ADB

Managing for Development Results at the Asian Development Bank

Asian Development Bank

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ABBREVIATIONS

ADB	Asian Development Bank
ADF	Asian Development Fund
COMPAS	Common Performance Assessment System (of the multilateral development banks
CoP-MfDR	community of practice on managing for development results
CSP	country strategy and program
DMC	developing member country
DMF	design and monitoring framework
MDB	multilateral development bank
MfDR	managing for development results
MfDR-CF	Cooperation Fund in Support of Managing for Development Results
MTS II	second Medium-Term Strategy (of ADB)
OCR	ordinary capital resources
OED	Operations Evaluation Department (of ADB)
PBA	program-based approach
PDP	performance and development plan
PPMS	project performance management system
PRS	Poverty Reduction Strategy (of ADB)
RB-CSP	results-based country strategy and program
SPRU	Results Management Unit of Strategy and Policy Department
WPBF	work program and budget framework

CONTENTS

EXECUTIVE SUMMARY

Following the conclusion of the Asian Development Fund (ADF) IX negotiations, the Asian Development Bank (ADB) launched a series of initiatives in relation to its three major Managing for Development Results (MfDR)-related commitments, namely establishing the results agenda as a key institutional priority, developing results methodologies in operations and other business processes, and adopting results-based country strategies and programs (CSPs).

The initial period of MfDR implementation was marked by an incremental and pilot-testing approach which facilitated experimentation, innovation, learning, and acceptance of MfDR within the institution. This has been accompanied by task-oriented training of staff. Over the past 2 years, ADB developed results methodologies to monitor and assess performance at various levels: CSPs, projects, policies and strategies, and corporate work programs. ADB has also provided a number of technical assistance to strengthen capacities of developing member countries (DMCs) in MfDR and contributed to international fora on MfDR through active participation in interagency working groups.

The results approach in CSPs enhanced alignment with countries' own strategies, and led to more selective and focused pipelines. At the project level, the introduction of a new results-based framework, the design and monitoring framework, facilitated participatory project preparation and contributed to improve design quality. Other initiatives also demonstrated their potential for promoting a results culture in ADB: introduction of more results-oriented staff performance management system, adoption of a results framework for the institution-wide work program, and reporting on corporate performance in poverty reduction.

Towards the end of 2005, ADB commissioned an external assessment to take stock of progress achieved and re-examine the strategic directions of the agenda. This assessment prompted the formulation of a *Revised MfDR Action Pan* (2006-2008). While retaining the three pillars of the original action plan (support DMCs' capacity for MfDR, enhance ADB's results orientation, and maintain effective results partnerships), the revised action plan aims to mainstream the results approaches developed in the past 2 years. The mainstreaming phase is characterized by more systematic application of results-based tools, more systematic internal capacity building for MfDR including staff learning at all levels, and clearer allocation of responsibilities for implementation.

As MfDR concepts and tools have become embedded into operations, a results-based management culture has started to penetrate ADB. However, a number of challenges remain. A major risk is that MfDR may be treated as an institutional priority among many others and not as a management technique. MfDR tools will significantly contribute to development effectiveness and institutional performance only when they are used for learning and decision-making rather than for mere measurement and reporting.

The following strategic directions have been identified to address the challenges in the mainstreaming phase of the results agenda: (i) a general shift in emphasis from results measurement and reporting to results management and learning, (ii) greater emphasis on quality in project implementation, (iii) accelerated reforms to support performance-based human resources management, and results-oriented work planning, (iv) development of unified corporate level performance indicators, and (iv) the systematization of results-based approaches through staff guidance and learning.

I.   INTRODUCTION

1.   Managing for Development Results (MfDR) is a management approach to planning, monitoring, and evaluating operations to enhance organizational performance and to sustain development outcomes. This paper reports on the progress achieved by the Asian Development Bank (ADB) in formulating and implementing a results agenda since the Asian Development Fund (ADF) IX negotiations in 2003–2004.[1]

2.   The sources of information and methodology used for this review combine (i) the findings of the external assessment of MfDR ADB commissioned from a consulting firm (the Universalia Report[2]); (ii) reviews of internal reports, data collection, and analyses conducted by staff for the purpose of this report; (iii) feedback from ADB Executive Directors during Board seminars and meetings with the Board's Development Effectiveness Committee (DEC);[3] and (iv) interaction and exchanges with the staff of other multilateral development banks (MDBs).

3.   Section II summarizes progress achieved in implementing the results agenda at ADB. Section III provides an analysis of the present status of MfDR commitments made by ADB during ADF IX negotiations. Section IV highlights the strategic directions of the agenda for the rest of the ADF IX period and beyond as reflected in the *Revised MfDR Action Plan* approved by ADB Management in August 2006.[4]

II.   ACTIVITY REPORT: PROGRESS IN IMPLEMENTING THE ASIAN DEVELOPMENT BANK'S RESULTS AGENDA

4.   Since its initial conception as part of ADF IX negotiations, ADB's results agenda has been organized into three pillars focusing on results orientation (i) at the developing member country (DMC) level, (ii) at the institutional level in ADB and (iii) through global partnerships.[5] The following section lists the main activities undertaken and the progress achieved under the three pillars.

A.   Pillar 1:   Support Developing Member Countries' Capacity to Manage for Development Results

5.   Under Pillar 1, ADB is providing support to its DMCs through focused technical assistance projects and by developing MfDR networking and awareness raising at the country level including through the formulation of projects, country strategies, and policy advice.

6.   *Responsiveness to DMC demand for technical assistance in the area of results management:* In 2005 and 2006, 13 technical assistance projects directly aimed at supporting MfDR capacity development were approved by ADB, both at the national and subregional

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[1]   ADF IX meetings were held in Tokyo (December 2003), Lisbon (March 2004), and Seoul (May 2004**)**. The final *Donors Report* requested ADB to report on MfDR at the ADF IX mid term review.

[2]   *Independent Assessment of Managing for Development Results at ADB.* Universalia, November 25, 2005. The Report is available on the ADB website at www.adb.org/Documents/Reports/Consultant/MfDR/Independent-Assessment-of-MfDR-at-ADB.pdf. The external assessment was based on interviews with ADB senior management, group discussions with staff at all levels, a survey of staff perception of MfDR, and a comparative review of MfDR at other multilateral development banks.

[3]   meetings of 24 November 2005 and 26 July 2006 with the DEC; informal board seminars of 21 April 2005 and 29 March 2006

[4]   *Managing for Development Results in ADB: Revised Action Plan 2006–2008*. August 2006.

[5]   This 3-pillar approach to MfDR was also adopted by other MDBs, including the World Bank, the African Development Bank , and the Inter-American Development Bank.

levels.[6] ADB support has mainly focused on developing statistical systems and on reforms in national planning and budgeting including through funding under the Cooperation Fund in Support of MfDR (Box 1).

Box 1: The Cooperation Fund in Support of Managing for Development Results (MfDR-CF)

The MfDR-CF was established in April 2004 as a multi-donor umbrella facility to promote results-based management techniques within the Asian Development Bank (ADB) and its developing member countries (DMCs). Accumulated fund resources, provided through grants from Canada, the Netherlands, and Norway, amount to $2.9 million. As of October 2006, over 85% of the fund's resources had been allocated to technical assistance projects approved for Kyrgyz Republic, Lao People's Democratic Republic, Nepal, and Viet Nam, and in processing in Afghanistan, Tajikistan, and Uzbekistan.

The fund is positioned to support technical assistance projects that aim at introducing changes in processes and/or products related to national or sector budgeting and planning systems. This orientation of the fund constitutes a niche not yet addressed through any other thematic trust fund administered by ADB. Another benefit of the fund is the potential for synergy between fund-supported technical assistance projects and the formulation and implementation monitoring of ADB country strategies and programs.

Preliminary lessons and experiences from technical assistance projects financed by the MfDR-CF are expected to emerge in 2007 and will be reported in the fund's annual progress reports. The 2005 progress report is available at:
http://www.adb.org/Documents/Reports/First-Progress-Report-MfDR-CF/default.asp

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7.   *Launch of the Community of Practice (CoP) on MfDR.* The main purpose of this virtual learning network is to facilitate an exchange of experiences and knowledge among results practitioners in DMCs. The CoP (Box 2), currently in its pilot phase, includes over 21 members from 12 DMCs. The number of participants is expected to double by 2008 as the value of the CoP-MfDR is demonstrated.

