# ADB

# Evaluation Study

# Managing for Development Results in the Asian Development Bank: A Preliminary Assessment

Operations Evaluation Department

Asian Development Bank

# ABBREVIATIONS

ADB – Asian Development Bank
CAS – country assistance strategy
CIDA – Canadian International Development Agency
COMPAS – Common Performance Assessment System
COSO – Central Operations Services Office
CPS – country partnership strategy
CSP – country strategy and program
DEC – Development Effectiveness Committee
DFID – Department for International Development, United Kingdom
DMC – developing member country
DMF – design and monitoring framework
DOTS – Development Outcome Tracking System
EBRD – European Bank for Reconstruction and Development
HR – human resources
IADB – Inter-American Development Bank
IDC – International Development Committee
IFC – International Finance Corporation
LTSF – Long-Term Strategic Framework
MDB – multilateral development bank
MfDR – managing for development results
OECD – Organization for Economic Cooperation and Development
OED – Operations Evaluation Department
PDP – Performance and Development Plan
PPMS – Project Performance Management System
PRS – Poverty Reduction Strategy
RBM – results-based management
SES – special evaluation study
SPRU – Results Management Unit
TA – technical assistance
TIMS – Transition Impact Monitoring System

## NOTE

In this report, "$" refers to US dollars

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**Key Words**

adb, asian development bank, capacity development, development effectiveness, evaluation, impact, managing for development results, mfdr, reform agenda, results agenda, results-based management, results chain, results framework, results management, outcomes

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# CONTENTS

APPENDIXES

| Attachments: | Management Response |
| --- | --- |
|  | DEC Chair Summary |

# EXECUTIVE SUMMARY

## Introduction

This special evaluation study report presents an independent evaluation of managing for development results (MfDR) in the Asian Development Bank (ADB). This topic was included in the Operations Evaluation Department's (OED) work program with a view towards undertaking a high level evaluation of ADB's progress in 2007, before going on to assess ADB's operational implementation of MfDR and related outcomes in 2009. It is intended that this 2007 study will support ADB's MfDR agenda by providing timely guidance to ADB's Management and the Development Effectiveness Committee.

This evaluation has focused on examining three issues:

(i)     Do ADB staff think that ADB's internal enabling environment is consistent with the known requirements of MfDR? If not, how can it be strengthened?
(ii)    Is ADB making satisfactory progress in adopting MfDR?
(iii)   What can ADB learn about implementing MfDR from other development institutions?

The evaluation's methodology included survey responses from 958 ADB staff (41% response rate), 11 focus groups with about 150 participants, one-on-one interviews with some 50 staff members including vice-presidents and directors general, consultations with six major development organizations, and a review of various documents.

## The Organizational Context

In August 2004, ADB committed to an internal reform agenda aimed at improving its performance as a partner of its developing member countries (DMCs) and as a multilateral development bank (MDB). An important aspect of ADB's reform agenda was the introduction of MfDR.

Consistent with the approach taken by many other international financial institutions, ADB is implementing MfDR based on three pillars:

(i)     Pillar 1 focuses on building country capacity, where in ADB helps its DMCs increase their understanding and use of MfDR through a multidonor MfDR Cooperation Fund, and awareness raising at the country level, including the formation of the Community of Practice on MfDR.
(ii)    Pillar 2 (the focus of this evaluation) emphasizes ADB's institutional effectiveness wherein ADB is strengthening its own capacity to manage for development results through (a) results-based country partnership strategies (CPSs); (b) a results-based approach at the project level; (c) improvement of results monitoring and reporting throughout its operations; and (d) learning and development programs, practice notes, guidelines, as well as other publications on MfDR for its managers and staff.
(iii)   Pillar 3 focuses on effective partnerships, wherein ADB continues to be an active participant in global partnerships for knowledge sharing and harmonization on MfDR.

**ADB's Compliance with the Known Requirements of MfDR**

The evaluation results reveal a mixed picture against the known requirements of MfDR. Some positive findings have been identified along with opportunities for improvement:

(i)    A review of the international literature identified a number of requirements for successfully implementing MfDR, including (a) senior leadership support (demanding and using results), (b) staff skills and training, (c) an organizational culture that focuses on achieving results, (d) supportive management practices (holding staff to account for results) and incentives, (e) organizational capacity and resources, (f) managing the change process, and (g) and suitable business systems and processes.

(ii)   Staff view the role of senior management as a key enabler for achieving success in managing for results, and MfDR is supported by Management based on the ADB President's pronouncements and ADB's policies. At the same time, staff believe that senior management's support has not always been translated into practice, visibly sustained, or may become diluted during the implementation process.

(iii)  Most staff believe that they have a clear understanding of the results they need to achieve in their work, and they also believe that they have the knowledge and skills to be results oriented in their work.

(iv)   Staff survey results indicate that there is a common belief among international staff that ADB's culture emphasizes achieving loan approvals, disbursements, and lending targets as opposed to focusing more actively on development results.

(v)    ADB's 2004 Human Resources Strategy acknowledges that the successful implementation of MfDR requires a shift in how ADB assesses and rewards performance for all staff, especially managers. OED's 2006 Annual Evaluation Review also identified management practices and incentives as an important factor for achieving better development results from ADB operations. The findings of the staff survey and focus group meetings conducted for this study indicate that this continues to be an area in which improvements are needed.

(vi)   ADB staff recognize that ADB has made progress in adapting policies, procedures, and tools to support MfDR. While recognizing that improvements have been made, focus group participants also stressed the need to continue refining ADB's business systems and processes and to ensure that outdated or outmoded processes are removed as they are superseded by MfDR.

(vii)  Many staff are uncertain about the nature of ADB's wider results agenda and how MfDR interfaces with their work at the operational level. ADB staff are asking for greater guidance as to what MfDR is, and how it relates to their duties.

**Assessment of ADB's Progress in Adopting MfDR**

The main findings include the following:

(i)    The performance data presented in the 2005 and 2006 Common Performance Assessment System reports, in conjunction with MfDR-related documents obtained from individual MDBs, and consultations undertaken with other development banks indicate that ADB is advancing MfDR at a rate that is comparable to other MDBs.

(ii) ADB is currently in a state of transition (based on a five-step process of (a) awareness, (b) exploration, (c) transition, (d) full implementation, and (e) continuous learning) as it moves towards the full implementation of MfDR. In 2004, ADB made a formal commitment to the introduction of MfDR and began 'learning by doing.' Since that time, ADB has introduced a range of modified policies and new tools to support MfDR, new training courses have been developed, and preliminary work has been undertaken to support the development of a new corporate management information system. However, given that relevant outcome data are not routine inputs for managerial decisions within ADB, the organization has not yet achieved the full implementation of MfDR.

(iii) There has been a significant improvement in the quality of design and monitoring frameworks (DMFs) prepared since 2000 for project and program loans, and for advisory and regional technical assistance (TA) (even if the quality of the DMFs prepared for loans remains considerably better than that of the DMFs prepared for TA operations).

(iv) ADB's MfDR progress reports to the Board's Development Effectiveness Committee (DEC) show that ADB is undertaking a number of actions to strengthen its capacity to manage for development results through (a) results-based CPSs; (b) results-based approach at the project level; (c) improvement of results monitoring and reporting throughout its operations; and (d) learning and development programs, practice notes, guidelines, as well as other publications on MfDR for its managers and staff. However, it is not possible to gauge ADB's progress towards the intended outcomes, given the limitations of the nominated performance indicators and the limited time since its adoption of MfDR.

(v) The results of OED's staff survey and focus groups suggest that ADB staff are divided in their assessment of ADB's progress in implementing MfDR. It is of concern that international staff are not more positive in their opinions, and that these views have not improved since the 2005 survey by Universalia and the 2003 survey by OED. Such a finding raises questions about the level of staff awareness and ownership of the MfDR agenda, and hence how ADB staff can be more effectively engaged in MfDR.

**Overall Conclusions**

ADB's progress and challenges in implementing MfDR are generally comparable to those of other MDBs. It is currently in a state of transition as it progressively adopts MfDR practices. ADB has modified a number of its policies, procedures, and tools to support staff and the organization as they work towards the full implementation of MfDR. However, the results of the staff survey and focus groups suggest that the engagement and commitment of ADB staff to MfDR are lagging behind ADB's promulgation of new policies and procedures.

The international literature and experiences of other development institutions in conjunction with the results of this evaluation indicate that the use of results by senior management (strong leadership) combined with staff incentives and active management of the change process are the key building blocks for further advancing ADB's MfDR agenda and developing a results-orientated organizational culture.

The findings of this evaluation serve to highlight the challenges associated with managing a complex long-term process of change. ADB's efforts to improve its own institutional performance will be a key factor in ADB better measuring, monitoring, and managing for

development results. The same results-based logic that ADB applies to the management of development programs and projects can also be beneficially applied to the management of ADB's MfDR agenda.

**Options for Action**

Chapter VI of this report offers three potential scenarios and a recommendation for advancing MfDR within ADB. These scenarios, together with the evaluation's main findings and conclusions, are for the consideration of Management and to support Management's discussions with the DEC.

The first scenario, "Maintain current level of effort," would be appropriate if it were considered that ADB's implementation of MfDR is progressing satisfactorily and that it could move from the transition stage to the full implementation stage without incremental effort. OED's assessment is that ADB's current MfDR approach has served the organization reasonably well, as ADB has been seen to be taking actions and has made progress broadly in line with other MDBs. ADB has progressed from a stage of initial awareness into a transitional phase of implementation. However, the critical success factors identified in the literature need to be addressed if ADB is to achieve the full implementation of MfDR.

The second scenario, "Modest increase in effort," would be an appropriate choice if Management was of the view that ADB's 2006 MfDR Action Plan is basically sound but that additional effort is required to facilitate the full implementation of MfDR. This is a pragmatic response well within ADB's administrative capacity and resource constraints. The financial implications are minimal, although senior ADB staff would be asked to make significant adjustments in how they carry out their duties.

The third scenario, "Significant increase in effort," would be an appropriate response if Management considered that ADB's implementation of MfDR required considerably more emphasis on changing established practice in order to achieve full implementation in a shorter time. OED's assessment is that this option would facilitate ADB making maximum progress in implementing MfDR but would also require a significant commitment from Management that would need to be reconciled with other organizational priorities.

In seeking to mainstream MfDR, **the evaluation recommends that ADB pursue a course of action similar to that described under Scenario 3, "Significantly Increased Effort."** The details of this approach would be determined as part of ADB's current review of its Long-Term Strategic Framework. The proposed review of the human resources strategy in the context of the Long-Term Strategic Framework, this would be an opportunity to consider how ADB's human resource practices could be modified to better support MfDR.

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# I. INTRODUCTION

## A. Background

1. Managing for development results (MfDR), also known as results-based management, is a fundamentally different approach to management than that traditionally used in public sector and development organizations. Adopting MfDR represents a process of change in an organization to align its values, culture, policies, strategies and practices behind a set of well designed and defined results. This approach to management is based on global best practice that agrees such alignment will have a significant impact upon the effectiveness of development work. The organizational adoption of managing for results follows a sequence of stages common to all organizational transitions.[1]

2. As a management strategy MfDR focuses on using performance information to improve decision-making. It involves using practical tools for strategic planning, risk management, progress reporting, and outcome evaluation.[2] As an overall integrated approach to management, MfDR is more than just taking action to improve on the delivery of activities and outputs although such actions may be undertaken in parallel with MfDR.

3. This special evaluation study (SES) presents an independent evaluation of MfDR in the Asian Development Bank (ADB). This topic was included in the Operations Evaluation Department's (OED) work program with a view towards evaluating ADB's general progress in 2007, and then assessing ADB's operational implementation of MfDR and related outcomes in 2009. It is intended that this 2007 study will complement the MfDR progress reports prepared by ADB's Results Management Unit by taking a 'big picture' view of the initiative and by providing timely guidance to ADB's management and the Development Effectiveness Committee.

## B. Evaluation Objectives and Scope

4. The scope of this evaluation has been limited to a high level examination of ADB's progress in adopting MfDR and ADB's compliance with the critical success factors for successfully implementing MfDR. The evaluation has not examined ADB initiatives to support the capacity of developing member countries (DMCs) to manage for results nor ADB's actions to support MfDR knowledge sharing and harmonization efforts globally.

5. This evaluation has focused on examining three issues:

   (i)   Do ADB staff think that ADB's internal enabling environment is consistent with the known requirements of MfDR? (as judged by the critical success factors identified in the international literature, for example senior leadership support, staff skills and training, organizational culture, human resource practices and incentives)? If not, how can it be strengthened?
   (ii)  Is ADB making satisfactory progress in adopting MfDR (as judged by staff perceptions of progress, the 2005 Universalia Evaluation report, ADB's MfDR progress reports, the 2005 and 2006 Common Performance Assessment System

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[1]  Treasury Board of Canada Secretariat. *The Managing for Results Self-Assessment Tool.* Available: www.tbs-sct.gc.ca/rma/account/transmond/tm02_e.asap and Appendix 10 of this report
[2]  See "Managing for Development Results." Available: http://www.mfdr.org/index.html

[COMPAS] reports, the quality of ADB's design and monitoring frameworks, and the five stages of managing for results)?[3]

(iii)   What can ADB learn about implementing MfDR from other development institutions
(as determined by consultations with a number of development organizations and a review of documentation)?

## C.   Evaluation Methodology and Limitations

6.   The evaluation's methodology consisted of

(i)     a survey of all ADB staff (958 responded for a response rate of 41%),
(ii)    11 focus groups with about 150 participants,
(iii)   one-on-one interviews with some 50 ADB staff members,
(iv)    consultations with six other development organizations,[4] and
(v)     a review of relevant documents.

7.   Potential bias in the evaluation was guarded against by (i) undertaking a comprehensive review of the international literature; (ii) pilot testing the survey; (iii) comparing the demographics of survey respondents with ADB's demographics (if a particular department was over or underrepresented in the survey, their responses were then examined to see if their answers differed from those of other departments); (iv) comparing the answers of respondents who participated in the survey in its early stages with those who participated in the middle stages, and with those who participated in the survey's final days; (v) developing structured guides for the conduct of focus groups and for consultations with other development organizations; (vi) triangulating survey responses with the results of focus group discussions, individual interviews, and the international literature; (vii) engaging an international consultant with considerable MfDR experience as part of the evaluation team; and (viii) peer review of the evaluation's initial plan and draft report within OED. Further details on the evaluation's methodology are available in Appendixes 1–5, and a bibliography is included in Appendix 6.

8.   This evaluation study is subject to certain limitations. To a large extent, it is based on the results of a staff survey and focus groups. It has been suggested that the evaluation's survey results are merely the perceptions of staff and that these perceptions need to be validated. The international survey literature identifies five main types of question content relating to a respondent's: (i) beliefs; (ii) experiences; (iii) behaviors; (iv) attitudes; and (v) demographic characteristics.[5] The Operations Evaluation Department's view is that nearly all of the questions in the evaluation survey ask ADB staff about their experiences with MfDR and their beliefs about it. Hence the aggregated survey results reflect ADB's success in promoting MfDR behaviors and culture within the organization, particularly when trends in results across 2003, 2005 and 2007

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[3]   Universalia. 2005. *Independent Assessment of Managing for Development Results at ADB*. 25 November. Available:   www.adb.org/Documents/Reports/Consultant/MfDR/Independent-Assessment-of-MfDR-at-ADB.pdf; Multilateral Development Bank Working Group on Managing for Development Results. *Common Performance Assessment System (COMPAS) 2005 Repor*t. Asian Development Bank. Available: http://www.adb.org/Documents /Reports/2005-MDB-COMPAS/COMPAS-2005.pdf; Multilateral Development Bank Working Group on Managing for Development Results. *Common Performance Assessment System (COMPAS) 2006 Report*. Inter-American Development Bank. Available: http://www.adb.org/Documents/Reports/2006-MDB-COMPAS/COMPAS-2006.pdf
[4]   The Canadian International Development Agency, Department for International Development of the United Kingdom, World Bank, International Finance Corporation, Inter-American Development Bank, and European Bank for Reconstruction and Development.
[5]   For a further discussion of types of survey questions see: Dillman, D. 2000. *Mail and Internet Surveys*. John Wiley & Sons. New York; and D. A. de Vaus. 1991. *Surveys in Social Research*. Allen & Unwin. London.

are examined. The evaluation has not attempted to examine changes in the role specific operational practices of individual staff arising from the introduction of MfDR. Changes in operational practices arising from MfDR will be evaluated in 2009 once ADB's newly developed polices have had the opportunity to 'bed down' within the organization. In relation to Chapter IV's discussion of the experiences of other development institutions, it should be noted that this material is based mainly on interviews with staff of these agencies. Finally, the evaluation has not assessed the impact of MfDR on the developmental outcomes of DMCs. Questions of improvements in ADB's institutional effectiveness and better outcomes for DMCs will be examined in the second evaluation study planned for 2009.

## D.    Organization of the Report

9.      The rest of the report is organized as follows: Chapter II provides an overview of ADB's approach to MfDR. Chapter III focuses on ADB's compliance with the known requirements for MfDR. Chapter IV reports on ADB's progress in adopting MfDR. Conclusions about ADB's compliance with the known requirements of MfDR and rate of progress in adopting MfDR are presented in Chapter V. Lastly, Chapter VI offers three scenarios and a recommendation for advancing MfDR within ADB. Appendixes are also provided to support the main text.

## II.     THE ORGANIZATIONAL CONTEXT

## A.    ADB's Reform Agenda

10.     In June 2002, an International Roundtable on Better Measuring, Monitoring, and Managing for Development Results agreed that multilateral development banks (MDBs) must progressively introduce results-orientated initiatives to improve their development effectiveness.[6] In 2003, ADB's President formed an agency-wide working group to consider how to advance results-based management in ADB. This led to the adoption of the MfDR agenda.

11.     In August 2004, ADB committed to an internal reform agenda aimed at improving its performance as a partner of its DMCs and as an MDB. The reform agenda was influenced by the enhanced Poverty Reduction Strategy (PRS)[7] and the Long-Term Strategic Framework (LTSF) (2001–2015).[8] The PRS adopted poverty reduction as ADB's overarching goal and laid out the framework for achieving it. The LTSF outlined ADB's long-term goals and fundamental operating principles. Replenishment negotiations for the Asian Development Fund (ADF IX in 2003–2004) provided the impetus for ADB to consolidate various ongoing and planned reform initiatives into a comprehensive institution-wide reform agenda.[9]

12.     The long-term goal of the reform agenda is to achieve demonstrable improvements in the impact of ADB operations. The reform agenda aims to significantly enhance ADB's organizational effectiveness or capabilities to manage inputs (financial and human resources) and activities to efficiently deliver specific products and services to DMCs. To achieve this goal, the agenda consists of 19 initiatives to deliver five broad outcomes related to internal changes and realignment:

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[6]  Agreed upon at the International Conference on Financing for Development in Monterrey, Mexico, 2002.
[7]  ADB. 2004. *Enhancing the Fight Against Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank.* Manila.
[8]  ADB. 2001. *Moving the Poverty Reduction Agenda Forward in Asia and the Pacific: The Long-Term Strategic Framework of the Asian Development Bank (2001–2015).* Manila. Available: http://www.adb.org/Documents/Policies/LTSF/ltsf.pdf
[9]  Available: http://www.adb.org/ReformAgenda/default.asp

       (i)       improved operational policies and strategies,
       (ii)      refined organizational processes and structure,
       (iii)     reinforced knowledge management,
       (iv)     improved human resources management and staff incentives, and
       (v)      mainstreamed MfDR.

13.    In December 2003, the Results Management Unit (SPRU) was established as part of the Strategy and Policy Department to guide and support the mainstreaming of MfDR in ADB. SPRU was to be responsible for analyzing and facilitating the design and implementation of results management policies, actions, practices, and procedures, while implementation of ADB's results agenda was to be an ADB-wide responsibility, supervised by the vice presidents. In 2003, under the leadership of the Results Management Unit, ADB released an indicative action plan for implementing MfDR.[10] This was followed by a revised action plan in 2006.[11]

## B.    ADB's Approach to Managing for Development Results

14.    MfDR is a fundamentally different approach to management than that traditionally used in public sector and development organizations. Rather than focusing on inputs and procedural compliance (project administration), MfDR stresses using intended results (outputs/outcomes/impacts) as the starting point, then constructing a 'results chain' to guide measuring, monitoring, and reporting activities at the planning, implementation, and evaluation stages. MfDR also requires an organizational culture that is committed to learning and achieving outcomes for clients, along with a compatible incentive structure and set of business processes.[12]

15.    Consistent with the approach taken by many other international financial institutions, ADB is implementing MfDR based on three pillars:

       (i)       supporting DMC capacity to manage for results,
       (ii)      enhancing ADB's results orientation and institutional effectiveness, and
       (iii)     supporting MfDR knowledge sharing and harmonization efforts globally.[13]

16.    Pillar 1 focuses on country capacity, wherein ADB helps its DMCs increase their understanding and use of MfDR through (i) a multidonor MfDR Cooperation Fund; and (ii) awareness-raising at the country level including the formation of the Community of Practice on MfDR. Pillar 2 (the focus of this evaluation) emphasizes ADB's institutional effectiveness wherein ADB is strengthening its own capacity to manage for development results through (i) results-based country partnership strategies (CPSs); (ii) a results-based approach at the project level; (iii) improvement of results monitoring and reporting throughout its operations; and (iv) learning and development programs, practice notes, guidelines, as well as other publications on MfDR for its managers and staff. Pillar 3 focuses on effective partnerships wherein ADB continues to be an active participant in global partnerships on MfDR. See

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[10] ADB. 2003. Enhancing Effectiveness: MfDR. Paper for discussion. Manila. Available: http://www.adb.org/Documents/Reports/ADF/IX/RBM_ADF_IX_Donors_Meeting_Tokyo.pdf
[11] ADB. 2006. *Managing for Development Results in ADB: Revised Action Plan.* Available: http://www.adb.org/MfDR/actionplan.asp
[12] See Appendix 6 for a review of the international literature concerning the implementation of results-based management.
[13] ADB. 2006. *Managing for Development Results in ADB: Revised Action Plan.* Available: http://www.adb.org/MfDR/actionplan.asp

Appendix 7 for a diagram illustrating ADB's 2006 MfDR Action Plan, and Appendix 8 for a logic model showing how MfDR is thought to result in improved development outcomes for DMCs.

### III.    ADB's COMPLIANCE WITH THE KNOWN REQUIREMENTS FOR MfDR

17.    This chapter examines ADB's situation in relation to the known requirements of MfDR. This chapter also assesses ADB against the MfDR logic model presented in Appendix 8.

18.    The literature review presented in Appendix 6 revealed that the successful implementation of MfDR is dependent upon (i) promoting favorable implementation conditions, (ii) developing performance measurement systems, and (iii) using performance information. To achieve this, the following critical success factors need to be present in an organization:

(i)      strong support from the senior leadership;
(ii)     staff with the necessary skills, receiving appropriate training;
(iii)    an organizational culture that focuses on achieving results;
(iv)     supportive staff management practices and incentives;
(v)      sufficient operational capacity and resources;
(vi)     appropriate management of change process for introducing MfDR; and
(vii)    suitable business systems and processes in place.

19.    The evaluation assessed ADB's compliance with each of these requirements through a staff survey, focus group discussions, and structured interviews.[14] As a part of OED's survey, staff were asked to rate the importance of each of the factors in order for ADB to advance its implementation of MfDR (see Figure 1).

**Figure 1: Importance of Factors for Advancing MfDR in ADB**
(Staff Ratings)
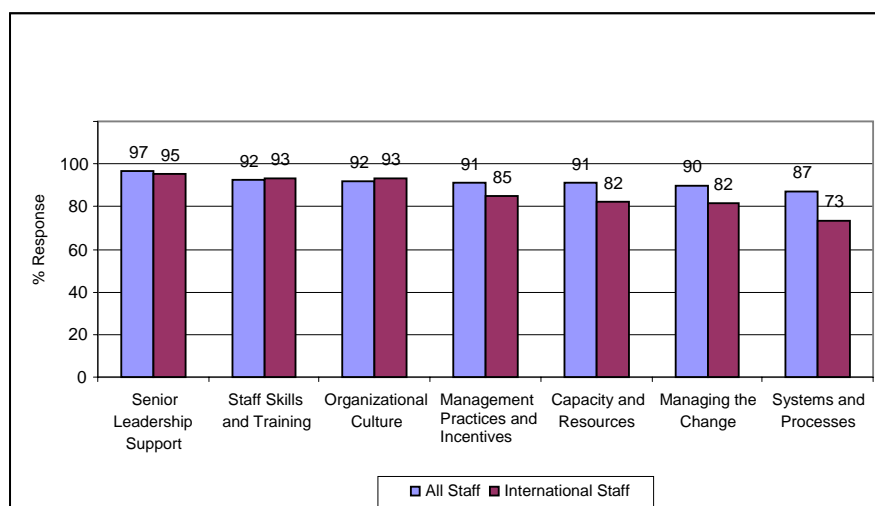


Source: 2007 Operations Evaluation Department staff survey.

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[14] Nine hundred fifty eight staff participated in the OED survey, yielding a 41% response rate and an overall sampling error of $\pm$ 2.5% at the 95% confidence level. In relation to responses provided by international staff only, the sampling error is $\pm$ 5% at the 95% confidence level. Eleven focus groups were conducted with about 150 participants. See Appendixes 1-5 for further details about the evaluation's methodology. The overall response rate for operational departments was 32%, with individual departments ranging from a high of 43% for the Private Sector Operations Department, to a low of 25% for the Pacific Department.

20.    The factors are presented in their order of importance as determined by the staff ratings. It can be seen that senior leadership support, staff skills and training, and organizational culture were rated the most highly. A second tier comprises management practices and incentives, capacity and resources, and managing the change. Business systems and processes were rated as the least important factor, although still important in absolute terms. The following parts of this chapter examine ADB's progress against each of these requirements.

## A.    Senior Leadership Support

21.    One of the important influences that will shape and drive any major reform program in an organization is the active support and commitment of leadership. Thus, the level of support provided by senior management is a critical factor for the successful implementation of MfDR. Survey responses from ADB staff to two questions concerning leadership's support of MfDR are shown in Table 1.

**Table 1: Senior Leadership Support**

| Statement | Frequency with which Responses: | | | |
|---|---|---|---|---|
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** |
| | (% of responses) | | | |
| ADB's Management actively supports the Results Agenda in a tangible way. | 21 | 29 | 33* | 17 |
| There is adequate guidance for staff with regard to ADB's Results Agenda. | 37 | 29 | 26* | 8 |

* = difference between the proportion of Agreed and Disagreed responses is statistically significant at the .05 level.
Note:    Rows do not always sum to 100 due to rounding.
Source:  2007 Operations Evaluation Department staff survey.

22.    Overall, 33% of all staff agreed that "ADB's management actively supports the results agenda in a tangible way." Among operational departments, the South Asia Department was the most positive, with 39% agreeing, while the Central and West Asia Department had the lowest rate of agreement at 22%. Views varied somewhat across different staff groups. Eighteen percent of all international staff agreed, although senior international staff were more positive in their views (31% agreed). Almost half (46%) of the respondents claimed to be neutral in their view or to have no knowledge of this matter. These results raise some questions as to the sufficiency of tangible senior management's support for MfDR.

23.    Twenty-six percent of those surveyed agreed that there was adequate guidance with regard to ADB's Results Agenda, and 37% disagreed. This result is similar to what was found by Universalia in its 2005 staff survey, which asked this same question around 2 years earlier (footnote 3). Among operational departments, the Southeast Asia Department was the most positive (27% agreed), while the East Asia Department was the least positive (13% agreed). For international staff at or above director level, 29% agreed while for international staff below director level, 15% agreed. Thirty-two percent of national officers agreed, as did 30% of administrative staff.

