ADB

Capacity for Results Management

A Guide for Conducting a Rapid Assessment of the Capacity of Developing Member Countries to Manage for Results

Asian Development Bank

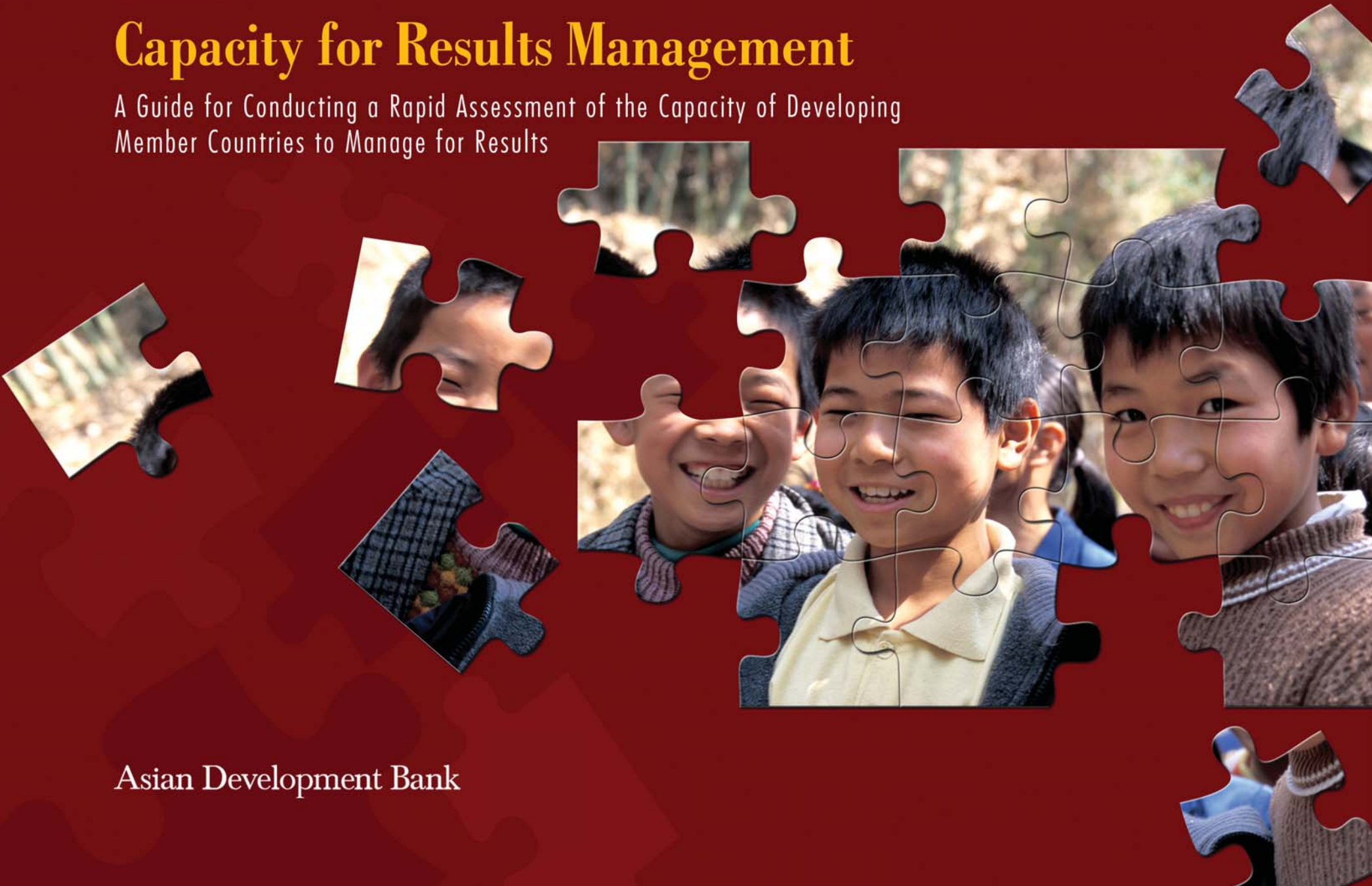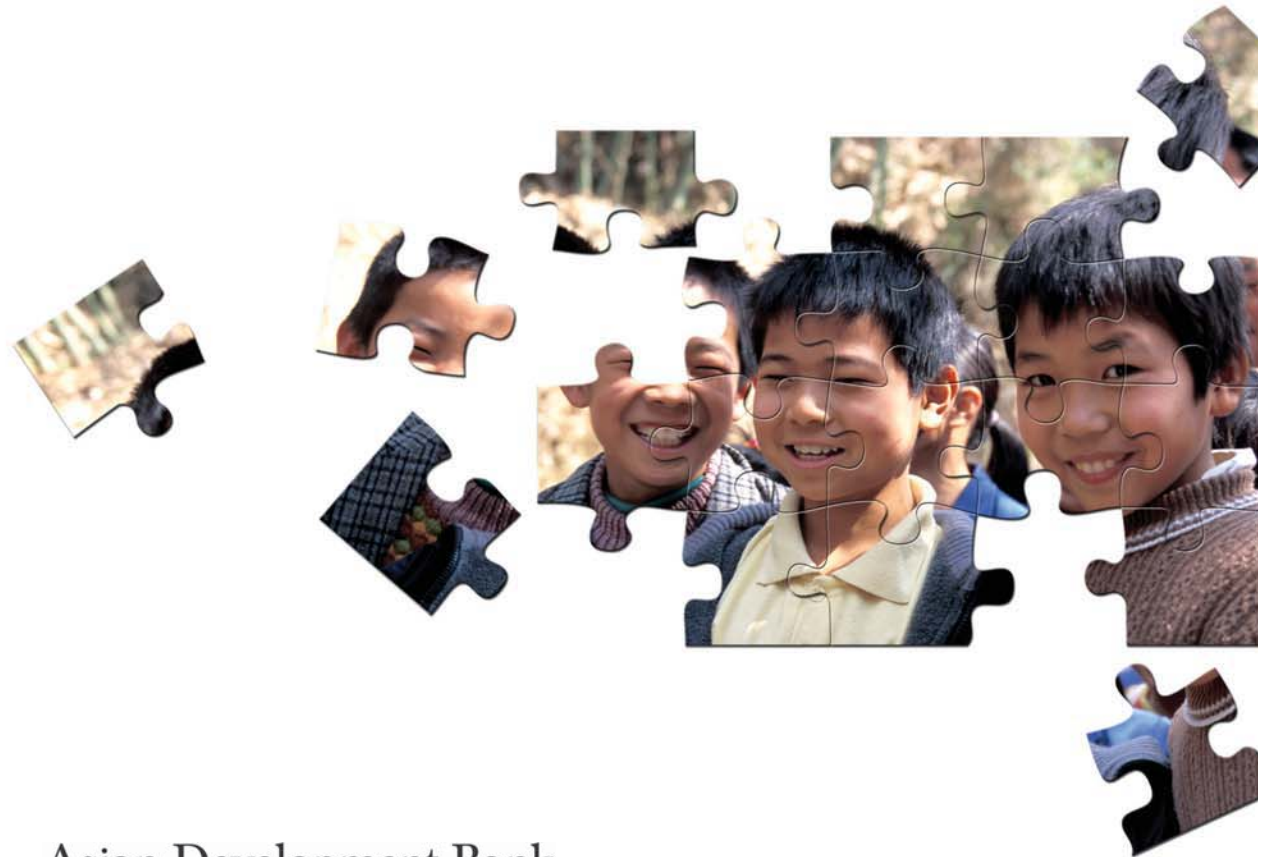# Capacity for Results Management