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[6]   These include technical assistance projects in the following countries: Cambodia and Mongolia: Strengthening Results-Based Management for Sector Agencies; People's Republic of China: Developing a Result-Based National Monitoring and Evaluation System for Key Projects; Maldives: Developing a Results-Oriented 7th National Development Plan; Vietnam: Results-Based Monitoring of Poverty and Growth; Lao People's Democratic Republic: Capacity Development for Monitoring Development Results of the National Growth and Poverty Eradication Strategy; Regional: Results-focused Project Design and Management; Regional: Enhancing the Development Effectiveness of the Greater Mekong Subregion Cooperation Program; Philippines: Harmonization and Managing for Results; Regional: Preparation and Pilot of the Community of Practice on Managing for Development Results; Pakistan: Result-Based Monitoring of Projects; Regional: Mainstreaming Managing for Development Results in Support of Poverty Reduction in South Asia; Nepal: Operationalization of Management for Development Results; Kyrgyz Republic: Development of Monitoring and Evaluation System at Oblast Level.

Box 2: The Community of Practice on Managing for Development Results

The pilot **Community of Practice on Managing for Development Results (**CoP-MfDR), established primarily for results management practitioners in Asia and the Pacific, was launched in March 2006 by the Asian Development Bank (ADB) at its headquarters. The CoP-MfDR is a virtual learning network designed to help strengthen MfDR capacity in DMCs on a sustainable and cost-effective basis. Its main features include a discussion forum focused on selected topics moderated by experts, exchanges between members on topical issues, a document repository, and a newsletter. The critical aspect is that, although facilitated by ADB, the CoP-MfDR is directed and managed for DMC practitioners by representatives from DMCs.

Based on a successful launch, the CoP-MfDR will be supported by ADB over a further 3 years in a phased manner building on the experience of the pilot and adding value from each preceding phase.

Web site of the MfDR-CoP: http://www.adb.org/MfDR/CoP/default.asp

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8.   *DMC sensitization and awareness raising on the global MfDR agenda*: This has taken place through learning events,[7] regional workshops and conferences,[8] and dialogue during country strategy and program (CSP) missions[9].

B.   Pillar 2: Enhance the Asian Development Bank's Results Orientation

9.   Pillar 2 relates to the results orientation of both ADB's operations and its internal management processes. On the operational side, efforts have essentially centered on quality-at-entry through results-based approaches at the level of both country strategies and individual projects. (A preliminary assessment of the impact of these approaches on ADB operations is provided in Section III Part C of this paper).

10.   *Mainstreamed, results-based country strategy and program (CSP)*: Critical features of the results approach to country strategy formulation are the enhanced focus and alignment of operational programs with national priorities and the prescription of tools to monitor and manage the delivery of the program (see paras. 39–42). Results-based country strategies and programs (RB-CSPs) have been prepared for 11 DMCs: Bangladesh, Bhutan, Cambodia, Indonesia, Lao People's Democratic Republic, Mongolia, Nepal, Papua New Guinea, Philippines, Uzbekistan, and Viet Nam. Based on experiences gained from them, the results approach was formally integrated into ADB business processes with the adoption of the CSP results framework and the results-based monitoring plan. All CSPs must be results based. Related business changes include the discontinuation of annual updates of CSPs, replacing them with a mid-term review of the CSP and the preparation of annual rolling business plans, and the preparation of CSP completion reports as a tool for learning and self-evaluation. Mainstreaming has been supported targeted staff training, the preparation of staff guidelines, and a stocktaking exercise.

11.   *New results-based project framework:* As part of the project performance management system (PPMS) action plan, a new results-based project framework—the design and monitoring

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[7]   Such as the *Results-Based Management training for Senior Executives,* organized by ADB Institute in April 2005
[8]   Workshops were held in Bangkok and Bishkek as part of preparations of the *"Second High-Level Forum on Joint Progress towards Enhanced Effectiveness: Harmonization, Alignment and Results,"* 28 February–2 March 2005. The final statement of the forum is the *"Paris Declaration on Aid Effectiveness."*
[9]   The recent revision to the business processes governing country strategies included a change in the title of the document to "Country Partnership Strategies". However, this report will maintain the old nomenclature of CSP to avoid confusion when referring back to the Donors' Report.

framework (DMF)—was introduced to facilitate participatory project design and performance monitoring (see para. 43 and Box 3). The use of the DMF was supported by extensive training programs, both in-house and in-country, and by detailed staff guidelines.

Box 3: The Design and Monitoring Framework (DMF)

The DMF is a results-based, participatory tool for conceptualizing, implementing, and evaluating projects. It offers substantial improvements over the previous logical project framework by doing the following:

- bringing clarity to concepts by using standard terminology;
- spelling out how the project achieves results by converting *inputs* into a defined set of *outputs* that are expected to deliver a desired *outcome* contributing to broader development *impact*;
- outlining the project *risks* that might prevent achievement of the intended results and the underlying *assumptions*;
- including time-bound *performance targets* that allow the project to be monitored during implementation and evaluated after completion.

The new DMF is used for both lending and non-lending operations and is now considered a primary tool for enhancing the quality-at-entry of Asian Development Bank projects. It provides a logical, results-oriented structure and is suitable for participatory project design.

A total of 335 ADB staff attended project performance management system training programs in 2005 and 2006. Training sessions were also conducted in 11 DMCs involving about 300 participants. The guidelines for preparing a DMF are available at http://www.adb.org/Documents/guidelines/guidelines-preparing-dmf/default.asp

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12.   *Regional department initiatives to promote results-based project processing and administration:* Directors General of regional departments are fully responsible for overall project quality and conformity to the country strategic goals, and sector directors are accountable for the technical quality of projects. Regional departments have refined their quality assurance systems for enhancing quality-at-entry of their projects and for improving project performance reporting. A focal point or a dedicated unit has been created in each department to strengthen results orientation in project processing and implementation.

13.   Regarding the internal dimension of the second pillar, a number of management processes have been modified to make ADB more results oriented. Extensive staff learning and development has been conducted to systematize the use of results-based techniques and instill a culture of performance at ADB. Some offices have adopted balanced scorecards as a results-based management tool and others are considering the use of such tools. (Section III Part B discusses how the introduction of results methodologies affected ADB management processes.)

14.   *Results-based monitoring systems for major corporate mandates:* Results frameworks and related performance indicators were developed to monitor the implementation of the enhanced Poverty Reduction Strategy (PRS), the Reform Agenda, and other major policies and strategies (see paras. 32–35).

15.   *New staff performance and development plan (PDP):* The PDP (Box 4) was introduced in 2005 as the key initiative of the Human Resources Strategy to promote a performance-based management culture in ADB (see paras. 29–31).

Box 4: The Performance and Development Plan (PDP)

The PDP is a key component of the Human Resource Strategy, approved in October 2004 which supports a results-based management approach aimed at enhancing the effectiveness of ADB as a development institution. The major features of the PDP are:

- clearly defined work plans agreed at the start of the year for all staff, which cascade ADB goals to departmental objectives and describe work output expected and measures to achieve it;
- meaningful distinctions in performance based on work results assessments (according to indicators) and behavioral assessments (according to expected standards);
- an output-focused competency framework covering both core competencies—including a specific item on achieving results—and managerial competencies for managers;
- feedback from managers including a coaching program to develop staff confidence and capability;
- a learning and development plan for all staff enhancing links between career development and learning.

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16. *Results-orientation in corporate planning and budgeting through the work program and budget framework (WPBF)*. Starting 2005, the WPBF adopted a results framework with core performance indicators (Box 5). This is particularly significant for the 2007–2009 WPBF, the main purpose of which is to translate ADB's second medium-term strategy (MTS II) into operational objectives and parameters.

Box 5: The Work Program and Budget Framework (WPBF)

The WPBF is the Asian Development Bank's (ADB's) 3-year rolling "business plan" aimed at operationalizing the President's planning directions. In 2005 and 2006, a number of results-oriented features were added to the WPBF including:

- monitoring of progress in implementing WPBF priorities, principally on the basis of a set of core performance indicators for which planning figures were established over the 3-year period;
- a results framework illustrating how WPBF priorities can enhance both ADB's development effectiveness and efficiency in the longer run;
- specific mechanisms, under implementation or development, aimed at better linking the allocation of resources (staff and budget) with operational priorities.

These are part of a more comprehensive effort to improve corporate planning and budgeting at ADB, directed towards closer links between planning and budgeting, and streamlining budget preparation and execution procedures.

