results agenda will depend on effective training for staff, the introduction of results techniques as part of ADB's business practices and procedures, the preparation of suitable "tool box" to help staff at all levels as

results systems are rolled out and ensuring that ADB has access to the best expertise to help guide us at each stage of the process.⁴ We know that staff need to be suitably incentivised to pursue results agenda, including alignment and harmonization, and we will work on the design of suitable incentives to make this agenda happen. During enhancement of results techniques, ADB will conduct a communications campaign to improve and upgrade staff awareness and to maintain dialogue with all stakeholders, including DMCs and donors.

C. Participation in Partnerships

30. **Improvement in ADB's role as a partner with other donors and stakeholders** is a key component of efforts to improve our contribution to development effectiveness and our own performance. We will continue to be part of the global efforts to improve the way in which development results can be achieved. Development outcomes at country level, and across countries, will depend on harmonized efforts by a number of actors in addition to ADB, including the DMCs themselves, other MDBs, donors, the private sector and civil society. We need to understand better how we can contribute with these partners to achieve development outcomes. For example, there are important forums dedicated to the advancement of the agenda for managing for development results. Therefore, it is not only important to align our efforts with the efforts of our DMCs (see above), but also to harmonize with the individual and collective efforts of donors.

31. In pursuing better partnerships for development, ADB will be less concerned with attribution, and will focus more on whether ADB has a clearly defined role, in collaboration with other partners, and that there is a plausible relationship between our strategies and programs and the outcomes identified at the country level.

32. One of ADB's challenges will be to create a system to help us better assess our effectiveness as a partner, and how we work with others, to pursue development results. This will include the way in which we exchange information, the extent to which we can engage in joint activities (such as joint reviews), and the way in which staff are encouraged to partner with other donors and stockholders.

33. ADB is a member of the newly-established OECD-DAC Joint Venture on Managing for Development Results. The Joint Venture is working on a set of core principles to support harmonized approaches among donors to manage for development results, and aims to provide guidance for developing countries on the implications of a more ambitious results agenda. The Joint Venture will establish a website to facilitate collaboration.

34. ADB is also a member of the MDB Working Group on Results, which provides a forum for MDBs to consider lessons learned, develop best practices and prepare tools that will assist MDBs and their staff with the introduction of better management for development results. As a starting point, ADB and the other MDBs are preparing individual Progress Reports on their respective results agendas. The Working Group is undertaking much of the preparatory work for the MDB sponsored Second International Roundtable on Results being planned for Marrakech in February 2004 in conjunction with the Heads of MDBs meeting.⁵ The Second International Roundtable is the next major milestone to deal with the results agenda among

⁴ ADB has hired a results management professional to join the proposed Results Management Unit.

⁵ The first International Roundtable on Results held in Washington, D.C. in June 2002, is generally regarded as a seminal event in the evolution of institutional approaches to managing for development results, and provided the first attempt to identify best practices in this field. The Second Roundtable will be an equally important event in helping to move forward the global agenda on results.

international development institutions. It is intended that some DMC representatives should attend the Roundtable to contribute to a shared agenda to manage for development results.

D. ADB-wide Initiatives

35. ADB will take a number of institution-wide steps to support the framework to manage for development results. The results framework needs a point of focus and a dedicated team to spearhead the agenda, to track progress of the tasks that need to be undertaken and to report on progress. Therefore, ADB will immediately establish a Results Management Unit. Also, to ensure a Bank-wide approach, including the design, testing and revision of the indicators of performance at various levels, a network of concerned staff will be convened.

36. Similarly, we will complete a comprehensive stocktaking of existing ADB results-oriented initiatives; begin the design of appropriate IT support systems; and initiate a communications strategy to ensure that we obtain full staff engagement in the results agenda – to get all staff thinking about results.

IV. INDICATIVE ACTION PLAN

37. Implementation of the actions under any framework to manage for development results must be phased over a number of years. Since ADB will “learn by doing”, implementation will be closely monitored and reported, and any necessary adjustments to the implementation plan will be made as experience is gained. Management for development results must also evolve over time as a continuum. Experience with each ‘results based’ CSP will feed into the next and, over time, the system can be further refined.