24.    The subject of leadership was also discussed in the 11 focus groups. Leadership support was widely acknowledged in discussions as being a key driver of staff engagement with MfDR. Focus group discussions were consistent with the results of the survey. At one level

MfDR is supported by management based on the ADB President's pronouncements and ADB's policies. At the same time staff believe that senior management's support for MfDR may not always be sustained during policy implementation. Focus group discussions identified that workload pressures and conflicting priorities were partly responsible for this shortfall. Focus groups also identified that senior leaders have the opportunity to demonstrate their support for MfDR by (i) making statements to advocate the benefits of MfDR; (ii) demonstrating a commitment to MfDR in their own work; (iii) through the questions that senior leaders ask of staff and colleagues at meetings; (iv) by taking MfDR considerations into account when making resource allocation decisions; (v) the application of rewards, promotions, and sanctions; and (vi) by senior leaders participating in MfDR training and coaching activities.

## B.    Staff Skills and Training

25.    The international literature indicates that a major hurdle in implementing results-based management is a shortage of organizational experience and expertise as such skills have not previously been required in the organization. MfDR initiatives can yield the desired results only if they are adequately supported by appropriate training and capacity-building programs. The lesson therefore has been to provide training for nearly everyone involved in MfDR.

26.    Since 2006, ADB has offered a range of MfDR training courses, summarized in Appendix 9. Historically, the evaluation of ADB training events is based on participants completing a form at the end of the course, reporting on their reactions to what was delivered, rather than undertaking a more in-depth evaluation of outcomes. Staff responses to OED's survey questions regarding staff skills and training are shown in Table 2.

**Table 2: Skills and Training**

| Statement | Frequency with which Responses: | | | |
|---|---|---|---|---|
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** |
| | (% of responses) | | | |
| I have a clear understanding of what results have to be achieved in my work. | 6 | 9 | 85* | 1 |
| I have the knowledge and skills required to enable me to be results oriented in my work. | 4 | 9 | 86* | 1 |
| The MfDR training I attended has helped me to better achieve results in my work. | 19 | 39 | 41* | 1 |
| The ADB's Results Agenda is clear to me. | 26 | 30 | 36* | 8 |

\* = difference between the proportion of Agreed and Disagreed responses is statistically significant at the .05 level.
Note:    Rows do not always sum to 100 due to rounding.
Source:  2007 Operations Evaluation Department staff survey.

27.    An overwhelming majority of staff (85%) agreed that "I have a clear understanding of what results have to be achieved in my work." This response was common across all categories of staff. Among operational departments, 100% of the Pacific Department agreed, while the Southeast Asia Department was the lowest, at 79% agreement. Similarly, 86% of all staff agreed that they had the knowledge and skills required to enable them to be results oriented in their work. This is comparable to the result obtained by Universalia in its 2005 survey of ADB staff. The survey results were comparable across different operational departments and categories of staff.

28.     Overall, 18% of respondents reported that they had attended an ADB training course on MfDR. Among operational departments, the Pacific Department had the highest participation in training at 53%, and the Private Sector Operations Department the lowest at 19%. Participation rates were similar for staff based in headquarters and resident missions. Virtually no administrative staff have attended MfDR training (4%), while 14% of national officers did so. For international staff, 50% of those at director level or above reported to have attended training, as did 39% of those below director level. This is a significant achievement, but overall, less than 50% of international staff have attended MfDR training.

29.     In the 2006 COMPAS report (footnote 3), ADB indicated that approximately 250 staff received MfDR training in 2006 (which is about 28% of international staff and 19% of operational staff). By way of comparison, the African Development Bank reported that 81% of its professional staff received training in 2006; the Inter-American Development Bank, 48%; the European Bank for Reconstruction and Development, 100% during the 2 years 2005 and 2006; and the World Bank reported that 27% of its operational staff participated in MfDR training during the 2005-06 financial year.

30.     Of those ADB staff who attended MfDR training, 41% agreed that the training had helped them to better achieve results in their work, while 19% disagreed and 40% were not able to say. Among operational departments, the Pacific Department rated MfDR training the highest, as 60% agreed that the training had helped them to better achieve results, while the Private Sector Operations Department gave the lowest rating (20% agreed). For headquarters staff, 36% agreed that the training helped them to better achieve results, while 48% of resident mission staff did so. For staff with less than 2 years of experience in ADB, 70% agreed that the MfDR training was beneficial compared with 35% of those with more than 10 years experience in ADB.

31.     Around one third of respondents (36%) agreed that "ADB's Results Agenda is clear to me", while 26% disagreed. This is comparable to the result obtained 2 years earlier by Universalia. Among operational departments, 42% of the South Asia and Pacific departments agreed while for the Private Sector Operations Department and the East Asia Department roughly 22% of staff did so. For international staff at or above director level, 52% agreed, while only 29% of those below the director level did so. Consistent with this mixed level of familiarity with MfDR, typical comments from focus groups included the following:

> "There is a need for better understanding on basic concepts of MfDR, to identify and define key words for staff to have common understanding."

> "Most staff are not fully aware of the results agenda, do not have a complete picture of what MfDR is and how it affects them and the organization."

> "What is meant by 'results' remains unclear. There is need for analysis or guidelines that define 'development results.' ADB must start having a proper MfDR orientation course."

32.     Eighty-five percent of survey respondents reported that they had a clear understanding of what results they had to achieve in their work and they also believed that they had the knowledge and skills to be results oriented in their work. However, many staff were uncertain about the nature of ADB's results agenda and how MfDR interfaces with their work at the operational level. ADB staff are asking for greater guidance as to what MfDR is, how it relates to their duties, plus practical guidelines and tools to support their efforts.

33.     ADB would benefit from reflecting upon its approach to MfDR training, including how the needs of staff are to be identified, how participation rates can be enhanced, and how best to monitor and evaluate the behavioral outcomes of training activities. ADB staff will need to be better engaged in the MfDR agenda before MfDR can be successfully mainstreamed.

## C.     Organizational Culture

34.     An organization's culture is comprised of assumptions, values, norms, and behaviors of its members but is not synonymous with the nationalities of its staff. Successful implementation of MfDR depends upon an organization's ability to create a culture that is focused on results. An emphasis on outcomes requires first and foremost a performance-oriented management culture which will support and encourage the use of the new management approaches. Traditionally, public sector organizations have had an administrative culture which emphasizes the measurement of inputs and activities, whereas a performance management culture is focused on managing strategies and inputs in order to produce outputs and achieve outcomes. MfDR is a product of western management tradition and as such is perhaps more consistent with a western management style. This makes ADB's adoption of MfDR more challenging. However, ADB's Medium-Term Strategy ll 2006-2008 makes it clear that addressing culture is an important corporate objective for ADB:

> "Enhancing ADB's contribution to country outcomes requires a shift in corporate priorities from an institutional culture that prioritizes loan approval and lending volumes, to a culture where portfolio performance and contribution to country outcomes becomes predominant (page 20)."

35.     Survey responses from ADB staff to questions concerning ADB's culture are shown in Table 3.

### Table 3: Organizational Culture

| Statement | Frequency with which Responses: | | | |
| --- | --- | --- | --- | --- |
| | Disagreed | Neutral | Agreed | Don't Know |
| | (% of responses) | | | |
| In ADB, achieving development objectives is more important than achieving disbursement and lending targets. | 38 | 23 | 29* | 11 |
| The culture in ADB supports the Results Agenda. | 35 | 27 | 29* | 9 |
| ADB is an effective learning organization. | 25 | 15 | 58* | 2 |
| Decision-making is effectively delegated in ADB. | 41 | 21 | 35* | 4 |
| I have the authority to make decisions effectively. | 39 | 30 | 26* | 5 |
| I am encouraged to innovate even if this means making mistakes sometimes. | 30 | 18 | 49* | 3 |
| ADB staff are held accountable for achieving results. | 23 | 20 | 53* | 4 |
| ADB management are held accountable for achieving development results. | 28 | 18 | 45* | 9 |

* = The difference between the proportion of Agreed and Disagreed responses is statistically significant at the .05 level.
Note:     Rows do not always sum to 100 due to rounding.
Source:  2007 Operations Evaluation Department staff survey.

36.     One of the key propositions in the survey was "In ADB, achieving development objectives is more important than achieving disbursement and lending targets." Overall, more respondents disagreed with this statement (38%) than agreed (29%). It appears that staff views have not changed over time, as this result is comparable to those of a 2003 OED survey[15] that had asked a similar question. Among operational departments, the Private Sector Operations Department had the highest level of agreement at 35%, while the South Asia Department had the lowest at 21%. Sixty-four percent of international staff disagreed with the statement compared with 42% of national officers and 16% of administrative staff. Staff in resident missions were more likely to disagree with the statement than headquarters staff (50% versus 35%). Staff with more than 10 years experience in ADB were most likely to agree with the statement (61%), while staff with 2–5 years experience were the least likely to agree (17%).

37.     More staff disagreed (35%) with the statement that "the culture in ADB supports the Results Agenda" than those who agreed (29%). Again, it appears that staff views have not changed over time, as this result is similar to what was found by the 2005 Universalia survey which asked this same question. Among operational departments, the East Asia Department had the highest level of agreement at 32% and the Pacific Department was the lowest at 16%. Results were similar for staff based in headquarters and resident missions. For all international staff, 10% agreed and 62% disagreed with the statement. For international staff at or above director level, 19% agreed, while 9% of international staff below director level did so. Staff who had less than 2 years experience in ADB were the most likely to agree that the culture in ADB supports the results agenda (36%), while staff with 5-10 years experience were the least likely to agree (20%).

38.     Fifty-eight percent of all staff agreed with the statement that "ADB is an effective learning organization." It appears that staff views have not changed over time, as this result is comparable to those of the 2003 OED survey, which asked this same question. Among operational departments, the Pacific Department was the most positive with 58% of staff agreeing, while the Private Sector Operations Department was the least positive with 42% agreeing. Twenty-three percent of international staff agreed, while 54% disagreed. Fifty-eight percent of headquarters staff agreed as did 49% of resident mission staff. Overall, the responses to this question suggest that in the opinion of international staff, ADB is still in the process of transforming itself into a learning organization.

39.     Thirty-five percent of all respondents agreed that decision-making is effectively delegated in ADB, and 41% disagreed. Among operational departments, 33% of the Southeast Asia Department agreed, while 21% of the Pacific Department did so. For international staff, 16% agreed and 65% disagreed. For headquarters staff, 35% agreed and 41% disagreed, while for resident mission staff 30% agreed and 50% disagreed.

40.     Twenty-six percent of all respondents agreed that they have the authority to make decisions effectively, while 39% disagreed. The Private Sector Operations Department was the most positive (31% agreed) while the Pacific Department was the least (21% agreed). For international staff, 48% of those at or above director level agreed, while 23% of those below director level did so. Responses were similar for staff in headquarters and resident missions.

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[15] ADB. 2003. *Special Evaluation Study on Project Performance Management System in the Asian Development Bank and its Projects in Developing Member Countries*. Manila. Available: http://www.adb.org/Documents/SES/RE G/sst-oth-2003-29/ses-ppms.pdf

41.     Forty-nine percent of respondents agreed with the statement that "I am encouraged to innovate even if this means making mistakes sometimes," while 30% disagreed. This result is comparable to the result of the 2003 OED survey, which asked a similar question. Among operational departments 48% of staff from the South Asia Department agreed compared with 37% from the Pacific and East Asia departments. Fifty-seven percent of staff with less than 2 years experience agreed with the statement while 41% of those with 2–10 years experience did so. For international staff, 48% of those at or above director level agreed, while 27% of those below director level did so.

42.     Fifty-three percent of all respondents agreed with the statement, "ADB staff are held accountable for achieving results," while 23% disagreed. This is comparable to the results of the 2005 Universalia survey, which asked this same question. Responses were similar across different operational departments and across staff in headquarters and resident missions. Among international staff at or above director level, 33% agreed and 52% disagreed, while for international staff below director level, 26% agreed and 42% disagreed.

43.     Finally 45% of all respondents agreed that "ADB management are held accountable for achieving development results," while 28% disagreed. Responses were similar across operational departments. Forty-seven percent of headquarters staff agreed with the statement while 33% of resident mission staff did so. For international staff, 16% of respondents agreed while 61% disagreed with the statement which is less positive than the results of the 2005 Universalia survey which asked this same question. One focus group made the point that

> "MfDR is seen as an initiative driven by Strategy and Policy Department wherein the Results Management Unit has undertaken a number of efforts. But the question is whether Director Generals take it up in their own departments. In meetings, are Director Generals focusing on MfDR or discussing loans?"

44.     The survey's results indicate there is a common belief among international staff that ADB's culture emphasizes achieving loan approvals, disbursements and lending targets as opposed to focusing more actively on development results. This issue has been raised by a number of ADB publications in recent years.[16]

45.     Implementing MfDR is a long-term process of change [17] that requires continual refinement and improvement. Currently, ADB is in a state of transition as it progressively adopts MfDR practices (details discussed in Chapter IV E). International experience suggests that appropriate leadership and a sense of shared commitment to the reform process are essential to building a performance-oriented culture.

## D.     Management Practices and Incentives

46.     ADB's 2004 Human Resources Strategy states that *"successful implementation of the MfDR agenda requires a shift in how ADB assesses and rewards performance for all staff, especially managers"* (p. 10). As part of its strategy, ADB is implementing a revised performance management system under which accountability and incentives for the staff

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[16] ADB. 1994. *Report of the Task Force on Improving Project Quality*. Manila.
  ——. 2003. *Enhancing Effectiveness: Managing for Development Results—Discussion Paper*. Manila.
  ——. 2004. *ADF IX Donors Report: Development Effectiveness for Poverty Reduction*. Manila.
  ——. 2006. *Annual Evaluation Review*. Manila.
  ——. 2006. Medium-Term Strategy ll, 2006-2008.
[17] Five to ten years, according to some authors. See the literature review in Appendix 6.

involved in all work areas, including portfolio management and project administration, are being recognized. The process acknowledges the need for staff work plans to be results-based and contain clear expectations of performance. This is expected to promote an outcomes-based organizational culture and higher staff performance. Survey responses from ADB staff to two questions concerning ADB's management practices and incentives are shown in Table 4.

**Table 4: Management Practices and Incentives**

| Statement | Frequency with which Responses: | | | |
|---|---|---|---|---|
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** |
| | | (% of responses) | | |
| HR systems motivate staff to focus on results in their work. | 46 | 22 | 27* | 4 |
| The current incentives encourage staff to manage for development results. | 54 | 25 | 14* | 7 |

\* = difference between the proportion of Agreed and Disagreed responses is statistically significant at the .05 level, HR = human resources.
Note: Rows do not always sum to 100 due to rounding.
Source: 2007 Operations Evaluation Department staff survey.

47. Twenty-seven percent of all respondents agreed with the statement "HR [human resources] systems motivate staff to focus on results in their work" while (46%) disagreed. Among operational departments, 26% of the Pacific Department agreed, which was the highest; the East Asia Department was the lowest at 13%. For international staff, 13% of respondents agreed and 68% disagreed. Administrative staff were much more positive in their views, with 38% agreeing that HR systems motivate staff to focus on results in their work, as did 26% of national officers. Forty-five percent of headquarters staff disagreed, as did 54% of resident mission staff. For ADB staff with less than 2 years experience, 39% agreed with the statement compared with 15% of those with 5–10 years experience.

48. In response to the statement that, "The current incentives encourage staff to manage for development results," 14% of all respondents agreed while 54% disagreed, with the balance neutral (25%) or indicating "don't know" (7%). Among operational departments, the Private Sector Operations Department had the highest level of disagreement at 73%, while the South Asia Department had the lowest at 56%. Responses were similar for staff in headquarters and resident missions, with 14% agreeing and 53% disagreeing. Thirty-six percent of staff with less than 2 years experience in ADB disagreed while for staff with 2-5 years experience 66% disagreed. For international staff, 76% of respondents disagreed with the statement and 5% agreed. For international staff at or above director level, 19% agreed, while for those below director level 2% agreed. Again, administrative staff were more positive in their views compared with international staff, as 21% agreed.

49. Although ADB's new performance assessment system was conceived to promote a meaningful assessment of staff performance with a clear focus on achieving results, in practice, there seem to be a number of problems as reported by focus group participants. There is still a belief that the performance of staff engaged in loan processing and achievement of lending targets is viewed more favorably than that of staff involved in project implementation, administration, or similar work. This is because there is a strong belief that loan approvals, disbursements and lending targets are viewed as the main performance criteria in the organization. Typical comments from focus group participants included the following:

> "ADB is purely target driven and not results driven. The incentive systems in the organization reward project processing. For MfDR to become a mainstream activity, the staff incentive system has to reward project implementation."

> "The current rules and their applications on the ground do not assign any importance to results or operational efficiency and effectiveness. Only financial considerations are viewed as important."

50.     Providing incentives, whether financial or nonfinancial, causes individuals and entire work units to change their behavior and helps communicate what is important to the organization. ADB's 2004 Human Resources Strategy acknowledges that the successful implementation of MfDR requires a shift in how ADB assesses and rewards performance for all staff, especially managers. More recently, OED's 2006 Annual Evaluation Review [18] also identified human resource practices and incentives as an important factor for achieving better development results from ADB operations. The findings of OED's 2007 staff survey and focus groups indicates that HR practices and staff incentives will need to be improved before ADB can successfully mainstream its MfDR agenda.

## E.     Capacity and Resources

51.     Organizational capacity refers to an agency's ability to carry out purposeful action. This capacity is determined by the agency's HR, equipment, and managerial skills as well as the policy environment within which the organization is able to operate. This organizational capacity must then be translated into appropriate policies and programs that are suitably resourced to enable programs to be implemented in a sustainable manner. Responses from staff to survey questions concerning ADB's capacity and resources for implementing MfDR are shown in Table 5.

### Table 5: Capacity and Resources

| Statement | Frequency with which Responses: | | | |
|---|---|---|---|---|
| | Disagreed | Neutral | Agreed | Don't Know |
| | (% of responses) | | | |
| ADB is willing to invest the resources required to support its Results Agenda. | 24 | 20 | 45* | 11 |
| ADB has built its organizational capacity and is now ready to mainstream the MfDR agenda. | 27 | 29 | 20* | 24 |

* = difference between the proportion of Agreed and Disagreed responses is statistically significant at the .05 level.
Note:     Rows do not always sum to 100 due to rounding.
Source:  2007 Operations Evaluation Department staff survey.

52.     With regard to whether ADB is willing to invest the resources required to support its Results Agenda, nearly one half of respondents agreed (45%), which is approximately twice the proportion of staff who disagreed (24%). Among operational departments, responses were quite similar ranging from 44% agreement in the South Asia Department down to 37% agreement in the Central and West Asian Department and the Pacific Department. For staff with less than 2 years experience in ADB, 61% agreed with the statement compared with 34% of staff with 2–5 years experience. For international staff at director level and above, 33% agreed and 43% disagreed, while 17% of those below director level agreed and 49% disagreed. Overall, 19% of

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[18] ADB. 2006. *Annual Evaluation Review*. Manila. Available: http://www.adb.org/Documents/PERs/2006-AER.pdf

international staff agreed that ADB is willing to invest the resources required and 48% disagreed, which is similar to what was found by the 2005 Universalia survey.

53.     Twenty percent of all respondents agreed that "ADB has built its organizational capacity and is now ready to mainstream the MfDR agenda," while 27% disagreed. Among operational departments, 16–21% of departments agreed with the statement, while disagreement ranged from 53% (Pacific Department) to 31% (Private Sector Operations Department). About 24% of headquarters staff disagreed, as did 36% of resident mission staff. For international staff at or above director level, 24% agreed and 48% disagreed, while for staff below director level, 5% agreed and 56% disagreed. It is interesting that 53% of all respondents claimed to be neutral in their view or to have no knowledge of this matter. This would be consistent with staff having a limited awareness of ADB's MfDR initiative and its implementation.

54.     In focus group discussions, many international staff expressed concern about how MfDR is being internalized within ADB. They queried if departments have the required capacity and are providing clear guidelines and internal support to their respective staff to focus on results. Many staff also expressed the need for a clearer explanation of what changes the MfDR initiative is seeking to achieve so that they can better understand it, take ownership of it, and make the necessary adjustments to contribute to it. Several focus groups commented that SPRU was doing its best to support the implementation of MfDR, but the unit was insufficiently resourced to provide proper support and oversee the change process. Finally, several highly experienced operational staff suggested that the easiest way for ADB to improve its developmental effectiveness would be to provide increased resources to support the implementation of projects.

55.     In working towards mainstreaming MfDR ADB is facing challenges similar to those experienced by other development organizations. [19] The majority of international staff are of the view that ADB's approach to MfDR would benefit from increased resources to support the implementation process. A majority of international staff and frontline managers believe that much more needs to be done by ADB to build its organizational capacity before MfDR can be successfully mainstreamed.

## F.     Managing the Change

56.     MfDR represents a fundamentally different approach to management than that traditionally practiced by multilateral development organizations. According to good practice, successfully implementing reforms requires more than issuing new policies and procedures; the change process itself needs to be successfully managed, and staff commitment built through participation. Survey responses from ADB staff to two questions concerning managing the MfDR initiative are shown in Table 6.

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[19] For a discussion of the issues and challenges in mainstreaming development policy initiatives, see Uggla, F. 2007. *Mainstreaming at Sida.* Swedish International Development Cooperation Agency; and the literature review in Appendix 6 for a discussion of the challenges of implementing results-based management.

**Table 6: Change Management**

| Statement | Frequency with which Responses: | | | |
| --- | --- | --- | --- | --- |
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** |
| | (% of responses) | | | |
| ADB has a well articulated action plan and strategy for managing the change process for MfDR. | 21 | 34 | 23 | 23 |
| The implementation of ADB's Results Agenda is well coordinated across the organization. | 35 | 30 | 17* | 19 |

\* = difference between the proportion of Agreed and Disagreed responses is statistically significant at the .05 level.
Note:    Rows do not always sum to 100 due to rounding.
Source:  2007 Operations Evaluation Department staff survey.

57.     Twenty-three percent of respondents agreed that ADB has a well articulated action plan for managing the MfDR change process, while 21% disagreed. More than half (57%) of the respondents claimed to be neutral in their view or to have no knowledge of this matter. Among operational departments and staff from headquarters and resident missions a similar pattern of responses was observed. For international staff, 10% of respondents agreed with the statement and 41% disagreed. National officers and administrative staff were more positive in their views, with 30% agreeing. Views obtained from the focus groups supported the survey results. Many focus group participants indicated that they were somewhat unclear as to the broad definition of MfDR, which hampered their understanding of the concept. This led to confusion over the scope of what MfDR is and how it can be translated into operational practice.

58.     Seventeen percent of respondents reported that the implementation of ADB's Results Agenda was well coordinated across the organization, while 35% disagreed. Half (49%) of the respondents claimed to be neutral in their view or to have no knowledge of this matter. Among operational departments the Private Sector Operations Department was the most positive (23% agreed), while the Pacific Department was the least (5% agreed). For international staff, 6% agreed that ADB's results agenda is well coordinated and 62% disagreed. In focus group discussions many staff expressed concerned about the array of reforms that are taking place in ADB and how all these relate to one another.

59.     The issue of managing the MfDR change process is a concern to international staff. Some focus group participants recognized that MfDR should not be viewed merely as a technical exercise, as it deals with questions of people, resources, management policies, and incentives. Many others indicated a degree of uncertainty or lack of clarity about the Results Agenda, yet recognized the importance of MfDR for improving ADB's ability to report on development effectiveness.

60.     These findings highlight the challenges associated with managing a complex change process. The close linkages between different aspects of MfDR necessitate the development of a coordinated and integrated approach that takes into account the appropriate sequencing of each activity and its application to the different branches within ADB. There is also a belief among some staff that MfDR is chiefly the responsibility of SPRU which limits staff ownership of the initiative.

61.     If ADB's implementation of MfDR is to be successful. There is a need to ensure that the MfDR initiative moves in step with the wider corporate objectives of ADB, that senior leadership

is actively managing the change process,[20] and that operational staff are better engaged with the Results Agenda.

## G.    Business Systems and Processes

62.    A business process is designed to facilitate and achieve a particular business or operational objective. Within ADB there are a number of systems and processes to guide staff and management in their daily tasks. These include planning directions and frameworks for CPSs, various types of flow charts for loan processing, an array of formats and templates for project and program loan-related activities as well as for developing various types of indicators, concept papers, reports, and sector roadmaps. These business systems and processes need to be aligned with MfDR in order to support rather than hinder its implementation.

63.    Many of ADB's business processes and systems have been reengineered to meet new challenges in line with the reorganization of ADB beginning in 2001. This efficiency improvement of business processes was undertaken in three phases through consultations and collaboration with various stakeholders. Survey responses from ADB staff to two questions concerning ADB's systems and processes are shown in Table 7.

**Table 7: Business Systems and Processes**

| Statement | Frequency with which Responses: | | | |
| --- | --- | --- | --- | --- |
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** |
| | (% of responses) | | | |
| ADB business processes adequately support the Results Agenda. | 24 | 29 | 30* | 16 |
| ADB performance information systems adequately support the Results Agenda. | 29 | 28 | 26 | 18 |

* = difference between the proportion of Agreed and Disagreed responses is statistically significant at the .05 level.
Note:     Rows do not always sum to 100 due to rounding.
Source:  2007 Operations Evaluation Department staff survey.

64.    With regard to whether ADB's business processes adequately support the Results Agenda, staff were quite divided in their views, although more agreed than disagreed with the statement, and the difference was significant. Among operational departments the Private Sector Operations Department was the most positive (38% agreed), while the Pacific Department was the least (16% agreed). About 30% of headquarters and resident mission staff agreed with the statement. Staff with less than 2 years experience or more than 10 years experience were the most positive (35% agreed), while 21% of those with 5–10 years experience agreed. For international staff, 13% agreed that ADB business processes adequately support the Results Agenda while 51% disagreed. A common view expressed by international staff in focus groups was that some of ADB's business processes need to be more user friendly. As one focus group member said "There has been a process of simplifying procedures but they are still complex, not user-friendly."

65.    A similar pattern was observed in the responses to the statement "ADB performance information systems adequately support of the Results Agenda," as 26% of respondents agreed, 29% disagreed, and 28% were neutral. Amongst operational departments, the Private Sector Operations Department was the most positive (35% agreed), while the Pacific

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[20] For a discussion of possible approaches for managing this change process, see Horten, K. 2005. *Change Management for MfDR at the Asian Development Bank*. Asian Development Bank.

Department was the least (16% agreed). Responses were similar for headquarters staff and resident missions. For international staff, 8% agreed with the statement while 55% disagreed. For national officers and administrative staff, about 35% of staff agreed. For staff with less than 2 years experience 35% agreed, while 16% of those with 5–10 years experience did so.

66.     Many of ADB's key business processes such as CPSs have been modified to strengthen their focus on results. The CPS revised guidelines incorporate the lessons learned since the initial pilot testing was undertaken. New CPS completion reports now being pilot-tested—have been designed to coincide with the conclusion of the first generation of results-based CPSs. ADB has also made efforts to raise the standard of its design and monitoring frameworks, which form the basis for the design, monitoring, and evaluation of projects and programs. ADB continues to pursue its 2004 information technology strategy,[21] which includes initiatives to support knowledge management, project processing and portfolio management, and program resource management. In addition, ADB has undertaken a preliminary assessment and preparations for developing a corporate-wide management information system to enable the organization to better report the achievement of development results. Nevertheless, staff views about ADB's business systems and processes are quite mixed and, importantly, about 50% of international staff, including directors and above, believe that they do not adequately support MfDR.

67.     While recognizing that progress has been made, focus group participants stressed the need to continue refining ADB's business systems and processes and to ensure that outdated or outmoded processes are removed as they become superseded by MfDR. ADB has made progress, and this needs to be continued.

## H.     Appraisal Against the MfDR Logic Model

68.     The MfDR logic model developed as part of this evaluation (see Appendix 8) identifies three key requirements as the foundation for ADB's achievement of better development results:

(i)     ADB's staff must have the knowledge and skills to manage for results;
(ii)    ADB's internal environment must be consistent with the requirements of MfDR (e.g., learning culture, appropriate incentives); and
(iii)   ADB's policies, systems, and procedures must be aligned with MfDR.