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17. *Culture of results through MfDR learning and knowledge dissemination:* Learning efforts have covered both technical aspects of new results-based approaches and managerial skill development. Staff workshops were introduced in key operational areas including (i) the preparation of RB-CSPs, (ii) the preparation of sector road maps, (iii) results-oriented portfolio management, and (iv) project design and the DMF. Results-based management modules have been introduced in training programs at the director level and above. At the Management level, a colloquium was convened in early October 2006 among ADB's Vice-Presidents and senior public sector executives from Canada with experience in managing public sector organizations for results.[10] MfDR knowledge is disseminated to staff through publications (Box 6). These publications, also accessible to external audiences through ADB's MfDR website, contributed to

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[10] Other initiatives envisaged to strengthen MfDR leadership include (i) reviews of procedures and quality assurance to support Vice-Presidents and Directors General in their MfDR responsibilities which will be initiated through collaboration with senior executives of the Canadian International Development Agency, and (ii) mandatory MfDR learning for senior staff leading to the adoption of a pilot self-assessment "primer" or MfDR checklist for Directors.

enhance ADB's profile and visibility in the area of results management. A network of departmental MfDR focal points has also been supporting MfDR knowledge dissemination and outreach.

Box 6: Main Publications of ADB on MfDR, 2005–2006

- *Results Matter* (bi-monthy newsletter): 2005–2006
(http://www.adb.org/documents/Periodicals/MfDR/default.asp)
- CoP-MfDR newsletter: 2006
(http://www.adb.org/MfDR/CoP/newsletter.asp)
- "Practice Note on Results-Based Country Strategies and Programs": 2005
- *An Introduction to Results Management. Principles, Implications, and Applications*: 2006
- *Capacity for Results Management. A Guide for Conducting a Rapid Assessment of the Capacity of Developing Member Countries to Manage for Results*: 2006
- *Learning by Doing: The Nepal Results-Based Country Strategy and Program. A Pilot for Achieving Country Outcomes*: 2006
- *The Multilateral Development Banks' Common Performance Assessment System. 2006*
- *Stocktaking Report of RB-CSP Process.* 2006

All publications are posted on the website, http://www.adb.org/MfDR/resource-center.asp

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C.   Pillar 3: Maintain Effective Results Partnerships

18.   ADB has remained an active member of the global partnership to develop MfDR approaches, including its participation in global knowledge development initiatives.

19.   *Contribution to international fora on MfDR*: ADB's current functions include its position as inaugural chair of the MDB Working Group on MfDR and co-chair of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DA Joint Venture on MfDR. ADB actively contributed to preparations for the second high-level forum in Paris (see footnote 8), co-sponsored major international events including the Second International Roundtable on MfDR (Marrakech 2004), and will co-sponsor the Third International Roundtable to be held in Hanoi in February 2007.

20.   *Knowledge development:* ADB actively contributed to MfDR knowledge dissemination products such as the Annual Global Monitoring Report and the MfDR Sourcebook on Emerging Good Practices, developed jointly by international practitioners as a mutual learning tool. ADB also conceived, initiated and coordinated the preparation of the first Multilateral Development Bank Common Performance Assessment System Report (COMPAS) (Box 7).

Box 7: The Multilateral Development Banks' Common Performance Assessment System (COMPAS)

The COMPAS Report for 2005 was conceived by ADB and published jointly in May 2006 by the five major multilateral development banks (MDBs,) namely the African Development Bank, the Asian Development Bank, The European Bank for Reconstruction and Development, the Inter-American Development Bank, and the World Bank. It , was a first attempt to present consolidated data on how MDBs are organized and managed for development results. The initiative is attracting support from other organizations and agencies. As the inaugural effort of a planned annual publication, the 2005 COMPAS Report provides an initial basis for systematic collection of comparable information to permit some assessment of the MDBs' readiness for improved managing for development results.(MfDR).

Data analysis shows that all MDBs have made sound progress in implementing MfDR. Awareness of their results agenda is increasing; frameworks, systems, and procedures are being put in place; and independent evaluation functions are being strengthened. All of the MDBs have made progress in better managing country programs for outcomes.

The degree of institutionalization, however, varies among MDBs. A common challenge for all MDBs is to go beyond systems and procedures and to actually use results information to inform learning and decision making. While there are many "tools" for MfDR in place, COMPAS makes it clear that real changes in behavior and use of results-based management practices will take time.

III.   ASSESSMENT REPORT: STATUS OF ASIAN DEVELOPMENT FUND IX COMMITMENTS

21.   During the ADF IX negotiations, ADB made three commitments on managing for development results: (i) the results agenda as a key priority, (ii) the development of results methodologies, and (iii) results-based country strategies and programs. This section examines the status of these three commitments. The findings of Universalia's external assessment completed in November 2005 are indicated in Boxes 8, 9, and 10 as they often provided a sound basis for the formulation of the revised MfDR action plan.

A.   The Results Agenda as a Key Priority at the Asian Development Bank

22.   *To what extent has ADB prioritized its results agenda?* Was the agenda supported by appropriate organizational response, a well-articulated action plan, and strategic guidance and leadership?

Box 8: Universalia Report: Findings on the Results Agenda (November 2005)

• The Asian Development Fund IX outlined a set of commitments that have been translated into an action plan supportive of MfDR. Unfortunately, the action plan is an inadequate tool for defining and guiding the results agenda.

• The Asian Development Bank (ADB) has adopted an incremental, pilot-testing approach that facilitates experimentation and learning. This approach, while mirroring the experience in other multilateral development banks, also has proven frustrating to those who expected more visible progress in a shorter time frame.

• While the staff at ADB is more aware of managing for development results (MfDR), it is also confused about the concept and the relative priorities of the reforms linked to MFDR. The MfDR agenda is not clear.

• There is a lack of clarity about the roles and responsibilities of various groups related to MfDR in ADB.

• Many ADB staff members are skeptical about the intentions and the progress of MfDR. The perceptions of MfDR as an externally imposed agenda or as an agenda that means nothing new for ADB undermines the legitimacy of MfDR as an institutional imperative.

• Many stakeholders report that some aspects of the culture of ADB hinder the implementation of an MfDR agenda.

• Among most stakeholders interviewed, there was a common perception that ADB lacks the strategic direction necessary to guide the MfDR agenda. Among the alternatives for establishing the Results Management Unit, the Strategy and Policy Department was the appropriate choice at the outset. In the medium term, however, more thought needs to given to this arrangement because the unit is now seen as distant from operations.

• ADB is perceived to be an active and effective partner in global MfDR discussions by internal and external stakeholders.

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23.   *Organization:* ADB's Results Management Unit (SPRU) was established in February 2004 in the Strategy and Policy Department to spearhead the MfDR agenda at ADB and became fully staffed in November 2004. SPRU was associated with, was in a leading position, or provided technical support for, most of the MfDR initiatives. In line with the mainstreaming phase of ADB's MfDR agenda, functions and responsibilities for implementing ADB's results agenda are being increasingly decentralized. As mentioned, regional departments refined their organizational structures in relation to the MfDR priority. SPRU's functions as a central unit are focusing on strategic directions, inter-departmental coordination, knowledge dissemination, networking (including through the CoP and through partnerships with other agencies), and reporting on the MfDR agenda.

24.   *Formulation of the agenda:* As highlighted by the Universalia report, the initial MfDR action plan prepared as part of ADF IX negotiations served the purpose of "kick starting" a results agenda at ADB. The first 2 years of implementation were critical to build MfDR understanding and acceptance in a context often characterized by staff skepticism and the perception that the results agenda was essentially donor driven. ADB adopted an incremental approach to MfDR with pilot-testing and learning. The initial period provided an opportunity for consultations, especially with other MDBs, prior to defining an improved ADB agenda. However, as the set of initiatives carried out under the MfDR umbrella rapidly expanded across virtually all areas of ADB work, the initial action plan became obsolete. It could not serve as a reference to benchmark progress. More clarity was necessary in terms of strategic directions, deliverables, and responsibilities for implementing the agenda.

25.   *Revised action plan*: This situation prompted the formulation in early 2006 of a more comprehensive and customized action plan. Under the revised MfDR action plan, the three-pillar

approach remains in effect but the focus is on six outcome areas: (i) understanding and use of results management in DMCs; (ii) quality of results-based CSP; (iii) results-focus at the project level; (iv) results reporting in ADB corporate management systems; (v) staff knowledge of MfDR; and (vi) ADB's contributions to MfDR knowledge sharing and harmonization efforts. The revised MfDR action plan includes a results framework, for monitoring implementation progress and communicating results to stakeholders (see Appendix 1). The framework highlights the key MfDR initiatives that contribute to the outcomes under each pillar and specifies a set of performance indicators.