38. Nevertheless, a number of actions are proposed to implement action over the short term during 2004.

Table 1: Action Plan – 2004

Objective	Action	Target Date
A. Assisting DMCs: Management for Development Results at Country Level		
Establish a set of indicators for ADB’s DMCs, which align the MDG indicators, PRS (or equivalent indicators) and ADB’s mandate	ADB will develop a set of indicators, working with other MDBs, including World Bank’s Results Secretariat	IIQ04
Continue to enhance DMC capacity to accommodate management for development results	Convene regional workshops on results techniques at country level.	IIQ04 and following quarterly
	Invite selected DMC representatives to attend the Second International Roundtable on Results	February 2004
Continue to introduce results techniques at DMC level	Undertake follow-on Technical Assistance to introduce results techniques at regional, country and sector levels	IIQ04 & IIIQ04

<u>Objective</u>	<u>Action</u>	<u>Target Date</u>
B. Managing for Development Results in ADB		
Improve monitoring, measuring, and reporting on ADB's country level operations.	Design and introduce a results-based Country Strategy and Program template and pilot test the new results based CSP format	IQ04 and begin testing in 2004.
Improve results orientation at project level (lending and non-lending)	Introduce the action plan to improve the project performance management, and design independent assessment of project quality at entry	Commence in IQ04
Improve management of policies and actions at sector/thematic level	Prepare annual reports on results achieved in sector and thematic areas	IVQ04
Improve evaluation of development effectiveness	Design assessment mechanisms to independently evaluate the effectiveness on the results based CSP, loans and TAs	IIIQ04
C. Participation in Partnerships		
Harmonize ADB's results agenda with other MDBs and donors	Actively participate in MDB Working Group on Results and OECD-DAC Joint Venture on Managing for Development Results.	Attendance at scheduled meetings.
Continue to share lessons learned on results with and among other donors	Plan and participate in Second International Roundtable on Results	February 2004
Align ADB's results agenda with national strategies of DMCs	Conduct consultations with DMCs on ADB's conceptual framework and results agenda	Commencing IIQ04 and continuing during CY04
D. ADB-wide Initiatives		
Create an institutional framework for the results agenda	Establish a Results Management Unit and create a Results Management Network	January 2004
Better understand ADB's results oriented actions	Complete detailed stocktaking of existing result-based actions and assess ADB's readiness	1Q04
Ensure staff awareness of the results agenda	Establish intranet site on "Managing for Development Results at ADB"	IQ04
	Conduct staff seminars and workshops to introduce the key actions under the conceptual framework	Commence in February 2004 and ongoing

V. ISSUES

39. The following issues are put forward for discussion:

- What are Donors' views of the main features of the conceptual framework?
- What are Donors' views of the methodology and sample list of indicators for DMC outcomes? (It may be difficult, if not impossible to quantify in an analytically convincing manner the likely impact of ADB's operations on, say, a particular MDG.)
- What are Donors' views on how the various sets of country outcome indicators being developed by MDBs relate to (i) the elaborate set of indicators specified for the MDGs; and (ii) the country indicators that underpin performance-based allocation systems?
- How best should ADB measure, monitor, and assess ADB's performance as a partner with other donors, DMCs and other stakeholders? What indicators can be used to measure this contribution?
- How best should ADB measure, monitor and assess our performance in designing and implementing economic and sector work?
- Should the work and role and responsibilities of the Development Effectiveness Committee of the Board be revised as part of the process to manage for development results (since we are aiming for improved development effectiveness, and improved contributions by ADB to that objective)?
- Aggregation of results to measure institutional effectiveness remains a challenge and needs further consideration. What are Donors' views of this process?