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Preface and Acknowledgements

The Asian Development Bank (ADB) is implementing managing for development results in three ways: (i) by strengthening the capacity of developing member countries (DMCs) to manage for results; (ii) by strengthening ADB's results management; and (iii) by strengthening international partnerships for managing for development results.

CHAPTER 1
BACKGROUND AND PURPOSE

Background and Purpose

This guide describes an approach for rapid assessment of a country's capacity for results management.[1] It is constructed on five building blocks that constitute the key factors that influence the demand for results management, namely, improving performance, increasing efficiency, and enhancing the effectiveness of the machinery of government. Each building block addresses important issues or prerequisites for a successful results management system. By posing questions related to these building blocks, the guide provides a broad picture of the relative strengths and weaknesses of a country's capacity to manage for results.

The building blocks are:

1. commitment, norms, and values for results management;
2. clarity of expected results i.e., setting objectives;
3. making results happen by linking objectives and planning;
4. determining contributions to results through monitoring and evaluation;
5. making results matter by providing feedback to decision making.

The first building block refers to the enabling environment for results management. This is related to the broader context of organizational mandates, to patterns of decision making and institutional liaison, and to the prevailing managerial culture and public sector value systems. Results management rests upon demands and commitments as well as reforms in several of the key functional processes in a country's public sector administration.

The four other building blocks refer to the functional elements of results management. From the outset it must be recognized that results management will only succeed when various meaningful reforms coalesce. It follows that a constituency for reform at the senior level of national decision making is needed in order to bring performance and results orientation to public sector management. Among the national institutions that can initiate and sustain results management efforts, the following are usually critical:

- Ministry of Planning (or Planning Commission) for setting national development goals;
- Ministry of Finance for shaping the budget;
- Ministry of Public Service for setting a framework for incentives and rewards;
- national statistical institution for collecting data on development conditions;
- national supreme audit institution for maintaining standards of accountability;

> **Results management rests upon demands and commitments as well as reforms in several of the key functional processes in a country's public sector administration.**

[1] Results management is used here as a common term for approaches usually referred to as "results-based management," "managing for development results," "performance management," or "managing for outcomes."

The accuracy, legitimacy, and depth of the assessment will depend on the availability of knowledge and information and the purpose of the actual assessment.

- legislative oversight committees for maintaining oversight of the executive branch.

In terms of building momentum for reform in the direction of results management, the above government institutions represent a core group of stakeholders and agents for change. In addition, there are invariably civil society organizations that exert an important influence on the management of public affairs.

This guide can be used by staff, consultants, and governments to conduct a rapid assessment of the capacity for results management of the government in a particular developing member country (DMC). It can provide inputs for setting an agenda for country-level analytical work to prepare a results-based country strategy and program (RB-CSP) or for a specific project or technical assistance activity including submissions for the Asian Development Bank's (ADB) Managing for Development Results Cooperation Fund.[2]

The accuracy, legitimacy, and depth of the assessment will depend on the availability of knowledge and information and the purpose of the actual assessment. This guide proposes a list of issues and questions that do not all necessarily need to be included in every assessment. However, it is recommended to include at least some aspects of all five building blocks.

The assessment will normally require interviews and consultations[3] with key government officials, with representatives of academic institutions, and with development partners. Access to local knowledge either through a national officer or a consultant with government background is particularly valuable. Presentation and discussion of the initial assessment in a workshop with the interviewees is also usually quite useful. Depending on the use of the assessment, it can be revised and expanded through consecutive missions. The assessment can be presented as a report identifying strengths, weaknesses, key challenges, and recommendations. See Appendix 1 for examples of reports.

[2] The Managing for Development Fund (MfDR) Cooperation Fund was established in March 2004 to support the introduction of MfDR approaches in ADB's DMCs. The fund, which is a multidonor umbrella facility, currently amounts to $2.9 million based on contributions from Canada, the Netherlands, and Norway.
[3] The assessment guide has been tested in Bangladesh, Bhutan, Fiji Islands, Nepal, Papua New Guinea, Viet Nam, and Uzbekistan by staff from ADB headquarters. The rapid assessment requires 3–5 days of interviews and consultations.

CHAPTER 2
INTRODUCTION

Introduction

A. Scope and Approach

A key lesson from international experience is that both results management and capacity development need to be approached in a holistic and comprehensive manner. There are many facets to results management, and there are certainly no simple technical solutions. What represents a critical challenge or opportunity in one country may be less important in another.

However, while specific country needs and requirements will vary, there are a number of issues that will be generally helpful to a results orientation in public sector management. This guide highlights a set of issues and questions that can be raised in seeking to determine the strengths and weaknesses of a national results management system. It does not analyze capacity development for results management in individual ministries and line agencies.[4] Few of the issues raised are new. What is new is looking at national systems as a whole to assess whether the building blocks for results management are in place.[5]

B. Principles Guiding the Assessment of the National Capacity for Results Management

Results management is often associated with some of the particular public sector management arrangements that have been adopted by developed countries and their donor agencies in the last decade or two such as corporatization, performance contracts, output budgeting, outsourcing, and service standards. Similar reforms are also being piloted in a number of developing countries.[6] The focus of this guide is more basic, namely ensuring that institutions and individuals maximize performance, relevance, responsiveness, and cost effectiveness in achieving intended results. Results management thereby aims to link the things that a government wants to achieve with what it actually does.