26.   *Leadership and Management commitment*: Acknowledging that the critical challenge in implementing MfDR at ADB relates to changes in organizational behavior and culture, the results agenda emphasizes the need for strong leadership from Management as well as continuous efforts to enhance staff learning and communication on the results agenda. The revised action plan reflects a higher level of prioritization of the results agenda at ADB characterized by the more direct leadership of ADB Vice-Presidents. Progress is monitored through periodic progress reviews by the Management Committee and a semi-annual report to the Development Effectiveness Committee. A noticeable recent initiative is the organization of regular meetings between Vice-Presidents and Directors General to focus specifically on development effectiveness and take stock of progress in managing departments for outcomes. As mentioned, some offices are adopting internal results-based management systems and tools such as balanced scorecards.

27.   *Overall assessment and lessons:* ADB's results agenda is now guided by a focused and time-bound revised action plan that clearly sets implementation responsibilities. The revised action plan reflects experiences ADB gained through pilot-testing and experimentation of various MfDR tools and approaches in the past 2 years. This rather lengthy period also reflects difficulties encountered by staff, Management and the Board in reaching consensus on the content of the MfDR agenda and its priorities. The skepticism or lack of engagement in MfDR noted in a number of DMCs contrasts with the keen interest in and the appropriation of the agenda in others. Among the most active promoters of MfDR, different approaches and views co-exist on the global agenda as a whole and on its application to ADB. These debates are probably inherent in any emerging phase of MfDR in international development. This suggests two lessons for the future: (i) the importance of forging consensus on the results agenda and of better communication both internally and externally, (ii) the value of carefully selecting, pilot-testing, and mainstreaming new results approaches.

B.   Development of Results Methodologies

28.   *Has ADB adopted results methodologies and changes in management practices that are likely to support institutional effectiveness?* Three areas of internal reforms are considered with respect to this question: (i) the staff performance management system, (ii) the corporate-level reporting and monitoring systems, and (iii) business processes and client orientation.

Box 9: Universalia Report: Findings on Results Methodologies in the Asian Development Bank (November 2005)

- The evolution of managing for development results (MfDR) at the Asian Development Bank (ADB) compares favorably with that at the other multilateral development banks. There are good practices emerging in each of the institutions.
- ADB has initiated a wide set of institutional reforms that are consistent with the concept and principles of MfDR.
- There are many MfDR-related initiatives at ADB; however, these appear to be ad hoc to staff and to some members of the Board of Directors.
- The complexity of managing for results is not yet well understood and contributes to a lack of clarity about and definition of the staff skills and the systems that are required to implement MfDR at ADB.
- ADB has limited capacity to implement change management for complex reform agendas.
- Although ADB has developed useful planning, monitoring and reporting tools, those tools are not part of a holistic system for planning, monitoring, evaluating, and reporting.

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29. *The staff performance management system*:[11] The PDP was introduced in 2005 as the main tool to assess and manage staff performance[12]. Through systematic use of workplans, the PDP has contributed to clarify results areas both at the collective and individual levels. "Achieving results" is a core competency against which staff members are assessed. The PDP also includes criteria for assessing managerial competencies. By including a "learning and development plan," it also explicitly integrates learning with performance management.

30. The effectiveness of this focus on "results," however, depends on several factors: (i) the ability of staff and supervisors at all levels to identify work outputs and their corresponding performance indicators; (ii) a clear and common understanding of results areas (cascading from corporate to departmental to the individual level); and (iii) comparable levels of work expectation and outputs across the organization. There is some indication that in the first year of implementation of the PDP, these factors were not adequately in place. This is being addressed through the systematic review and preparation of results-based job descriptions and the continued effort to train supervisors in its use.

31. The PDP is a major step for instilling a culture of performance in ADB. But it still has to demonstrate its full effectiveness as a tool for promoting fair, transparent, and merit-based management of human resources. To this end, the PDP is increasingly supported by (i) staff guidelines and orientation on the preparation of workplans, and (ii) a revised incentive structure that significantly reflects differences in performance[13].

32. *Corporate-level performance reporting:* Change on this front is noticeable in the adoption of results frameworks for reporting and monitoring progress in implementing corporate policies,

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[11] The report on the implementation of the human resources strategy prepared for the ADF IX mid-term review provides a comprehensive assessment of the PDP system and other key human resources initiatives. The observations made in this report relate to the results orientation of the new performance management system, i.e. its ability to fulfill its role of supporting a merit-base human resources management system.

[12] Better managing staff performance has been identified as a major area for change in ADB. Career opportunities, human resources management, reward and recognition, and senior leadership role recorded the lowest satisfaction indexes in the 2003 staff engagement survey and were also highlighted during the 2004 staff consultation.

[13] Initiatives taken so far in this area include the introduction of an individual bonus for staff rated as exceptional performers in their PDP, and a bonus to reward team work. The PDP is also the tool that can be used to rebalance work priorities, such as better rewarding project implementation.

strategies, and programs, such as the Annual Poverty Reduction Strategy Report, the Work Program and Budget Framework, and the Report on the Implementation of the Reform Agenda (see the lists of performance indicators in Appendix 2).

33.   *The Annual Report on the Implementation of the Poverty Reduction Strategy*: This report, introduced in 2005 (for 2004), is evolving into a comprehensive report on ADB's development effectiveness. It attempts to measure performance at different levels from long-term impact at the regional/country level (Millennium Development Goals by 2015) to ADB's medium-term outcomes, short-term outputs over a 2-year period, and annual inputs. While further improvements are required, the Annual Poverty Reduction Strategy Report is an important step away from input-oriented reporting systems traditionally focused on approvals, commitments, and disbursements. Beyond its results measurement and reporting features, the report is intended to become a tool to assist in managing PRS implementation. The report is also the vehicle used by ADB for MDB harmonization of reporting of country results. The two-tier approach of the International Development Association's 14-point monitoring system is included within ADB's results chain of impact, outcome, output and input indicators adopted in the second report for 2005.[14]

34.   *The Work Program and Budget Framework*: Since 2005, the WPBF includes projected figures and targets to monitor progress. Reporting on past performance is used as the basis for planning. A program resource management system is being developed with a view to strengthening links between workplans, resource requirements, and budget allocations. Monitoring of resource use efficiency is to be strengthened through the introduction of an information technology supported cost-information mechanism.

35.   *Changes in business process:* Business processes are being streamlined, harmonized with other MDBs, and made more flexible for ADB to be more responsive and relevant to DMCs' needs[15]. The Innovation and Efficiency Initiative,[16] the Policy on Supplementary Financing,[17] new approaches to assist middle-income countries and ordinary capital resource (OCR) borrowers[18], and weakly-performing DMCs[19] are major recent initiatives. Most of these policy changes and business processes have integrated results-based tools for monitoring and reporting implementation progress. The quality of such tools however, both with respect to the articulation of the logical chain of results and to the identification of performance indicators, seems to differ substantially from one document or initiative to another.

36.   *Overall assessment and lessons:* Results-based instruments have been adopted in most areas of ADB work. The multiplication of corporate reporting mechanisms with results

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[14]   The *2005 Poverty Reduction Strategy Report* provides additional details on the methodology used for the harmonization of results reporting, and collaboration with the International Development Association.

[15]   It is premature at this stage to gauge the effect of these initiatives in terms of client satisfaction and perception of ADB's effectiveness. The first "partnership survey" of opinion leaders and stakeholders was carried out in 2006. It will be re-conducted every 3 years to provide an indication as to how changes in business process affect perceptions of ADB.

[16]   Reforms under the IEI cover (i) procurement, (ii) consultancy, (iii) cost-sharing, (iv) CSP and business processes, (v) new financial instruments and modalities, (vi) safeguards policies, and (vii) local currency loan products for the public sector. Papers for items (iii), (v), and (vii) were approved by the Board. Revised guidelines for procurement and the use of consultants were approved in February 2006.

[17]   *Review of the Policy on Supplementary Financing: Addressing Challenges and Broader Needs*. ADB. November 2005.

[18]   *Enhanced Middle-Income and Ordinary Capital Resources Borrowing Countries Partnership Framework.* ADB. Draft May 2006.

[19]   *Achieving Development Effectiveness in Weakly Performing Countries*. ADB. Draft. August 2006.

frameworks and performance indicators is not surprising in a broad-based development institution that pursues a variety of activities in relation to its poverty reduction mandate. In some instances, however, results methodologies are still considered as "added features." Also, they are not yet systematically used for making decisions at all levels. The emphasis of results approaches is often on measurement and reporting, especially in the early implementation phase. However, their real value is in their use for management and learning purposes. The staff learning and development dimension, in particular for managers, will thus be critical in the mainstreaming phase of ADB's MfDR agenda.

