

Managing for Development Results

The Asian Development Bank (ADB) introduced the Managing for Development Results (MfDR) agenda in 1999 as a part of its commitment to enhance development effectiveness under the overarching goal of its Poverty Reduction Strategy. In 2003, ADB formally established the Results Management Unit to integrate results-based management into operations. More than a decade later, the move into the next phase of MfDR—monitoring and managing results on the ground to achieve development effectiveness—should be imminent. A special evaluation study on MfDR from ADB’s Independent Evaluation Department (IED) brings out key findings and recommendations that need to be addressed in this regard.

ADB has been implementing the MfDR agenda since 2004 (Box 1). The results agenda is based on three pillars: focusing on MfDR capacity in developing member countries, emphasizing institutional effectiveness, and contributing to an effective MfDR global partnership. It is being mainstreamed in phases because of its substantial resource requirements and the need to get buy-in from developing member countries as well as from ADB management and staff. The evaluation focuses on the first phase of MfDR, specifically on the process and institutional changes within ADB, rather than on assessing how actual results are managed on the ground, which would be largely premature at this stage.

Emphasis on the results agenda was given further impetus with the adoption of the Long-Term Strategic Framework 2008–2020 (Strategy 2020), which envisaged the development of a new corporate results framework to monitor the effectiveness of realizing its vision of an Asia and Pacific region free of poverty. In 2008, ADB approved such a framework, with some 70 indicators at four layers containing baselines and intermediate targets set for 2012. It began monitoring implementation progress of the framework through the annual Development

Box 1: Definition of Managing for Development Results

“An approach focused on development of outcomes throughout the management cycle. It enables informed decision making by integrating a results focus across the four mutually reinforcing core management functions:

- defining outcomes and outputs with measurable indicators and time-bound targets, and agreeing on associated activities;
- allocating resources to agreed activities;
- implementing agreed activities and monitoring progress and targets; and
- evaluating performance against targets.

Integral to effective MfDR is regular reporting to key stakeholders to increase accountability and promote learning.”

Source: Asian Development Bank

Effectiveness Review, which uses a performance scorecard with “traffic lights”.

Key Lessons and Issues

Mainstreaming of the MfDR agenda has progressed, but ADB must continue to monitor the achievements using action plans. Five years after the approval of the first time-bound MfDR action plan, there are areas that need attention, warranting the preparation of a new action plan. That plan needs to focus on the first pillar, to enhance MfDR capacity in developing member countries, and on the second, where additional work is needed at the corporate level.

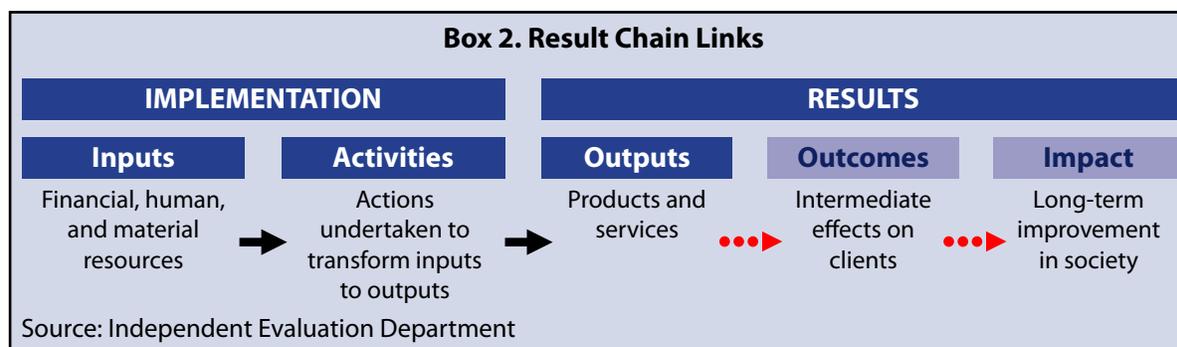
Strategic approaches that place country ownership at the center are needed to inculcate the MfDR agenda in developing member countries. Here, a number of key challenges exist: the absence of strong champions, the lack of continuity due to political change, and the lack of domestic demand for results-based management at different levels of government. The approaches need a public sector reform process encompassing several administrative jurisdictions and political interests in matters such as accountability, participation, and governance. Changing management processes also involves influencing the attitudes of government staff and taking into account the cultural, institutional, and political situation of each country. The Asia-Pacific Community of Practice on Managing for Development Results and fledgling country communities of practice could play a valuable supportive role in this regard.

ADB's Development Effectiveness Review has evolved as a valued tool for management. The annual corporate results report has moved from being simply a public accountability tool to an important internal planning

document with an action plan that is integrated into ADB's high-level planning processes. Other multilateral development banks have followed this approach in developing corporate results reports.