**Ongoing and Planned Initiatives on Results-based Management and
ADB's Performance Indicators**

Activity	Description (Objectives, Components and Outputs)	Timeframe	Status (Ongoing or Planned)
Poverty Monitoring and Measurement			
ADB Poverty Estimates in DMCs	<p>The poverty estimates available now are either from the World Bank or national sources. The two are sometimes different and contain shortcomings. The purpose of this new exercise is to compute ADB's independent poverty estimates based on reasonable and scientific estimation methods. The results will be useful for ADB operations as well as economic policymaking in DMCs.</p> <p>The study will examine the causes of poverty and the nexus of investment climate-growth and employment-poverty and will utilize various recent surveys in DMCs to compute reliable poverty statistics. The study will present poverty statistics, which are comparable across DMCs and over time.</p>	2004	Ongoing. The paper will be included in the Key Indicators 2004 as the theme chapter.
RETA on Developing Tools for Assessing the Effectiveness of ADB Operations in Reducing Poverty (funded by the Poverty Reduction Cooperation Fund, DFID)	<p>The purpose is to develop and pilot test poverty monitoring and analytical tools to enable better understanding and measurement of the factors driving changes in the incidence of poverty in selected DMCs. Outputs will include: (i) a survey data depository which will provide easy access to statistical data for poverty analysis; (ii) innovative survey data collection and processing tools to enable more cost-effective collection of baseline and follow-up data at project and sector levels; (iii) poverty and inequality data generated at disaggregated geographic levels (small area data); (iv) analytical protocols to model poverty and distributional impacts of ADB-financed initiatives.</p>	2003 - 2005	TA implementation is under way.
TA-PRC on Identifying Poverty-related Indicators for Assessing ADB Projects	<p>This TA will select ADB projects in certain geographical areas and identify essential poverty-related indicators to assess the project's impact on poverty. The exercise will depend on field surveys in selected sample areas. Upon the completion, the poverty-related indicators will be monitored by projects divisions.</p>	2004- 2005	The TA to be approved in early 2004.
RETA 5917 for Building a Poverty Database	<p>The Poverty Reduction Strategy committed ADB to implementing an accelerated program to strengthen its statistical database on poverty. The objective of the RETA is to build such a database system to support the Poverty Reduction Strategy. The database includes all MDG indicators.</p>	2000-2004	<p>Ongoing</p> <p>The maintenance and improvement of the database will become a permanent</p>

Activity	Description (Objectives, Components and Outputs)	Timeframe	Status (Ongoing or Planned)
	The actual condition of the database in each country will serve as an input in preparing long-term plans for national statistical capacity building. The documentation of definitions and methods used by the countries to assess poverty, e.g., the estimation of poverty lines, will provide useful directions for ADB's future work on proposing common concepts and methods that would advance regional comparability of poverty statistics. The RETA covers 18 DMCs. Of these, the papers for major countries will be published in 2004.		activity of ERDI.
RETA 6042 for Poverty Mapping in selected DMCs	The goal is to generate reliable estimates of poverty and inequality at disaggregated levels (geographic, or along other dimensions) in two DMCs (on a pilot basis). Based on these estimates, poverty maps will be produced that will help achieve, among others, (i) more accurate and targeting and monitoring of poverty-reduction projects and programs; and (ii) improve ex-ante impact assessment of proposed projects and policies.	2002-2004	Ongoing
RETA 6007 for Enhancing Gender and Social Statistics	With the adoption of the MDGs by ADB, the need for social and gender statistics for monitoring these goals and the outcomes of specific projects has significantly expanded. These statistics are not only essential at the national level but at specific project or program areas as well and at a higher frequency than they are usually available. Currently, the availability of social and gender statistics to monitor the MDGs effectively and assist in project design varies considerably across DMCs. The RETA seeks to close some of these data gaps and enable DMCs to improve the generation of social and gender statistics. All reports will be published as an ADB publication in 2004.	2002 - 2003	Final stage.
ADTAs: TA 3669 Bhutan, TA 3656 Philippines, TA 3719 Tajikistan, TA 3937 Turkmenistan TA - Afghanistan	ERDI is implementing multiple statistics TAs. These TAs will build national capacities and provide data necessary for better assessment of the impact of projects and programs on poverty. The outputs will include, among others, a full poverty assessment in Bhutan and Turkmenistan, and improved poverty monitoring methods in Philippines and Tajikistan. These projects will also contribute to improving the Poverty Database (RETA 5917). A new TA for Afghanistan will commence in 2004 to strengthen the national account system and to undertake poverty assessment.	2002-2004 2002-2003 2002-2003 2002-2004 2004 - 2007	Ongoing Final stage Final stage Ongoing Planned as a 2004 TA.