37.   Results methodologies require additional resources for collecting, processing, and analyzing information. They often impose new demands on reporting systems as they tend to complement rather than replace previous practices. Therefore, a carefully planned and phased approach to MfDR is appropriate in mainstreaming MfDR. The emphasis should be on refinements of existing systems over creating new ones, supported by task-specific training programs. The multiplication of reporting instruments, mechanisms, indicators, etc. in relation to MfDR may also communicate a sense of competing corporate agendas. Paradoxically, the rapid development of results methodologies can thus undermine the MfDR agenda by developing a perception among staff that MfDR is another bureaucratic requirement. The main risk for MfDR at ADB is that it will be treated as another institutional priority among many others and not as what it is: a management technique applicable across all functions and activities of the organization.

C.   Results-Based Country Strategies and Programs

38.   *What has been the impact of the results agenda on ADB operations, in particular on country strategies and programs?* How has it affected quality-at-entry? The following analysis examines how the MfDR agenda helped to improve the quality of ADB operations throughout the project cycle (identification, preparation, implementation), based on empirical evidence and quantified indicators where feasible.

Box 10: Universalia Report: Findings on the Impact of Managing for Development Results on Asian Development Bank Operations (November 2005)

• The Asian Development Bank (ADB) has placed strategic emphasis on mainstreaming results-based country strategy and programs, and there has been substantial progress with respect to the targets of the managing for development results (MfDR) action plan.
• ADB has made progress in improving results-oriented project designs.
• Although MfDR action plan activities are being successfully completed, these activities on their own will not be sufficient to lead to the desired result of increased country capacity for monitoring, measuring, evaluating, and managing for development results.
• The MfDR Cooperation Fund to support DMCs is a positive development at this stage of implementing MfDR at ADB.

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39.   *Relevance of the country strategy and the assistance program (project identification phase):* For the purpose of this report, the RB-CSPs of seven countries[20] were analyzed with respect to three criteria of results-orientation: alignment of the assistance strategy, selectivity of the program, and level of partnerships.[21] The results of the assessment are positive although

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[20]   Bangladesh, Bhutan, Cambodia, Mongolia, Nepal, Philippines, and Uzbekistan, for which CSPs were approved when the preparation of this report was initiated. This is a reasonable sample to analyze the impact of RB-CSPs.
[21]   The corresponding indicators chosen for their availability, simplicity, and relevance are: (i) for alignment: (a) references to national development strategies in the CSP, (b) specification of intermediate outcomes and indicators

further quality improvements are needed, especially in the development of results frameworks, prioritization of country outcomes, and identification of performance indicators. The noted improvements also correspond to the principles embodied in the Paris Declaration on Aid Effectiveness: ownership, alignment, harmonization, managing for results, and mutual accountability.

40.   First, RB-CSPs show a strong alignment with national strategies and provide tools to assess that alignment. In the seven countries considered, clear linkages were established in the CSP results framework between the ADB strategy and/or the long-term development goals and the medium-term development agendas of the governments. All CSP results frameworks establish a chain of causality linking ADB interventions with higher-level national outcomes and include performance indicators. On average, 10 sector and thematic assessments are conducted for the preparation of a CSP, involving in-depth analysis and dialogue on the country's development challenges. (See Table 1).

Table 1: Alignment of Results-Based Country Strategies and Programs

	Average
References to long term national development strategies and/or poverty reduction strategy in the results framework	85% of countries
Number of long-term development goals in the results framework	11.5/country
References to government medium-term development strategies and plans in the results framework	71% of countries
Number of intermediate outcomes in results framework	34/country
Number of indicators in results framework	49.4/country
Number of sector and thematic assessments	10.4/country

Source: Staff analysis. *Stocktaking Report of Results-Based Country Strategy and Program Process*, Strategy and Policy Department consultant report.

41.   Second, the results orientation of the CSP translated into enhanced sector selectivity and program focus. The average number of sectors in the lending pipelines of the seven RB-CSPs is six against a figure of eight in current portfolios. Results-oriented processes have contributed positively to a disengagement from two sectors per country on average.[22] The anticipated decline in the average number of loans per sector also suggests more operational focus through fewer and larger interventions. (See Table 2)

(typically establishing links between the ADB program and government priorities) in the CSP results framework, and (c) number of thematic or sector assessments included in the CSP; (ii) for selectivity: number of sectors of assistance in the RB-CSP lending pipeline compared to the current country portfolio, and; (iii) for partnership: (a) expected number of Program-Based Approaches (PBAs) in the RB-CSP, and (b) the number of co-financed projects in the RB-CSP lending pipeline. Most data used for this analysis were compiled for the preparation of the *Stocktaking Report of Results-Based Country Strategy and Program Process*.

[22] It is worth noting that this enhanced sector focus was achieved prior to the formulation of the second medium-term strategy (MTS II). The implementation of MTS II, which clusters ADB's 10 sectors of assistance into 3 categories by order of priority, is likely to reinforce this trend.

Table 2: Selectivity of Results-Based Country Strategy and Program Pipelines versus Current Portfolios

	Results-Based Country Strategies and Programs	Current Lending Portfolio
Average number of lending sectors	6 sectors/country	8 sectors/country
Average number of loans per sector	2.1 loans/sector	2.6 loans/sector

Source: Staff analysis. *Stocktaking Report of Results-Based Country Strategy and Program Process*, Strategy and Policy Department consultant report. *2005 Annual Report on Loan and Technical Assistance Portfolio Performance,* OED. ADB.

42.   Last, the CSP results orientation is often accompanied by joint programming exercises and increased attention to partnerships for achieving country outcomes.[23] All RB-CSPs include specific provisions on external funding coordination and partnership arrangements, although the actual level seems to differ widely according to country conditions. Enhanced dialogue at the outset tends to promote joint operations: in the sample of seven RB-CSPs, six program-based approaches (PBAs) and 19 firm co-financed projects are programmed. (See Table 3.)

Table 3: Partnerships in Results-Based Country Strategies and Programs

	Average
Anticipated number of Program-Based Approaches (PBAs) in RB-CSP	2 PBAs/country 43% of countries
Number of projects with identified co-financing in lending pipeline	4.75 projects/country (total of 19 operations) 57% of countries
Write-up on external funding coordination and partnership arrangements	100% of countries

Source: Staff analysis. *Stocktaking Report of Results-Based Country Strategy and Program Process,* Strategy and Policy Department consultant report*.*

43.   *Quality-at-entry of operations (project preparation phase):* The rating of project frameworks, re-designated DMFs since 2005, is the main indicator of quality-at-entry of individual operations. Studies of the Operations Evaluation Department (OED) show that the quality of DMFs, for loans as well as for technical assistance, has improved rapidly in the past years. Peer reviews of projects undertaken by the Regional and Sustainable Development Department both on their technical and safeguard aspects, as well as quality assurance mechanisms established in regional departments contributed to strengthening the quality of DMFs. In 2005, 83% of project frameworks for loans were rated satisfactory or better against 32% in 2000, 52% in 2002, and 71% in 2004. This trend started with the initial work by OED and continued with the implementation of the project performance management system action plan and the extensive staff training on the DMF in 2005. Further gains can be expected in 2006. For technical assistance, frameworks rated satisfactory or better increased from 35% in 2004 to 64% in 2005 for advisory technical assistance and from 44% to 56% for regional assistance. (See the following figure).

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[23]   CSP preparations in Bangladesh were exemplary of this tend as they involved the development of a joint (ADB, WB, DFID, and Japan) strategy and a common programmatic results framework. The Viet Nam CSP, not included in the sample, is another showcase of country strategy development through partnership.