Output and outcome analysis in the corporate results report should be intrinsically linked and any apparent discrepancies need to be carefully monitored. There is currently a crucial disconnect (Box 2), which is partly due to the different methods adopted for measuring and reporting outputs and outcomes. Outputs reported are a subset of the total outputs expected from a project, which at times may reflect mainly physical outputs rather than more difficult to achieve intangible outputs. However, the corporate results report uses evaluation ratings of effectiveness relating to all outputs in a project. If only the coverage and access-related outputs in infrastructure or services are achieved but outputs raising the quality, efficiency, or sustainability of infrastructure or services are not, the output measure may be high, while the outcome measure may be low for the same project.

Current reporting tools for country programs and projects do not stress the later links in the results chain, inhibiting outcome orientation. Greater results orientation implies paying attention to all the links in the results chain. Reinforcing the monitoring of the later links (such as outcomes and impacts) of the results chain by better measurement of their achievement would be a useful way to strengthen the chain. As yet, there is insufficient evidence that MfDR has led to more country outcome and project impact measurement. To provide more incentives for this at the project level, IED will revisit the weights accorded to the various



evaluation criteria to give adequate importance to downstream results (such as effectiveness and sustainability criteria) and focus sufficiently on project outcomes and impact reporting.

Progress on the quality improvement of the project design and monitoring framework (DMF) has been slow and would benefit from further attention. ADB introduced the project DMF in 1996. Despite this long gestation period, DMF quality is weak due to poorly formulated indicators, outputs, outcomes, data sources and risks and assumptions. ADB is currently undertaking a number of actions to bolster DMF quality. Significantly more attention needs to be paid to training, quality control, and the management emphasis given to this instrument. IED evaluated the performance of 50 completed projects¹ using the respective project completion reports (PCRs) and PCR validation reports to determine the extent to which project outcomes have been achieved. The assessment indicated that, on average, 55% of expected outcomes reported in DMFs were attained, 29% were not attained, and 16% were dropped or no data were available. About 32% of the sample projects achieved 80% or more of their expected outcomes by completion.

The lack of systematic effort to regularly update information used to assess the achievement of targets hampers the results-based implementation of country strategies and projects. The challenge of identifying time-trend indicators that can be regularly updated (preferably by in-country partners) is a long-standing problem. Possible solutions covering both country partnership strategies and projects include (i) avoiding using indicators for which no baseline data is available, (ii) improving staff accountability and incentives for results framework preparation and monitoring, and (iii) supporting the development of the selected statistics often needed for results monitoring and evaluation.

The results orientation of several of ADB's corporate, sector, and thematic plans is ambiguous. Since 2008, ADB has initiated 10 corporate sector/thematic plans, of which seven have been finalized. However, there is substantial variation in their structure and purpose. While some are action plans to divert resources to a certain sector or thematic area that needs more attention according to the corporate results framework, others are not and appear to be frameworks within which certain types of sector/thematic operations can be designed and are suggested as options. Some plans have a results framework with detailed information (education) while others lack baseline data and expected indicators and targets (financial sector). In addition, many of the sector operational plans do not include commitments to report to Management on a regular basis. This does not conform to the results agenda and does not facilitate alignment to the overall corporate results framework. Closer review of the purposes and the contents of these plans would help steer ADB resources to areas where they are most needed.

Inconsistent application of ADB's new project classification system may be skewing results reporting at the corporate level. In January 2009, ADB implemented a new classification system for all project-related documents, aligning project classification nomenclature to the new priorities set by Strategy 2020. The classification is reflected at all stages of project development to provide information on ADB contributions to development outcomes and impacts. However, there are definitional issues and overlaps in reporting the classification, which make actual ADB inputs provided to a particular thematic area unclear. In addition, there is a peer review process but no central oversight to ensure consistency across projects and operations departments. Therefore, IED suggests an integrated classification system with a central oversight unit for checking the quality of classifications proposed for each project to improve the consistency of reporting in order to track the adherence to priorities set by Strategy 2020.

¹ These are 50 sovereign loan projects with PCRs already validated by IED (i.e., with PCR validation reports) between December 2010 and June 2011.

Recommendations

- Enhance country capacity for MfDR through a strategic, phased engagement.
- Improve the results orientation of the corporate sector and thematic plans by defining their purpose and the means to monitor their achievement.
- Improve the corporate results framework by (i) strengthening the links between outputs and outcomes, and (ii) improving the indicators as a tool to gauge development effectiveness.
- Improve the monitoring and reporting of outcomes and impacts at the country, sector, and project layers to ensure a results orientation.

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ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

Learning Lessons is a synthesis of key lessons drawn from evaluations of ADB-supported projects and programs. This synthesis may include contexts derived from literature review. Lessons presented in this brief are not prescriptive, and users are advised to carefully review these lessons in the context of country, sector, and thematic conditions.

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