69.     The first two of these requirements (staff knowledge and skills, and ADB's internal environment) have been examined in earlier parts of this chapter. ADB's progress in aligning its policies, systems, and procedures with MfDR is now considered.

70.     ADB's MfDR progress reports[22] to DEC provide a summary of what has been achieved in this area, namely:

(i)     ADB's main efforts in MfDR have centered on work to mainstream results-based CPSs. All new CPSs are now results-based, and staff guidelines have been issued.
(ii)    At the project level, the design and monitoring framework (DMF) was already in use as part of the enhanced project performance management system to improve results orientation in project design and performance monitoring.

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[21] This strategy is part of ADB's overall reform agenda, see: http://www.adb.org/ReformAgenda/initiatives.asp
[22] For example, see ADB. 2007. *Managing for Development Results in ADB: Third Progress Report to DEC.* Manila.

        Guidelines on preparing DMFs have been developed to provide technical support to staff.

(iii)    The Budget, Personnel, and Management System Department, and SPRU have collaborated in the design and implementation of an MfDR Learning and Development Curriculum.

(iv)    Most regional departments are moving to the use of automated management information systems to better capture inputs/outputs; are seeking to improve their use and quality of DMFs; and are considering MfDR issues at departmental retreats.

(v)    To make the corporate-level planning process more results oriented, results frameworks have been designed as part of a number of recent strategy and policy documents and, importantly, have been included in the enhanced Poverty Reduction Strategy, the Work Program and Budget Framework since 2008–2010, and ADB's Reform Agenda.

(vi)    ADB's Human Resources Strategy is intended to usher in a more results-oriented performance management system. A number of the actions under this aim to reinforce ADB's results agenda. In 2005, for the first time, work plans were required at the department, division, and individual staff member levels, with individual work outputs cascading down from the divisional/departmental work plan.

(vii)    Operations vice-presidents are holding development effectiveness meetings with department heads in order to review progress on the MfDR agenda.

71.    ADB has made progress in modifying its policies and procedures to support the adoption of MfDR. Notwithstanding these developments, the results of OED's survey and focus groups show that MfDR is still in the process of being institutionalized within ADB. Hence MfDR is not yet being fully utilized as a management tool to improve decision-making processes. This is consistent with the experiences of other development institutions in that implementing results-based management is a complex process that evolves over a number of years.

## IV.    ASSESSMENT OF ADB's PROGRESS IN ADOPTING MfDR

72.    This chapter examines ADB's progress in adopting MfDR from a number of different perspectives:

(i)    staff perceptions of progress;
(ii)    self-assessments by ADB
    - MfDR progress reports (produced by ADB), and
    - COMPAS reports of 2005 and 2006;
(iii)    external assessment (the 2005 Universalia evaluation report);
(iv)    quality at entry of projects;
(v)    the five stages of managing for results; and
(vi)    the experience of other development institutions.

## A.    Staff Perceptions of Progress

73.    ADB's 2004 Human Resources Strategy [23] identified three key components for successfully implementing the MfDR agenda: (i) accountability for results at all staff levels, (ii) a merit-based HR management system, and (iii) staff awareness and ownership of the MfDR

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[23] ADB. 2004. *Human Resources Strategy*. Manila.

agenda. The survey conducted for this evaluation (footnote 14) also gathered data on staff perceptions of progress. Staff responses to four questions concerning ADB's implementation of MfDR are shown in Table 8.

**Table 8: Perceptions of Progress**

| Statement | Frequency with which Responses: | | | |
| --- | --- | --- | --- | --- |
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** |
| | (% of responses) | | | |
| ADB is increasingly practicing results-based management throughout the organization. | 17 | 27 | 42* | 14 |
| Over the past 2 years I feel ADB has made good progress implementing the Results Agenda. | 21 | 36 | 23 | 20 |
| ADB's Results Agenda is clear to me. | 26 | 30 | 36* | 8 |
| Managing for Development Results is a fad. | 33 | 31 | 26* | 11 |

\* = difference between the proportion of Agreed and Disagreed responses is statistically significant at the .05 level.
Note:    Rows do not always sum to 100 due to rounding.
Source:  2007 Operations Evaluation Department staff survey.

74.     Forty-two percent of all staff agreed that "ADB is increasingly practicing results-based management throughout the organization," with international staff being less positive and more divided in their views (32% agreed and 34% disagreed). Among operational departments, the South Asia Department had the highest level of agreement at 56%, while the Central and West Asia Department had the lowest, with 28% of their staff agreeing. Forty-one percent were neutral or did not know. Staff who had less than 2 years service with ADB were more likely to agree with this statement than staff with a longer period of service. For example, 55% of those with less than two years of experience agreed, compared with 29% of those with 5–10 years of experience.

75.     Twenty-three per cent of all staff agreed that "Over the past 2 years I feel the ADB has made good progress implementing the Results Agenda" and 21% disagreed. International staff were more likely to disagree with the statement; 34% did so. Among operational departments, the South Asia Department had the highest level of agreement at 33%, while the East Asia Department had the lowest, with 8% of their staff agreeing. Fifty-six percent of staff were neutral (36%) or did not know (20%). The responses of staff located in headquarters were very similar to those of staff in resident missions, with roughly equal proportions agreeing and disagreeing. This overall result is similar, although slightly improved, to what was found by Universalia in its 2005 staff survey, which asked this same question (footnote 3).

76.     Staff were divided in their overall responses to the statement, "ADB's Results Agenda is clear to me," with 36% agreeing and 26% disagreeing, although the difference was significant at the 5% level. Twenty-nine percent of international staff below director level agreed with this statement compared with 52% of international staff at or above director level. National officers and administrative staff were both more positive in their views than international staff below director level. Among operational departments, 42% of staff from both the South Asia and Pacific departments agreed, while 23% of the Private Sector Operations Department did so, and 21% of the East Asia department. Responses did not vary according to the person's length of service in ADB. The survey's overall result is comparable to what was found by Universalia in its 2005 survey.

77.     Finally, 33% of all respondents disagreed with the statement "Managing for Development Results is a fad" while 26% agreed. Levels of agreement among operational departments were quite similar, although levels of disagreement ranged from 47% in the Pacific Department down to 24% of the East Asia Department. International staff were significantly more critical of MfDR than were national officers and administrative staff: Thirty-eight percent of all international staff agreed that MfDR was a fad compared with 26% of national officers and 16% of administrative staff. Again, the overall ratings were similar to what was found in the 2005 Universalia survey. Notably, 43% of international staff at or above director level believe that MfDR is a fad.

78.     The results of the focus group discussions were consistent with the survey's findings. Typical comments included the following:

> "Effective information dissemination has to be promoted on every level and things have to be explained as to how MfDR would work and how ADB's Action Plan can be successful starting from the least member of the organization. Create awareness among staff – old and new."

> "The objectives and aim of MfDR are clear to me and the MfDR unit is doing its best, but the unit is thinly resourced to provide proper support and manage the change process."

> "Operational staff are extremely busy with our daily work and have no time to think/look at a more broad picture."

79.     The results of the staff survey and focus groups show that ADB staff are divided in their assessment of ADB's progress in implementing MfDR. It should be a concern that international staff are not more positive in their opinions, and that these views have not improved since the 2005 Universalia survey.

## B.     Self-Assessment by ADB

### 1.     MfDR Progress Reports

80.     As of December 2007, ADB had made four progress reports on MfDR to the DEC.[24] As discussed in Chapter II of this report, ADB's 2006 MfDR Action Plan is based on three pillars[25] and these pillars, are the basis on which ADB monitors its progress in adopting MfDR.

81.     ADB's progress in implementing Pillar 2 is summarized in Table 9, which is based upon ADB's November 2007 MfDR Progress Report,[26] OED's 2007 staff survey, and data obtained from the Central Operations Services Office (COSO) on the proportion of public sector loan projects "at risk" in 2006.

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[24] 24 November 2005, 26 July 2006, 23 March 2007, 26 November 2007.
[25] See Appendix 7 for a diagram of ADB's 2006 MfDR Action Plan.
[26] ADB. 2007. *MfDR Progress Report to the Development Effectiveness Committee.*

**Table 9: ADB's Progress in Implementing MfDR**

| Pillar 2: Enhance ADB's Results Orientation | | | |
|---|---|---|---|
| **Outcomes** | **Performance Indicators** | **Baseline and Target** | **Progress** |
| 2.1  Improved alignment and strategic focus of ADB country strategies and programs | Number of DMCs with formulated results-based CPS | Baseline 2005: 5 DMCs<br><br>2008 target: All DMCs | Revised CPS guidelines were issued in February 2007 and are compulsory for all new CPSs<br><br>Currently 15 DMCs have results-based CPSs |
| 2.2  Improved results-focus of ADB projects | Percentage of project DMF rated satisfactory or better by OED | Baseline 2005 (for 2004 projects and TA): 71% for projects, 35% for TA<br><br>2008 target (for 2007 projects and TA): 85% for projects, 75% for TA | Data not yet available for 2006 projects |
|  | Percentage of public sector loan projects "at risk" | Baseline 2005: 18% for program loans, 11% for project loans<br><br>2008 target: 11% for program loans, 8% for project loans | As of September 2007 16.3% of 2007 program loans and 9.8% of 2007 project loans are "at risk"[a] |
| 2.3 Institutionalized results reporting in ADB corporate management systems | Number of progress reports on MfDR submitted to and accepted by the Management Committee | Baseline 2005: 1<br><br>2006–2008 target: regular semiannual reports | MfDR progress reports were circulated to DEC in July 2006, March 2007 and November 2007. |
|  | 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 | In 2006, 2 meetings on effectiveness and MfDR were chaired by operational vice-presidents. In 2007, one meeting was held. |
| 2.4  Increased staff knowledge of MfDR | Improved quality of results orientation of CPSs (by OED MfDR evaluation in 2009) | None given | No data at this time |
|  | Improved results orientation of DMFs (by OED evaluation in 2007) | None given | Progress has been made. See Chapter IV, Part D of this report |
|  | Participation in MfDR learning programs—senior staff | All concerned directors general, directors, and country directors undertake training by 2007 | OED's 2007 survey shows 50% of staff at director level and above have undertaken MfDR training. |

[a]  Data for 2007 loans will be available in February 2008.

| Pillar 2: Enhance ADB's Results Orientation | | | |
|---|---|---|---|
| Outcomes | Performance Indicators | Baseline and Target | Progress |
| | Participation in MfDR learning programs—team leaders | All CPS and project team leaders and resident mission staff to undertake training by 2007 | OED's 2007 survey shows 78% of resident mission staff have undertaken MfDR training. No data on team leaders. |
| | Participation in MfDR learning program—project staff | All project staff to undertake Project Performance Management System training by 2007 | No data available.[b] |

ADB = Asian Development Bank, CPS = country partnership strategy, DMC = developing member country, DMF = design and monitoring framework, MfDR = managing for development results, OED = operations evaluation department, TA = technical assistance.

[b] The Budget, Personnel, and Management Systems Department (BPMS) advises that, for a variety of reasons, it is very difficult for them to provide data on the percentage of staff in different categories who have received MfDR training. However, BPMS is able to provide figures on the total number of staff who have attended various training courses.

Source: OED based on November 2007 MfDR Progress Report to the Development Effectiveness Committee, 2007 Operations Evaluation Department staff survey, plus data from COSO on the proportion of public sector loan projects "at risk" in 2006.

82.     Examining three MfDR progress reports shows that ADB is undertaking a number of actions in support of the 2006 MfDR Action Plan. However, it is quite difficult to gauge ADB's progress towards the intended outcomes given the limitations of the nominated performance indicators shown in Table 3. The taking of actions to specify expected results in CPSs and DMFs, and staff attendance at training courses do not necessarily mean that MfDR is actually taking place. The only indicator in Table 3 that is outcome related is the percentage of projects at risk, but this indicator has no obvious relationship with ADB's MfDR initiatives. OED has also shown that it is a highly unreliable indicator that underestimates the number that are actually at risk.[27]

83.     Consistent with ADB's "learning by doing" approach to MfDR, when the Action Plan is next revised, the identification and measurement of relevant outcomes for each of the three MfDR pillars need to be strengthened. For example, additional performance indicators for an updated Action Plan include

(i)      client surveys on the adequacy/quality of ADB's MfDR support services,
(ii)     donor surveys regarding the quality of ADB's outcome reporting,
(iii)    quality ratings of ADB's CPSs,[28]
(iv)    ratings by ADB staff and their managers regarding the behavioral outcomes of MfDR training programs,

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[27] ADB. 2006. *Annual Report on Loan and Technical Assistance Portfolio Performance for the Year Ending 31 December 2005.* Manila. Available: http://www.adb.org/Documents/Reports/Portfolio_Performance/2006/RPE-OTH-2006-10.pdf

[28] In 2006, ADB conducted its first quality-at-entry assessment of projects and programs approved in 2004 and 2005 in fulfillment of a commitment under the enhanced poverty reduction strategy. However, the management has yet to issue the report and to date, no moves have been made to institutionalize quality-at-entry assessment. However, the results of the assessment have been quoted in various other reports, and a summary is provided in paras. 95–97.

(v)     annual surveys of ADB staff regarding progress on the critical success factors for implementing MfDR (as was done for this evaluation report, discussed in Chapter III), and

(vi)    independent rating of ADB's reporting on its development effectiveness.

### 2.    COMPAS Reports

84.     The COMPAS is an instrument whereby the five members of the MDB Working Group on Managing for Development Results jointly report on their own performance.[29] MDB performance is self-assessed and reported on with respect to 30 indicators in seven categories: (i) country capacity to manage for development results, (ii) country strategies, (iii) allocation of concessional resources, (iv) projects, (v) institutional learning from operational experience, (vi) results-focused HR management, and (vii) harmonization among development agencies.

85.     This first COMPAS report in 2005[30] revealed that the information available from MDBs on MfDR initiatives was incomplete. Nevertheless, the 2005 report concluded that all MDBs had made good progress in implementing MfDR approaches. The awareness of results management practices was reported to be increasing within MDBs, and frameworks, systems, and procedures were being put in place. The independent evaluation function of the MDBs was also being strengthened. However, the degree of institutionalization of MfDR varied among MDBs as, according to the report, it necessarily takes time to design, approve, and implement new procedures, systems, and approaches. A common challenge was seen as the need to go beyond systems and procedures and to actually use results information to inform learning and decision making.

86.     The 2006 report[31] adopted a number of changes to the indicators so it is not directly comparable to the 2005 report. In addition, the 2006 report did not include an overall summary of the progress being made. Rather it reported against seven categories of indicators. Illustrative findings included the following:

(i)     MfDR is a work in progress. The evaluation of agency effectiveness is best done by those who work in partnership with funding institutions.

(ii)    There is a growing demand in DMCs for MDB assistance to strengthen DMC capacity to manage for development results. MDBs are keen to respond to this growing demand.

(iii)   Where quality is monitored by MDBs, the finding is that there is significant room for improvement in the design of country strategies.

(iv)    All MDBs conduct periodic reviews of project quality at entry (footnote 28). Between 50% and 100% of the projects reviewed received overall ratings of satisfactory or better.

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[29] The five members are the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, and the World Bank.

[30] Multilateral Development Bank Working Group on Managing for Development Results. *Common Performance Assessment System (COMPAS) 2005 Report*. Asian Development Bank. (ADB led the preparation of this report). Available: http://www.adb.org/Documents/Reports/2005-MDB-COMPAS/COMPAS-2005.pdf

[31] Multilateral Development Bank Working Group on Managing for Development Results. *Common Performance Assessment System (COMPAS) 2006 Report.* Inter-American Development Bank (the Inter-American Development Bank led the preparation of this report). Available: http://www.adb.org/Documents/Reports/2006-MDB-COMPAS/COMPAS-2006.pdf

(v)     All MDBs keep track of portfolio performance. The percentage of projects under implementation that have suffered from unsatisfactory progress and/or whose development objectives are unlikely to be achieved varies among MDBs from about 3% to about 25%.[32]

(vi)     All MDBs have independent evaluation offices whose mission is to help promote lesson learning and accountability within them.

(vii)     All MDBs have mechanisms in place to link salary increases to the accomplishment of agreed-upon objectives.[33]

87.     The lack of an overall assessment of the progress being made by MDBs in their implementation of MfDR is a major shortcoming of the 2006 COMPAS report. In addition, the COMPAS would be of more value if it were to report against the "critical success factors" for implementing MfDR that have been identified in the international literature (see Chapter III). The COMPAS would also benefit from the use of a program logic model for MfDR that could be used to guide the identification of relevant progress measures.

88.     Based upon the performance data presented in the 2005 and 2006 COMPAS reports, MfDR-related documents obtained from individual MDBs, and interviews with staff from other development banks (as discussed later in this chapter), OED is of the opinion that ADB's progress and challenges in implementing MfDR are generally comparable to those of other MDBs, averaged across all dimensions.

## C.    External Assessment

89.     In 2005, SPRU commissioned a private consulting firm, Universalia, to undertake an independent evaluation of ADB's MfDR initiative.[34] This study set out to

(i)     identify the then present state of affairs in MfDR at the ADB, with a focus on the organizational strengths and weaknesses for implementing results-based approaches;

(ii)     review the progress made until then in implementing an initial results agenda and compare progress in key areas with that of other MDBs; and

(iii)     identify changes or adjustments that might be needed at different levels in order to enhance MfDR in ADB.

90.     The evaluation found that, from a comparative perspective, the pace of the progress in implementing MfDR made at ADB, as well as the critiques and challenges found along the way, mirrored the experiences of other MDBs. Universalia also found that overall, significant progress

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[32] Within ADB, "there is an apparent disconnect between the project ratings provided by the project/program performance report system during implementation and the actual project outcomes as reported in project/program completion reports. This supports the contention that the project/program performance report system is relatively weak in monitoring or measuring progress toward realizing a project's development objectives" according to ADB. 2006. *Annual Report on Loan and Technical Assistance Portfolio Performance for the Year Ending 31 December 2005.* Manila. Available: http://www.adb.org/Documents/Reports/Portfolio_Performance/2006/RPE- OTH-2006-10. pdf

[33] "ADB's efforts to strengthen the staff performance management system have not addressed the issue of linking the achievement of development results with individual staff assessments" according to ADB. 2006. *Annual Evaluation Review* (page 40). Available at: http://www.adb.org/Documents/PERs/2006-AER.pdf

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

had been made in relation to what ADB set out to do only 18 months prior. ADB had initiated a wide set of institutional reforms aimed at modernizing and improving its performance as an MDB. A wide array of initiatives were underway to improve results orientation at the operational and non-operational levels.

91.    Universalia also identified several limitations in ADB's approach. Although many results-oriented initiatives had emerged, many stakeholders perceived that the initiatives were ad hoc, that they lacked coordination, and that they lacked a sense of priority. The MfDR Agenda—what it included or did not include—was not clear to many of the stakeholders. ADB had not developed an MfDR strategy or framework that had been clearly communicated to all stakeholders. MfDR was an initiative that required major change in the institution, but ADB had not designed, nor was it implementing, a change management strategy to support MfDR.

92.    Universalia made 11 recommendations to support the institutionalization of MfDR within ADB (see Appendix 10). Appropriate governance/management practices would suggest that ADB should have formally documented a response to these recommendations. This response should have indicated whether or not each recommendation was supported, along with a plan and timelines for taking action. In addition, ADB's response should have been presented to the DEC for discussion. In the event, no formal response was prepared. However, the Universalia report was used as an input for ADB's 2006 Revised MfDR Action Plan.

93.    A review of the preamble to the 2006 Revised Action Plan reveals that, while several of Universalia's 11 recommendations are given implicit support (e.g., need for strategic leadership, staff incentives, and change management), these same recommendations have not been explicitly incorporated into the 2006 Plan. ADB's commitment to and progress in implementing these recommendations remain unclear.

## D.    Quality at Entry of Projects and Country Strategies

94.    One of the benefits expected from ADB's adoption of MfDR is an improvement in the quality at entry of its projects. A proxy for the measure of this is the quality of the DMFs.[35] A DMF is a results-based tool that provides structure to the project-planning process, contributing to robust project design and selection while providing the basis for project monitoring and evaluation. Prepared with stakeholder participation, the helps develop stakeholder understanding and ownership of projects.[36]

95.    In 2006, a panel convened by the then Vice-President, Knowledge Management prepared a report to Management on the quality at entry of ADB projects and country strategies approved during 2004-2005. A sample of 31 public sector loan projects approved in 2004 and 2005 (30% sample) was included in the assessment, along with all six country strategies and programs (CSPs) approved in the same years.

96.    Twenty-five (81% of the 31 projects in the sample) were rated as satisfactory or better for quality at entry. Of the 25, 6 (19% of the sample) were rated as highly satisfactory, 19 (61%) as satisfactory and 6 (19%) as marginally satisfactory. None was rated as unsatisfactory. Key messages from the assessment of project quality at entry included the following:

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[35] ADB. 2004. *ADF IX Donors Report: Development Effectiveness for Poverty Reduction*. Manila. Available: http://www.adb.org/Documents/Reports/ADF/IX/ADF-9-Donor-Report.pdf

[36] ADB. 2006. *Guidelines for Preparing a Design and Monitoring Framework*. Manila.

(i) Improvements to project quality at entry will occur when weaknesses are addressed in implementation arrangements, fiduciary aspects, risk assessment, and (to a somewhat lesser extent) development objectives (including evaluability and sustainability) and policy and institutional aspects.

(ii) Greater clarity is required regarding the problems that projects are designed to resolve and consequently, the expected outcomes against which performance will be ultimately assessed. Inadequate performance indicators, a lack of baseline data, and poorly specified monitoring and evaluation arrangements are further problems. The conditions for sustainability need to be more clearly and plausibly addressed.

97. The average score for quality at entry of the six CSPs assessed was 2.3 on a scale of 1 (low) to 4 (high)—that is, between marginally satisfactory and satisfactory but on the lower end. Key messages emerging from the quality-at-entry assessment of CSPs included the following:

(i) Thematic country diagnostics are sometimes good but often overly descriptive and insufficiently analytical. Sector diagnostics tend to be inadequate or missing. A common problem is that diagnostic work is frequently not distilled to identify a set of binding constraints to development, which should provide the rationale and focus for ADB's operations.

(ii) In almost all cases, it is unclear how country diagnostic work has influenced strategies and programs. In fact, it seems it has often had little influence on the choices made. Too often, the diagnostic work is present but it appears to play a minor role. This calls into question the value added of the considerable resources expended in carrying out these studies.

(iii) Useful progress has been made in making CSPs results-based but more progress is required.

98. Since 2000, OED has been monitoring the quality of the DMFs produced during the project design phase for public sector loans and TA. The results of OED's most recent published study (footnote 27) are shown in Table 10.

**Table 10: Design and Monitoring Frameworks Rated Satisfactory or Better Overall**

| Item | 2000 | 2002 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| | | | (%) | | |
| Loans | 32 | 52 | 71 | 83 | 78 |
| Advisory Technical Assistance | 19 | 6 | 35 | 64 | na |
| Regional Technical Assistance | 12 | 0 | 44 | 56 | na |

na = figures not available at this time.
Source: ADB. 2006. *Annual Report on Loan and Technical Assistance Portfolio Performance for the Year Ending 31 December 2005*. Manila. The 2006 data are from unpublished research in progress by the Operations Evaluation Department.

99. OED's 2006 report found that there has been significant improvement in the quality of almost all aspects of the DMFs prepared since 2000 for project and program loans, and for advisory and regional TA, although the average quality of the DMFs prepared for loans remains considerably better than that of the DMFs prepared for TA. OED is currently finalizing its assessment of DMFs for 2006 loan approvals. Preliminary results show a slight decline in the quality of loan DMFs, but further work is ongoing to isolate the effects of changes in the assessment method.

100.    A direct attribution of quality improvements in the loan and TA DMFs over the past few years to particular ADB efforts (including MfDR) cannot be claimed with certainty. Nevertheless, since these improvements have coincided with several initiatives within ADB designed to heighten staff awareness, skills, and utilization of ADB's project performance management system, a cause and effect linkage is plausible.

## E.    Five Stages of Managing for Results

101.    The implementation of managing for results follows a sequence of stages common to all organizational transitions (footnote 2). These are conceptual stages that describe the predominant behaviors of the organization at a particular point in time. A critical point to bear in mind is that no organization fits perfectly into any one stage. A key feature of the more advanced stages is the increasing use of outcome data to supplement activity and output information used in decision making. The stages are as follows:

(i)     **Awareness.** The organization is aware of, but not committed to, managing for results.
(ii)    **Exploration.** The organization begins to commit to managing for results and explores different approaches.
(iii)   **Transition.** The organization has committed itself to managing for results and is attempting to make the transition from previous systems.
(iv)    **Full implementation.** The organization fully implements managing for results in all areas. Resources are allocated and plans are designed to support new practices, not to maintain old and outdated ones.
(v)     **Continuous learning.** The organization periodically adjusts and updates existing tools, methods, and processes that support the application of managing for results.

102.    Table 11 assesses ADB's progress in implementing MfDR against the criteria of the transition and full implementation stages.

**Table 11: Assessment of ADB's Stage of Development**

| Stage of Development | Characteristics | ADB's Progress |
|---|---|---|
| Transition | | |
| | ADB has made a commitment to manage for results | ✓✓ |
| | New policies are being adopted | ✓✓ |
| | New practices are being implemented | ✓✓ |
| | New performance measures are in place | ✓ |
| | Most staff value the benefits of MfDR[a] | − |
| Full implementation | | |
| | MfDR is fully implemented in all areas of ADB | − |
| | Outdated practices have been abandoned | − |
| | Outcome data are systematically used to guide decision making at all levels | − |

− = limited or no progress has been made at this time, ✓ = some progress has been made, ✓✓ = substantial progress has been achieved.
[a]  See Chapter lll of this report for an in-depth discussion of the attitudes of ADB staff towards MfDR.
Source:  Operations Evaluation Department.

103.    Consistent with being in the exploration stage, in 2004 ADB made a formal commitment to the introduction of MfDR and began "learning by doing." ADB has now introduced a range of new (or modified) policies and tools to support the adoption of MfDR. These include: ADB's reform agenda, the Enhanced Poverty Reduction Strategy, Human Resources Strategy, CPS guidelines, DMF guidelines, ADB's new work program and budget framework, and MfDR-related checklists developed for use by senior management. ADB has also taken steps to improve its performance measures in these same areas. Finally, ADB has undertaken some exploratory work in preparation for developing a corporate-wide management information system. This is consistent with ADB being in the transition stage of development. Given that decision making across all levels of ADB is not systematically informed by outcome data, the organization has not yet reached the stage of full implementation.[37]

## F.    Experiences of Other Development Institutions

104.    As part of this evaluation, consultations were held with other development institutions so that ADB could learn from their experiences with MfDR. These teleconference/videoconference discussions provided an opportunity to take stock of what has been achieved to date by other MDBs. This section identifies a number of lessons and views expressed by the various organizations.

### 1.    Canadian International Development Agency (CIDA)

105.    Results-based management (RBM) was introduced in the Canadian Government in 1992. Subsequently it was introduced in CIDA following a strategic management review that addressed the need to "establish a results-oriented and accountable style of operation" and 'improve transparency of results reporting' in line with its Treasury Board requirements.

106.    CIDA pursued development results through its 1994 Corporate Renewal initiative in order to achieve greater efficiency and effectiveness in attaining development impact. Developing and enhancing RBM in CIDA has been an iterative process that has evolved over many years.

107.    RBM in CIDA enjoys the active involvement of top leadership which has been demonstrated through visible support and key messages. CIDA's RBM strategy is based on a corporate logic framework which helps to align its resources with a focus on results. In addition, senior managers encourage and support staff to focus on results by asking questions about how results are being achieved in order to promote an RBM mindset among staff.