Quality of Technical Assistance Project Frameworks: Percentage Rated Satisfactory or Better for Project and Program Loans 2000 to 2005
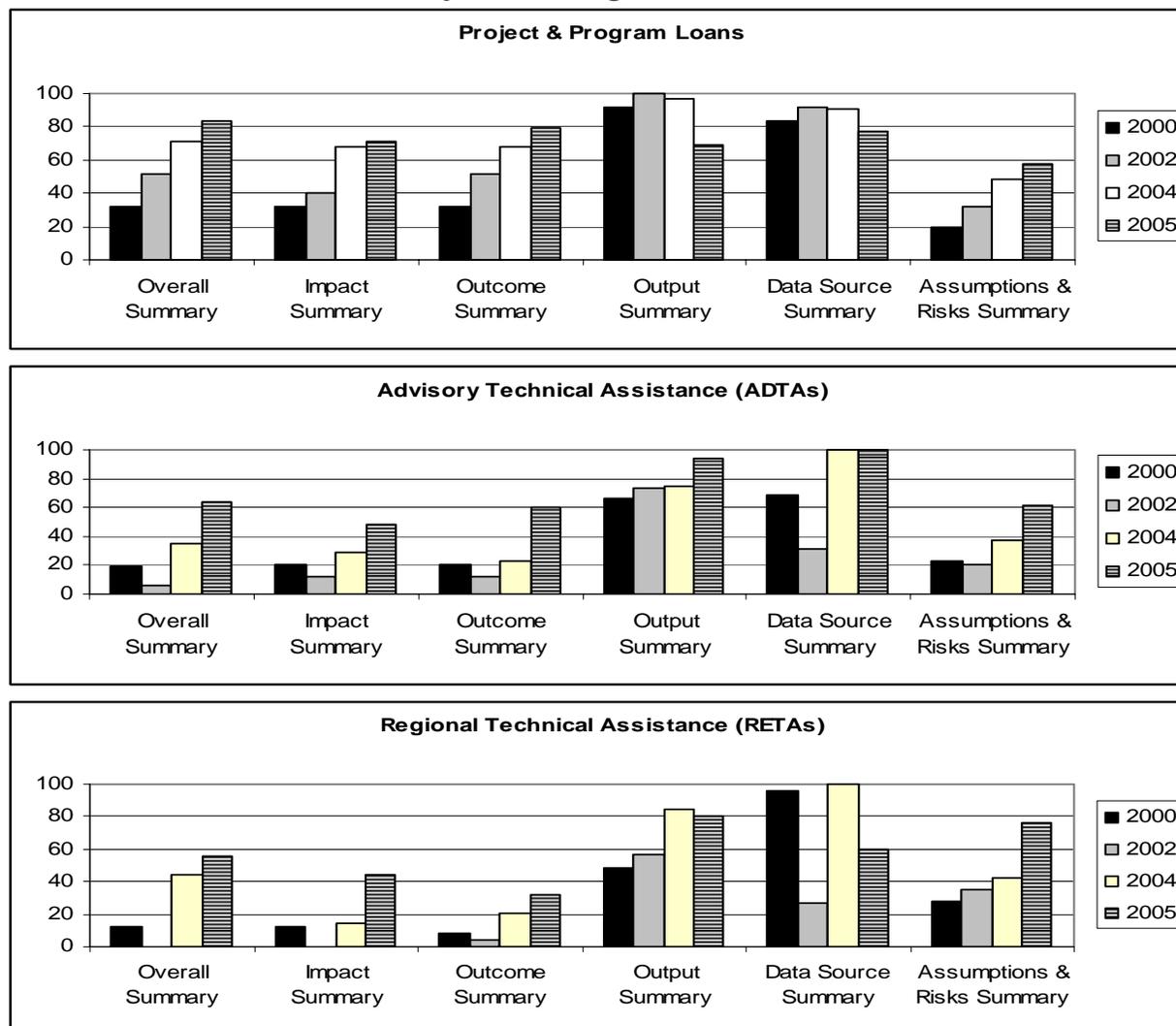
Source: *Quality in Design and Monitoring Framework*, OED's consultant report, June 2006.

44.   *Portfolio performance (project implementation phase):* Ratings of projects at implementation, completion, and post-evaluation are commonly used as proxies to assess project implementation and the achievement of results on the ground. For the purpose of the present analysis, however, these indicators present only limited interest: projects that have been designed with enhanced results-based tools and methodologies in the past 2 years will not contribute to ADB's portfolio performance in the short and medium term.

45.   Ratings of ongoing projects point to the need for enhancing the results-orientation of ADB's project monitoring system. Performance ratings of ongoing projects do not establish meaningful distinctions in project performance, especially with respect to their development impact. The monitoring system of individual projects remains essentially input oriented: it is focused on the completion of tasks and on the mobilization of financial and human resources for the project with less attention paid to outputs and outcomes (i.e., the actual achievements of the

project and their contribution to higher-level results).[24] As a consequence, available information on portfolio performance is often not adequate for tracking existing or potential issues with respect to development objectives. To address this issue, performance report formats are being reviewed, including by the systematic use of DMF performance indicators to assess project progress.

46.   *Overall assessment and lessons*: Substantial achievements have been made in applying results tools to operations. New tools have been piloted and mainstreamed in ADB operations. While there is room for further refining these instruments and improving quality-at-entry, they have started to show gains in the design of operations and country strategies[25]. The development of internal MfDR skills has been critical to achieve these gains. At the level of individual projects, quality-at-entry improved noticeably with the adoption of the DMF and strengthened quality assurance mechanisms in regional departments. At the level of CSPs, ADB's operational pipelines show more selectivity, strategic focus, and relevance than previous assistance programs. Results-based approaches strengthened CSPs with respect to the scope and depth of analytic work, the level of consultations, the appreciation of country systems (including systems for measuring, monitoring, and evaluating progress toward development results), the enhanced attention to evaluation findings, and a systematic focus on country outcomes through results frameworks.

47.   Improved quality-at-entry of CSP and projects will not automatically translate into enhanced development effectiveness or delivery of results. Increased attention to quality in implementation is necessary in the mainstreaming phase of the MfDR agenda. To this end, ADB's project performance reporting system must be further refined to become more results (outcomes) oriented and capable of detecting project risks with respect to their development impact. Newly developed frameworks and tools must be effectively used for managing individual operations and country programs for results. In this regard, substantial resources are still required to manage the delivery of results planned in ADB's assistance programs, including support for country systems and capacities. This is particularly important for ADF countries where data quality is poor and institutional capacities limited.

IV. CONCLUSIONS AND STRATEGIC DIRECTIONS

48.   At the conclusion of ADF IX negotiations, donors expressed the expectation that the results-based-approach would translate into the following operational benefits: "(i) stronger quality-at-entry for ADB's loan products; (ii) better prioritization of programs based on results; (iii) empirical evidence of development effectiveness through measurable results; and (iv) greater credibility in the donor community."[26] The assessment of this report confirms that progress has been made in most of these expected benefits (although it is not possible at this stage to provide evidence of how results approaches have improved development effectiveness). In some areas where improvements were noted prior to the formulation of the

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[24]   While inputs of projects can easily be aggregated to measure portfolio performance (for particular countries, sectors, or bank-wide), the aggregation of outputs and outcomes raises statistical and empirical questions. Portfolio performance is thus commonly reported in terms of inputs (e.g., amounts or ratios of contract awards, disbursements, physical completion of projects) and not in terms of delivery of actual results. Difficulties pertaining to the aggregation of outputs of individual projects and issues of attribution remain major obstacles for all development agencies in applying a results-based approach to portfolio management.

[25]   A staff panel completed in October 2006 the first biennial quality-at-entry assessment, based on a sample of 6 CSPs and 31 projects approved in 2004 and 2005. The staff assessment suggests that the main areas of improvements are (i) for CSPs, the identification of lessons and the formulation of performance indicators, and (ii) for projects, the design of implementation modalities and fiduciary arrangements.

[26]   ADF IX Donors' Report: *Development Effectiveness for Poverty Reduction.* ADB. June 2004; para 23.

results agenda, the coherence and structure brought about by the formalization of results initiatives (e.g., RB-CSPs, DMF) has accelerated the gains. At the corporate level, results-oriented tools have been adopted to measure performance (*Annual Poverty Reduction Strategy Report*, *Work Program and Budget Framework*). These mechanisms are being improved as learning and exchanges develop among development partners. ADB has been actively participating in the international MfDR forum, in many instances playing a leading role.

49.   ADB needs to consolidate gains made in quality-at-entry of operations and country programs. Learning must continue to take place so as to refine results-based tools, especially in relation to the CSP and the new business processes.

50.   To date, the international MfDR agenda has not focused on links between ongoing operations and development results. ADB, together with the other MDBs, has applied the results approach primarily at the project processing stage. New pipelines of operations, better managed for outcomes through results tools, will contribute to enhance ADB's development effectiveness. Full assessment of their results would be possible only in 5-10 years from now. Yet, short- to medium-term gains in aid effectiveness may require in certain contexts a re-examination of current portfolios of operations in the light of newly formulated RB-CSPs and/or countries' development agendas[27]. This emphasis on quality-at-implementation of projects and management of current portfolios for outcomes will involve an enhanced results-orientation of ADB's project performance monitoring system. It must also be supported by a shift in the incentive structure at ADB that has traditionally attached higher value to project processing than to project administration.