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[4] Among the publications that address organizational development, the reader may wish to consult Lusthaus et al. 2002. *Organizational Assessment: A Framework For Improving Performance,* published jointly by Inter- American Development Bank in Washington DC and the International Development Research Centre in Ottawa, Canada (http://web.idrc.ca/openebooks/998-4/) or Rodriguez-Garcia, R. and E.B. White. 2005. "Self-Assessment in Managing for Results: Conducting Self-Assessment for Development Practitioners", World Bank Working Paper No. 41, World Bank, http://publications.worldbank.org/ecommerce/catalog/product?item_id=4600312). Also, see the World Bank's website for institutional analysis and assessment at http://wbln0018.worldbank.org/PREM/ps/iaamarketplace.nsf.

[5] Original sources for the issues highlighted include ADB materials on country governance assessment (see http://www.adb.org/Governance/gov_cga.asp), the country policy and institutional assessment (CPIA), methodology that has been developed by the World Bank and which ADB will be using as part of allocating resources under Asian Developent Fund-IX. (see http://siteresources.worldbank.org/IDA/Resources/CPIA2004questionnaire.pdf), and the World Bank's *Administrative and Civil Service Assessment Guide.*

[6] For an overview of developed country reform initiatives, see Pollit and Bouckaert. 1999. *Public Management Reform*. On developing country experiences see Polidano. 1999. *The New Public Management in Developing Countries*. For a critical review of relevance to developing countries see Schick, A. 1998. "Why Most Developing Countries Should Not Try New Zealand Reforms," *World Bank Research Observer*, Vol. 13.

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Results management is built upon the notion of a "results chain" that corresponds to a series of cause-and-effect relationships or transformations from the allocation of resources to the completion of activities to genuine development effects. Above all, results management is intended to emphasize higher-order priorities and downstream achievements to anchor managerial learning, accountability, and decision making throughout the cycle of planning, implementing, monitoring, and evaluating public programs. In its simplest form, the results chain can thus be illustrated in terms of inputs, outputs, and outcomes.[7]
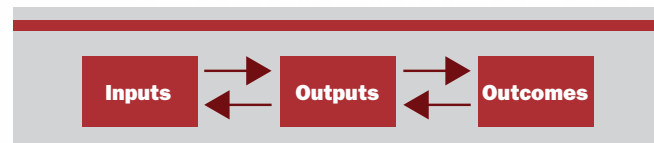
Three key lessons that have been learned from a generation of results management capacity development and development assistance are the following.

- Capacity development is a complex, fluid, long-term process that involves multiple stakeholders who often have conflicting interests. Capacity development efforts at the project and individual agency levels all too frequently run into different constraints. The availability of skills and technical facilities is only a small indication of an organization's ability to perform.

- More often, capacity constraints emerge from the underlying, enabling policy and institutional environment related, for example, to political priorities, coordination among institutions, public sector incentives for recruiting and retaining professionals, and so on.[8]

[7] The results chain can also be visualized as a hierarchical problem tree whereby a certain outcome gives rationale to a set of outputs each of which in turn can be affected by a set of inputs. When coupled with indicators that allow for target setting and monitoring performance, the results chain represents the backbone of different approaches to logical results frameworks. In its basic form, the input-output leg of the results chain is commonly understood as what lies within the realm of individual managerial control. The output-outcome leg, on the other hand, is usually the result of the combined efforts of multiple factors, agencies, and managers. Results management implies focusing on desired outcomes and attempting to understand the logical flow from outputs to outcomes. However, both outputs and outcomes are counted as results. The results chain should be understood as a two-way relationship. In terms of causing change, it is read from left to right, with inputs influencing outputs and outputs influencing outcomes. However, in terms of planning for actual results, it is read from right to left with desired outcomes determining outputs and outputs in turn determining the composition of inputs. While adaptation and refinement may be needed for application in specific organizational contexts, this basic results chain is sufficient for generalizing.

[8] As noted in several ADB Operations Evaluation Department (OED) evaluations of projects in support of capacity development. See "Performance Audit Report on Selected Technical Assistance Projects for Strengthening Evaluation Capacity in DMCs, ADB OED." July 2001. See also "Capacity Development in ADB Operations." ADB's contribution to Good Practice Paper on Capacity Development, Organisation for Economic Co-operation and Development/Development Assistance Committee Network on Governance, Paris. 2005.

- Unless tailored to the unique circumstances of each country, capacity development invariably fails and at best fills temporary gaps with no longer-term sustainability. Furthermore, any initiative imposed on an unwilling constituency will, at best, be unsustainable. There can thus be no blueprint for success; rather, promoting results management needs to nurture genuine national initiatives and the mechanisms that make sense in national decision making.
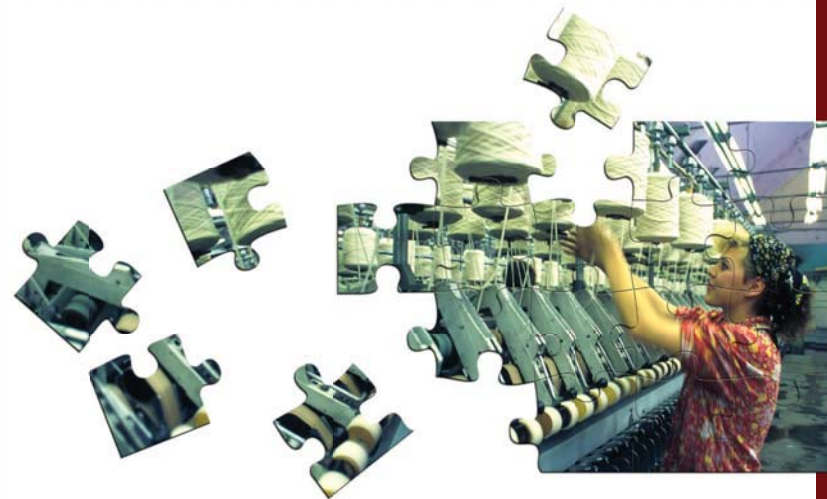
CHAPTER 3
COMMITMENTS, NORMS, AND VALUES FOR RESULTS MANAGEMENT (BUILDING BLOCK 1)

A. Policy Leadership

As is the case for any reform efforts, results management is fundamentally preconditioned by the degree of demand and ownership, particularly the commitment and leadership of a country's policy-level decision makers. Nothing that is imposed upon an unwilling constituency will work no matter how much advocacy and promotion support the technical merit of the initiative.