108.    CIDA has been advocating the application of RBM for more than a decade. It has put in place performance frameworks that have helped to support the internalization of RBM. [38] Capacity building for RBM was undertaken to provide interested stakeholders with a training tool kit on key RBM concepts and major management tools.[39] This training facilitated a common understanding and integration of major concepts that are the basis for more efficient planning, management and monitoring of CIDA-funded projects and programs. Training courses range

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[37] Focus groups undertaken for this evaluation observed that decision making in ADB is not systematically based on outcome data as this data is not always available. ADB has also reported that its results methodologies are often used for measurement and reporting purposes but not in a systematic manner to support decision making at all levels. See: ADB. 2006. *Managing for Development Results-ADF IX Midterm Review Meeting Frankfurt Germany*. Manila.

[38] Available: http://www.tbs-sct.gc.ca/rpp/0708/cida-acdi/cida-acdi_e.pdf

[39] Available: http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/EMA-218132538-PND

from basic introductory topics (what a result chain is) through to advanced courses on topics such as risk management.

### 2. Department for International Development (DFID)

109. While achieving development results has always been a subject of interest to the United Kingdom's DFID there has been increasing focus in recent years. In 2001, the organization changed its country strategy guidance. Every country program receiving over £20 million per annum produces a country assistance plan including an annual implementation plan that operates within a performance management framework. These reflect a focus on operational level RBM and a link to national poverty strategies through strategic plans with 3- to 5-year time frames.

110. Although DFID did not have a formal MfDR change management process in place during the early stages of reform, it did have structures and systems in place to support MfDR. DFID's overall objectives are based on the Millennium Development Goals and these are then meant to cascade down through divisional plans to individual performance objectives. Senior leadership support is prominent, with encouragement from the Management Board and an official "results champion" who is the head of the Finance and Corporate Management Division. DFID believes that strong top management support has helped significantly to advance its implementation of MfDR.

111. DFID also has a program for staff capacity building. Induction includes orientation to results through training on results frameworks such as logical frameworks. Incentives to focus on results are also in place, with appraisal based on assessment against objectives, informed by a system of 360° feedback. DFID is currently finalizing a Results Action Plan to advance its implementation of MfDR.

### 3. World Bank

112. The World Bank began pursuing its results agenda in the early 1990s when it made a strategic shift to sharpen its focus more on the quality of operations with results as an indicator of aid effectiveness. Implementation of a more specific MfDR plan Bank-wide began in 2002 with actions across the three pillars: (i) to assist countries where development results are achieved, (ii) in the World Bank itself to enhance the relevance and effectiveness of its contribution to results, and (iii) partnership across development agencies. As part of efforts to move forward on results, a Results Steering Group was formed to facilitate communication and coordination among regional and network results teams.

113. In terms of business systems and processes, the World Bank reports considerable progress in modifying key instruments to strengthen its focus on results. It also introduced its results-based country assistance strategies in 2003 on a pilot basis. Results from the pilot experience helped in the development of a framework for linking the Bank's inputs and outputs to country outcomes as well as to new processes and instruments for monitoring and evaluating the Country Assistance Strategies. The Bank has sought to intensify its results measurement efforts through the implementation of the IDA14 Results Measurement System.[40]

114. The World Bank has developed new incentive systems, and contributions of staff continue to be recognized in several forms, many based on nominations by peers. For example,

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[40] Available: http://ddp-ext.worldbank.org/ext/GMIS/gdmis.do?siteId=1&menuId=LNAV01HOME

the President's Awards for Excellence celebrate the outstanding service that World Bank teams provide to clients throughout the world. The International Evaluation Group's Good Practice Awards recognizes outstanding performance in design, implementation, and/or monitoring and evaluation that contributes to positive development outcomes. The World Bank has also enhanced staff capacity to manage for results by providing guidance materials, training sessions for both Washington and country office staff, hands-on guidance in project and country assistance strategy preparation, and courses in monitoring and evaluation.

### 4. International Finance Corporation (IFC)

115. IFC has been giving greater attention to development results since the mid-1990s. In 2005, its ex-post evaluation system was assessed to be close to the Good Practice Standards for Private Sector Evaluation that had been agreed upon among the MDBs.[41] In 2005, IFC introduced a new monitoring system, the Development Outcome Tracking System (DOTS).[42] IFC advises that this system is aligned with the ex-post evaluation system and focuses on four areas of performance: financial performance, broader economic performance, social and economic performance, and private sector development impacts. IFC believes that DOTS provides useful information to support its focus on specific development result targets. IFC has also introduced a corporate scorecard with Board-endorsed development impact targets.

116. In 2005, a Development Effectiveness Unit was established to measure and report on IFC's development results. This unit has also conducted over 40 training events over the past year reaching over 1,200 staff on development results measurement and DOTS.

117. Through its 2007 annual report IFC has started to provide development results for IFC's entire portfolio, including results by region and industry (based on aggregated ratings of individual projects). These development results have been validated by an external assurance provider.

### 5. Inter-American Development Bank (IADB)

118. IADB underwent a major reorganization in July 2006 with the appointment of a new President. The purpose of this restructure was to help IADB to be more relevant to borrowing member countries and more developmentally effective. There is now a realignment of the organization and the adoption of a matrix style structure.

119. IADB is working towards ensuring that its corporate scorecard is cascaded down to every organizational unit and that there are long-term performance awards for successful investments. There is growing support from senior staff for MfDR, and at management meetings discussion is held on issues of development effectiveness.

120. New country strategies have been introduced that have a results focus. In addition, new tools and guidelines have been made available to help staff understand the result focus. At the project level, IADB has been using design and monitoring frameworks for about 10 years. Over the last 4 years, greater emphasis has been given to project quality at entry and to the evaluability of projects.

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[41] See Evaluation Cooperation Group, Documents: Documents – Private Sector Benchmarking. Available: http://www.adb.org/Evaluation/harmonization.asp

[42] Available: http://www.ifc.org/ifcext/annualreport.nsf/AttachmentsByTitle/AR2007_v1_How_We_Measure/$FILE/AR 2007_How_We_Measure.pdf

### 6.     European Bank for Reconstruction and Development (EBRD)

121.    EBRD utilizes a performance system with various indicators that are captured in an institutional scorecard. This scorecard contains quantitative benchmarks for (i) the quality of new business (e.g., the transition impact rating assigned to new projects), (ii) operational performance (e.g., portfolio growth, disbursements and impaired assets), (iii) financial performance (operating profit), and (iv) organizational performance (an index of productivity).

122.    One of the more important RBM initiatives implemented at EBRD in recent years is the introduction of the Transition Impact Monitoring System,[43] which provides semiannual reviews of the transition results for all projects in the portfolio, in the same way as all projects are reviewed semiannually for financial results. These transition impact results are monitored continuously until the EBRD financing is fully repaid.

123.    EBRD aims to ensure the alignment of staff incentives with results by basing its annual performance appraisals of teams and individuals on performance indicators that are in line with those used in the institutional scorecard.

### 7.     Assessment

124.    Most MDBs are pursuing broadly similar programs of reform: introducing independent evaluation units, establishing various forms of executive board oversight for development effectiveness, enhancing business processes and systems, ensuring quality at entry for project implementation, and developing results-based country strategies. Many of the organizations contacted had certain noteworthy practices from which other institutions could learn from. At the same time, there were no easy answers to some of the challenges associated with implementing MfDR, particularly in relation to corporate performance reporting and staff incentives.

125.    An important driving force for reform in all organizations is a high level of external scrutiny. For example, CIDA, DFID, and the World Bank are all actively held to account by multiple stakeholders as well as by the media and nongovernment organizations. The successful implementation of MfDR reforms also depend upon the support and commitment of senior leaders. Several organizations reported that the key to their progress with MfDR was the emergence of one or more senior "champions" within the organization. These champions helped to keep their agency focused on managing for results by advocating the benefits of MfDR, by modeling a commitment to results in their own work, and by asking questions about results in their interactions with staff and colleagues. Finally, all of the organizations consulted acknowledged the importance (and difficulty) of having appropriate staff incentives in place and influencing organizational culture, but some seem to be doing more than others.

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[43] Available: http://www.ebrd.com/country/sector/econo/impact.htm

## V. CONCLUSIONS

### A. ADB's Compliance with the Known Requirements for MfDR

126. The evaluation results presented in Chapter III reveal a mixed picture against the known requirements of MfDR. Some positive findings have been identified along with opportunities for improvement, for example:

(i) Staff view the role of senior management as a key enabler for achieving success in managing for results, and MfDR is supported by management based on the ADB President's pronouncements and ADB's policies. At the same time, staff believe that senior management's support has not always been translated into practice, visibly sustained, or may become diluted during the implementation process.

(ii) Most staff believe that they have a clear understanding of the results they need to achieve in their work, and also that they have the knowledge and skills to be results oriented in their work.

(iii) Staff survey results indicate that there is a common belief among international staff that ADB's culture emphasizes achieving loan approvals, disbursements, and lending targets as opposed to focusing more actively on development results.

(iv) ADB's 2004 Human Resources Strategy acknowledges that the successful implementation of MfDR requires a shift in how ADB assesses and rewards performance for all staff, especially managers. OED's 2006 Annual Evaluation Review also identified management practices and incentives as an important factor for achieving better development results from ADB operations. The findings of the staff survey and focus group meetings conducted for this study indicate that this continues to be an area in which improvements are needed.

(v) ADB staff recognize that ADB has made progress in adapting its policies, procedures, and tools to support MfDR. While recognizing that improvements have been made, focus group participants also stressed the need to continue refining ADB's business systems and processes and to ensure that outdated or outmoded processes are removed as they are superseded by MfDR.

(vi) Many staff were uncertain about the nature of ADB's wider result agenda and how MfDR interfaces with their work at the operational level. ADB staff are asking for greater guidance as to what MfDR is, and how it relates to their duties.

127. Combining the results from Figure 1 (staff ratings of the importance of factors for progressing MfDR within ADB) with the results of Tables 1–7 (staff ratings of ADB's performance against each of these factors) produces the matrix in Figure 2.

**Figure 2: Advancing MfDR in ADB**
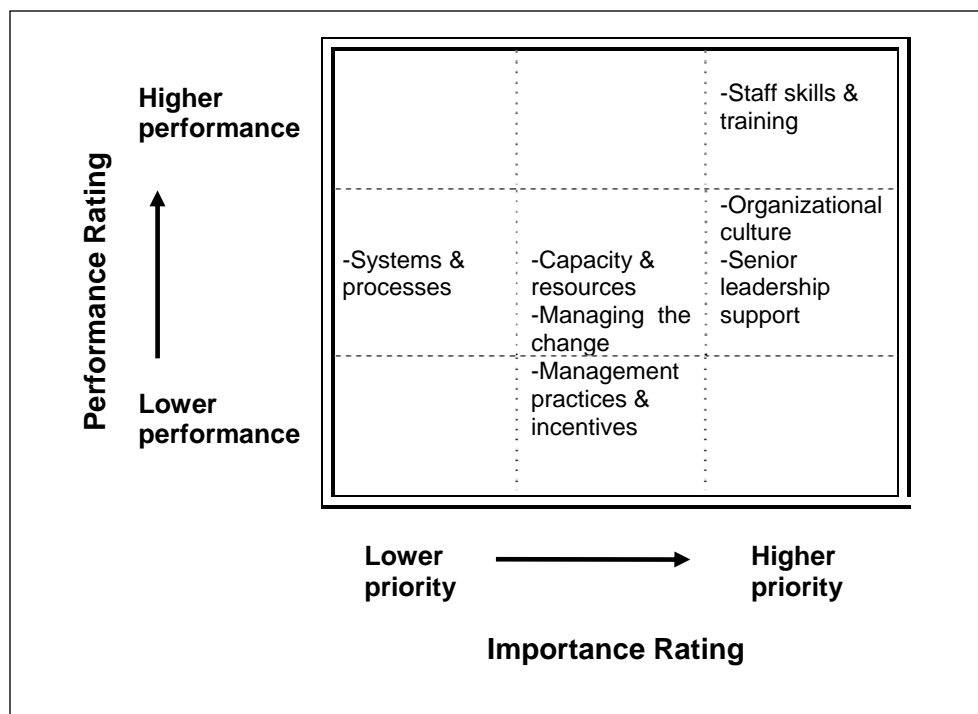


Source: Operations Evaluation Department.

128.    Factors rated by staff as being more important for ADB's progression of MfDR are towards the right hand side of the matrix. Factors for which ADB's current level of performance is rated more highly are towards the top of the matrix. This suggests that, as ADB seeks to advance its implementation of MfDR, priority should be given to factors that are rated as important for pursuing MfDR but for which ADB's current level of performance is rated lower (factors in the lower right hand corner of the matrix). These factors are (i) senior leadership support (demanding and using results), (ii) management practices (holding staff to account for results) and incentives, and (iv) managing the change process. It is the view of the evaluation team that, by attending to these three factors ADB's organizational culture will also be affected.

129.    The findings of this evaluation serve to highlight the challenges associated with managing a complex long-term process of change. ADB's performance against the critical success factors for implementing MfDR is mixed. The international literature and the experiences of other development institutions in conjunction with the results of this evaluation indicate that the use of results by senior management (strong leadership) combined with staff incentives and active management of the change process are the key building blocks for further progressing ADB's MfDR agenda and developing a results-oriented organizational culture.

**B.      Assessment of ADB's Progress in Adopting MfDR**

130.    ADB's progress and challenges in implementing MfDR are generally comparable to those of other MDBs. This is confirmed by the performance data presented in the 2005 and 2006 COMPAS reports, MfDR-related documents obtained from individual MDBs, and consultations undertaken with other development institutions. As international experience shows, implementing MfDR is a complex process that evolves over a number of years.

131.    ADB is currently in a state of transition as it moves towards the full implementation of MfDR. In 2004, ADB made a formal commitment to the introduction of MfDR and began 'learning by doing.' Since that time, ADB has introduced a range of modified policies and new tools to support MfDR, new training courses have been developed, and preliminary work has been undertaken to support the development of a new corporate management information system. However, given that managerial decisions within ADB are not routinely informed by relevant outcome data, the organization has not yet achieved the full implementation of MfDR.

132.    There has been a significant improvement in the quality of DMFs prepared since 2000 for project and program loans, and for advisory and regional TA (even if the quality of the DMFs prepared for loans remains considerably better than that of the DMFs prepared for TA).

133.    ADB's MfDR progress reports to DEC show that ADB is undertaking a number of actions to strengthen its capacity to manage for development results through (i) a results-based CPSs; (ii) results-based approach at the project level; (iii) improvement of results monitoring and reporting throughout its operations; and (iv) learning and development programs, practice notes, guidelines, as well as other publications on MfDR for its managers and staff. However, it is not possible to gauge ADB's progress towards the intended outcomes, given the limitations of the nominated performance indicators and the limited time since its adoption of MfDR.

134.    Results of OED's staff survey and focus groups suggest that ADB staff are divided in their assessment of ADB's progress in implementing MfDR. It is of concern that international staff are not more positive in their opinions, and that these views have not improved since the the 2003 survey by OED and 2005 survey by Universalia. Such a finding raises questions about the level of staff awareness and ownership of the MfDR agenda, and hence how ADB staff can be more effectively engaged in MfDR.

135.    In summary, ADB is advancing MfDR at a rate that is generally comparable to other MDBs. ADB has adopted a number of policies, procedures, and tools to support staff and the organization as it works towards the full implementation of MfDR. The quality of ADB's DMFs is continuing to improve over time, while the results of the staff survey and focus groups suggests, that the engagement and commitment of ADB staff to MfDR is lagging behind ADB's release of new policies and procedures. In some ways this is to be expected, given that ADB's adoption of MfDR is in a transitional stage.

## VI.    OPTIONS FOR ACTION

136.    This chapter offers three scenarios and a recommendation for advancing MfDR within ADB.

## A.    Scenario 1: Maintain Current Level of Effort

Relevance:              This approach is appropriate if it is considered that ADB's implementation of MfDR is progressing satisfactorily and that it could move from the transition stage to the full implementation stage without incremental effort.

Actions required:    ADB continues with its current arrangements and level of effort for the implementation of the 2006 MfDR Action Plan.

Advantages:          (i)      ADB's current approach does not need to be revamped.

          (ii)       Staff will not be asked to absorb any new MfDR initiatives.
          (iii)     No additional expenditures are required.

| | | |
|---|---|---|
| Disadvantages: | (i) | Highly unlikely to result in full implementation of MfDR. |
| | (ii) | Continued criticism from certain stakeholders that progress is too slow. |

| | |
|---|---|
| Resource implications: | For the 3-year period to September 2006, ADB allocated about $4.9 million through its internal administrative expense budget to support MfDR. In September 2006, it was estimated that the quantifiable costs over the following 3 years would reach about 1% of the total net administrative budget. |

| | |
|---|---|
| OED's assessment: | ADB's current MfDR approach has served the organization reasonably well, as it has been seen to be taking actions and has made progress broadly in line with other MDBs. ADB has progressed from a stage of initial awareness into a transitional phase of implementation. However, the success factors identified in Chapter lll will need to be addressed if ADB is to achieve the full implementation of MfDR. |

## B.     Scenario 2: Modest Increase in Effort

| | |
|---|---|
| Relevance: | This approach is appropriate if it is considered that ADB's 2006 MfDR Action Plan is basically sound but that additional effort is required to facilitate the full implementation of MfDR. |

| | |
|---|---|
| Actions required: | In addition to ADB's current range of activities: |

          (i)        senior ADB staff will undertake a self-assessment of their MfDR skills and knowledge using tools developed by SPRU;

          (ii)      all senior staff will participate in a series of MfDR training courses;

          (iii)     a steering group with clear deliverables will be established to guide and oversee ADB's progress in MfDR; this group will comprise vice-presidents and directors generals; its chair will be responsible for reporting to the President and DEC on progress;

          (iv)     senior management will routinely request information on ADB's development effectiveness and use this information as a guide in decision making;

          (v)      after consulting with staff, ADB will try out a range of new incentives to motivate and encourage staff to focus on development results;

          (vi)     MfDR focal persons will be given a more prominent role in coordinating activities and promoting the exchange of experiences among departments to help create a greater level of awareness among staff;

          (vii)    ADB staff will be consulted as to the practical guidance and tools that could be provided to facilitate better understanding of the application of MfDR;

          (viii)   a help-desk facility will be established within SPRU for answering practical queries related to MfDR;

(ix)     SPRU will have a full complement of staff in place rather than carrying vacancies for extended periods of time; and

(x)      ADB to further progress its efforts to enhance the quality of operations at entry and during implementation.

Advantages:          (i)      More likely to achieve full implementation of MfDR albeit still over a number of years.

(ii)     Reduced criticism from certain stakeholders.

Disadvantages:       (i)      This approach will require a reprioritization of effort in a number of areas.

(ii)     ADB has a number of other agendas in process that will be competing against MfDR for the attention of senior managers.

Resource implications:    The impact on ADB's expenditures will not be great but there will be significant impact upon the issues on which senior ADB managers focus and upon how they allocate their time.

OED's assessment:    This is a pragmatic response well within ADB's administrative capacity and resource constraints.

## C.     Scenario 3: Significant Increase in Effort

Relevance:           This approach is appropriate if it is considered that ADB's implementation of MfDR requires considerably more emphasis on changing established practice in order to achieve full implementation in a shorter period of time.

Actions required:    In addition to ADB's current range of activities and the actions suggested under Scenario 2:

(i)      an MfDR executive coaching/mentoring scheme will be established for vice-presidents and director generals;

(ii)     experienced senior staff from other development organizations will be seconded to ADB as part of an exchange program;

(iii)    annual staff surveys will be undertaken to examine ADB's progress against the critical success factors that have been identified in this evaluation;

(iv)     compulsory training will be provided to all staff, with courses tailored to job roles;

(v)      MfDR specialist positions will be established in all operational departments and in resident missions;

(vi)     It will be considered to relocate SPRU to the office of the Managing Director as part of further strengthening ADB's focus on MfDR;

(vii)    more rapid delegation of responsibility and authority will be given to resident missions, with corresponding resources;

(viii)   a comprehensive review of business processes will be made to delegate greater authority to lower levels;

(ix)     a major review will be undertaken of ADB's staff management procedures to identify how these practices can be better aligned

|  | | with MfDR; |
|---|---|---|
| | (x) | there will be a rapid adoption of a balanced scorecard or similar system to strengthen ADB's corporate reporting; |
| | (xi) | a 360 degree staff performance assessment system will be adopted; and |
| | (xii) | a time recording system will be adopted. |

| Advantages: | (i) | Such an approach will support ADB in achieving the full implementation of MfDR in the shortest possible time. |
|---|---|---|
| | (ii) | This option will send a clear message to staff about the importance of MfDR. |
| | (iii) | This option will ensure the least criticism from certain external stakeholders. |

| Disadvantages: | (i) | This approach will require a major cultural shift. |
|---|---|---|
| | (ii) | Implementation of this option may need to be supported by structural adjustments and resource reallocations. |
| | (iii) | A significant change in business processes may have to be agreed upon. |

| Resource implications: | Additional expenditures will be required to run extra training programs and the executive coaching program. There will also be a need to appoint more staff with MfDR expertise. These additional expenses are likely to be in the range of $2 million–$3 million per annum for 3–4 years, not including reallocation costs of staff to resident missions. |
|---|---|

| OED's assessment: | This option facilitates ADB making maximum progress in implementing MfDR but also requires a significant commitment from Management that will need to be reconciled with other organizational priorities. |
|---|---|

## D.    Recommendation

137.    At the September 2007 donors meeting in Sydney Australia, ADB stressed its commitment to increasing the development effectiveness of operations.[44] ADB was of the view that despite its overall progress to date, a number of issues remain. ADB identified the need to intensify its efforts to (i) address portfolio management weaknesses, (ii) implement quality-at-entry assurance systems for CPSs and projects, (iii) improve technical assistance management, (iv) implement the harmonization agenda, (v) promote a knowledge-sharing culture, (vi) implement the Human Resources Strategy, and (vii) mainstream the MfDR agenda.

138.    In seeking to mainstream MfDR, **this evaluation recommends that ADB pursues a course of action similar to that described under Scenario 3: Significantly Increasing Effort.** The details of this approach to be determined as part of ADB's current review of its Long-Term Strategic Framework. The proposed review of the Human Resources Strategy in the context of the Long-Term Strategic Framework, this would be an opportunity to consider how ADB's HR practices could be modified to better support MfDR.

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[44] ADB. 2007. *Effectiveness of Asian Development Fund Operations*. ADF X Donor's Meeting, 13–14 September 2007. Sydney, Australia. Available: http://www.adb.org/Documents/ADF/ADF-X/Effectiveness-of-ADF-Operations.pdf

## EVALUATION METHODOLOGY

1.      The evaluation's methodology consisted of the following key elements:

      (i)      a survey of all Asian Development Bank (ADB) staff (958 responded for a response rate of 41%),

      (ii)      11 focus group discussions with some 150 participants (about 50% of the participants were located in headquarters and 50% were from resident missions),

      (iii)      interviews with some 50 ADB staff members,

      (iv)      consultations with six other development organizations, and

      (v)      a review of relevant documents.

## A.      Staff survey

2.      All permanent ADB staff were asked to complete an internet based survey questionnaire.[1] The survey was conducted July 2–30, 2007. Staff were sent an initial request to participate in the survey via email plus three follow-up reminders in order to achieve the highest possible response rate.

3.      ADB staff were asked about their opinion on a number of statements relating to factors that are deemed important to successfully implement managing for development results (MfDR). These factors are: (i) senior leadership support, (ii) staff skills and training, (iii) organizational culture, (iv) human resource practices and incentives, (v) organizational capacity and resources, (vi) managing change, and (vii) business systems and processes. The survey's questions are shown in Appendix 2 with the survey's results given in Appendix 3.

4.      Self-administered surveys are a useful and effective way of obtaining information on a number of questions, and they offer a number of advantages: (i) they are useful in describing the characteristics of a large population and can be administered from remote locations using electronic means; (ii) very large samples are feasible; (iii) many questions can be asked about a topic, giving considerable flexibility to the analysis; (iv) they are a useful tool to study beliefs, experiences, behaviors, and attitudes as anonymity and privacy encourage more candid and honest responses; and (v) standardized questions make measurement more precise by enforcing uniform definitions upon the participants and the structured questions reduce bias. However, such surveys also have certain limitations: (i) such as respondents cannot ask for clarification if there are any misunderstanding in the questions; (ii) respondents can read the whole questionnaire before answering any questions; (iii) respondents are more likely to stop participating midway through the survey (drop-offs); and (iv) there is a tendency to provide answers in some cases that are viewed as socially desirable instead of expressing personal opinions.

5.      A profile of the 958 staff who responded to the survey is shown in Table A1.1.

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[1]  An online survey tool (www.surveymonkey.com) was employed in administering the survey.

**Table A1.1: Profile of Survey Respondents**

| Item | No. of Responses | % of Respondents |
|---|---|---|
| **Position** | | |
| International staff | 269 | 36 |
| National officers | 152 | 20 |
| Administrative staff | 328 | 44 |
| *Subtotal* | *749* | *100* |
| Not specified | 209 | |
| Total respondents | 958 | |
| **Department** | | |
| CWRD/EARD/PARD/PSOD/SARD/SERD | 342 | 47 |
| BPMSD/SEC/OGC/OAS/CTL/ TD/OIST/COSO/OCRP | 241 | 33 |
| RMU/OSPF/OREI/OAG/DER/SPD/RSDD/ERD/OCO/ OED/ADBI/OPR/VPs/Others | 148 | 20 |
| *Subtotal* | *731* | *100* |
| Not specified | 227 | |
| Total respondents | 958 | |
| **Office location** | | |
| Headquarters (Manila) | 593 | 79 |
| Resident Mission/Others | 156 | 21 |
| *Subtotal* | *749* | *100* |
| Not specified | 209 | |
| Total respondents | 958 | |
| **No. of years worked in ADB** | | |
| Less than 2 years | 156 | 21 |
| 2 years to 5 years | 138 | 18 |
| More than 5 years but less than 10 years | 172 | 23 |
| More than 10 years | 283 | 38 |
| *Subtotal* | *749* | *100* |
| Not specified | 209 | |
| Total respondents | 958 | |

ADB = Asian Development Bank, ADBI = Asian Development Bank institute, BPMS = Budget, Personnel, and Management Systems Department, COSO = Central Operations Services Office, CTL = Controller's Department, CWRD = Central and West Asia Department, DER = Department of External Relations, EARD = East Asia Department, ERD = Economics and Research Department, OAG = Office of the Auditor General, OAS = Office of the Administrative Services, OCO = Office of Cofinancing Operations, OCRP = Office of the Compliance Review Panel, OED = Operations Evaluation Department, OGC = Office of the General Counsel, OIST = Office of Information Systems and Technology, OPR = Office of the  President, OREI = Office of Regional Economic Integration, OSPF = Office of the Special Project Facilitator, PARD = Pacific Department, PSOD = Private Sector Operations Department, RMU = Risk Management Unit, RSDD = Regional and Sustainable Development Department, SARD = South Asia Department, SEC = Office of the Secretary, SERD = Southeast Asia Department, SPD = Strategy and Policy Department, TD = Treasury Department, VP = Vice-President.
Source:  2007 Operations Evaluation Department staff survey.

6.      The survey achieved an overall response rate of 41%. Response rates for individual departments are shown in Table A1.2.