51.   Debates on MfDR also emphasize issues of managing change within development institutions. ADB's experience, similar to that of other MDBs during the early years of MfDR implementation, provides a mixed picture with respect to the institutional dimension. ADB developed results methodologies to assess and monitor performance at all levels (projects, country strategies, corporate work program, particular policies, staff workplans, etc.). MfDR principles, concepts, and tools are embedded into ADB operations, policies, and processes. A results-based management culture has started to penetrate ADB although capacities and readiness to adopt results approaches are still varied. Extensive staff learning and development on MfDR and leadership from senior management must drive this cultural change.

52.   After initial years of pilot-test and learning, MfDR at ADB is now at its mainstreaming phase. This new phase requires (i) change management that encompasses attitudes, management style, use of knowledge, and incentives; (ii) more visible and direct leadership of ADB's senior management in pursuing the agenda, and (iii) enhanced internal capacity for MfDR, especially through learning, which targets staff with managerial responsibilities.

53.   The revised MfDR action plan puts a much greater emphasis on measuring and reporting corporate results. This requires the adoption of a methodology, possibly based on the initial work for the Annual Poverty Reduction Strategy Report, to report on and manage ADB's effectiveness. A corporate performance assessment system supported by key indicators of institutional and development effectiveness—as opposed to a variety of reports and indicators related to series of corporate agendas—will be established to measure and communicate ADB's results both internally and externally.

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[27]   A major difficulty is of course the "retrofitting" nature of the exercise as ongoing projects were often designed prior to the formulation of the national strategy.

Results Framework for the Revised Managing for Development Results Action Plan
(2006–2008)

Pillar 1: Support Developing Member Country Capacity to Manage for Development Results

Outcomes	Performance Indicators	Key Initiatives Contributing to Outcomes	Responsibility
1.1 Increased understanding and use of results management in developing member countries (DMCs)	• Number of DMCs receiving Asian Development Bank (ADB) technical assistance to strengthen managing for development results (MfDR) capacities and systems Baseline 2005: 6 DMCs People's Republic of China, Lao People's Democratic Republic, Maldives, Pakistan, Philippines, Viet Nam 2008 target: 15 DMCs • Number of results management practitioners actively participating in the Community of Practice on MfDR Baseline 2006: 25 2008 target: 50 (double)	Initiation of country-level dialogue on MfDR capacities and systems in conjunction with results-based country partnership strategy (RB-CSP) processes Processing and administration of MfDR-focused capacity development technical assistance, including capacity development under the Statistical Capacity Building initiative Administration of the MfDR Cooperation Fund and reporting on lessons learned Facilitation and management of the community of practice on MfDR Engagement of DMC officials in results management learning events and workshops, including regional technical assistance to support results-based project design and management, and ADB/ADB Institute (ADBI) course on results-based management; by December 2007, at least 250 executing agencies (about 80% of all executing agencies) have participated in an induction workshop on results-focused performance management)	regional departments (RDs), with Results Management Unit of Strategy and Policy Department (SPRU) assistance Economics and Research Department (ERD) RDs / SPRU as secretary SPRU, with RDs/resident missions (RMs) Central Operations Services Offices (COSO), ADBI, SPRU, Human Resources Division (BPHR)

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

Outcomes	Performance Indicators	Key Initiatives Contributing to Outcomes	Responsibility
2.1 Improved quality of RB-CSPs	• Number of DMCs with formulated RB-CSP Baseline 2005: 5 DMCs (Bangladesh, Bhutan, Nepal, Philippines, Uzbekistan,); 2008 target: All DMCs for which CSPs are programmed	Revision of RB-CSP business processes by end 2006, including stocktaking of RB-CSP process, retrospective assessment of quality, and preparation of staff guidelines Piloting in 2006, and eventually mainstreaming, of CSP completion reports by 2007 Strengthening of linkage of country Portfolio Reviews (CPR) with CSP preparation and monitoring Development of CSP quality assurance mechanisms	Strategy and Policy Department (SPD), Regional and Sustainable Development Department (RSDD) RDs, with SPRU assistance RDs, with COSO / SPRU assistance SPD, RDs, RSDD
2.2 Improved results-focus at project level	• Percentage of project design and monitoring frameworks (DMFs) summary outcome statement rated satisfactory or better by Operations Evaluation Department (OED) Baseline 2006 (for 2005 projects and technical assistance): 79%	Strengthening of quality assurance mechanisms developed at the departmental level Implementation of the Action Plan to Improve Loan and Technical Assistance Performance	RDs, COSO RDs

Outcomes	Performance Indicators	Key Initiatives Contributing to Outcomes	Responsibility
	for projects, 60% for advisory technical assistance 2008 target (for 2007 projects and technical assistance): 85% for projects, 75% for advisory technical assistance • Percentage of public sector loan projects "at risk" Baseline 2005: 18% for program loans, 14% for project loans 2008 target: 11% for program loans, 8% for project loans		
2.3 Institution-alized results reporting in ADB corporate management systems	• Number of progress reports on MfDR submitted to and accepted by the Management Committee Baseline 2005: 1 2006–2008 target: regular semi-annual reports • Number of meetings on development effectiveness chaired by Vice-Presidents to discuss ADB's results agenda and development effectiveness issues 2006–2008 target: semiannual meetings	Regular reporting on the implementation/ management of Poverty Reduction Strategy, MTS II, Work Program and Budget Framework (WPBF), Reform Agenda, and Innovation and Efficiency Initiative (IEI) Introduction of Asian Development Fund (ADF) monitoring and reporting for the ADF IX midterm review in 2006 Review of corporate planning and budgeting processes by end-2006, including corporate-level performance management system Continued implementation and improvement of Performance and Development Plan (PDP) Evaluation of MfDR by OED, including effectiveness of mainstreaming of MfDR (2007); effectiveness of project operations, quality control systems and processes (2007); interim evaluation of the results of the IEI (2008)	SPD, Budget, Personnel and Management Systems Department (BPMSD), Managing Director General (MD), RSDD, RDs SPD SPD/Budget and Management Services Division (BPBM) BPMSD/Human Resources Divisions (BPHR) Operations Evaluation Department (OED)
2.4 Increased staff knowledge of MfDR	• Improved quality of results-orientation of CSPs (according to OED MfDR evaluation in 2007) • Improved results orientation of DMF (according to OED evaluation)	Introduction of results management modules in BPHR management training programs for director level and above in 2006; all concerned directors general, directors and country directors have gone through MfDR learning programs by 2007 Development of learning initiatives in CSP formulation and implementation monitoring in 2006; by 2007, all CSP team leaders will have gone through RB-CSP learning program; by 2007, all project team leaders and RM staff will have gone through MfDR learning program Development of learning initiatives in project design and management, through implementation of the Project Performance Management System (PPMS) and other relevant initiatives: by 2007, all project staff will have gone through PPMS learning program Continued improvement of the learning components of the PDP Improved internal communication on the results agenda, through publication of newsletters and good practices sourcebook, Web site maintenance, and other means	BPHR, with assistance of SPRU BPHR, with assistance of SPRU, BPHR, with assistance of COSO BPHR SPRU/Department of External Relations

Outcomes	Performance Indicators	Key Initiatives Contributing to Outcomes	Responsibility
		Conduct RM policy review, which will start in 2006 and address the increasing role of RMs in adoption of MfDR techniques	BPMSD/SPD

Pillar 3—Maintain Effective Results Partnerships

Outcomes	Performance Indicators	Key Initiatives Contributing to Outcomes	Responsibility
3.1 Increased contribution of ADB to support MfDR knowledge sharing and harmonization efforts, particularly through collective reporting initiatives	• Number of ADB's MfDR publications produced annually and posted on the ADB Web site Baseline 2005: 13 publications (including newsletters, RB-CSP practice note and interim guidelines, independent assessment of MfDR at ADB, PPMS guide) 2006–2008 target: 15 publications annually (bimonthly newsletter, annual *Common Performance Assessment System* (COMPAS) reports, annual MfDR-CF progress reports, others)	Contributions to the *Global Monitoring Report*, the *MfDR Sourcebook* and other joint publications, including the multilateral development banks' (MDB)' COMPAS Continued participation in the MDB Working Group on Results and the Organisation for Economic co-operation and Development-Development Assistance Committee Joint Venture on MfDR ADB participation in international MfDR roundtables, conferences, senior MDB staff meetings, and other events	SPD/SPRU, with RDs SPD/SPRU President, Vice-Presidentss, SPD, selected senior staff