Likewise, results management will not take root if government leaders don't particularly care about the results their government produces, that is, if they don't want to know what produces results and what doesn't. This cuts across any specific technical or functional entry points for results-based management. In order for a culture of continuous of performance improvement, of excellence, and of client service to take root within a civil service system, there must be a clear sense of expectations about results. Improving performance is not easily done. Political leaders, public managers, civil servants, and the organizations they work for must care about results and actively search out means to better achieve them. Caring about results must ripple through the ranks, defining what the government does and the ways in which it operates.

Questions to Pose

- Are organizational mandates and individual responsibilities clear and understood, or are there significant overlaps that curtail effective decision making?
- Are the responsibilities of the legislative, executive, and judicial arms of the government clearly delineated?
- Is coordination for implementing government policies facilitated by, for example, a cabinet office or chief minister's department?

B. Accountability

Accountability is imperative to make public officials answerable for government behavior and to make them responsive to the needs of the citizens they serve and from whom they ultimately derive their authority. This may be achieved differently in different countries or political structures depending on the history, cultural milieu, and value systems involved. The mechanisms needed vary from accounting procedures to audit institutions and practices to oversight provided by legislatures to more narrowly focused consultative committees. Accountability also relates to the rule of law encompassing well-defined rights and duties as well as mechanisms for enforcing them and for settling disputes in an impartial manner.

Accountability thus has different dimensions. Legal accountability ensures that the actions of public sector entities are in accordance with legislative

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requirements. Financial accountability is directed at efficiency and effectiveness. The goal of public management accountability has, over the last two decades, gradually been shifting from concern primarily for doing things the right way to also ascertaining that the right things get done. The common denominator of many recent public management innovations and reforms is an emphasis on downstream results rather than on the internal mechanics of bureaucracy. Accountability arrangements are, therefore, not only meant to help stop managers from doing the wrong things, they should also help guide and motivate them to do the right things.

Questions to Pose

- Is there an independent ombudsman with powers to adjudicate disputes?
- Is the legislative branch able to effectively monitor the executive branch of government?
- Is the judiciary independent and free from the influence of politicians and powerful business interests?
- Are media independent and able to investigate and provide critical judgment that can help deter illegal and unethical behavior?
- Does the government have an anti-corruption agency backed by appropriate legislation, financial resources, and technical skills?

C. Openness and Participation

The common development experience is that the benefits of inclusiveness,[9] participation, and openness are considerable. Transparency and access to information are of great importance if forces outside the public sector are to play their full roles not just in articulating their needs and priorities but also in inducing public officials to behave honestly, effectively, efficiently, and in their interests. Soliciting direct inputs from end-users of public services is a dynamic process.[10] Similarly, public service managers who depend upon client feedback and approval to obtain their share of public resources for performance appraisal and remuneration don't deliver poor quality services. The more the intended beneficiaries of government programs believe that their opinions count and that they can materially influence activities, the greater the chance that outputs will be of a satisfactory quality and will ultimately attain the outcomes desired.

The common development experience is that the benefits of inclusiveness, participation, and openness are considerable.

9   See "Law and Institutional Reform: Catalysts for Inclusive Development in the Asia and Pacific Region", ADB Theme Paper No. 13, 2004.
10   Refer to Nobel Laureate Amartya Sen's observation that no large famine has ever occurred in a society characterized by democracy and freedom of expression. Sen, A. 1999. *Development as Freedom*. The observations about famine are placed in a wider context of development, freedom, and democracy.

Questions to Pose

- Has civil society been able to provide meaningful inputs to formulating national development plans?
- Has the private sector been able to provide meaningful inputs to formulating national development plans?
- Are decisions generally made in an open and transparent manner, or is secrecy a prevailing attitude to public information and decision making?
- Do permanent structures exist for community involvement in decision making about local affairs?
- Do civil society and the public at large have access to public decision-making meetings?
- Does legal framework allow for establishing and operating nongovernment organizations (NGOs)?

- Are there any domestic institutions that provide training in results-based management (e.g., logframe planning, integrated program management, monitoring and evaluation)?
- Does the government have a comprehensive civil service reform or performance improvement program?

D. Receptivity to Reform

A performing state is one that continually assesses its condition and adjusts how and what it does in response to new information. A performing state is not satisfied with the results it gets just by sticking to business as usual but actively seeks improvement by canvassing the world around it and changing both its objectives and programs as required. It seeks lessons of experience in order to build knowledge on what works and what does not.

Questions to Pose

- Do major public institutions undergo continuous change management as, for example, manifested by concrete and actual organizational reforms?
- Are piloting, experimentation, and identification of good practices encouraged and promoted?
- Do mechanisms exist for the continuous development of staff competencies and capabilities?

CHAPTER 4
CLARITY OF EXPECTED RESULTS: SETTING OBJECTIVES (BUILDING BLOCK 2)

Clarity of Expected Results: Setting Objectives (Building Block 2)

At the functional and operational level, the starting point for results management is the clarity of overall development objectives. In development, results-based objectives must focus on changing human development conditions broadly speaking to those set out in the Millennium Development Goals (MDGs). In particular, when clear outcome objectives are established through a participatory process of building consensus on priorities, they will provide a powerful point of reference for results-based public planning and management.

A. Outcomes

It is generally accepted that outcomes represent the most important benchmark for performance. National development outcome objectives are frequently expressed as part of a national development plan, a poverty reduction strategy, or another overarching policy framework. Ideally, there are clear development outcome objectives throughout a national public service delivery system from the central government to sectors, ministries, and local governments to the frontline service delivery agencies. Rather than perceiving that bureaucratic activity has intrinsic value, the point of having clear development outcome objectives is for managers to stay focused on what ultimately matters: the effects of their actions.

At the same time, it must be recognized that outcome data are often unavailable or costly to obtain, and that even when they are available, the causal relationship between government policy and social conditions may not be easy to determine.

Questions to Pose

- Has an exercise to develop a national vision been undertaken?
- Does an overarching national development plan with clear outcomes (e.g. a national poverty reduction strategy) exist?
- Have national development plans and aspirations been framed in terms of humandevelopment outcomes?
- Are donor priorities derived from national planning processes?

B. Indicators and Targets

Indicators are signposts along the path of change and are equally important to outcomes, outputs, and inputs. Indicators are observed in order to verify whether or to what extent progress is being made toward achieving the established goals. By verifying change, indicators help demonstrate progress when things go right and provide early warning signals when things go wrong. This helps to identify changes that need to be made in organizational strategy and practice. Beyond making it possible to demonstrate results, indicators thus have an important role in producing results by providing a reference point for monitoring, decision making, stakeholder consultations, and evaluation.