**Table A1.2: Survey Response Rates**

| Department | No. of Staff[a] | Total Responses[b] | % Response Rate |
|---|---|---|---|
| CWRD | 229 | 61 | 26.6 |
| EARD | 147 | 38 | 25.9 |
| PARD | 76 | 19 | 25.0 |
| PSOD | 60 | 26 | 43.3 |
| SARD | 280 | 113 | 40.4 |
| SERD | 278 | 85 | 30.6 |
| Subtotal Operations | 1,070 | 342 | 32.0 |
| BPMSD/SEC/OGC/OAS/CTL/ TD/OIST/COSO/OCRP | 793 | 241 | 30.4 |
| RMU/OSPF/OREI/OAG/DER/SPD/ RSDD/ERD/OCO/OED | 404 | 117 | 29.0 |
| ADBI/OPR/VPs/Others | 51 | 31 | 60.8 |
| Not specified | | *227* | |
| **Total** | **2,318** | **958** | **41.3** |

ADB = Asian Development Bank, ADBI = Asian Development Bank institute, BPMS = Budget, Personnel, and Management Systems Department, COSO = Central Operations Services Office, CTL = Controller's Department, CWRD = Central and West Asia Department, DER = Department of External Relations, EARD = East Asia Department, ERD = Economics and Research Department, OAG = Office of the Auditor General, OAS = Office of the Administrative Services, OCO = Office of Cofinancing Operations, OCRP = Office of the Compliance Review Panel, OED = Operations Evaluation Department, OGC = Office of the General Counsel, OIST = Office of Information Systems and Technology, OPR = Office of the President, OREI = Office of Regional Economic Integration, OSPF = Office of the Special Project Facilitator, PARD = Pacific Department, PSOD = Private Sector Operations Department, RMU = Risk Management Unit, RSDD = Regional and Sustainable Development Department, SARD = South Asia Department, SEC = Office of the Secretary, SERD = Southeast Asia Department, SPD = Strategy and Policy Department, TD = Treasury Department, VP = Vice-President.
[a]  Based on staff list in the ADB portal, as of 27 July 2007.
[b]  Numbers are based on responses for those who made known their department.
Source:  2007 Operations Evaluation Department staff survey.

7.      Given the response rates achieved, the size of the survey's sampling errors at the 95% confidence level are:

|  |  |  |
|---|---|---|
| (i) | For the survey as a whole: | $\pm$ 2.4% |
| (ii) | For operational staff only: | $\pm$ 4.4% |
| (iii) | For nonoperational staff: | $\pm$ 4.1% |
| (iv) | For headquarters staff only: | $\pm$ 3.0% |
| (v) | For resident mission staff: | $\pm$ 6.3% |
| (vi) | For national officers and administrative staff: | $\pm$ 3.7% |
| (vii) | For all International staff: | $\pm$ 5.0% |
| (viii) | For international staff at or above director level: | $\pm$12.4% |

(ix)     For international staff below director level:        $\pm$ 5.4%

8.     Potential bias in the survey was guarded against by:

(i)     pilot testing the survey;
(ii)    comparing the demographics of survey respondents to ADB's demographics; a particular department was over- or under-represented in the survey, their responses were then examined to see if their answers differed from those of other departments;
(iii)   comparing the answers of respondents who participated the survey in its early stages with those who participated in the middle stages and with those who participated in the survey's final days; and
(iv)    triangulating survey responses with the results of focus group discussions and individual interviews, and the international literature.

## B.     Focus Groups

9.     A series of focus group discussions were held during the period 17-25 July 2007 using the Focus Group Discussion Guide presented in Appendix 4. Participants were recruited through email invitations sent to departments and resident missions asking for nominations of at least 5 individual staff members (two International staff, two national officers and one administrative staff). A total of 11 focus groups were held with some 150 participants. About 50% of the participants were located in headquarters and 50% were from resident missions. Some 46% of the participants were international staff, 37% were national officers and 16% were administrative staff. Focus group sessions were organized as follows:

Group 1   -   VRM, LRM, TRM, MNRM, CARM, IRM
Group 2   -   PARD, SPSO, SEC, RSDD, PLCO
Group 3   -   INRM
Group 4   -   CTL, COSO, OAS
Group 5   -   AFRM, NRM, SLRM
Group 6   -   SARD, OREI, OAS, SPD
Group 7   -   URM, KYRM, TJRM
Group 8   -   SERD, PSOD, TD
Group 9   -   EARD, PRCM
Group 10 -   BRM
Group 11 -   CWRD, ERD

## C.     Interviews

10.    During the course of the evaluation, interviews were conducted with about 50 individuals representing a range of functions within ADB, including the Management, Directors General, Deputy Directors General, Directors, Levels 1–6 Professional Staff, Local Staff, and former Development Effectiveness Committee Chair and members.

## D.     Consultations with Development Organizations

11.    Videoconference/teleconference discussions were held with the following organizations:

(i)     Canadian International Development Agency
(ii)    Department for International Development, United Kingdom

        (iii)      World Bank
        (iv)      International Finance Corporation
        (v)       Inter-American Development Bank
        (vi)      European Bank for Reconstruction and Development

12.     Discussions were based on the structured guide presented in Appendix 5. Agencies were provided with a copy of the guide in advance to facilitate their consideration of the issues to be covered.

## SURVEY QUESTIONNAIRE

**A.      Instructions**

The purpose of this survey is to assess ADB's progress in implementing its Managing for Development Results (MfDR) initiative. Your feedback will help ADB to further strengthen MfDR.

For the purpose of this survey, "results," "results agenda," and "development results" refer to the achievement of outputs, outcomes, and impacts. Depending upon the role of your work unit, these achievements will be targeted to internal ADB clients or developing member countries.

Please feel free to be as candid as possible. All of your responses will be kept confidential. Survey results will only be reported on a group basis, and no individuals will be identified.

The survey is expected to take 10–15 minutes to complete. Should you need to stop midway and exit the survey, please resume answering the questionnaire through the link provided using the same computer.

It is anticipated that the MfDR evaluation report will be completed by the end of the year and it will be provided to the ADB Board, management and staff. Should you have any questions/clarifications, please contact/email us at mcasuga@adb.org.

Many thanks for your participation.

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**B.      The Survey**

Please indicate if you Strongly Disagree, Disagree, Neither Disagree/Agree, Agree, or Strongly Agree with the following statements. If you do not have any knowledge about what is stated, please mark Don't Know.

**1.      ADB is a results-oriented organization.**

|     | Strongly Disagree |
|-----|-------------------|
|     | Disagree |
|     | Neither Agree nor Disagree |
|     | Agree |
|     | Strongly Agree |
|     | Don't Know |

**2.      ADB is an effective learning organization.**

|     | Strongly Disagree |
|-----|-------------------|
|     | Disagree |
|     | Neither Agree nor Disagree |
|     | Agree |
|     | Strongly Agree |
|     | Don't Know |

**3.    I am encouraged to innovate even if this means making mistakes sometimes.**

| | |
|---|---|
| ☐ | Strongly Disagree |
| ☐ | Disagree |
| ☐ | Neither Agree nor Disagree |
| ☐ | Agree |
| ☐ | Strongly Agree |
| ☐ | Don't Know |

**4.    Decision-making is effectively delegated in ADB.**

| | |
|---|---|
| ☐ | Strongly Disagree |
| ☐ | Disagree |
| ☐ | Neither Agree nor Disagree |
| ☐ | Agree |
| ☐ | Strongly Agree |
| ☐ | Don't Know |

**5.    In ADB achieving development objectives is more important than achieving disbursement and lending targets.**

| | |
|---|---|
| ☐ | Strongly Disagree |
| ☐ | Disagree |
| ☐ | Neither Agree nor Disagree |
| ☐ | Agree |
| ☐ | Strongly Agree |
| ☐ | Don't Know |

**6.    The ADB is willing to invest the resources required to support its Results Agenda.**

| | |
|---|---|
| ☐ | Strongly Disagree |
| ☐ | Disagree |
| ☐ | Neither Agree nor Disagree |
| ☐ | Agree |
| ☐ | Strongly Agree |
| ☐ | Don't Know |

**7.    I have the authority to make decisions effectively.**

| | |
|---|---|
| ☐ | Strongly Disagree |
| ☐ | Disagree |
| ☐ | Neither Agree nor Disagree |
| ☐ | Agree |
| ☐ | Strongly Agree |
| ☐ | Don't Know |

**8.    The ADB's Results Agenda is clear to me.**

| | |
|---|---|
| ☐ | Strongly Disagree |

☐ Disagree
☐ Neither Agree nor Disagree
☐ Agree
☐ Strongly Agree
☐ Don't Know

**9.      ADB staff are held accountable for achieving results.**

☐ Strongly Disagree
☐ Disagree
☐ Neither Agree nor Disagree
☐ Agree
☐ Strongly Agree
☐ Don't Know

**10.     ADB management are held accountable for achieving development results.**

☐ Strongly Disagree
☐ Disagree
☐ Neither Agree nor Disagree
☐ Agree
☐ Strongly Agree
☐ Don't Know

**11.     The culture in ADB supports the Results Agenda.**

☐ Strongly Disagree
☐ Disagree
☐ Neither Agree nor Disagree
☐ Agree
☐ Strongly Agree
☐ Don't Know

**12.     Managing for Development Results is a fad.**

☐ Strongly Disagree
☐ Disagree
☐ Neither Agree nor Disagree
☐ Agree
☐ Strongly Agree
☐ Don't Know

**13.     I have a clear understanding of what results have to be achieved in my work.**

☐ Strongly Disagree
☐ Disagree
☐ Neither Agree nor Disagree
☐ Agree
☐ Strongly Agree

[ ]  Don't Know

**14.    I have the knowledge and skills required to enable me to be results oriented in my work.**

[ ]  Strongly Disagree
[ ]  Disagree
[ ]  Neither Agree nor Disagree
[ ]  Agree
[ ]  Strongly Agree
[ ]  Don't Know

**15.    There is adequate guidance for staff with regard to ADB's Results Agenda.**

[ ]  Strongly Disagree
[ ]  Disagree
[ ]  Neither Agree nor Disagree
[ ]  Agree
[ ]  Strongly Agree
[ ]  Don't Know

**16.    Have you attended an ADB training course on MfDR?**

[ ]  Yes
[ ]  No

**NOTE:**  If YES to question 16, proceed to question 17.  If NO, skip to question 18.

**17.    The MfDR training I attended has helped me to better achieve results in my work.**

[ ]  Strongly Disagree
[ ]  Disagree
[ ]  Neither Agree nor Disagree
[ ]  Agree
[ ]  Strongly Agree
[ ]  Don't Know

**18.    ADB business processes adequately support the Results Agenda.**

[ ]  Strongly Disagree
[ ]  Disagree
[ ]  Neither Agree nor Disagree
[ ]  Agree
[ ]  Strongly Agree
[ ]  Don't Know

**19.    ADB performance information systems adequately support the Results Agenda.**

[ ]  Strongly Disagree

☐ Disagree
☐ Neither Agree nor Disagree
☐ Agree
☐ Strongly Agree
☐ Don't Know

**20.    ADB has built its organizational capacity and is now ready to mainstream the MfDR agenda.**

☐ Strongly Disagree
☐ Disagree
☐ Neither Agree nor Disagree
☐ Agree
☐ Strongly Agree
☐ Don't Know

**21.    The implementation of ADB's Results Agenda is well coordinated across the organization.**

☐ Strongly Disagree
☐ Disagree
☐ Neither Agree nor Disagree
☐ Agree
☐ Strongly Agree
☐ Don't Know

**22.    ADB's Management actively supports the Results Agenda in a tangible way.**

☐ Strongly Disagree
☐ Disagree
☐ Neither Agree nor Disagree
☐ Agree
☐ Strongly Agree
☐ Don't Know

**23.  HR systems motivate staff to focus on results in their work.**

☐ Strongly Disagree
☐ Disagree
☐ Neither Agree nor Disagree
☐ Agree
☐ Strongly Agree
☐ Don't Know

**24.  The current incentives encourage staff to manage for development results.**

☐ Strongly Disagree
☐ Disagree
☐ Neither Agree nor Disagree

| | Agree |
| | Strongly Agree |
| | Don't Know |

**25.    Over the past two years I feel the ADB has made good progress implementing the Results Agenda.**

| | Strongly Disagree |
| | Disagree |
| | Neither Agree nor Disagree |
| | Agree |
| | Strongly Agree |
| | Don't Know |

**26.    ADB is increasingly practicing results-based management throughout the organization.**

| | Strongly Disagree |
| | Disagree |
| | Neither Agree nor Disagree |
| | Agree |
| | Strongly Agree |
| | Don't Know |

**27.    ADB has a well articulated Action Plan and strategy for managing the change process for MfDR.**

| | Strongly Disagree |
| | Disagree |
| | Neither Agree nor Disagree |
| | Agree |
| | Strongly Agree |
| | Don't Know |

**28.    International experience suggests that there are a number of critical factors for the successful implementation of MfDR. These critical factors are listed below. We would appreciate your help in identifying which of these factors are the most important for ADB to further progress its implementation of MfDR. On a scale of 1 to 5, with 5 as Very Important and 1 as Not Important, please indicate the level of importance of each of these factors by marking the appropriate column.**

| | 5 - Very Important | 4 - Important | 3 - Somewhat Important | 2 - Slightly Important | 1 - Not Important |
|---|---|---|---|---|---|
| a) Organizational Culture | | | | | |
| b) Staff Skills and Training | | | | | |
| c) Senior Leadership Support | | | | | |
| d) Managing the Change | | | | | |
| e) Systems and Processes | | | | | |

| | 5 - Very Important | 4 - Important | 3 - Somewhat Important | 2 - Slightly Important | 1 - Not Important |
|---|---|---|---|---|---|
| f) HR Practices and Incentives | | | | | |
| g) Capacity and Resources | | | | | |

**29.    Please provide your suggestions/comments as how to further improve the implementation of MfDR within ADB.**

_____
_____
_____
_____

**NOTE:** It will greatly help the evaluation team if you will complete the following demographic questions. We reassure you that all responses will be kept confidential. Survey results will only be reported on a group basis and no individuals will be identified.

**30.    Position/Level**

[ ]    International staff member at Director level or above
[ ]    International staff member at below Director level
[ ]    National officer
[ ]    Administrative staff

**31.    Department**

[ ]    CWRD
[ ]    EARD
[ ]    PARD
[ ]    PSOD
[ ]    SARD
[ ]    SERD
[ ]    BPMSD/SEC/OGC/OAS/CTL/TD/OIST/COSO/OCRP
[ ]    RMU/OSPF/OREI/OAG/DER/SPD/RSDD/ERD/OCO/OED

**32.    Office Location**

[ ]    Headquarters (Manila)
[ ]    Resident Mission

**33.    No. of years worked in ADB**

[ ]    Less than two (2) years
[ ]    Two (2) years to five (5) years
[ ]    More than five (5) years but less than 10 years
[ ]    More than 10 years

********************************************************************************************************

**Thank you for your support and cooperation in completing this survey.**

Should you have questions about MfDR or the survey, please contact us at:

1) mcasuga@adb.org, Magdalena S. Casuga, Consultant, OED1, local 70382; or
2) mmahalingham@adb.org, M Mahalingam, ADB Consultant, OED1, local 70395; or
3) onuestro@adb.org, Maria Olivia Nuestro, Evaluation Officer, OED1, local 6241; or
4) sbayley@adb.org, J. Scott Bayley, Evaluation Specialist, OED1, local 5753.

## SURVEY RESULTS

| Questionnaire | Frequency with which Response was: | | | | |
| --- | --- | --- | --- | --- | --- |
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** | **Total N** |
| | % of responses | | | | |

### Q1. ADB is a results-oriented organization

| Questionnaire | Disagreed | Neutral | Agreed | Don't Know | Total N |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 20 | 15 | 62 | 3 | 958 |
| **By position/level** | | | | | |
| International staff member at director level or above | 36 | 12 | 52 | 0 | 42 |
| International staff member below director level | 45 | 23 | 31 | 1 | 227 |
| All international staff | 43 | 21 | 34 | 1 | 269 |
| National officers | 16 | 16 | 66 | 1 | 152 |
| Administrative staff | 8 | 9 | 80 | 3 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 22 | 15 | 61 | 2 | 588 |
| Resident mission/others | 23 | 15 | 58 | 4 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 17 | 14 | 65 | 5 | 155 |
| 2 years to 5 years | 29 | 14 | 55 | 1 | 138 |
| More than 5 years but less than 10 years | 27 | 21 | 51 | 2 | 168 |
| More than 10 years | 19 | 13 | 67 | 1 | 281 |

### Q2. ADB is an effective learning organization

| Questionnaire | Disagreed | Neutral | Agreed | Don't Know | Total N |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 25 | 15 | 58 | 2 | 958 |
| **By position/level** | | | | | |
| International staff member at director level or above | 45 | 17 | 38 | 0 | 42 |
| International staff member below Director level | 55 | 22 | 21 | 3 | 227 |
| All international staff | 54 | 21 | 23 | 2 | 269 |
| National officers | 17 | 17 | 64 | 2 | 152 |
| Administrative staff | 9 | 10 | 79 | 2 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 26 | 14 | 58 | 2 | 588 |
| Resident mission/others | 28 | 21 | 48 | 4 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 17 | 12 | 67 | 4 | 155 |
| 2 years to 5 years | 31 | 20 | 46 | 3 | 138 |
| More than 5 years but less than 10 years | 33 | 20 | 45 | 1 | 168 |
| More than 10 years | 25 | 13 | 61 | 1 | 281 |

| Questionnaire | Frequency with which Response was: | | | | Total N |
|---|---|---|---|---|---|
| | Disagreed | Neutral | Agreed | Don't Know | |
| | | % of responses | | | |

**Q3. I am encouraged to innovate even if this means making mistakes sometimes**

| | Disagreed | Neutral | Agreed | Don't Know | Total N |
|---|---|---|---|---|---|
| **Overall result** | 30 | 18 | 49 | 3 | 927 |
| **By position/level** | | | | | |
| International staff member at director level or above | 38 | 14 | 48 | 0 | 42 |
| International staff member below Director level | 51 | 22 | 27 | 1 | 227 |
| All international staff | 49 | 20 | 30 | 1 | 269 |
| National officers | 26 | 19 | 53 | 3 | 152 |
| Administrative staff | 19 | 15 | 62 | 5 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 29 | 19 | 50 | 2 | 588 |
| Resident mission/others | 35 | 15 | 43 | 6 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 20 | 18 | 57 | 5 | 155 |
| 2 years to 5 years | 37 | 20 | 41 | 1 | 138 |
| More than 5 years but less than 10 years | 35 | 20 | 41 | 4 | 168 |
| More than 10 years | 31 | 16 | 51 | 2 | 281 |

**Q4. Decision-making is effectively delegated in ADB**

| | Disagreed | Neutral | Agreed | Don't Know | Total N |
|---|---|---|---|---|---|
| **Overall result** | 41 | 21 | 35 | 4 | 927 |
| **By position/level** | | | | | |
| International staff member at director level or above | 69 | 12 | 19 | 0 | 42 |
| International staff member below Director level | 64 | 19 | 15 | 2 | 227 |
| All international staff | 65 | 18 | 16 | 2 | 269 |
| National officers | 35 | 25 | 38 | 2 | 152 |
| Administrative staff | 29 | 20 | 48 | 3 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 41 | 21 | 35 | 3 | 588 |
| Resident mission/others | 50 | 17 | 30 | 3 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 34 | 19 | 41 | 6 | 155 |
| 2 years to 5 years | 44 | 26 | 26 | 4 | 138 |
| More than 5 years but less than 10 years | 52 | 15 | 32 | 1 | 168 |
| More than 10 years | 41 | 21 | 36 | 2 | 281 |

| Questionnaire | Frequency with which Response was: | | | | |
| --- | --- | --- | --- | --- | --- |
| | Disagreed | Neutral | Agreed | Don't Know | Total N |
| | % of responses | | | | |

**Q5.  In ADB achieving development objectives is more important than achieving disbursement and lending targets.**

| | Disagreed | Neutral | Agreed | Don't Know | Total N |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 38 | 23 | 29 | 11 | 904 |
| **By position/level** | | | | | |
| International staff member at director level or above | 55 | 21 | 24 | 0 | 42 |
| International staff member below Director level | 66 | 14 | 16 | 4 | 227 |
| All international staff | 64 | 15 | 17 | 3 | 269 |
| National officers | 42 | 25 | 24 | 9 | 152 |
| Administrative staff | 16 | 30 | 38 | 16 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 35 | 24 | 29 | 12 | 588 |
| Resident mission/others | 50 | 21 | 24 | 5 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 44 | 20 | 34 | 2 | 41 |
| 2 years to 5 years | 48 | 25 | 17 | 10 | 224 |
| More than 5 years but less than 10 years | 17 | 24 | 53 | 7 | 150 |
| More than 10 years | 9 | 16 | 61 | 15 | 327 |

**Q6.  The ADB is willing to invest the resources required to support its Results Agenda**

| | Disagreed | Neutral | Agreed | Don't Know | Total N |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 24 | 20 | 45 | 11 | 904 |
| **By position/level** | | | | | |
| International staff member at director level or above | 43 | 21 | 33 | 2 | 42 |
| International staff member below Director level | 49 | 25 | 17 | 10 | 227 |
| All international staff | 48 | 24 | 19 | 9 | 269 |
| National officers | 18 | 24 | 52 | 7 | 152 |
| Administrative staff | 9 | 16 | 60 | 15 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 24 | 21 | 44 | 11 | 588 |
| Resident mission/others | 24 | 21 | 45 | 10 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 14 | 12 | 61 | 14 | 155 |
| 2 years to 5 years | 28 | 22 | 34 | 16 | 138 |
| More than 5 years but less than 10 years | 29 | 26 | 35 | 10 | 168 |
| More than 10 years | 24 | 22 | 46 | 7 | 281 |

| Questionnaire | Frequency with which Response was: | | | | Total N |
|---|---|---|---|---|---|
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** | |
| | | **% of responses** | | | |

**Q7. I have the authority to make decisions effectively**

| | | | | | |
|---|---|---|---|---|---|
| **Overall result** | 39 | 30 | 26 | 5 | 892 |
| **By position/evel** | | | | | |
| International staff member at director level or above | 40 | 12 | 48 | 0 | 42 |
| International staff member below Director level | 46 | 29 | 23 | 2 | 227 |
| All international staff | 45 | 26 | 27 | 1 | 269 |
| National officers | 33 | 33 | 30 | 4 | 152 |
| Administrative staff | 41 | 28 | 24 | 7 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 39 | 29 | 27 | 5 | 588 |
| Resident mission/others | 45 | 25 | 26 | 4 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 39 | 28 | 26 | 7 | 155 |
| 2 years to 5 years | 43 | 23 | 29 | 5 | 138 |
| More than 5 years but less than 10 years | 45 | 31 | 22 | 2 | 168 |
| More than 10 years | 38 | 29 | 28 | 5 | 281 |

**Q8.  The ADB's Results Agenda is clear to me**

| | | | | | |
|---|---|---|---|---|---|
| **Overall result** | 26 | 30 | 36 | 8 | 892 |
| **By position/level** | | | | | |
| International staff member at director level or above | 26 | 21 | 52 | 0 | 42 |
| International staff member below Director level | 42 | 26 | 29 | 4 | 227 |
| All international staff | 40 | 25 | 32 | 3 | 269 |
| National officers | 23 | 28 | 44 | 5 | 152 |
| Administrative staff | 19 | 34 | 35 | 13 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 27 | 31 | 35 | 7 | 588 |
| Resident mission/others | 28 | 26 | 37 | 9 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 28 | 23 | 39 | 10 | 155 |
| 2 years to 5 years | 33 | 25 | 32 | 10 | 138 |
| More than 5 years but less than 10 years | 31 | 33 | 31 | 5 | 168 |
| More than 10 years | 22 | 35 | 37 | 7 | 281 |

| Questionnaire | Frequency with which Response was: | | | | Total N |
|---|---|---|---|---|---|
| | Disagreed | Neutral | Agreed | Don't Know | |
| | % of responses | | | | |

**Q9. ADB staff are held accountable for achieving results**

| | Disagreed | Neutral | Agreed | Don't Know | Total N |
|---|---|---|---|---|---|
| **Overall result** | 23 | 20 | 53 | 4 | 882 |
| **By position/level** | | | | | |
| International staff member at director level or above | 52 | 14 | 33 | 0 | 42 |
| International staff member below Director level | 42 | 29 | 26 | 3 | 227 |
| All international staff | 44 | 26 | 27 | 3 | 269 |
| National officers | 20 | 22 | 56 | 1 | 152 |
| Administrative staff | 8 | 15 | 72 | 5 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 22 | 20 | 54 | 3 | 588 |
| Resident mission/others | 28 | 21 | 47 | 4 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 17 | 15 | 62 | 6 | 155 |
| 2 years to 5 years | 30 | 19 | 49 | 3 | 138 |
| More than 5 years but less than 10 years | 25 | 27 | 44 | 4 | 168 |
| More than 10 years | 21 | 21 | 55 | 2 | 281 |

**Q10. ADB management are held accountable for achieving development results**

| | Disagreed | Neutral | Agreed | Don't Know | Total N |
|---|---|---|---|---|---|
| **Overall result** | 28 | 18 | 45 | 9 | 882 |
| **By position/level** | | | | | |
| International staff member at director level or above | 57 | 24 | 19 | 0 | 42 |
| International staff member below Director level | 62 | 15 | 15 | 7 | 227 |
| All international staff | 61 | 17 | 16 | 6 | 269 |
| National officers | 22 | 24 | 45 | 9 | 152 |
| Administrative staff | 8 | 16 | 67 | 9 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 30 | 16 | 47 | 7 | 588 |
| Resident mission/others | 31 | 23 | 34 | 12 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 21 | 14 | 54 | 11 | 155 |
| 2 years to 5 years | 35 | 14 | 39 | 12 | 138 |
| More than 5 years but less than 10 years | 38 | 20 | 35 | 8 | 168 |
| More than 10 years | 27 | 21 | 47 | 4 | 281 |

| Questionnaire | Frequency with which Response was: | | | | Total N |
|---|---|---|---|---|---|
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** | |
| | | % of responses | | | |

**Q11.  The culture in ADB supports the Results Agenda**

| | | | | | |
|---|---|---|---|---|---|
| **Overall result** | 35 | 27 | 29 | 9 | 866 |
| **By position/level** | | | | | |
| International staff member at director level or above | 45 | 33 | 19 | 2 | 42 |
| International staff member below Director level | 66 | 22 | 9 | 4 | 227 |
| All international staff | 62 | 24 | 10 | 3 | 269 |
| National officers | 32 | 30 | 30 | 9 | 152 |
| Administrative staff | 15 | 30 | 44 | 12 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 35 | 28 | 30 | 7 | 588 |
| Resident mission/others | 38 | 24 | 27 | 11 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 28 | 21 | 36 | 15 | 155 |
| 2 years to 5 years | 43 | 25 | 26 | 6 | 138 |
| More than 5 years but less than 10 years | 43 | 31 | 20 | 7 | 168 |
| More than 10 years | 32 | 30 | 32 | 7 | 281 |

**Q12. Managing for Development Results is a fad**

| | | | | | |
|---|---|---|---|---|---|
| **Overall result** | 33 | 31 | 26 | 11 | 866 |
| **By position/level** | | | | | |
| International staff member at director level or above | 36 | 21 | 43 | 0 | 42 |
| International staff member below Director level | 30 | 27 | 37 | 5 | 227 |
| All international staff | 31 | 26 | 38 | 4 | 269 |
| National officers | 34 | 31 | 26 | 9 | 152 |
| Administrative staff | 33 | 37 | 16 | 15 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 33 | 32 | 26 | 9 | 588 |
| Resident mission/others | 30 | 31 | 25 | 15 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 43 | 30 | 14 | 14 | 155 |
| 2 years to 5 years | 34 | 33 | 25 | 7 | 138 |
| More than 5 years but less than 10 years | 24 | 33 | 32 | 11 | 168 |
| More than 10 years | 31 | 31 | 29 | 9 | 281 |

| Questionnaire | Frequency with which Response was: | | | | Total N |
| --- | --- | --- | --- | --- | --- |
| | Disagreed | Neutral | Agreed | Don't Know | |
| | | % of responses | | | |