Poverty Reduction Strategy, Work Program and Budget Framework and Reform Agenda:
Results Areas and Performance Indicators

PRS 2005 Report	WPBF 2007–2009 (Medium-TermStrategy II implementation modalities)	Reform Agenda 2005 Report
IMPACT (BY 2015) 1. Millennium Development Goal (MDG) targets and indicators **OUTCOMES (BY 2010)** 2. Annual post-evaluation ratings of results-based country strategies and programs (CSPs) and regional CSPs (RCSPs) 3. Annual post-evaluation ratings of projects 4. Annual project completion ratings of loan projects and KPS 5. Country performance rating for countries borrowing from Asian Development Fund (ADF) 6. Partnership/client survey results – direct feedback from the government, development partners and civil society; and resident mission response on joint activities **OUTPUTS (2005–2006)** 7. Number of results-based CSPs / RCSPs 8. Quality-a- entry rating of CSPs 9. Quality–at-entry rating of projects 10. Portfolio performance rating on project implementation 11. Level of lending and net resource transfer 12. Amount of cofinancing mobilized 13. Number of articles from Asian Development Bank (ADB) in refereed journals and other publications, papers presented or submitted in conferences 14. Number of hits on ADB's websites 15. Number of sector wide approaches supported 16. Proportion of Joint CSP and joint Country Portfolio Review (CPR) missions conducted annually 17. Proportion of projects with nongovernment organizations (NGOs)/civil society involvement	**SELECTIVITY AND CORE OPERATIONAL SECTORS** 1. Group I, II, and II sector lending as a percentage of total number of loans 2. Number of lending projects classified under the "regional cooperation" theme approved annually 3. Number of developing member countries (DMCs) with results-based (CSPs) **USE OF TECHNICAL ASSISTANCE RESOURCES** 4. Number of advisory technical assistance projects (all funding sources) approved annually 5. Number not financially closed 90 days after their technical completion date as a percentage of total advisory technical assistance **USE OF FINANCING PARTNERSHIPS AND COFINANCING** 6. Number of private sector operations approved annually (loans, equity operations, or guarantees) 7. Number of program-based operations under implementation 8. Amount of co-financing mobilized from official sources, 9. Number of joint CSPs and joint annual CPR conducted **PRODUCT AND PROCESS INNOVATIONS TO ENHANCE RESPONSIVENESS, FLEXIBILITY AND EFFICIENCY** 10. Number and volume of mutli-tranche financing facilities approved 11. Loan processing time: number of months between beginning of project-preparatory technical assistance (PPTA) fact-finding (or loan fact-finding if project processed without PPTA) and board approval for projects approved during the year 12. Cost efficiency: internal administrative expenses	**OPERATIONAL POLICIES, STRATEGIES, AND APPROACHES** 1. Annual lending volume ($ million): a. ADF, and b. Ordinary Capital Resources (OCR). 2. Annual disbursement levels ($ million): a. ADF, and b. OCR. 3. Percentage of revisions of key policies, strategies, and approaches approved by Management or ADB's Board of Directors. **MAINSTREAMING MANAGING FOR DEVELOPMENT RESULTS** 4. Number of DMCs with results-oriented CSP (including a results matrix) 5. Percentage of outcome statement of project design and monitoring frameworks rated "satisfactory" or above 6. Percentage of outcome statement of technical assistance design and monitoring frameworks rated "satisfactory" or above 7. Number of lending projects at risk as a percentage of total lending: a. program loans, and b. project loans. **REFINING ORGANIZATIONAL PROCESS AND STRUCTURE** 8. Loan processing time: average number of days between the beginning of the PPTA fact-finding and loan approval 9. Number of joint CSPs and joint country portfolio reviews conducted annually 10. Proportion of projects submitted for Board approval in fourth quarter compared with last year 11. Professional staff on board per loan project to approved 12. Number of lending projects administered by resident missions as a percentage of total lending

INPUTS
18. Time to hire
19. Budgeted professional staff (PS) and national officers (NOs) in operations and operations support as a percentage share of total PS and NO
20. Budgeted PS and NO in resident missions (RMs) as a percentage of total PS and NO
21. Percent of operational staff with operational mission experience based on a predetermined number of projects
22. Percent of staff completing development option within given business cycle
23. Staff engagement index
24. Ratio of internal administrative expenses to $1 million of public and private sector loan approval
25. Ratio of internal administrative expenses to $1million loan disbursement

per $1 million of loan approval and per $1 million of loan disbursement
13. Number of lending projects administered by RMs as a percentage of total lending projects

PORTFOLIO PERFORMANCE, DEVELOPMENT EFFECTIVENESS AND RESULTS
14. Annual public sector lending approvals in $US million
15. Annual disbursement levels in $US millions:
16. Number of loan projects at risk as a percentage of total loan projects: a. program loans; b. project loans
17. Human resource deployment: a. Budgeted PS and NO positions as a percentage of total staff in a. operations departments, b. knowledge management, compliance and risk management, c. service departments, d. RMs only.

projects

REINFORCING KNOWLEDGE MANAGEMENT
13. ADB's score on the Most Admired Knowledge Enterprise (MAKE) survey
14. Number and size of active networks or community of practices in ADB
15. Number of unique users of (i) the knowledge management portal in ADB's intranet, and (ii) ADB's website

IMPROVING HUMAN RESOURCE MANAGEMENT AND STAFF INCENTIVES
16. Percentage positive change in engagement scores as measured every 3 years by staff engagement survey
17. Budgeted PS and NO in RMs as a percentage of total PS and NO

Glossary of Key Terms

Accountability	–	Obligations of partners to act according to clearly defined responsibilities, roles, and performance expectations, often with respect to the prudent use of resources. For evaluators, connotes the responsibility to provide accurate, fair and credible monitoring reports and performance assessments.
Activity	–	Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to produce specific outputs.
Benchmark	–	Reference point or standard against which progress or achievements can be assessed. A benchmark refers to the performance that has been achieved in the recent past by other comparable organizations, or what can be reasonably inferred to have been achieved in similar circumstances.
Development effectiveness	–	Broadly defined means that countries and agencies are better able to achieve their collective development outcomes, and that they have the right tools at their disposal to measure progress toward those outcomes, report on them, and use the lessons learned to continuously improve performance.
Development intervention	–	Refers to a country program (CP), program/ thematic component within a CP or a project.
Development results	–	Changes in a state or condition which derive from a cause-and-effect relationship. There are three types of such changes (intended or unintended, positive, or negative) which can be set in motion by a development intervention – its output, outcome, or impact.
Goal	–	The higher-order objective to which a development intervention is intended to contribute.
Impact	–	Positive and negative long-term effects on identifiable population groups produced by a development intervention, directly or indirectly, intended or unintended. These effects can be economic, socio-cultural, institutional, environmental, technological or of other types.
Indicator	–	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development factor.
Input	–	The financial, human and material resources used for the development intervention.
Logical framework	–	Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes and impact) and their causal relationships, indicators, and the assumptions and risks that may influence success and failure. It thus facilitates planning, execution and evaluation of a development intervention.
Outcome	–	The intended or achieved short-term and medium-term effects of an intervention's outputs, usually requiring the collective effort of partners. Outcomes represent changes in development conditions that occur between the completion of outputs and the achievement of impact.
Outputs	–	The products and services which result from the completion of activities within a development intervention.
Performance monitoring	–	A continuous process of collecting and analyzing data to compare how well development interventions are being implemented against expected results.
Results-based management	–	A management strategy by which an organization ensures that its processes, products and services contribute to the achievement of desired results (outputs, outcomes and impacts). It rests on clearly defined accountability for results, and requires monitoring and self-assessment of progress towards results, and reporting on performance.
Results chain	–	The causal sequence for development interventions that stipulates the necessary sequence to achieve intended objectives beginning with inputs, moving through activities and outputs, and culminating in outcomes, impacts, and feedback.
Results framework	–	The logic that explains how results are to be achieved, including causal relationships and underlying assumptions. The results framework is the application of the logframe approach at a more strategic level, across an entire organization, for a country program, a program component within a country program, or even a project.

Source: *"OECD Glossary of Terms in Evaluation and Results Based Management"*
(website: http://www.oecd.org/findDocument/0,2350,en_2649_34435_1_119678_1_1_1,00.html).