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Indicators are signposts along the path of change and are equally important to outcomes, outputs, and inputs.

Indicators require a baseline, a target, and a timeframe to be useful in verifying the results of a development intervention. In development, it is often difficult to make objective, exact observations of the complex changes addressed, and one therefore frequently has to rely on observations that approximate intended changes, i.e. proxy indicators.

The key consideration in selecting indicators is to find measures that can meaningfully capture key changes, combining what is relevant with what is practically realistic in terms of actually collecting and managing data. (It is commonly acknowledged that indicators should be SMART: **s**pecific, **m**easurable, **a**chievable, **r**ealistic, and **t**ime-bound).

Defining targets rests upon assumptions about resources, organizational capabilities, opportunities for reform, and so on. In the case of both defining indicators and setting targets, however, the major challenges are predominantly managerial rather than technical.

Questions to Pose

- Are development outcome objectives expressed in terms that allow for the objective verification of whether any progress has been made?
- Have realistic targets relative to a baseline been established for interim performance?

C. Outputs, Service Delivery, and Client Satisfaction

Outputs are the direct and concrete products of service delivery. Because outputs represent actual services delivered rather than the activities in their own rights, it is critical that ministries and agencies set clear output objectives and targets. Outputs are generally under managerial control and thus represent a level of change for which managers can be held accountable.

Outputs may comprise physical assets such as kilometers of roads built or number of classrooms constructed but may also be expressed from the client or public service user perspective, i.e., availability of or access to services, standards of quality in service provision, or public satisfaction with service delivery. While few public service users are able to comment on complex technical matters, they are

qualified to comment on whether public services meet their needs and expectations, whether specific aspects are satisfactory or unsatisfactory, and whether the concerned agencies are responsive, reliable, and accountable.

Questions to Pose

- Are ministries and agencies clear about what outputs they produce as contributions to national development outcomes?
- Do ministries and agencies have specific targets or benchmarks for their outputs like service coverage, standards of quality, and timeliness?

Outputs are the direct and concrete products of service delivery.

CHAPTER 5
MAKING RESULTS HAPPEN: LINKING OBJECTIVES AND PLANNING (BUILDING BLOCK 3)

Clear objectives for results have little meaning if they are merely theoretical and divorced from the operational realities of the government. It is only when objectives are linked to decision making on planning and managing government projects and programs that they have consequences for actual service delivery. Ideally, national development goals and targets inform and guide the entire service delivery system from central planning to sector agencies to district or local governments to frontline providers.

It is difficult to have a coherent and comprehensive approach to results-based management unless all branches of government use similar concepts and terminology, e.g., for what constitutes an outcome, for how to relate outputs to outcomes, or for the purpose of a performance indicator. Convergence in terminology and practices is also dependent on a common understanding of where accountability lies.

A. Budget Management

A budget informs the population at large what the government intends to spend its funds on and what it intends to achieve thereby. The problem in many DMCs, however, is that the budget provides little guidance as to how a government determines its priorities. This is because the budget may be based on an excessively large public sector that may have been in office for a long time and in which each agency generally gets a proportion based on what it received in previous years. A change in government policies and priorities might result in appropriating additional funds for a particular agency,

but from the budget documents, it is rarely possible to determine the impact the increase is likely to have on service delivery.

The budget represents the most concrete and visible component of a country's decision making. The format for budget proposals is generally uniform meaning that the basic components and structure of budget requests are the same for different sectors and departments. To align national development goals and targets, a medium-term expenditure framework (MTEF) is generally necessary because it is only in a medium- to longer-term perspective that any changes in development outcomes are likely to materialize. Further desirable characteristics of an MTEF are that it is comprehensive (all items of financing and expenditure are included), realistic, clear (about how resources will be used), and endorsed at the highest political level.

Results-oriented budget proposals express and assess the contributions that a sector, ministry, or agency is likely to make to attaining outcomes. In a results-based budget management system, managers are given a degree of freedom as to how they manage the resources they are allocated. As long as goals and objectives

It is only when objectives are linked to decision making on planning and managing government projects and programs that they have consequences for actual service delivery.

Results-oriented budget proposals express and assess the contributions that a sector, ministry, or agency is likely to make to attaining outcomes and to an aggregate budget that corresponds to national development priorities.

are attained, they can make decisions about how to shift resources around among different items. Managers should, for example, be able to make adjustments to service delivery in accordance with differences in local needs and preferences on the one hand and variations in local cost and supply conditions on the other.

Questions to Pose

- Is the government budget a meaningful reflection of national political priorities?
- Are budget decisions made in a rational and considered manner taking the prospects for creating results into account?
- Do budget systems comprise the full costs of planned activities, i.e., recurrent costs or future investment implications of commitments made?
- Are official development assistance loans, donor grants, and technical assistance accounted for in the budget?
- Are there any formal government-led mechanisms for donor-to-donor coordination?
- Is budgeting done over a medium-term timeframe during which an effect on outcomes can be calculated?
- Are the budget requests of ministries and agencies justified by their contributions to national development outcomes?
- Does the government budgeting system provide for clear expressions of the outputs and products that follow from ministry and agency activities?
- Do sector plans and budget requests provide a description of results and performance during the previous period?
- Are budget requests articulated in terms of improving performance and contributing to development results?

B. Sector Policy and Strategy

Some countries have a national development strategy that was conceived in isolation from the actual planning and managing of the public sector. The first step in bringing national development objectives into the realm of operational management is for outcome objectives and targets to be established as the rationale for sector planning. This normally involves sector policies, road maps, or strategies that have been derived from national outcome objectives, e.g., those found in a national development plan or poverty reduction strategy. Moreover, a sector strategy should be explicit about the contributions or outputs that its service delivery system will make toward achieving outcome objectives. Because it aims to contribute to national development outcomes, a results-based sector plan will also clarify individual roles and responsibilities in a sector and the partnership arrangements and coordinating mechanisms that can help provide a coherent and comprehensive response to the multifaceted challenges that any sector invariably faces.

Questions to Pose

- Are sector strategies and plans aligned with national development outcome objectives?
- Do forums for coordination exist among interdependent public institutions (e.g., ministries of health, education, and water and sanitation)?
- Do mechanisms exist for a sector-wide approach to planning?