**Q13.  I have a clear understanding of what results have to be achieved in my work**

| Questionnaire | Disagreed | Neutral | Agreed | Don't Know | Total N |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 6 | 9 | 85 | 1 | 862 |
| **By position/level** | | | | | |
| International staff member at director level or above | 2 | 12 | 86 | 0 | 42 |
| International staff member below Director level | 11 | 13 | 76 | 0 | 227 |
| All international staff | 10 | 13 | 77 | 0 | 269 |
| National officers | 5 | 11 | 84 | 1 | 152 |
| Administrative staff | 3 | 5 | 90 | 2 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 6 | 8 | 85 | 1 | 588 |
| Resident mission/others | 5 | 14 | 80 | 1 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 6 | 8 | 86 | 1 | 155 |
| 2 years to 5 years | 9 | 8 | 83 | 1 | 138 |
| More than 5 years but less than 10 years | 6 | 13 | 80 | 1 | 168 |
| More than 10 years | 4 | 8 | 87 | 1 | 281 |

**Q14.  I have the knowledge and skills required to enable me to be results oriented in my work**

| Questionnaire | Disagreed | Neutral | Agreed | Don't Know | Total N |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 4 | 9 | 86 | 1 | 862 |
| **By position/level** | | | | | |
| International staff member at director level or above | 5 | 14 | 81 | 0 | 42 |
| International staff member below Director level | 7 | 11 | 81 | 1 | 227 |
| All international staff | 6 | 12 | 81 | 1 | 269 |
| National officers | 3 | 12 | 85 | 0 | 152 |
| Administrative staff | 2 | 6 | 91 | 1 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 5 | 9 | 86 | 1 | 588 |
| Resident mission/others | 3 | 13 | 84 | 1 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 3 | 8 | 88 | 1 | 155 |
| 2 years to 5 years | 5 | 10 | 84 | 1 | 138 |
| More than 5 years but less than 10 years | 4 | 13 | 83 | 1 | 168 |
| More than 10 years | 5 | 8 | 87 | 0 | 281 |

| Questionnaire | Frequency with which Response was: | | | | |
| --- | --- | --- | --- | --- | --- |
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** | **Total N** |
| | | % of responses | | | |

**Q15.  There is adequate guidance for staff with regard to ADB's Results Agenda**

| | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 37 | 29 | 26 | 8 | 858 |
| **By position/level** | | | | | |
| International staff member at director level or above | 38 | 29 | 29 | 5 | 42 |
| International staff member below Director level | 54 | 27 | 15 | 4 | 227 |
| All international staff | 52 | 28 | 17 | 4 | 269 |
| National officers | 36 | 24 | 32 | 9 | 152 |
| Administrative staff | 29 | 32 | 30 | 9 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 38 | 30 | 25 | 7 | 588 |
| Resident mission/others | 40 | 25 | 26 | 9 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 31 | 22 | 33 | 14 | 155 |
| 2 years to 5 years | 42 | 26 | 25 | 7 | 138 |
| More than 5 years but less than 10 years | 43 | 36 | 16 | 5 | 168 |
| More than 10 years | 38 | 30 | 27 | 5 | 281 |

**Q16.  Have you attended an ADB training course on MfDR?**

| | **Yes** | **No** | | | |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 18 | 82 | | | 858 |
| **By position/level** | | | | | |
| International staff member at director level or above | 50 | 50 | | | 42 |
| International staff member below Director level | 39 | 61 | | | 228 |
| All international staff | 41 | 59 | | | 270 |
| National officers | 14 | 86 | | | 152 |
| Administrative staff | 4 | 96 | | | 329 |
| **Office location** | | | | | |
| Headquarters (Manila) | 18 | 82 | | | 588 |
| Resident mission/others | 22 | 78 | | | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 13 | 87 | | | 155 |
| 2 years to 5 years | 22 | 78 | | | 138 |
| More than 5 years but less than 10 years | 23 | 78 | | | 168 |
| More than 10 years | 19 | 82 | | | 281 |

| Questionnaire | Frequency with which Response was: | | | | Total N |
| | Disagreed | Neutral | Agreed | Don't Know | |
| | | % of responses | | | |
|---|---|---|---|---|---|
| **Q17.  The MfDR training I attended has helped me to better achieve results in my work** | | | | | |
| **Overall result** | 19 | 39 | 41 | 1 | 155 |
| **By position/level** | | | | | |
| International staff member at director level or above | 19 | 43 | 33 | 5 | 21 |
| International staff member below Director level | 22 | 44 | 34 | 0 | 88 |
| All international staff | 21 | 44 | 34 | 1 | 109 |
| National officers | 10 | 29 | 62 | 0 | 21 |
| Administrative staff | 23 | 15 | 54 | 8 | 13 |
| **Office location** | | | | | |
| Headquarters (Manila) | 18 | 44 | 36 | 2 | 106 |
| Resident mission/others | 21 | 32 | 47 | 0 | 34 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 5 | 25 | 70 | 0 | 20 |
| 2 years to 5 years | 16 | 35 | 48 | 0 | 31 |
| More than 5 years but less than 10 years | 24 | 53 | 24 | 0 | 38 |
| More than 10 years | 21 | 40 | 35 | 4 | 52 |
| | | | | | |
| **Q18.  ADB business processes adequately support the Results Agenda** | | | | | |
| **Overall result** | 24 | 29 | 30 | 16 | 833 |
| **By position/level** | | | | | |
| International staff member at director level or above | 50 | 26 | 19 | 5 | 42 |
| International staff member below Director level | 51 | 27 | 11 | 11 | 227 |
| All international staff | 51 | 27 | 13 | 10 | 269 |
| National officers | 18 | 27 | 38 | 16 | 152 |
| Administrative staff | 6 | 33 | 41 | 19 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 24 | 31 | 30 | 15 | 588 |
| Resident mission/others | 26 | 25 | 32 | 17 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 20 | 25 | 35 | 19 | 155 |
| 2 years to 5 years | 30 | 24 | 28 | 18 | 138 |
| More than 5 years but less than 10 years | 27 | 38 | 21 | 15 | 168 |
| More than 10 years | 22 | 31 | 35 | 12 | 281 |

| Questionnaire | Frequency with which Response was: | | | | |
| --- | --- | --- | --- | --- | --- |
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** | **Total N** |
| | | % of responses | | | |

**Q19.  ADB performance information systems adequately support the Results Agenda**

| | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 29 | 28 | 26 | 18 | 833 |
| **By position/level** | | | | | |
| International staff member at director level or above | 55 | 24 | 12 | 10 | 42 |
| International staff member below Director level | 55 | 26 | 7 | 12 | 227 |
| All international staff | 55 | 25 | 8 | 12 | 269 |
| National officers | 29 | 23 | 34 | 14 | 152 |
| Administrative staff | 9 | 32 | 37 | 22 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 29 | 28 | 25 | 18 | 588 |
| Resident mission/others | 29 | 27 | 30 | 14 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 21 | 21 | 35 | 23 | 155 |
| 2 years to 5 years | 38 | 22 | 22 | 18 | 138 |
| More than 5 years but less than 10 years | 33 | 35 | 16 | 16 | 168 |
| More than 10 years | 27 | 31 | 28 | 14 | 281 |

**Q20.  ADB has built its organizational capacity and is now ready to mainstream the MfDR Agenda**

| | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 27 | 29 | 20 | 24 | 819 |
| **By position/level** | | | | | |
| International staff member at director level or above | 48 | 26 | 24 | 2 | 42 |
| International staff member below Director level | 56 | 24 | 5 | 15 | 227 |
| All international staff | 54 | 24 | 8 | 13 | 269 |
| National officers | 22 | 33 | 26 | 20 | 152 |
| Administrative staff | 8 | 33 | 29 | 30 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 24 | 32 | 20 | 23 | 588 |
| Resident mission/others | 35 | 21 | 23 | 21 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 23 | 21 | 25 | 32 | 155 |
| 2 years to 5 years | 31 | 29 | 15 | 25 | 138 |
| More than 5 years but less than 10 years | 33 | 31 | 16 | 20 | 168 |
| More than 10 years | 22 | 35 | 23 | 19 | 281 |

| Questionnaire | Frequency with which Response was: | | | | Total N |
|---|---|---|---|---|---|
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** | |
| | | % of responses | | | |

**Q21.  The implementation of ADB's Results Agenda is well coordinated across the organization**

| | | | | | |
|---|---|---|---|---|---|
| **Overall result** | 35 | 30 | 17 | 19 | 819 |
| **By position/level** | | | | | |
| International staff member at director level or above | 57 | 31 | 10 | 2 | 42 |
| International staff member below Director level | 63 | 22 | 5 | 11 | 227 |
| All international staff | 62 | 23 | 6 | 10 | 269 |
| National officers | 32 | 26 | 22 | 20 | 152 |
| Administrative staff | 16 | 37 | 24 | 23 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 33 | 32 | 17 | 18 | 588 |
| Resident mission/others | 41 | 23 | 17 | 19 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 29 | 23 | 19 | 29 | 155 |
| 2 years to 5 years | 41 | 26 | 13 | 20 | 138 |
| More than 5 years but less than 10 years | 40 | 36 | 11 | 13 | 168 |
| More than 10 years | 32 | 32 | 22 | 14 | 281 |

**Q22.  ADB's Management actively supports the Results Agenda in a tangible way**

| | | | | | |
|---|---|---|---|---|---|
| **Overall result** | 21 | 29 | 33 | 17 | 811 |
| **By position/level** | | | | | |
| International staff member at director level or above | 36 | 33 | 31 | 0 | 42 |
| International staff member below Director level | 43 | 30 | 16 | 11 | 227 |
| All international staff | 42 | 31 | 18 | 9 | 269 |
| National officers | 16 | 26 | 40 | 18 | 152 |
| Administrative staff | 7 | 30 | 43 | 20 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 20 | 32 | 33 | 15 | 588 |
| Resident mission/others | 25 | 21 | 36 | 19 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 14 | 23 | 40 | 24 | 155 |
| 2 years to 5 years | 25 | 23 | 36 | 17 | 138 |
| More than 5 years but less than 10 years | 26 | 38 | 23 | 14 | 168 |
| More than 10 years | 20 | 32 | 36 | 12 | 281 |

| Questionnaire | Frequency with which Response was: | | | | Total N |
| --- | --- | --- | --- | --- | --- |
| | **Disagreed** | **Neutral** | **Agreed** | **Don't Know** | |
| | % of responses | | | | |

**Q23.  HR systems motivate staff to focus on results in their work**

| | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 46 | 22 | 27 | 4 | 811 |
| **By position/level** | | | | | |
| International staff member at director level or above | 64 | 14 | 21 | 0 | 42 |
| International staff member below Director level | 69 | 17 | 11 | 4 | 227 |
| All international staff | 68 | 16 | 13 | 3 | 269 |
| National officers | 47 | 22 | 26 | 5 | 152 |
| Administrative staff | 29 | 29 | 38 | 4 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 45 | 24 | 27 | 4 | 588 |
| Resident mission/others | 52 | 17 | 25 | 5 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 28 | 24 | 39 | 8 | 155 |
| 2 years to 5 years | 52 | 19 | 25 | 4 | 138 |
| More than 5 years but less than 10 years | 58 | 24 | 15 | 2 | 168 |
| More than 10 years | 47 | 24 | 27 | 3 | 281 |

**Q24.  The current incentives encourage staff to manage for development results**

| | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Overall result** | 54 | 25 | 14 | 7 | 801 |
| **By position/level** | | | | | |
| International staff member at director level or above | 64 | 17 | 19 | 0 | 42 |
| International staff member below Director level | 78 | 16 | 2 | 4 | 227 |
| All international staff | 76 | 16 | 5 | 3 | 269 |
| National officers | 51 | 25 | 15 | 9 | 152 |
| Administrative staff | 37 | 33 | 21 | 9 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 53 | 26 | 14 | 7 | 588 |
| Resident mission/others | 53 | 25 | 14 | 8 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 36 | 28 | 24 | 12 | 155 |
| 2 years to 5 years | 66 | 17 | 9 | 8 | 138 |
| More than 5 years but less than 10 years | 61 | 27 | 7 | 5 | 168 |
| More than 10 years | 52 | 27 | 15 | 5 | 281 |

| Questionnaire | Frequency with which Response was: | | | | Total N |
| | Disagreed | Neutral | Agreed | Don't Know | |
| | | % of responses | | | |
|---|---|---|---|---|---|
| **Q25.  Over the past two years I feel the ADB has made good progress implementing the Results Agenda** | | | | | |
| **Overall result** | 21 | 36 | 23 | 20 | 801 |
| **By position/level** | | | | | |
| International staff member at director level or above | 26 | 31 | 36 | 7 | 42 |
| International staff member below Director level | 36 | 34 | 17 | 14 | 227 |
| All international staff | 34 | 33 | 20 | 13 | 269 |
| National officers | 15 | 32 | 30 | 23 | 152 |
| Administrative staff | 12 | 39 | 23 | 26 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 20 | 40 | 22 | 19 | 588 |
| Resident mission/others | 22 | 23 | 28 | 28 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 10 | 27 | 23 | 41 | 155 |
| 2 years to 5 years | 22 | 39 | 22 | 17 | 138 |
| More than 5 years but less than 10 years | 27 | 39 | 18 | 15 | 168 |
| More than 10 years | 21 | 38 | 27 | 15 | 281 |
| **Q26.  ADB is increasingly practicing results-based management throughout the organization** | | | | | |
| **Overall result** | 17 | 27 | 42 | 14 | 779 |
| **By position/level** | | | | | |
| International staff member at director level or above | 33 | 24 | 40 | 2 | 42 |
| International staff member below Director level | 34 | 24 | 31 | 11 | 229 |
| All international staff | 34 | 24 | 32 | 10 | 271 |
| National officers | 12 | 30 | 50 | 8 | 150 |
| Administrative staff | 5 | 28 | 48 | 19 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 16 | 29 | 41 | 13 | 588 |
| Resident mission/others | 17 | 21 | 47 | 15 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 10 | 15 | 55 | 19 | 155 |
| 2 years to 5 years | 21 | 25 | 39 | 14 | 138 |
| More than 5 years but less than 10 years | 21 | 35 | 29 | 14 | 168 |
| More than 10 years | 15 | 31 | 46 | 9 | 281 |

| Questionnaire | Frequency with which Response was: | | | | Total N |
| | Disagreed | Neutral | Agreed | Don't Know | |
| | | % of responses | | | |
| **Q27.  ADB has a well articulated Action Plan and strategy for managing the change process for MfDR** | | | | | |
| **Overall result** | 21 | 34 | 23 | 23 | 779 |
| **By position/level** | | | | | |
| International staff member at director level or above | 43 | 38 | 17 | 2 | 42 |
| International staff member below Director level | 40 | 33 | 9 | 18 | 227 |
| All international staff | 41 | 33 | 10 | 16 | 269 |
| National officers | 16 | 32 | 30 | 22 | 152 |
| Administrative staff | 7 | 34 | 30 | 29 | 328 |
| **Office location** | | | | | |
| Headquarters (Manila) | 20 | 36 | 22 | 21 | 588 |
| Resident mission/others | 23 | 25 | 22 | 30 | 155 |
| **No. of years worked in ADB** | | | | | |
| Less than 2 years | 14 | 25 | 26 | 35 | 155 |
| 2 years to 5 years | 24 | 30 | 21 | 25 | 138 |
| More than 5 years but less than 10 years | 24 | 40 | 13 | 23 | 168 |
| More than 10 years | 21 | 37 | 26 | 16 | 281 |

**Q28.  Ranking of Critical Factors for the Successful Implementation of MfDR**

| Critical Factors | 5 - Very Important | 4 - Important | 3 - Somewhat Important | 2 - Slightly Important | 1 - Not Important | Total N |
| | | | % of responses | | | |
| a) Organizational Culture | 58 | 34 | 8 | 1 | 0 | 772 |
| b) Staff Skills and Training | 62 | 31 | 6 | 1 | 0 | 772 |
| c) Senior Leadership Support | 74 | 23 | 3 | 1 | 0 | 772 |
| d) Managing the Change | 49 | 41 | 8 | 1 | 0 | 772 |
| e) Systems and Processes | 49 | 38 | 11 | 1 | 1 | 772 |
| f) HR Practices and Incentives | 64 | 27 | 7 | 1 | 1 | 772 |
| g) Capacity and Resources | 57 | 34 | 7 | 1 | 0 | 772 |

Source:  2007 Operations Evaluation Department staff survey.

**FOCUS GROUP DISCUSSION GUIDE**

**A.    Introduction**

Hi, welcome to our focus group session. On behalf of Operations Evaluation Department, I want to thank you for taking time to take part in our discussion about managing for development results, or MfDR in ADB.

Our discussion will focus all about MfDR. You were nominated by your departments and as mentioned in the note that was sent to you, there was actually no prior preparation required to participate.

I have several questions that I hope will stimulate discussion among you. We want to hear your ideas and understand your feelings about MfDR implementation in ADB. We want to know how MFDR is being implemented in ADB particularly the enabling factors which are considered important for ADB to effectively manage for results. These include areas such as leadership support, organizational culture, managing the change process, business systems and processes, staff skills and training, and human resource policy and practices.

There are no right or wrong answers. There are differing points of view, and each one is just as important and valid as the next. Before we begin, let me suggest a couple of things that should make the discussion more productive.

<u>Let me assure you that no names will appear in the report that summarizes these discussions and no comments or statements made will be attributed to anyone.</u>

You don't need to raise your hand to talk, but it would be more helpful and considerate if only one person speaks at a time. And please keep in mind that we're interested in negative comments as well as positive ones; we want to hear what you *really* think.

My task is to be your facilitator and guide you through this session. I'll ask questions based on the above topics which I have prepared for consistency, and listen; I'll keep things moving and keep the discussion on track; so please feel free to talk.

======================================================================

**B.    Focus Group Topics for Discussion**

**1.    Senior Leadership Support**

Q1.  What has been the role of senior management in supporting and enhancing MfDR in ADB?

Q2.  Has the top management demonstrated visible and direct leadership of ownership and commitment for achieving development outcomes?

Q3.  How does senior management communicate, demonstrate and reinforce the organizational purpose and vision for MfDR?

Q4.  How do you think that the MfDR value system has been cascaded and communicated down the line to all levels of staff in ADB?

Q5.  Is your immediate supervisor an active supporter of MfDR?

### 2.    Managing the Change

Q1.  Do you think that managing the change for MfDR in ADB has been done effectively?

Q2.  What types of actions or programs were introduced as part of the change management strategy in ADB?

Q3.  What aspects of introducing MfDR were managed well? What challenges remain?

Q4.  Has ADB made good progress in implementing MfDR?

Q5.  Do you feel managing the change process for MfDR could have been done better? Please explain.

### 3.    Organizational Culture

Q1.  What were the strategies that were adopted to internalize the MfDR concept among the staff?

Q2.  What do you think of ADB's approach to results framework?

Q3.  Does ADB place more or less emphasis on loan approvals and procedural compliance compared with a development outcome focus?

Q4.  Can you highlight the type of internal communication strategy that was instituted to improve the results agenda?

Q5.  What strategies can be adopted to ensure the sustainability of a performance management culture in ADB?

### 4.    Business Systems and Processes

Q1.  In what ways have the processes and structure helped to support the achievement of results or development outcomes in ADB?

Q2.  How do you encourage the use of performance information to make better decisions and program proposal as well as improve reporting on results or development outcomes?

Q3.  What type of operational policies and strategies are in place to assist staff to focus on results?

Q4  What are the key business processes required to support the introduction of MfDR – country partnership strategies, project performance management system, DMFS, others?

Q5.  (BPBM) Can you share with us how you are using the budgetary tool and processes to enhance performance or an MfDR culture within the organization? For example, is your budgetary approach results-based?

Q6.   What type of information and communication technology support system can help to promote the use of MfDR within ADB to help staff better understand the results chain and its linkages?

### 5.     Human Resource Practices and Incentives

*The Human Resource Strategy recognizes the need to reorient HR to actively and effectively support MfDR.*

Q1.  In what ways do you think the human resource practices have been aligned to support MfDR initiatives?

Q2.  What aspects of the performance development plan management system enable a more meaningful assessment of staff performance with a focus on results?

Q3.  What system of recognition or incentives that must be introduced to support MfDR?

Q4.  How is the human resource policy aligned to achieve results? Can you please provide one or two concrete examples to illustrate this? (for BPMS)

### 6.     Staff Skills and Knowledge

Q1.  What types of training programs were introduced for raising awareness, coaching and capacity-building efforts at the institutional level?

Q2.  What types of training, guidance, and practical tools have been provided to achieve results in the workplace?  What is their relevance to your needs?

Q3.  Have skills development and capacity building for relevant personnel been linked to an organizational results framework?

Q4.  What sort of guidance do staff need in order to implement MfDR?

Q5.  What is working well or happening correctly?

Q6.  Is monitoring and measuring for results important for your work?

Q7.  What are the barriers in doing your work to achieve results?

Q8.  Do you understand the results chain for your unit/work place?

Q9.  How do you rate your own expertise in terms of technical knowledge on MfDR

### 7.     How can MfDR within ADB be further improved?

*Suggestions and recommendations.*

**GUIDE FOR CONSULTATIONS WITH OTHER DEVELOPMENT ORGANIZATIONS**

**A.     Introduction/Background**

1.      The Operations Evaluation Department (OED) of the Asian Development Bank (ADB) is conducting an evaluation of ADB's Managing for Development Results (MfDR) initiative. OED is independent of ADB's operations and is undertaking this evaluation to assess the progress made so far, and the evaluation's results may contribute to the strengthening of ADB's approach to MfDR.

**B.     Purpose**

2.      The main purpose of the discussion is to learn from other development banks/agencies their experience in the implementation of managing for development results or achieving development outcomes. There are a number of success factors (as identified in relevant international publications) which are considered important within the internal enabling environment to effectively manage for results. These factors include leadership, culture, managing the change process, incentives, business processes, training, and human resource practices.

3.      ADB is particularly interested in learning from the experience of other development agencies how they managed these factors in their own enabling environments.

**C.     Topics/Indicative Questions**

4.      The discussion would mainly focus on the following topics/indicative questions. Some of these questions are interrelated and may appear to have some similarities.

**1.      Senior Leadership Support**

*(MfDR is a major reform, requiring a policy framework and direction)*

Q1.  What has been the role of senior management in supporting and enhancing MfDR?

Q2.  Has the top management demonstrated visible and direct leadership of ownership and commitment within the organization for achieving development outcomes?

Q3.  How do senior executives communicate, demonstrate, and reinforce the organizational purpose and vision for MfDR?

Q4.  How is the MfDR value system cascaded and communicated down the line to all levels in the organization?

Q5.  Is there a practice of leader-by-example within your organization (where every level of management leads the way by practicing managing for results as a role model to the staff/personnel)?

**2.      Managing the Change**

*(One of the key issues is the management of expectations and the change process itself. Different organizations have approached this in different ways)*

Q1.  What types of programs were introduced as part of the change management strategy? Can you share with us your experiences on how you managed the change process associated with introducing MfDR?

Q2.  What were some of the major challenges that were faced?

Q3.  Did your organization engage in change management full time?

Q4.  How did you approach change management from within the organization?

### 3.    Organizational Culture

5.    Its 2004 Annual Report on Operations Evaluation notes that at the World Bank, as in other international organizations, the changing of mental models is the central challenge for making the profound changes of organizational culture and incentives that is required to manage for results.

(*The World Bank, Operations Evaluation Department, 2004 Annual Report on Operations Evaluation* ).

Q1.  Could you enlighten us on your own experience with how these issues were addressed?

Q2.  What were the strategies that were adopted to internalize the MfDR concept among the staff?

Q3.  How do we change the focus from emphasizing loan approvals and procedural compliance more towards a development outcome focus?

Q4.  Can you highlight the type of internal communication strategy that was instituted to improve the results agenda?

Q5.  What strategies were used to ensure the sustainability of a performance management culture within the organization?

Q6.  Do you have any mechanisms in place to ensure the longer term sustainability of an MfDR culture? Could you share with us what special monitoring and evaluation tools your organization has been using towards this end?

### 4.    Business Processes and Systems Support for MfDR

Q1.  In what ways have the organizational processes and structure helped to support the achievement of results or development outcomes?

Q2.  How do you encourage the use of performance information to make better decisions and program proposal as well as improve reporting on development effectiveness?

Q3.  What type of operational policies and strategies were put into place to assist staff to focus on results?

Q4.  Can you share with us how you are using the budgetary tool and processes to enhance performance or an MfDR culture within the organization?  For example, is your budgetary approach results-based?

Q5.  How has the COMPASS (performance assessment system) assisted to clarify to development bank/agency staff/personnel to better plan and manage for results for their program performance?

Q6.  What type of information and communication technology support system is in place to help promote the use of MfDR within your own organization to assist staff better understand the results chain and its linkages?

### 5.    Human Resource Practices and Incentives

*(ADB's Human Resource Strategy recognizes the need to reorient HR to effectively support MfDR)*

Q1.  How have your human resource practices have been aligned to support MfDR initiatives?

Q2.  What aspects of the performance management system enable a more meaningful assessment of staff performance with a focus on results?

Q3.  What is the system of recognition, rewards, and disincentives that have been introduced in the organization that has worked well to support MfDR?

### 6.    Skills and Knowledge (HR Development Systems and Strategies for Capacity Building)

Q1.  What types of programs were introduced for raising awareness, coaching, and capacity-building efforts at the institutional level?

Q2.  What types of training, guidance, and practical tools have been provided to achieve results in the work place?

Q3.  Have skills development and capacity building for relevant personnel been linked to an organizational results framework?

Q4.  To what extent are the lessons learned from past experience from various programs/projects being used to build knowledge and skills in MfDR?

# LITERATURE REVIEW: IMPLEMENTING RESULTS-BASED MANAGEMENT[1]

1.      Over the past 10 years, there has been increasing pressure on governments around the world to demonstrate the efficient and effective use of public resources. Public concern for national debt reduction, declining confidence in political leadership, globalization of the economy, free trade and consequently increased competitiveness in the open market have all been important factors. These global pressures have contributed to the emergence of results-based management (RBM) approaches in Organization for Economic Cooperation and Development (OECD) countries such as the United Kingdom, Australia, New Zealand, as well as the United States (US).

2.      The following synthesis of the lessons from implementing RBM in a variety of jurisdictions is presented under three headings: (i) promoting favorable implementation conditions, (ii) developing performance measurement systems, and (iii) using performance information. A summary of the key messages from the literature is presented in Box 1, followed by the literature review.

**Box 1: Key Messages from Results-Based Management Literature**

| | |
|---|---|
| (i) | It is quite common for results-based management (RBM) to be introduced in response to external pressures on an organization. |
| (ii) | RBM requires a "sense of crisis" and strong commitment/involvement by senior management. |
| (iii) | The design and implementation of RBM should to be customized to the specific needs and circumstances of the organization. The use of pilot projects with an emphasis on "learning by doing" can be a very effective approach in the early stages of adopting RBM. |
| (iv) | The introduction of RBM requires a clear vision of what is to be achieved and a well-articulated strategy for managing the change process. Participatory processes will build staff ownership. |
| (v) | Developing a performance management and learning culture is essential. Resistance to change is to be expected and needs to be effectively managed. It is important that appropriate incentives are in place. |
| (vi) | The provision of adequate financial and human resources to support implementation is critical. |
| (vii) | Provide adequate training, supporting guides, and tools. Institutionalize practices organization-wide by issuing clear guidance. |
| (viii) | Management systems must be aligned with RBM in order to support rather than hinder its implementation. |
| (ix) | Keep the performance measurement system relatively simple and user friendly. Performance measures should be aligned with accountability and decision-making authority, and the organization's strategic framework. The provision of credible performance information is essential. |
| (x) | The demonstrated use of performance information by senior management is critical to the success of RBM. Performance information must both be used and be seen by others to be used. |
| (xi) | Monitor both implementation progress and results achievement and complement performance monitoring with evaluations to ensure appropriate decisions. |

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[1]  This appendix is an updated adaptation of the following publication: Office of the Auditor General of Canada. 2000. *Implementing Results-Based Management: Lessons from the Literature.* Available: http://www.oag-bvg.gc.ca/domino/other.nsf/html/00rbm_e.html

## A.    Promoting Favorable Implementation Conditions

3.    Implementing and maintaining a performance management and measurement system represents a major commitment on the part of any organization. The literature identifies 15 organizational and human factors that contributed to the creation of a favorable implementation environment, described in the following subsections.