Activity	Description (Objectives, Components and Outputs)	Timeframe	Status (Ongoing or Planned)
Sector Effectiveness and Outputs			
Strengthening Results-based Management for Sector Agencies	<p>The purpose of the TA is to promote the adoption of results-based management systems by sector agencies, which play an important role in the delivery of basic services. This means an increased emphasis on: (i) defining strategic performance objectives, (ii) specifying results and performance expectations of stakeholders, (iii) establishing performance measurement systems including a transparent database for performance reporting, (v) creating accountability for performance and (vi) promoting performance analysis for continuous improvement.</p> <p>The project has four outputs:</p> <ul style="list-style-type: none"> (i) Develop an approach to results-based management which appropriate and adjusted to specific circumstances of sector agencies in a DMC context. (ii) In-country seeding workshops will be conducted in three DMCs based on the approach developed under (i). (iii) At least 3 agencies in 3 DMCs will conduct a diagnostic analysis to identify the reasons for performance gaps that underlie poor delivery of basic services. (iv) Cross-sectoral and cross-country learning will be facilitated in order to enable countries/sectors to learn from good practices. 	2003-2004 (To be completed in March 2004)	On-going
Technical Assistance for Supporting the Sector Approach and Results-based Management in ADB Operations	<p>The objective of the TA is the institutionalization of the sector approach and results-based management in ADB and its operations in DMCs.</p> <p>Key outputs of the TA are:</p> <ul style="list-style-type: none"> (i) Ensure that each sector committee in ADB develops guideline sector indicators for sector outcomes and outputs. (ii) Support each sector division and all its mission leaders in understanding and gradually adopting the sector approach in their operations. This will be done through a series of in-house workshops. (iii) Support the resident missions in selected DMCs to work with key government sector agencies to develop sector roadmaps as a guide for their operations and for ADB inputs as well as other donor inputs and investments. 	March 2003-February 2004	On-going

Activity	Description (Objectives, Components and Outputs)	Timeframe	Status (Ongoing or Planned)
	<p>(iv) Develop and help implement a monitoring and reporting system that facilitates the specification and tracking of outcome and output achievements and their reporting by RMS, sector divisions and sector committees.</p> <p>(v) Disseminate and facilitate sharing of ongoing results and experiences of this TA across sector committees, divisions, RMs, DMCs agencies and other donors involved.</p>		
Introductory Workshops on Results-based Management and the Sector Approach in Bangladesh, Cambodia and Philippines	<p>The objective of the introductory workshops was to familiarize participants from interested sectoral agencies with the concepts and processes of RBM and the sector approach, and work with them on a plan for introducing this to their respective institutions over the longer term. The ADB RMs in these DMCs are to be the focal point in facilitating and supporting the institutionalization of these approaches in coordination with the concerned sector division in headquarters. RSGR provides technical support.</p> <p>The approach will assist the public sector agencies to move their operational focus from inputs to outputs and outcomes, contributes to the development of a sector roadmap and provides a stronger basis to the lead agency to coordinate donor support for the sector.</p>	11-26 November 2002	Completed.
Development Effectiveness			
Framework for Developing and monitoring benchmarks for development effectiveness	The paper will provide a framework for the developing and monitoring benchmarks for development effectiveness at the macro level. This framework would be of potential use for assessing and analyzing development effectiveness – including ADB assistance- and its linkages to poverty reduction. The analysis will take cognizance of the problems of attribution to particular agencies, policy instruments and programs.	To be completed in December 2003	Ongoing
MDG Monitoring			
Harmonization of Operational Policies, Strategies and Practices of MDBs	One of the initiatives under the harmonization process is the discussion of a common framework for monitoring and evaluating MDB activities in the context of the millennium development goals. A Roundtable on Better Measuring, Monitoring and Managing for Development Results was held in June 2002 in Washington. .	Overall progress/results to be presented and assessed in conjunction with the holding of the Second High-Level Forum in 2005	Ongoing

Activity	Description (Objectives, Components and Outputs)	Timeframe	Status (Ongoing or Planned)
ADB Key Results			
Redefining Staff and Budget Coefficients	<p>The purpose of the planned activity is to establish a new set of staff and budget coefficients to better assess and monitor the resources required to deliver ADB's operational work programs. Staff coefficients will help measure staff-time requirements for ADB operations programs, while budget coefficients aimed at capturing the required volume for business travel (BT) and staff consultant (SC) to deliver such programs.</p> <p>The standard volume of BT and SC requirements when translated into monetary value will guide and serve as benchmarks in allocating and monitoring BT and SC budgets for operations in different DMCs as well as in various sectors/thematic areas (costs of travels vary country by country, and staff consultant fees vary sector by sector)</p>	2003	<p>Ongoing.</p> <p>A detailed survey was carried out by BPMSD and SPD in 2002 to assess the human resource requirements to deliver the work program for 2002 and 2003. The survey covered all operational deliverables (e.g., loans, TAs, economic and sector work, thematic assessments) of the five RDs. The estimation of staff-time requirements resulting from this survey will be further reviewed, analyzed, and validated so as to be fed into the new staff coefficients. With respect to budget coefficients, historical data on business travel and staff consultants are being collected by BPBM.</p>
Performance Targets and Management in Sector/Thematic Areas	Each sector/thematic committee are required to come-up with 3-year work plan for ADB including annual year-end outcome/output reports.	Annually	Ongoing.