C. Departamental Work Planning

Closely connected with the need for objectives to guide and inform budgeting is that they also serve as the framework for work planning within ministries, departments, and agencies. First, individual organizations and organizational units must have a clear picture of what their missions are relative to other agencies that also contribute to the same outcomes. Work planning also involves prospects for improving performance at all levels. It determines how organizations and their units are staffed and organized, how projects and programs are formulated and screened, how services are scheduled and clients are targeted, how purchasing and procurement needs are determined, how customers and users are handled and so on.

Questions to Pose

- Are departments required to have a clearly articulated mission statement?
- Are policies, programs, and projects clear and logical and planned based on cause-and-effect relationships?
- Are departmental plans linked to higher-order outcomes?
- Are cost-benefit analyses conducted as part of preparing projects and programs?
- Do practices exist that seek to establish (sector ministry/agency) stakeholder and client expectations?
- Does program/project design integrate monitoring and evaluation systems and practices that yield an evidence-based foundation for decision making?

> **Once objectives have been used for budgeting and departmental work planning, it follows that they should also be reflected in individual work plans.**

D. Individual Performance Plan

Lastly, once objectives have been used for budgeting and departmental work planning, it follows that they should also be reflected in individual work plans. Ideally staff should be recruited on the basis of their potential for contributing to results spelt out in their job descriptions and work plans as contributions to outputs and outcomes.

Questions to Pose

- Do civil servants have annual performance plans that specify their roles and contributions to ministries'/agencies' objectives and targets?
- Is tenure tied to explicit expectations of performance?
- Are senior managers' salaries and remuneration tied to standards or targets for achieving organizational goals and targets?
- Is there an oversight body that reviews hiring decisions and ensures fairness and professionalism in recruitment?
- Is there one (or more) civil service employment regime (or cadre) that assigns rights and responsibilities to public employees?

CHAPTER 6
DETERMINING CONTRIBUTIONS TO RESULTS:
MONITORING AND EVALUATION (BUILDING BLOCK 4)

Determining Contributions to Results: Monitoring and Evaluation (Building Block 4)

Monitoring and evaluation function when the systems supply managers with reliable information and analyses about what works and what doesn't as a basis for effective public action and continuous performance improvement. Monitoring and evaluation derive their value not only from collecting data and producing reports but also from the way facts and analyses are used to inform decision-making operations, accountability, and learning.

Approaching results orientation by promoting monitoring and evaluation theories, methods, and data processing systems in isolation is unlikely to lead to much improvement in performance. In fact, when disconnected from the incentive structures and planning that underlie national decision making, establishing new systems, even if they are geared toward results, can actually undermine results-based management. If results data are not actually used to guide actions, the effort is tantamount to adding an unnecessary reporting burden which invariably leads to deterioration in data quality and which can divert public managers from productive service delivery. Monitoring and evaluation geared toward results will ultimately have an effect only where there is a genuine demand for the insights they produce; where managers desire an empirical foundation for decision making; where rewards and sanctions are guided by the achievement of results; and where managers collectively perceive a self-interest in adopting guides for continuous learning.

A. Outcome Information

Once outcome objectives and targets have been established and then used for resource and work planning, results management depends on timely and reliable information. Reflecting trends in socioeconomic conditions, information about development outcomes generally depends on compiling population or sample statistics. The existence of a well-functioning national statistical system is therefore an important part of a country's infrastructure for results-based management.

When analyzing performance on the basis of trends in monitoring data alone, there is a risk of oversimplification that misses factors that contributed to improvements or deterioration. While monitoring gives information on where an agency, program, or project is in relation to its objectives and performance targets at a particular point in time, evaluation is intended to help understand why targets have or have not been achieved. Evaluation helps to re-think the causes of a problem and to identify emerging problems and how to respond to them.

There is no objective, scientific method for assessing contributions to outcomes. The best practices often involve combining primary and secondary data collection methods and qualitative and quantitative techniques.

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The existence of a well-functioning national statistical system is therefore an important part of a country's infrastructure for results-based management.

Beyond the formalized, structured techniques for reviewing effectiveness whether in evaluations, studies, or reviews, a key dimension of understanding contributions to outcomes is self-reporting by the managers and agencies involved. Although they are not independent in how they report on their own performances, adopting outcomes as the focus of reporting is key to emphasizing the results that ultimately matter the most.

Questions to Pose

- Are household or other comprehensive socioeconomic surveys regularly conducted (i.e. at least every 5 years)?
- Does information exist that provides facts about the local dimensions of poverty and human development?
- Has an MDG progress report recently been produced?
- What are the legal mandate, the funding base, and the pool of skills for the national statistical office?
- Does one or more (government or nongovernment) poverty monitoring and analysis unit exist that can meaningfully digest national socioeconomic statistical findings?
- How are evaluation and research priorities determined?
- Are government policies, programs and projects subjected to regular and independent evaluation or other reviews of effectiveness?
- Are evaluation findings widely disseminated?

B. Output Information

Continuous information about outputs and progress toward outcomes is an important component of results-based management. Information about outputs is generally most conveniently available from administrative data sources, i.e. the management information systems (MIS) that are maintained by ministries and service delivery agencies. Relevant information includes the physical outputs of a ministry, department, or service delivery agency but also standards of service and client satisfaction with different aspects of services. Information on outputs may also be compiled and managed by agents outside of government, e.g., consumer groups and community-based organizations that monitor service delivery through client scorecards, attitude/perception surveys, public hearings, and other mechanisms that can exert pressure on public service agencies.

In understanding performance related to outputs, the underlying question to be addressed relates to the efficiency of service delivery. Efficiency has both quantitative and qualitative characteristics that include the volume and cost of service; opening hours; response times and error rates; the accessibility of services and the courtesy with which they are provided; and citizen/customer satisfaction.

- Do ministerial MIS capture data on client satisfaction and impact of service delivery?
- Are there service-delivery surveys that show trends in client satisfaction?
- Do ministries and agencies produce quarterly or annual reports that summarize achievements in terms of service delivery scope, access, quality, and client satisfaction?
- Are overlaps in data collection by ministries and agencies providing services avoided by interconnecting MIS?

C. Financial Controls

Any results management system depends on accounting systems, procedures, and practices that are designed to mitigate the chances of fraud and increase the likelihood that if fraud does occur, it will be discovered. Financial controls generally have many different components from ethical codes and legal bases for prosecution of misconduct through audit institutions and information systems that track expenditures. However, attitudes and behaviors are not solely a product of policy and legislation: the culture or ethos of civil service is also an important determinant of how well financial controls function in practice.