### 1.    Customize the Results-Based Management Regime

4.    Though it may be tempting to simply adopt an RBM system deemed successful in another jurisdiction or organization, this practice has been proven to be very ineffective. It is important that the system be developed according to the needs and situation of the users. No single system is appropriate for every organization. As Joyce (1997, p. 53) notes: "...public agencies are not all alike. Different solutions exist for the performance measurement problem in different agencies." The evidence suggests that customized RBM systems are critical for success (Caiden 1998, p. 45). Even individual components such as indicators and data collection systems should be developed with the specific users in mind (Joyce 1997, Itell 1998.

5.    Experience in OECD countries suggests that selecting an appropriate approach for implementing RBM is also very important. "Basic approaches to implementing performance management (e.g., top-down versus bottom-up; comprehensive versus incremental; systematic versus ad hoc; de facto versus de jure) must be selected according to the needs and situations of each country" (OECD 1997, p. 29).

### 2.    Take Time and Maintain Momentum

6.    Implementing RBM is a long-term process. It takes time to plan, develop indicators, and align management systems before even collecting any performance data (OECD 1997). For example, Poate (1997, p. 54) notes that "For aid donors dealing with a two year planning cycle and five-year implementation, results may take a decade to emerge," while Plantz et al. (1997, p. 24) suggest that "It could easily take an agency seven months or more of preparation before collecting any data, and it easily could take three to five years before the findings of a program's outcome measurement system actually reflect the program's effectiveness." As suggested by the experience of OECD countries and development agencies, organizations have to be patient and persistent. In this type of process, building consensus and maintaining momentum is crucial to success (Poate 1997). This is particularly important in a highly politicized organization, where the political timetable may present a formidable obstacle to long-term implementation (Newcomer and Wright 1996–97).

7.    Experience suggests that it takes a minimum of 4–5 years of consistent effort to implement an RBM approach, and considerably longer before the benefits start to be realized (Mayne 2005). A key reason for the difficult progress is that integrating performance information into public management and budgeting is not primarily a technical problem that can be left to "experts" such as performance measurers and evaluators. Rather, an evidence-based outcome focus can require significant and often fundamental changes in how an organization is managed.

### 3.    Link Performance Measures to the Policy or Strategic Framework

8.    The successful implementation of RBM depends on the extent to which performance measures are linked to an existing policy or strategic framework (Poate 1997).

9.    From an organizational perspective, if performance management efforts are not connected to a business plan (defining day-to-day operations in a government agency) and to the budget (the financing allocation mechanism), then failure will result, because the performance measurement approach will have no real meaning to the people running, or affected by, the program (National Performance Review 1999). Successful performance management requires a strategic plan to operationalize an organization's goals consistent with its long-term vision and mission (National Performance Review 1997, Downey 1998). Ensuring that performance indicators and measurement practices are linked to strategic objectives or expected results is key to successful performance management (Epstein and Olsen 1996, OECD 1997, Poate 1997, Newcomer and Downy 1997–98, Nakamura and Warburton 1998). In this way, performance measurement is integrated within strategic planning (Epstein and Olsen 1996) and therefore "knowledge about strategy implementation is increased, and the strategy is more likely to be realized" (PricewaterhouseCoopers 1999, p. 8).

10.    A message throughout the literature is to "Focus on the big picture. Executives must not get bogged down in minutia, but instead create a simple, clear vision of the agency' core mission based on a realistic view of the current situation and of future trends. Managers also need to take a corporate-level view, and not make the mistake of aggregating function or lines of business" (Downey 1998, p. 18; see also, Epstein and Olsen, 1996, PricewaterhouseCoopers 1999).

11.    Performance measurement systems should be well designed, integrated in organizational practices through various uses, and periodically reviewed to contribute to the improvement of organizational performance. Implementing systems is only the first step. Having them reach their full potential is the real challenge. Performance measurement systems (such as the balanced scorecard, stakeholder scorecard, key performance indicators scorecard, and the performance prism) are essential in developing strategic plans, evaluating the achievement of organizational objectives, and compensating managers.  While many organizations attempt to implement new measurement systems, few have considered this as an ongoing process that has to be managed continuously, not just during the implementation phase.

### 4.    Align Management Systems to Support Implementation

12.    Successful implementation of RBM requires management systems that support the systematic collection, recording, analysis and reporting of performance information (Olsen 1997, Poate 1997, PricewaterhouseCoopers 1999). For some organizations, this may mean realigning their existing system in order to ensure that they collect the right information to inform decision making.

13.    To avoid costly duplication of effort, organizations should carefully examine existing data collection, monitoring, evaluation, and research functions, and the information they already collect. Existing systems may already be compiling data related to outcomes (Plantz et al.1997, Nakamura and Warburton 1998). "Another advantage of making use of existing information is that the personnel who have been responsible for the previously existing data systems will not be as likely to view the new performance measurement system as a direct threat to their job security" (Nakamura and Warburton 1998, p. 41).

### 5.    Provide Adequate Financial and Human Resources

14.    To successfully implement RBM, organizations require adequate financial and human resources. There is a cost associated with implementation, and organizations do not necessarily

have the capacity to adopt a new system (Caiden 1998, Thomas 1998). Experience in the US suggests that "commitment of resources—including the time of a top-level manager devoted to design and implement feasible performance measurement systems" is a key indication of top leadership support. Such support "minimizes the risk" (Newcomer and Wright 1996–97, p. 32).

### 6.     The Location of Stewardship Over Performance Measurement Process

15.     There are so many players involved in implementation that there can be confusion over ownership in the development process. The location of ownership and control of the process is very important, because this will inevitably have an effect on the type of performance measures that are developed. The literature points to different possible locations.

16.     There is evidence suggesting that control over the process should not be located in the financial management or budget office. Doing so may lead to measures that will serve the budgeting process well, but will not necessary be useful for internal management. Some suggest that performance management be located at the program level and that this will assist in ensuring buy-in from line managers (Newcomer and Wright 1996–97, Wholey and Newcomer 1997, Newcomer and Downy 1997-98). However, according to the experience in the Australian Public Service, central monitoring and evaluation units within organizations should take responsibility for the process. It is argued that these units can provide the necessary technical and analytical expertise needed for successful implementation. (Poate 1997).

### 7.     Pilot Projects Can Be a Useful Approach

17.     Conducting pilot projects presents a good opportunity for organizations to test new management systems. They represent an opportunity to identify and work out problems with some or all of the components. To be effective, pilots must attempt to emulate the scenario of full implementation. Therefore, pilots must last long enough to test most aspects of the new system, including data collection, and must involve a representative group of participants (Plantz et al. 1997).

### 8.     Develop a Performance Management Culture

18.     Successful implementation of RBM is dependent on the organization's ability to create a management culture that is focused on results (Epstein and Olsen 1996, USGAO 1997a, PricewaterhouseCoopers 1999). It requires more than the adoption of new administrative and operational systems. An emphasis on outcomes requires first and foremost a performance-oriented management culture that will support and encourage the use of the new management approaches (Poate 1997, Downey 1998). The public sector traditionally has had an administrative culture which emphasizes the measurement of inputs, whereas a performance management culture is focused on managing inputs and outputs to achieve outcomes.

19.     A lesson from companies in Europe and the US is to ensure that the right values and behaviors are operative in the management culture. "Leaders are establishing a target set of desired values and behaviors, and designing measures to deliver these whilst avoiding inadvertent undesirable behaviors. Leaders are realizing that processes to produce desired behaviors must work their way through an increasingly complex organizational web if value is to be delivered" (PricewaterhouseCoopers 1999, p. 11).

20.     Changing the culture is not an easy task; and it takes time. It is long-term process of change that must be consistent and requires continual refinement and improvement (Poate

1997, Thomas 1998). Experience suggests that appropriate leadership, and a sense of shared commitment to the reform process are critical to building a performance-oriented culture (Mascarenhas 1996, USGAO 1997a).

### 9.    A Practical Understanding of Accountability

21.    Implementing RBM is a significant public sector management reform that presents new challenges in defining accountability. "In this environment it will be necessary to rearticulate our vision of public accountability" (Shergold 1997, p. 303). The traditional notion of accountability, top-down authority responsible to the people through elected legislators and senior administrators, must be reshaped to reflect this new public sector management environment (Kettl 1997). The traditional notion of holding public servants to account only for the correct application of government regulations and procedures seems incompatible with an empowered, results- and service-oriented public sector (Mayne 1997). However, it is recognized that "...it is a significant challenge to effect a culture change that allows employees to realize that they are accountable for results—not just to their supervisor, but to the organization, customer and stakeholder" (National Performance Review 1999).

22.    RBM requires a shift in focus away from procedures and outputs management to outcome level results achievement. While current output-based performance management systems hold individuals responsible for output achievement, it does not logically follow that public servants should now be held accountable for achieving policy and program outcomes. "Accountability means that agencies have a responsibility to influence outcome results. This does not mean writing into a contract or a performance agreement that you are going to be 100% accountable for reducing an accident rate to a certain level by a given time. It is a matter of recognizing that there's a responsibility to influence the outcome result that's being sought" (State Services Commission 1999). There remains, nonetheless, an obligation to demonstrate what outcome results have been accomplished. "The key is to make this demonstration the essence of the accountability regime. Accomplishment accountability is the credible demonstration of what one has achieved that is of significance and value" (Mayne 1997, p. 159).

### 10.    Senior Level Leadership and Involvement

23.    There is strong evidence to suggest that senior level leadership is necessary for successful implementation (Plantz et al. 1997, Wholey and Newcomer 1997). Without the support of senior management, there is no impetus for change (Epstein and Olsen 1996). It is critical that they fully support and actively participate in both the creation and implementation of RBM (Poate 1997, Downey 1998). By actively participating in implementation, they are demonstrating their commitment to the reforms (Alford and Baird 1997). "Clear, consistent, and visible involvement by senior executives and managers is a necessary part of successful performance measurement and management systems" (National Performance Review 1997). "Senior leadership must help an organization overcome its resistance to change" (National Performance Review 1999).

24.    There is also evidence to suggest that the leadership role should be shared. Although the support of top political leadership is essential to ensure the success of the system (Newcomer and Downy 1997–98), it is important to cascade leadership throughout the organization (National Performance Review 1999). This will give the performance management process depth and sustainability to ensure its survival through changes in political party leadership or senior management level turnover.

### 11.     Sustainable Leadership Underpins Successful Implementation

25.     Sustainable leaders lead "with" rather than "over" others in ways that account for the long-term viability of complex, interconnected living systems. Paradox, contradiction, and differing viewpoints are recognized as natural characteristics of healthy systems. Sustainable leaders recognize that the experience of change itself, and the dissonance it creates, fuel new thinking, discoveries, and innovations that can revitalize the health of organizations and communities. Finding the balance among and between simultaneous and sometimes contradictory demands for economically, socially, and environmentally sustainable solutions is a compelling leadership opportunity ultimately grounded in a personal ethic that reaches beyond self-interest. (Ferdig, 2007).

### 12.     Broad-Based Participation Fosters Support for Implementation

26.     In all cases, governments attribute successful implementation to full participation of staff at all levels (Downey 1998, p. 18). In addition to staff, it is also beneficial to include other stakeholders in the process, especially when identifying expected outcomes. Seeking different perspectives may reveal important issues that may not have occurred to staff (Epstein and Olsen 1996, Local and regional authorities in Europe 1997, Plantz et al. 1997, National Performance Review 1999). Stakeholder involvement can help an agency identify results-oriented performance measures and set realistic target levels (USGAO 1997a). Stakeholder involvement helps increase their commitment and sense of ownership, both of which provide needed support for the performance measurement system.

### 13.     Training and Education Build Success

27.     A major hurdle in implementing RBM is the relative lack of experience and expertise (Mascarenhas, 1996; Hatry 1997b,). Successful implementation is dependent on managers and staff having the necessary knowledge, skills, attitudes, and abilities to develop and use the performance measurement system (Poate 1997, USGAO 1997a, Newcomer and Downy 1997–98, Itell 1998). The lesson has therefore been to provide training for all of those involved. Training will provide managers, staff and key stakeholders with the knowledge and skills they need to work with data, understand it and use it to improve effectiveness (Gibson and Boisvert 1997). It has also been suggested that in order to ensure the institutionalization of RBM, political appointees in strategic areas such as budget offices should also receive training (Newcomer and Wright 1996–97).

28.     Training can assist in changing the organizational culture. Once managers and staff understand how RBM works, they start to appreciate its potential (Epstein and Olsen 1996). "When new systems are being introduced, training is likely the be needed at two levels: familiarity with the basic concepts linked to the underlying principles of reform; and operational support to define objectives, construct performance indicators, use indicators for reporting and review, and evaluate. The former can be achieved through briefings and explanatory material. The latter, required a sustained effort from something like a methodology support group" (Poate 1997, p. 54).

### 14.     Use Existing Expertise to Support Implementation

29.     Implementing RBM can be very challenging for organizations, especially those that lack in-house technical capacity. One important lesson is to use expertise to support implementation. A technical expert can provide guidance on every aspect of development and use of the

performance measurement system. "The first time around, guidance on collection and analysis methods from a technical expert will often save time, offer reassurance, and improve results" (Plantz et al.1997, p. 24).

### 15.    Communicate the Purpose of RBM and Associated Performance Measurement Systems

30.    It is essential to have a vision and a strategic plan that clearly define the purpose of RBM, and to communicate this throughout the organization (Epstein and Olsen 1996, Itell 1998, PricewaterhouseCoopers 1999). Lessons from companies in Europe and the US show that "The starting point for any improvement program is to realize that the current position is unsatisfactory and something better exists and is achievable" (PricewaterhouseCoopers 1999, p. 7). Employees need to know why performance measurement is being undertaken, what their role is in the new system, and how performance information fits into the decision-making process (National Performance Review 1997, National Performance Review 1999). They need to know that the performance measurement system will provide essential information to improve management within the public sector, and that it will help monitor progress made towards the achievement of expected results. "A lack of clear expectations about possible uses for performance data presents perhaps the most difficult challenge...[because]… in many cases, the sorts of measures that might effectively guide internal decision-making may provide data that managers would not want made public for resource allocation decisions" (Newcomer and Downy 1997–98, p. 38). The experience of state and local governments in the US has been that well-informed employees adjust more easily to the new performance management system and will perform better (Epstein and Olsen 1996).

31.    In addition to this internal communication, external stakeholders should also be informed about and understand the purpose of RBM, because, ultimately, they will be interested in knowing how well an organization has achieved its goals and objectives (National Performance Review 1997).

### B.    Developing Performance Measurement Systems

32.    The task of developing a performance measurement system can be quite daunting to the inexperienced organization. Organizations from around the world that are the leaders in performance measurement have been learning by doing through trial and error for more than a decade. Out of this experience, 10 common lessons have been identified that can guide an organization to master the technical aspects of developing a performance measurement system.

### 1.    Use a Manageable Number of Indicators

33.    One of the biggest threats to successful implementation of RBM is complexity. An overly complex performance measurement system will lead to implementation problems, and will frustrate stakeholders. The easier it is to use and apply, the more likely stakeholders will adopt and embrace the new approach (Meier 1998).

34.    One way to keep performance measurement simple is to limit the number of indicators. "Multiple cases suggested that indicators should be kept down in number; three indicators which are solid measures of outcome are better than 10 which don't measure anything relevant" (Epstein and Olsen 1996, p. 43 ). "Departments are limited to five program outcome indicators, but are free to adopt as many internal management indicators as necessary" (Itell 1998, p. 13). "The performance measures for a specific individual or group should not exceed 5 to 7

measures" (Atkinson and McCrindell 1996, p. 17). Too many measures is the sign of an organization that has not taken the time to prioritize measures (National Performance Review 1997). This is echoed in both the public and private sector, where it is argued that the quality of the indicators is far more important than the quantity (Poate 1997). Too many measures may not only be ineffective but could be harmful. "There is significant evidence to suggest that over-complexity of the performance measurement and data collection system is the biggest factor threatening successful implementation of RBM (Meier 1998, p. i).

35.     However, it is important to adopt a balanced set of measures that provide adequate information on which to base decisions (PricewaterhouseCoopers 1999). The measures must provide an adequate performance picture (USGAO 1997a). At a macro level, many jurisdictions have resorted to using composite indicators. "Alberta, Oregon and other jurisdictions engaged in macro-level planning have resorted in part to multiple measures. By building composite indicators based on clusters of performance measures for instance, they have established a framework for tracking progress on 'soft' socio-economic goals" (Gibson and Boisvert 1997, p. 8).

### 2.     Consider the Three Performance Measurement Essentials: Design, Use, and Updates

36.     Some studies suggest there are three performance measurement system essentials: (i) design, (ii) use, and (iii) updates. The *design* refers specifically to the extent to which top management measures information related to a broad set of performance indicators. It emphasizes the multiplicity and variety of performance indicators that can be grouped into financial performance and nonfinancial performance. The *use* of systems refers to the way performance indicators are used by top management. It refers to the nature and purpose of the use of performance indicators in four categories: *monitoring*—performance indicators are used to provide feedback regarding expectations, and to communicate with various stakeholders; *decision making*—performance indicators are used to support and facilitate the decision-making process; *attention-focusing*—performance indicators are used to send signals throughout the firm toward strategic issues, and; *legitimization*—performance indicators are used to justify and validate past, current, and future actions or decisions. The *update* refers to periodic reviews of performance indicators by the organization. Updates can involve *deletion* of performance indicators; *addition* of performance indicators, *changes* in performance targets, and *changes* in the definition of performance indicators. As time passes, and an organization's competitive environment and strategic direction changes, performance indicators must be reevaluated to ensure their relevance (Henri 2006).

### 3.     Understand the Three Types of Performance Measures

37.     There are three types of performance measures: *Key result indicators* tell the board how managers have performed in terms of critical success factors or perspectives of the balanced scorecard; *performance indicators* tell staff and managers what to do; and the *key performance indicators* tell staff and managers what to do in order to significantly increase performance. Performance indicators are crucial for teams to align their daily activities with the organization's strategic aims; they complement key performance indictors, and are shown with them on the balance scorecards of the organization and its divisions, departments, and teams. Key performance indictors represent a set of measures focusing on those aspects of performance that are the most crucial for the continued success of the organization (Parmenter 2007).

38.     Jeremy Hope and Robin Fraser (1998) suggest there should be about 10 key result indictors, up to 80 performance indicators, and about 10 key performance indictors. Seldom are more needed, and in many cases it is appropriate to have fewer. The common feature of key result indictors is that they are the result of many actions. They give a clear picture of whether a firm is moving in the right direction, and the progress it is making towards planned goals. They do not tell its managers and staff what they must do to achieve these goals—that is the role of performance and key result indictors (Parmenter, 2007).

### 4.     Clearly Define Key Terms and Concepts

39.     Another lesson is that clearly defined key terms and concepts will assist in the implementation process. "Agencies' use of inconsistent definitions for their programs' measures could hamper decision-makers' use of data collected from those measures in planning, comparing performance, and reporting on performance achieved" (USGAO 1997a, p. 61). A standard set of definitions will help minimize misunderstandings, and will foster consistency throughout the organization (Nakamura and Warburton 1998).

### 5.     Use Logic Charts

40.     Using logic charts has proved to be very helpful in the development and identification of expected results, indicators, and risks. It facilitates the task of conceptualizing project/program inputs, outputs, and outcomes. It also helps verify the logical consequences of cause and effect linkages and, hence, the level of attribution (Plantz et al. 1997). This is a particularly useful for tool for stakeholders that are not familiar with RBM, because it illustrates how RBM works (Meier 1998). "A further advantage that proponents still claim for the logframe is that the identification of risks help to structure the uncontrollable factors separating outcomes from output" (Poate 1997, p. 55).

### 6.     Align Performance Measures with Accountability and Decision-Making Authority

41.     When performance measures are being developed, care should be taken to ensure that they are aligned with accountability and decision-making authority. Measures should relate directly with management and staff job descriptions and responsibilities (Nakamura and Warburton 1998). In this sense, individuals should be held accountable only for what they can influence (PricewaterhouseCoopers 1999). "In constructing performance measures for workers or for organizational units, and interpreting and using performance measure results, it is important to know the formal job description of those involved. Performance measures focusing on aspects of a process over which those whose performance is being measured have only partial or no control may engender anxiety or feelings of unfair treatment" (Nakamura and Warburton 1998, p. 42).

42.     Certain conditions must exist for individuals to accept accountability for results. Managers and staff must understand the system and how they can influence results. They must understand what they are responsible for, and believe that the system measures what they contribute to the organization (National Performance Review 1997). If these conditions do not exist, the performance measurement system will be deemed unfair [with respect to accountability] (Atkinson and McCrindell 1996). It is also important that the performance information be tailored to the individual users (Poate 1997). A frequent problem faced by managers is that the information is too highly aggregated and is therefore of little use to them because it does not correspond to their level of decision making (Mascarenhas 1996, Hatry

1997b). To overcome this problem, some suggest that programs/projects identify their own expected results, indicators, and data collection methods (Plantz et al. 1997).

43.    If managers are to be held accountable for the performance of their programs, they need the flexibility and power to manage the programs for results (Newcomer and Downy 1997-98). Some also suggest that accountability must be shared by managers and staff throughout the organization (National Performance Review 1999).

44.    Finally, it is important to recognize that performance measurement is ultimately a means of providing accountability for a program, not just its manager. As the National Performance Review (1999) pointed out, "Accountability is a multidimensional concept and often a key enabler of success... [There must be an] establishment or assignment of accountability for performance/results and the effective stewardship of resources to produce those results. To truly work, accountability has to be shared by managers and employees; further, your organization as a whole must be accountable to the customer and stakeholder."

## 7.    Generate Credible Performance Information

45.    For performance information to be useful, it must be valid and reliable. The information will simply not be accepted or used if it is biased or inaccurate (Atkinson and McCrindell 1996, Office of the Auditor General of British Columbia 1997). Even the perceived possibility that the information could be falsified can impair the usefulness of the performance information system (Nakamura and Warburton 1998). To ensure that the information is credible, there needs to be some form of independent checking or auditing (Epstein and Olsen 1996, Nakamura and Warburton 1998). The means by which information has been verified must be communicated to stakeholders. It has been found that simply describing the chosen method within annual reports provides assurance to readers that the information is credible (USGAO 1997a).

46.    Independent checking or auditing not only influenced users of performance information, it also had an effect on those collecting the data. It seems that the possibility of audit is enough to increase efforts to maintain accurate records (Epstein and Olsen 1996).

## 8.    Use Frameworks to Achieve Balance in Measurement Systems

47.    Today managers are using frameworks such as the balanced scorecard and the performance prism to achieve balance in their measurement systems. These frameworks are designed to encourage managers to think broadly about what constitutes success for their organization, and hence what should be measured. The performance prism, for example, asks five fundamental questions: Who are our key stakeholders, and what do they want and need from us? What strategies are we pursuing to satisfy these sets of wants and needs? What processes do we need to have in place to enable us to achieve these strategies? What capabilities do we require if we are to operate these processes successfully? What do we want and need from our stakeholders, too?

48.    By emphasizing these multiple dimensions of organizational performance, the performance prism seeks to encourage managers to think more broadly about which measures they should introduce. Importantly, the performance prism makes a distinction between what the organization wants of its stakeholders, and what the stakeholders want from the organization. Too often this distinction is missed in discussions about measurement (Neely 2007).

### 9.    Performance Standards and Targets Are Essential for Measurement

49.    In order for RBM to function as intended, emphasis should be given to identifying targets and performance standards. (Poate 1997) It is difficult to judge whether results are improving if there is no reference point against which to compare. In this sense, targets are also critical for defining accountability. "Absent a specific and measurable standard of performance against which measured performance is compared, there is no basis for accountability" (Atkinson and McCrindell 1996, p. 17).

50.    Benchmarking against similar programs is another method used for setting targets. Evidence from the private sector suggests that benchmarking against competitors is a useful practice (PricewaterhouseCoopers 1999). Poate (1997) notes that "Indicators and targets should be set in the context of what is understood to be best practices through reference to the experience of other agencies undertaking the same or similar tasks. However, cases in the public sector point to the dangers of comparing outcomes of one program to another to determine which is better. Some suggest that the best comparison for a program is itself. (Plantz et al. 1997) However, meeting an individual single target may or may not be important. What is most important is that the whole results chain is in fact happening as expected. That is the real performance story. Setting expectations might better be thought of as answering the question, "Has the chain of expected events which set out the theory of the program—and the specific targets in it—been realized?" (Mayne 2005)

### 10.    Use Baseline Data to Set Targets

51.    There are numerous illustrations where the use of baseline data from past performance can help agencies set realistic targets (USGAO 1997a). Baseline data provide the trend information on which to base targets. For those with no experience with RBM, and therefore having no baseline data available, some suggest collecting data before actually setting targets (Plantz et al. 1997, Laurent 1999).

### C.    Using Performance Information

52.    How an organization uses the performance information generated from its performance measurement system will influence its long-term success in implementing RBM. A learning organization uses performance information to identify its weaknesses and strengths as a basis for making adjustments to management systems and strategic planning processes. The following lessons are drawn from the experiences of leading organizations in using performance information for the purposes of learning and continuous improvement.

### 1.    Demonstrate the Use of Performance Information

53.    Performance information must both be used, and be seen to be used by others. If top-level managers use the information for decision-making purposes, others are more likely to follow their example (Newcomer and Downy 1997–98). This will encourage staff to accept and participate in the new performance measurement system (Epstein and Olsen 1996). If the performance information is not readily used, the credibility of the entire activity will be questioned (Poate 1997). However, managers and staff must also see there are significant benefits to the organization and its programs. Performance management must make a difference and account for something. The performance information collected has to be useful (Gibson and Boisvert 1997, OECD 1997, Office of the Auditor General of British Columbia 1997). It has to illustrate that it is worth the cost incurred to collect the data (Hatry 1997b, Itell 1998). As

data usage increases and produces real benefits, the more confidence individuals will have in the data (Gibson and Boisvert 1997).

### 2.    Effective Management Requires Performance Information, Capacities, and Incentives

54.    All comprehensive management systems, including RBM, require three elements: performance information, capacities, and incentives. Managers in results-based systems first must have *information* about where the agency is going, and how well it is doing in getting there. Once results information is available, operational staff and managers must have the *capacities* to act on that information. Information about results is not useful to a staff member who does not have such capacities as the training to understand it, the autonomy to act on it, or the equipment to improve results. Finally, any RBM system must provide managers and workers with *incentives* to act on performance information and to use their capacities. If a manager or front-line worker see a results shortfall, but has no incentive to care, the information and capacities are useless (Swiss 2005).

### 3.    Evaluation Complements Performance Measurement

55.    Performance information alone does not provide the complete performance picture. Evaluations complete the performance picture by providing the depth of analysis needed to explain why targets were not met, or why they were exceeded (Poate 1997). They also provide information managers need to improve operations. "Identifying and communicating the reasons that programs do not perform at expected levels is also clearly the province of program evaluation. Performance measurement alone will typically not provide the data that program managers need to understand why performance is below expectations, nor will it tell them how they may improve operations. The wide variety of program evaluation techniques that can be used to illuminate program operations complements performance measurement" (Wholey and Newcomer 1997, p.98). Impact evaluations can also "help agencies confidently attribute the achievement of intended results to one or more of its programs by providing information on the extent to which those programs contributed to the results achieved" (USGAO 1997b).

### 4.    Incentives Can Be Used to Foster Support

56.    Evidence suggests that providing financial or nonfinancial incentives causes individuals to change their behavior, and helps communicate what is important to the organization (National Performance Review 1997, PricewaterhouseCoopers 1999). Rewarding successful employees is needed to complete the accountability framework. "Accountability is a two-way street. The organization must reward individuals who keep their end of the bargain" (National Performance Review 1999).

57.    The most successful RBM systems are nonpunitive. They should focus on using the information to help improve programs and projects (National Performance Review 1997). Other evidence states that the system can include penalties, but that these should be introduced slowly (Gibson and Boisvert 1997). Introducing sanctions, especially those linked to the budget, can compromise staff and management buy-in and commitment (National Performance Review 1999).