- Are national audit agencies able to verify the accounts of all ministries, local governments, and public agencies?
- Do clear and transparent rules and regulations govern public procurement?
- Are international standards of audit adhered to?
- Does the supreme national audit institution have free access to expenditure records?
- Are public accounts prepared (and published) on a timely basis?
- Does the legislative branch have an accounts committee or other mandate to provide oversight of government expenditures, e.g., through review of the audited financial statements of public agencies?

> **Continuous information about outputs and progress toward outcomes is an important component of results-based management.**

CHAPTER 7
MAKING RESULTS MATTER: FEEDBACK TO DECISION MAKING (BUILDING BLOCK 5)

Collecting results information is a means to an end. Benefits are only obtained when their work or findings are used in operational, budget, and policy decision making. In an ideal results management world, all decision making from resource allocation to work planning to managerial performance assessment and incentives would neatly proceed from clearly articulated outcome objectives and targets that can be monitored. In reality, public affairs certainly cannot be run on the basis of information about outcomes alone. What ultimately matters most is that whatever results information is fed back to and used in decision making. When progress against original objectives has been determined and fed back to planning and managing, a full cycle of results management has been completed.

A. Review Policy Priorities

When a cycle of setting results objectives, management, and review has been completed, the process starts afresh by revisiting the original objectives, the programs that were designed to make a difference, and the managerial arrangements that were put in place. Arguably, the key question is not whether the government has caused a particular outcome but whether an outcome should spur the government to examine its policies and programs and adapt the actions that are part of its strategy. With updated facts about socioeconomic trends together with an improved understanding of what works and what does not, policy priorities as well as operational targets can be updated and revised.

Questions to Pose

- Are policy objectives and priorities regularly revisited in the light of research, statistics, and other facts and analyses regarding changes in the status of development outcomes?
- Are output and outcome information used in decision making?

B. Resource Re-Allocation

When results information is effectively fed back into budgeting decisions, questions about re-allocating funds from lesser to higher priorities and from less to highly effective programs and agencies may arise. What guides resource allocation is then relative merit in terms of cost effectiveness in contributing to development results at both the outcome and output levels. At the same time, managers are allowed discretion in decision making about detailed items of expenditure in exchange for pre-specified outputs.

▶ **Benefits are only obtained when findings are used in operational, budget, and policy decision making.**

> **All that managers in general can and should be held accountable for is identifying outcomes they aim to influence.**

- Do sector plans and budget requests provide an explicit description of results and performance during the previous period?
- Are resources regularly re-allocated from low- to high impact programs?
- Are lessons learned from reviews and evaluations systematically embedded in new (project and program) designs?

C. Service Delivery Strategy Adjustment

Likewise, when new information is made available on public service user needs and priorities, on opportunities for reducing production costs relative to outputs, and on alternative means of satisfying clients, service delivery agencies can adapt and refine their strategies.

Questions to Pose

- Are options for improved effectiveness of service delivery sought, considered, and acted upon?
- Do progress and performance reports actually lead to changes in service delivery strategies?
- Is client feedback on service delivery acted upon?
- Are lessons and experiences sought through domestic and international learning networks?

D. Staff Incentives

Lastly, information about results and performance undoubtedly has the greatest potential to change behaviors and practices when it actually affects how managers are sanctioned or rewarded. At the same time, it must be

recognized that changes in outcomes invariably are made by the collective efforts of many different managers, programs, or institutions. Accordingly, outcomes are usually not realistic benchmarks for assessing individual performance. All that managers in general can and should be held accountable for is identifying outcomes they aim to influence, ascertaining that outcome change is monitored, and explaining how the activities and outputs they are responsible for make a difference to the outcomes pursued. When major shifts in outcomes occur, it is usually possible to determine if individual managers played a material role or not. Although incentives cannot be tied to outcomes in general, it may be possible that outstanding cases can be identified and rewarded or sanctioned as the case might be.

Questions to Pose

- Are managerial and staff performance assessments conducted regularly and transparently?
- What is the differential between government and private sector wages?
- Are cases of corruption generally detected, investigated, prosecuted, and sentenced?
- Is there an incentive system in place to motivate staff to achieve results?

Appendix 1: Examples of Capacity Assessment Reports

A. A Summary of the Rapid Assessment of Results Management Capacity in Uzbekistan[11]

Since independence in 1991, Uzbekistan has progressed in its transformation to a market economy. Some of the country's achievements include decentralization in some areas of public administration and the institution of a stronger parliamentary system. However, significant challenges remain and impede progress toward more effective results management. Donors including the Asian Development Bank (ADB) have responded to these challenges in the context of their respective development agendas for Uzbekistan. There are many donor-supported initiatives in the country including in monitoring and evaluation and statistical development. It is essential that these efforts are aligned with the government's plans and are well coordinated with one another to exploit potential synergies and avoid duplication.

Commitment, Norms, and Values Underpinning the Demand for Results Monitoring and Evaluation. Although significant reforms are underway, the existing values and norms in government are insufficient to generate a strong demand for performance and results. These are reflected in weak accountability, lack of transparency, inadequate engagement of civil society in development, and a lack of institutional capacity to apply results-oriented approaches.

Functional Elements of Results Monitoring and Evaluation. The institutions that could potentially support and sustain results management are mostly in place. These are the Ministry of Finance (MoF), the Ministry of Economy (MoE), the State Statistics Committee (SSC), parliament, and a system of public service management. However, factors such as a lack of coordination between ministries, a mismatch between resources and priorities, a lack of poverty analysis and statistical capacity, and limited engagement by civil society hamper their ability to function effectively. Current initiatives include establishing a poverty monitoring unit in the MoE, new budget and treasury laws, a new budget classification, adoption of a multiyear Medium-Term Expenditure Framework (MTEF), creation of a new bicameral parliament in early 2005, and capacity development for SSC including linking SSC systems with line ministries/agencies.

Clarity of Results and Expectations. The forthcoming welfare improvement

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[11] The Uzbekistan assessment was done by Josie Balane, Senior Results Managemement Officer in ADB's Results Management Unit.

strategy paper (WISP), the national poverty reduction strategy, is a useful instrument for unifying government actions toward the common vision of reducing poverty and improving the living standards of the population. However, a look at the existing interim WISP (I-WISP) indicates that the roles of various stakeholders in WISP implementation need to be defined further to achieve clarity of goals and expected results. The strategy also needs to address the important issues of transparency and statistical capacity. The preparation of the Millenium Development Goals (MDG) Report is well coordinated with the WISP and provides a useful complement to WISP preparation and implementation.