58.    A four-criteria framework for assessing result incentives is suggested. Incentives in traditional management are usually tied to behaviors and processes; incentives in RBM are tied to outcomes that may be slow to develop, difficult to produce, and politically charged. To some

extent, all programs present these challenges to results incentives, but some programs present more extreme challenges than others. Managers, therefore, must design their result incentives to fit each program's unique characteristics, including the time frame in which a program's central results are felt; the clarity of the program's cause-and-effect chain; the extent to which the incentives—and particularly any negative incentives—can be tightly focused, avoiding "collateral damage"; and the extent to which political considerations will interfere with the direct application of rewards and punishments for results achievement (Swiss, 2005).

### 5.    Performance Reporting Is Needed for Decision Making

59.    Information regarding progress towards achieving objectives should be reported and communicated to all stakeholders. As stated earlier, RBM should be implemented using a participatory approach. Stakeholders involved in the process will want to be kept informed of the progress. This vital flow of information should be maintained (National Performance Review 1997, 1999).

60.    Managers and staff need performance information relatively frequently in order to make adjustments to programs, and to later assess the effectiveness of those adjustments (Hatry 1997b). However, an overemphasis on frequent and detailed reporting without sufficient evidence of its value for public managers, the government, parliament, and the public will not meet the information needs of decision makers. "Frequent reporting may facilitate good management of the public sector, but there is no guarantee of improvement in performance" (Mascarenhas 1996, p. 21). The manner in which the information is presented will also affect its usefulness, with too much detail detracting from the utility of the information (Poate 1997). "Information should be presented in a way that can be easily understood by legislators and the public and is sufficient to provide an understanding of government's performance. Excessive detail, vague or overly technical descriptions and jargon should be avoided as they might cause confusion and misinterpretation" (Office of the Auditor General of British Columbia 1997, p. 7).

61.    Other than the use for decision making, reporting has other advantages. Reporting may actually motivate employees to become more outcome oriented because it makes them more aware of their contribution to the organization, validating their work (Olsen 1997).

### 6.    Learn, Review, and Adjust Performance Measurement Systems

62.    Another lesson is that once RBM is implemented, the performance management continues. To ensure continued success, the performance measurement system must be monitored and improved continuously. This will translate into a responsive system that reflects the changing environment in which it operates (Epstein and Olsen 1996, Plantz et al. 1997, Poate 1997). This is really the essence of a learning organization. Managers and staff learn best through trial and error and a hands-on-approach (Meier 1998, National Performance Review 1999).

63.    Some also suggest that, even before implementing new procedures, past and current systems should be reviewed to better understand why they may have failed to achieve their objectives. Learning from past mistakes and using shared experiences may help gain acceptance and consensus regarding the new initiative (Poate 1997).

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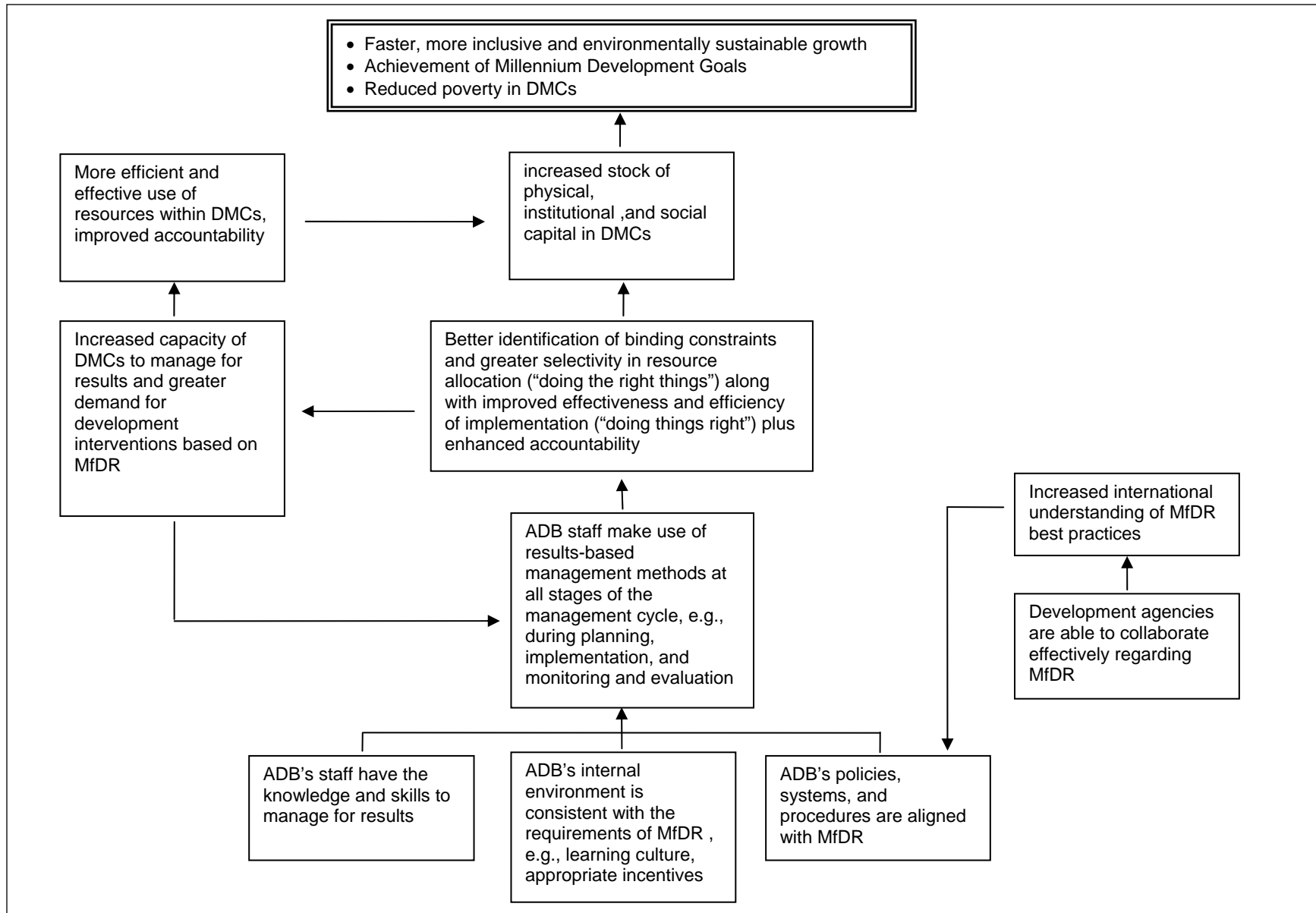
**ADB's 2006 MfDR ACTION PLAN**
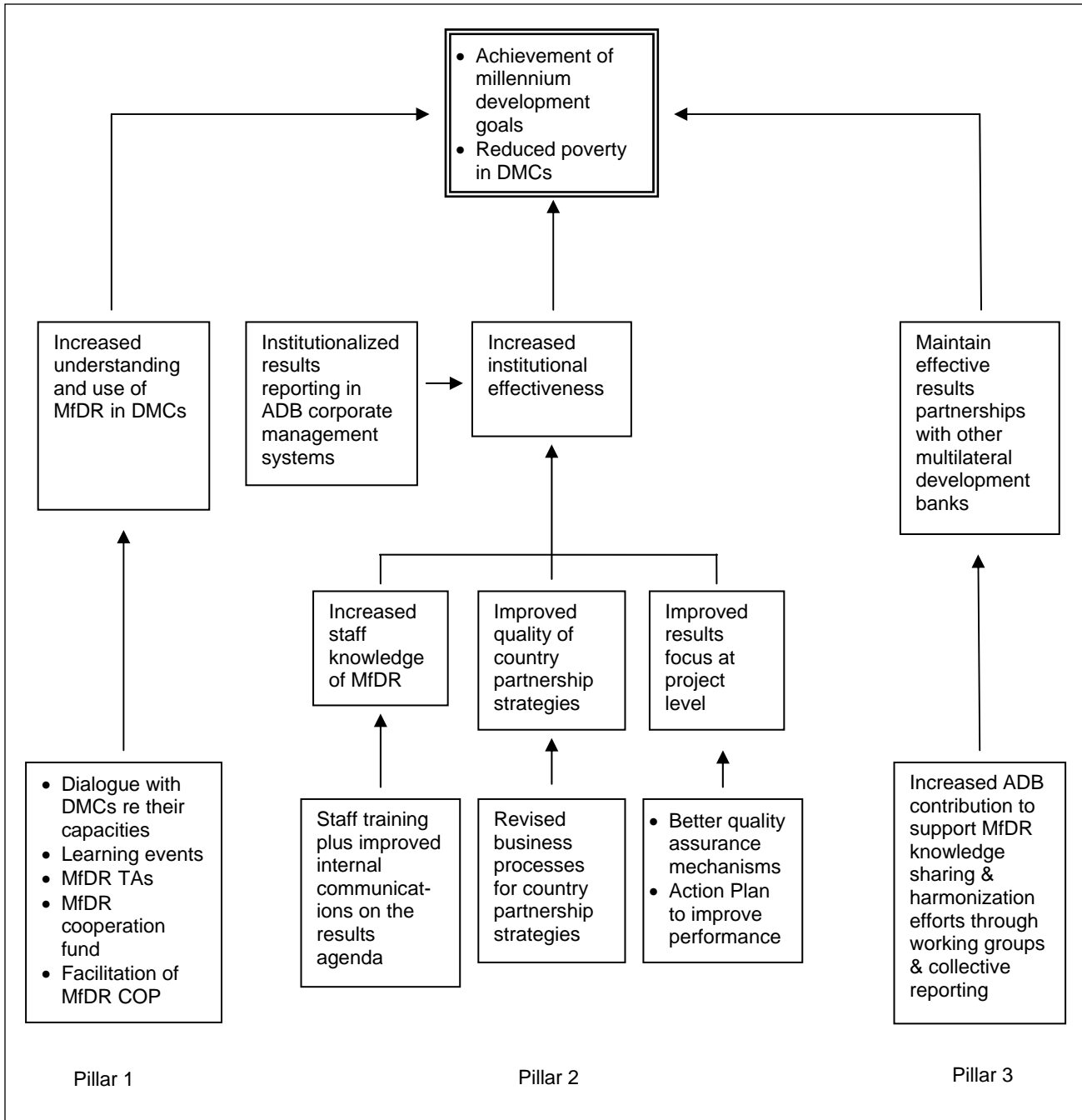


Note: Within the context of ADB's broader reform agenda, including strategic direction (MTS II); business planning (WPBF); knowledge management; human resource management and staff incentives.
Source: Operations Evaluation Department based on the Managing for Development Results in ADB: Revised Action Plan (2006–2008).

# MfDR LOGIC MODEL

- Faster, more inclusive and environmentally sustainable growth
- Achievement of Millennium Development Goals
- Reduced poverty in DMCs

More efficient and effective use of resources within DMCs, improved accountability

increased stock of physical, institutional ,and social capital in DMCs

Increased capacity of DMCs to manage for results and greater demand for development interventions based on MfDR

Better identification of binding constraints and greater selectivity in resource allocation ("doing the right things") along with improved effectiveness and efficiency of implementation ("doing things right") plus enhanced accountability

ADB staff make use of results-based management methods at all stages of the management cycle, e.g., during planning, implementation, and monitoring and evaluation

Increased international understanding of MfDR best practices

Development agencies are able to collaborate effectively regarding MfDR

ADB's staff have the knowledge and skills to manage for results

ADB's internal environment is consistent with the requirements of MfDR , e.g., learning culture, appropriate incentives

ADB's policies, systems, and procedures are aligned with MfDR

Source:  Operations Evaluation Department.

**MFDR TRAINING PROGRAMS**

The major components of the Asian Development Bank's (ADB) managing for development results (MfDR) learning and development curriculum are as follows:

**A.     Basic**

1.     **Project Performance Management System (PPMS)-Design and Monitoring Framework.** The Project Performance Management System (PPMS) outlines a systematic way of designing and implementing projects. The design and monitoring framework, the key element of the PPMS, is a results-based tool for analyzing, conceptualizing, designing, implementing, monitoring, and evaluating projects. This workshop provides immediate assistance to staff involved in technical assistance (TA) and loan processing on practical issues of preparing well designed and monitorable projects.

**B.     Intermediate**

2.     **Preparation of Country Partnership Strategies (CPSs).** This workshop aims to improve the results orientation of CPS. It will bring together country team leaders and other staff responsible for CPS formulation to share lessons and experiences from recently completed or ongoing results-based CPS, and to discuss the technical issues involved in results-based CPS.

3.     **PPMS-Design and Monitoring Framework for Program Lending.** This is an advanced module of PPMS - Design and Monitoring Framework. This workshop provides immediate assistance to staff involved in processing program loans on practical issues of preparing well designed and monitorable projects.

4.     **PPMS-Indicators and Performance Targets.** This workshop provides immediate assistance to staff involved in TA and loan processing on practical issues of selecting results-based indicators, setting performance targets, and determining the data sources to monitor the process towards achieving results.

5.     **Results-Based Country Portfolio Management and Review.** This program brings together the country directors, project administration unit heads and country team leaders to share their lessons and experiences in addressing the portfolio management issues at country level.

6.     **ADB-Government-CSO Cooperation: Strengthening Partnerships for Development Results.** This workshop will provide ADB staff, government, and nongovernment organization (NGO) representatives from Afghanistan, Kazakhstan, Kyrgyztan and Tajikistan with the knowledge and skills for working together within a tripartite framework. It will highlight the value of engaging in a tripartite relationship to ensure project success. It will also strive to describe emerging practices in ADB's operational collaboration with governments, NGOs, and other civil society groups in the region.

7.     **Sector Roadmap for CPS–Advanced.** The one-day workshop aims to provide a venue for staff with experience in the development of sector roadmaps to (i) share and discuss relevant experiences; (ii) discuss experiences with sector results profiles in selected countries and possible integration with sector roadmaps; and, (iii) collectively identify and develop good practices and recommendations for future development of good quality, results-based sector roadmaps.

## C.     Advanced

8.      **Colloquium on MfDR in ADB.** This aims to provide a venue for vice-presidents and Canadian International Development Agency executives to share lessons of experience, issues, bottlenecks and challenges faced in introducing and mainstreaming MfDR in public sector institutions.

9.      **MfDR for Directors.** This workshop is designed to provoke a shift in mindset and to introduce skills required for directors to meaningfully support MfDR implementation in ADB.

10.     **PPMS Training for Directors.** This workshop is designed to enhance skills required by directors to support MfDR implementation in ADB.

# RECOMMENDATIONS OF THE 2005 UNIVERSALIA REPORT
(Universalia, 2005, Independent Assessment of Managing for Development Results at ADB)

| Recommendations | Responsibility for Action and Monitoring |
|---|---|
| **1. Strategic Leadership and Managing for Development Results (MfDR) at the Asian Development Bank (ADB)** | |
| (i) Help shape and approve a strategy and business plan to guide ADB in its implementation of MfDR in line with the Board and President's pronouncements. | Vice-Presidents, Managing Director General, and Directors of the Strategy and Policy Department (SPD) |
| (ii) Develop processes that would show the staff of ADB that they are the champions of this organizational change effort. | Senior Management team |
| (iii) Monitor both the content and process of the change effort in order to support an organizational response to MfDR, as part of the strategy and business plan. | Senior Management team |
| **2. Organizing MfDR at the ADB** | |
| (iv) Assess the options for bringing some of the Results Management Unit's (SPRU) functions closer to operations. | Senior Management |
| (v) Ensure (give guidance) that operational departments have the staff resources and expertise necessary to support dmc capacity building for development effectiveness and that resident missions coordinate these efforts with the international agencies working in their country. | Operational VPs |
| (vi) Ensure that MfDR forms part of ADB's future strategy as reflected in MTS-II and that the strategy itself is results based, with outcomes and the ability to monitor, evaluate, and link it to a broader development agenda. | SPD |
| (vii) Provide the reporting and data management functions that can support and improve upon reporting on development effectiveness. | SPD |
| **3. MfDR and the Results Management Unit** | |
| (viii) Restructure SPRU to better focus on the implementation, monitoring and reporting requirements associated with MfDR. | Vice Presidents, Managing Director General, and Director of SPD |
| (ix) Lead a coordinated effort to develop an internal communications strategy on MfDR, involving the focal points and the internal communications group in the Department of External Relations. | SPRU |
| (x) Coordinate with the Capacity Development Network and the Human Resources Division to assess needs and develop a plan for improving the capabilities of ADB staff (including SPRU) in the technical and process skills required to implement MfDR at ADB. | SPRU |
| (xi) Develop its own results-based planning, monitoring, and reporting system based on a 3-year unit strategy that clearly articulates planned results and links to the ADB Strategy for MfDR. | SPRU |

## THE FIVE STAGES OF MANAGING FOR RESULTS[1]

1.      The implementation of managing for results (MFR) follows a sequence of stages common to all organizational transitions. These are conceptual stages that describe the predominant behaviors of the organization at a particular time. A critical point to bear in mind is that no organization fits perfectly into any one stage. A key feature of the more advanced stages is the increasing use of outcome data to supplement activity and output information used in decision making. The stages are as follows:

(i)     **Awareness.** The organization is aware of, but not committed to, MFR. In this stage, people in the organization recognize that what they have been doing is inadequate and that there must be a better way of proceeding. Managers may express a broad commitment to MFR, saying that they wish to be in line with broader public policy, but their statements lack conviction. This stage can involve a sense of fear, guilt, and unhappiness with past performance. It can also lead to attempts to place blame as various organizational stakeholders become frustrated with parts of the organization that do not implement MFR practices. With increased exposure to the idea of MFR, groups become more open to the possibility of change, leading to the next stage.

(ii)    **Exploration.** The organization begins to commit to MFR and explores different approaches. During this stage, people begin to pick up on new ideas from a variety of sources. The exploration may take the form of learning groups, benchmarking studies, and pilot projects. One problem at this stage is that people may prefer one technique or system over others, without having given them a full trial. Another problem may be that too many different ideas are tried at once, resulting in practices that are never fully explored. During the exploration stage, enough people across the organization develop a sense of the benefits of MFR and want to explore it in a broader context. This willingness leads to the next stage.

(iii)   **Transition.** The organization has committed itself to MFR and to attempting to make the transition from previous systems. In this stage, people begin to make a commitment to the new practices required. They drop old practices in favor of new ones because the old practices can no longer solve the organization's day-to-day problems. This stage can be characterized by hard decisions on what to keep and what to discard in terms of MFR strategies. For example, the conversion to a set of results-oriented performance measures is likely to mean that some old measures need to be dropped. As more people see the benefits provided, MFR becomes more widespread throughout the organization.

(iv)    **Full implementation.** The organization fully implements MFR in all areas. In this stage, groups across the organization begin to see and look forward to the real benefits of the new management approach. Resources are allocated and plans are designed to support new practices, not to maintain old and outdated ones.

(v)     **Continuous learning.** The organization periodically adjusts and updates existing tools, methods, and processes that support the use of MFR information in the

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[1]    This material has been taken from Treasury Board of Canada Secretariat. *The Managing for Results Self-Assessment Tool.* Available: www.tbs-sct.gc.ca/rma/account/transmond/tm02_e.asap

organization, including training tools, new approaches to planning, experimentation with advanced measurement tools, and development of reporting mechanisms that further align internal and external reporting.

2.    Consistent with the 'Exploration' stage, in 2004 ADB made a formal commitment to the introduction of managing for development results (MfDR) and began "learning by doing." Since that time, ADB has introduced new tools and policies to support MfDR, and a new corporate performance management system is currently being developed. This is consistent with ADB being in the transition stage. Given that managerial decisions within ADB are not routinely informed by relevant outcome data, the organization has not yet reached the stage of full implementation.

**MANAGEMENT RESPONSE TO THE SPECIAL EVALUATION STUDY ON
MANAGING FOR DEVELOPMENT RESULTS IN THE ASIAN DEVELOPMENT BANK:
A PRELIMINARY ASSESSMENT**

On 12 February 2008, the Officer-in-Charge, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

**I.      General Comments**

1.      We welcome the Special Evaluation Study (SES) on Managing for Development Results (MfDR) in the Asian Development Bank: A Preliminary Assessment.  As the MfDR agenda in ADB is a relatively new initiative, it is important that we regularly assess our progress, identify lessons, and develop that agenda further; and this SES will help us to do that.

2.      We appreciate that OED has completed this SES now, as we are in the final year of the current MfDR Action Plan.  The SES contains much valuable information, built largely on staff perceptions of MfDR in ADB, including data from the wide-ranging staff survey that informs much of the SES.[1] As we continue to implement the MfDR Action Plan, we will work with responsible departments and offices in ADB, particularly the Strategy and Policy Department, to address these perceptions.

3.      We also note that this is a preliminary assessment that covers just one of the three pillars of our MfDR Action Plan (2006-2008), namely Pillar 2: ADB's institutional effectiveness and a full evaluation of MfDR by OED will follow in 2009.

**II.      Comments on the Findings**

4.      We agree with many of the findings and conclusions reached in the SES. For the most part, the SES findings are generally consistent with our own internal assessment of progress under the MfDR Action Plan, particularly as contained in the last Progress Report on MfDR in ADB, discussed by the Development Effectiveness Committee (DEC) on 13 December 2007.[2]

5.      We broadly agree with the SES findings that (i) ADB's progress in MfDR is comparable to the progress made by other MDBs; (ii) ADB is still in the process of mainstreaming MfDR, a process the SES identifies as "a state of transition"; and (iii) ADB has made progress under Pillar 2 of the MfDR Action Plan to strengthen our own internal capacity to manage for development outcomes.

6.      We also agree with the SES observation that we need to address the challenges to mainstream MfDR in ADB: (i) the role of senior management is a

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[1]  There is much useful information on staff perceptions that should be taken into account as we mainstream Managing for Development Results further in the Bank; however, we continue to have reservations about basing an evaluation so heavily on the findings of a staff survey.

[2]  ADB. 2007. *Managing for Development Results in ADB: Semi-Annual Progress Report to DEC.* Manila.

key enabler for achieving success in managing for results, (ii) the quality of our key MfDR instruments must continue to improve, (iii) decision-making at all levels in ADB must be increasingly informed to a much greater extent by outcome data, and (iv) the use of results by senior management as well as staff incentives and active management of the change process are the key building blocks for further progressing ADB's MfDR agenda.

7.      We are aware of the challenges.  On 13 December 2007, we discussed with the DEC the need to continue our actions to mainstream MfDR in ADB, including (i) scaling up our advice to developing member countries to improve MfDR capacity, (ii) help to mobilize long-term funding for statistical capacity building, (iii) standardize MfDR procedures in ADB, (iv) improve development effectiveness reporting through a consolidated system, (v) introduce applied learning programs for staff on MfDR, (vi) undertake an executive program on MfDR for senior staff, and (vii) improve the quality of MfDR tools used for country partnership strategy instruments.[3]

8.      It is also important to note that ADB is currently completing the review of the Long-Term Strategic Framework (LTSF) and, in a related step, we are also working towards the consolidation of a number of development effectiveness reports into a single "Development Effectiveness Review", which will include identification and aggregation of ADB outputs at the sector and country levels. MfDR will be a key element of these initiatives.

## III.      Comments on the Recommendation

The SES sets out three potential scenarios for advancing MfDR in ADB and recommends that ADB pursues a course of action similar to described under Scenario 3: "Significantly Increasing Effort".  We note that the LTSF is currently being revised; the MfDR Action Plan (2006-2008) will be reviewed by end of this year; and OED will conduct a full evaluation of MfDR next year. Therefore, under these circumstances, we consider that Scenario 2: "Modestly Increasing Effort", offers the most appropriate course of action at this time.  We agree with the SES observation that this Scenario 2 is a pragmatic response within ADB's administrative capacity and resource constraints. Moreover, we also note that there are a number of actions under the recommended Scenario 3 that we will pursue, even during the remainder of the current MfDR Action Plan this year.

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[3]  ADB. 2007. *Managing for Development Results in ADB: Semi-Annual Progress Report to DEC.* Manila. pp. 7-11.

**DEVELOPMENT EFFECTIVENESS COMMITTEE (DEC)**

**Chair's Summary of the Committee's Discussion on 9 April 2008**

**Special Evaluation Study on Managing for Development Results in the Asian Development Bank: A Preliminary Assessment**

1. The special evaluation study (SES) prepared by ADB's Operations Evaluation Department (OED) aimed to evaluate the general progress of ADB's Managing for Development Results (MfDR) initiative in 2007 and to complement other progress reports prepared for MfDR. It was noted that the SES only covered Pillar #2 of ADB's three-pillar MfDR Action Plan, with a full SES planned for 2009 ("Institutional Effectiveness at ADB"). Still, it is notable that ADB is the only MDB to have prepared an independent evaluation of its MfDR activities. The SES engaged both internal and external clients of ADB in surveys, focus group discussions, one-on-one interviews and consultations. Various documents were also reviewed. The survey obtained 41 per cent response rate.

**Summary of Discussions**

2. DEC expressed concern on the study's findings that there is interdepartmental difference in staff perception: across departments, staff differ in their assessment of the progress of MfDR, implying a lack of staff awareness and ownership of the initiative. One DEC member asked why professional staff were not made fully aware of the MfDR agenda. OED advised that the study had not investigated the causes for the difference in perception and that future studies would explore these interdepartmental differences. One DEC member asked if OED could infer that implementation of MfDR would have been better if there were better incentives for staff.

3. One DEC member inquired about the major impediments to effective implementation of MfDR, and if other multilateral development banks (MDBs) faced similar challenges. He acknowledged that, in development efforts, results do take time to manifest themselves. He also sought clarification on the reason why perceptions of DMCs were also not obtained under the study, and if there were plans to include them in future studies. OED explained that there was no field work done for the study, but succeeding studies would include the DMCs.

4. DEC Chair inquired whether goal congestion hindered the success of MfDR. He also noted with concern that 50 per cent of staff regarded MfDR as a "fad" even after five years of its implementation. One DEC member also commented that given senior Management's critical enabler role in achieving success in MfDR implementation, senior Management needs to be seen as taking on greater ownership in translating support into practice and visibly sustained in the implementation phase.

5. DEC noted the study's recommendation for ADB to pursue "significantly increased effort", as indicated in Scenario 3, in which Management could consider giving greater emphasis on changing established practices to achieve better implementation in a shorter time.

6. In its response, Management pointed out that OED's recommendation and Management's position were similar. Management believed that, given the resource constraints, a combination of intense efforts as suggested under Scenario 3 and a "modest increase in efforts" as recommended under Scenario 2 would be a more practical solution. This will also

allow the review of the MfDR Action Plan, which is scheduled for this year, and the full SES to be completed before a substantial scaling-up is considered.

7.      Management stated that the scope of the staff perception survey of MfDR was confined to measuring and monitoring of results only and could have included project implementation efforts as well. ADB would soon move the MfDR to an initiative that follows a top-down, corporate-wide results framework as opposed to the current bottom-up approach. The new approach would better clarify institutional goals of ADB, and help departments/staff to align their activities with such goals.

8.      In response to a question from DEC, Management also pointed out that discussions between ADB and ADF donors during ADF X replenishment meetings confirmed that ADB's progress on the MfDR agenda, particularly the proposals to adopt the corporate-wide results framework, compare very favorably with other MDBs.

**Conclusions**

9.      DEC welcomed the SES on MfDR and noted that ADB's progress in implementing the MfDR compared favourably with that of other MDBs. DEC agreed that success of MfDR requires strong support from senior management.

10.     DEC recommended a careful analysis of the interdepartmental differences in staff perception about MfDR. A comparison with other MDBs as well as other governments implementing MfDR would also be useful. DEC also deemed it necessary to examine if goal congestion and multiplicity of desired outcomes were impacting the success of MfDR.

11.     DEC recommended that Management step up its effort in implementing MfDR through a suitable combination of Scenario 2 and Scenario 3 contained in the report.




**Ashok K. Lahiri**
Chair, DEC