Linking Plans and Actions. The process for ensuring strategic coherence from national goals down to the plans of sector agencies and local government institutions is not sufficiently defined in the I-WISP. There needs to be greater alignment between budget allocations and contributions to targeted outcomes of individual line ministries/agencies. Line ministries/agencies should also be allowed greater flexibility to make resource allocation decisions within a well-defined accountability framework.

Feedback of Results Information to Decision Making. Provisions have been made in the I-WISP for the participation of government agencies in the preparation of the full WISP. However, within government there is no formal mechanism to ensure that proposed policies are reviewed by all concerned ministries. The link between incentives and performance in government service is weak and exacerbated by the absence of a civil service law or body and by weak governance. As part of the establishment of a treasury department within the MoF,

EU-Tacis (the European Union's grant-financed technical assistance to 12 countries in Eastern Europe and Central Asia) is introducing best practices in human resource management.

Results Monitoring and Evaluation Systems. Challenges to monitoring and evaluation include the unavailability of many types of data due to the government's secrecy provisions, the existing culture of compliance which tends to produce "safe" but unreliable data, disparities in statistical definitions between the government and international organizations, and the lack of recent census data. Existing and planned monitoring and evaluation systems are set at the national, sector, and project levels. Many of them are being developed or improved with assistance from donors including ADB, the World Bank, the United Nations Development Programme (UNDP) and other UN agencies, EU-Tacis, and the International Monetary Fund.

Despite these challenges, development of a reasonably reliable monitoring and evaluation system for the results-based country strategy and program (RB-CSP) is within reach. First of all, ADB should consider to what extent it is feasible and useful to align the country strategy and program (CSP) monitoring and evaluation system with the monitoring systems for the WISP,

MDGs, and United Nations Development Assistance Framework given the challenges associated with using each of these systems. In addition, ADB could tap into the outcomes of studies, surveys, and projects undertaken by the government with assistance from development institutions such as ADB, UNDP, UNICEF, UNESCO, and the International Finance Corporation. Regular statistical reports by the government's SSC and line ministries/agencies are also potential sources of information although the validity and reliability of the data may have to be established beforehand.

In view of the challenges posed by monitoring and evaluation in Uzbekistan, it would be helpful to keep the number of indicators for the CSP at a manageable level. ADB should continue to support monitoring and evaluation initiatives in the country.

B. A Summary of the Rapid Assessment of Results Management Capacity in Bhutan

As part of the extensive changes the Royal Government of Bhutan is going through, initiatives have been taken to establish and develop results managament mechanisms in all levels of the public sector. Guidelines for a national monitoring and evaluation system will be finalized by the end of 2005; systems already established in sector ministries like health and agriculture will be improved; the capability of the Royal Audit Authority, the National Statistical Bureau, and the National Assembly will be further developed; and an MTEF will be introduced. Extensive and decisive capacity development is taking place at various levels.

This range of initiatives will most likely address the

inadequacies in the current monitoring and evaluation systems. Data from several sources are already available but are not systematized, analyzed, and utilized to the extent possible. Sophisticated information technology is being implemented but will only be fully used when the ongoing development of capacity and telecommunications throughout the country are further advanced. The 5-year plan gives clear directions for development and expenditures, but the concrete linkage between performance data, planning, indicators, and resource allocation in annual planning and budgeting is still vague. While strong and determined leadership is in place in various agencies and departments and a remarkable degree of openness, transparency, and insight is recognized, sufficient skilled human capacity is lacking in many places.

Within a few years, Bhutan has the potential to have well functioning results management systems in place at all levels of government. It will, however, require concerted efforts from the government and all development partners in building and strengthening capacities and maintaining strong leadership. As one of the country's most important donors, ADB should increase its support for these efforts.

Appendix 2: Materials and Resources on International Experience with Results Management

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

- Asian Development Bank. Results Management Unit. Available: http://www.adb.org/ mfdr/default.asp
- Asian Development Bank Institute. 2005. Development Management for Senior Executives. Tokyo, Japan. 4–8 April 2005. Available: http://www.adbi.org/event/ 282.development.management.workshop/
- *Comparative Policy Evaluation Series.*Transaction Publishers. Available:http://www.transactionpub. com/cgi-bin/transactionpublishers.storefront/ 439e57f40039f3169c4ec0a80a7306eb/Cartridge/ ss1257027b/AdvSearch/Run/ MASK989
- Joint Multilateral Development Banks. Managing for Development Results. Available: http://www.mfdr.org/
- Joint Multilateral Development Banks. 2005.*Managing for Development Results Principles in Action: Sourcebook on Emerging Good Practice.* Available: http://www.mfdr.org/sourcebook.html
- Kusek, J.Z and R.C. Rist. 2004. *Ten Steps to a Results-based Monitoring and Evaluation System.* World Bank. Available: http://www.worldbankinfoshop.org/ecommerce/catalog/product?item_id=3688663
- New Zealand State Services Commission. Managing for Outcomes / Results. Available: http://www.ssc. govt.nz/display/document.asp?NavID=208
- Office of Management and Budget. 1993. *US Government Performance and Results Act.* Available: http:// www.whitehouse.gov/OMB/mgmt-gpra/gplaw2m.html
- Organisation for Economic Co-operation. 2004. *Governing for Performance.* Available: http://www.oecd. org/dataoecd/52/44/33873341.pdf

- Organisation for Economic Co-operation and Development/Development Assistance Committee. 2002. *Glossary of Key Terms in Evaluation and Results Based Management.* Available: http://www.oecd.org/dataoecd/29/21/2754804.pdf
- Rodriguez-Garcia, R. and E.M. White. 2005. *Self-Assessment in Managing for Results: Conducting Self-Assessment for Development Practitioners.* World Bank. World Bank Working Paper No. 41. Available: http://publications.worldbank.org/ecommerce/catalog/product?item_id=4600312
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Capacity for Results Management

This guide explains the main principles of results management—the core of the Managing for Development Results approach. This guide also discusses the implications of implementing the approach and its application in ADB's operations at country and project levels.

About the Asian Development Bank

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

ADB's main instruments in providing help to its developing member countries are policy dialogues, loans, technical assistance, grants, guarantees, and equity investments. ADB's annual lending volume is typically about $6 billion, with technical assistance provided usually totaling about $180 million a year.

ADB's headquarters is in Manila. It has 26 offices around the world. The organization has more than 2,000 employees from over 50 countries.

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