MANAGING FOR DEVELOPMENT RESULTS

Information Sheet

Governments are challenged to respond to the urgency of their citizens' needs and to be more accountable to them. All over the world, tight budgets and new scarcities are casting their shadows within a changing international environment. This, combined with an increasingly demanding public, is putting governments under growing pressure to show that they are providing good value for money. More and more, they are challenged to be transparent and to demonstrate results.

Have policies, programmes and projects led to the desired results? Today, what counts is not so much how many clinics have been built, but whether citizens' health has improved; not how many schools have been constructed, but how many girls and boys are better educated; not how many dollars were loaned to a country, but whether the country has less poverty.

Managing for Development Results (MfDR) means focusing on concrete impacts at all phases of the national development process. A concrete structure and set of tools have been developed to enhance government performance and to boost accountability at all levels. The MfDR approach embodies generally accepted tenets of good governance – setting clear objectives, evidence-based decision making, transparency, and continuous adaptation and improvement.

What is Managing for Development Results?

The Managing for Development Results (MfDR) approach has emerged as a centerpiece of global efforts to improve the effectiveness of public management and is widely seen as representing best practice in this field. It is increasingly applied in developing countries and parallels a movement in many OECD countries known as results-based management.

MfDR centres on gearing all human, financial, technological and natural resources – domestic and external – to achieve desired development results. It shifts the focus from inputs ("how much money will I get, how much money can I spend?") to measurable results ("what can I achieve with the money?") at all phases of the development process. At the same time, MfDR focuses on providing sound information to improve decision-making. This entails tracking progress and managing business based on solid evidence and in a way that will maximise the achievement of results.

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MfDR implies that goals are clear, measurable, limited in number and concrete, with time-bound targets. At the same time, they must be expressed in human terms (*i.e.* as development outcomes). For this reason, MfDR is more than a methodology: it is a way of thinking and acting, built on a practical toolbox for improved public management.

The "MfDR cycle" involves five core components or stages:

- setting goals and agreeing on targets and strategies;
- allocating the available resources to activities that will contribute to the achievement of the desired results;
- monitoring and evaluating whether the resources allocated are making the intended difference;
- reporting on performance to the public;
- feeding back information into decision-making.

The development of a "performance culture" and the full implementation of MfDR are not easy. A lot of effort is required to create the internal preconditions for results management through targeted organisational and human resource development. But capacity development is not enough. Firm leadership and political will – over a prolonged period of time – are also essential if these capacities are to be developed and used in the pursuit of MfDR. The role of leadership in setting the course and constantly clarifying the core functions and objectives of an organisation is fundamental, but more important, it is vital in providing the model for the behaviour and attitude that are needed to support a results orientation.

The push for results

In today's world, it is essential to provide evidence-based information about public sector performance so as to meet the public's need to know, to create political transparency and to enable governments and politicians to guide their performance and learn ways to improve it. The provision of meaningful and timely information on performance also encourages greater emphasis on planning and offers good indications of what is working in government and what is not. In developed countries, this trend has mainly been driven by growing public demands for information combined with increasing spending constraints. Developing countries, on the other hand, have been pushed mainly by the call for the efficient use of resources for poverty reduction and policy reform.

In the international arena, numerous initiatives have underpinned this push for results. The Millennium Development Goals (MDGs) are probably the best known and most ambitious global commitment to results-based poverty reduction. The agreed MDG goals, targets and indicators provide the basis for measuring progress, as well as the effectiveness of aid. The Monterrey Consensus, adopted in 2002, encompasses a commitment by developed countries to increase levels of aid in conjunction with better governance, policy reform, and a greater focus on development effectiveness on the part of the developing countries.

The emergence of several highly indebted poor country (HIPC) initiatives and of a growing number of national poverty reduction strategies (PRS) also testify to a strong international commitment to provide more and better aid in parallel with improvements in policymaking in developing countries. Within this framework, all development partners are bound to mutual accountability, transparency and achievement of measurable results.

The Paris Declaration on Aid Effectiveness, adopted in 2005, reflects a broad consensus on how best to reform aid to contribute to these commitments. The most distinguishing feature of the Declaration is the shared nature of the commitments, including an emphasis on the way in which improvements in donor practices go hand-in-hand with the strengthening of country systems and institutions.

MfDR in the context of aid effectiveness

The focus on results makes MfDR central to the entire aid effectiveness agenda. It means that stakeholders push partner country governments and donor agencies to demonstrate results – in other words, the effectiveness of aid. It means that donors and recipients oblige each other to demonstrate that they are meeting their commitments and promises. The accountability of partner country governments and donor agencies to their respective publics is complemented by mutual accountability between donors and recipients – and it is MfDR that serves as the crucial basis to make this mutual relationship real.

With relation to the aid management and effectiveness principles that form the basis for the Paris Declaration, MfDR is closely linked to ownership, alignment and harmonisation. But MfDR reaches far beyond aid management. It addresses the entire development process in partner countries and guides the allocation of all development resources in the most effective way. Independent of aid relationships, MfDR comes to bear directly on domestic issues of leadership, governance and accountability, making it a fundamental political axis instead of a simple "planning and management tool".

There is growing agreement that MfDR should form the basis for country-owned systems that donors and partners are jointly committed to support. Country-based monitoring and evaluation, and the underlying statistical capacity, are essential to make these systems strong. Reliable performance monitoring frameworks not only permit greater accountability and more credible feedback on the effectiveness of aid; they also encourage donors to refrain from imposing their own monitoring and reporting requirements, relying instead on sound country-defined criteria.

Only relatively recently has MfDR begun to be given intensive attention. To move forward, donors and recipients need to continue to increase their emphasis on performance, capacity building and development of results-oriented frameworks. Over recent years, the focus on aid effectiveness has served as a catalyst for MfDR. In the coming years, it could continue doing so provided that country ownership and the wider implications of public sector management are acknowledged. Aid management, although of crucial importance, is part of the process – but not the process itself.

The establishment of a stronger "performance culture" remains a challenge not only for developing country governments, but also for donor organisations. In responding to this challenge, donor agencies are increasingly pushed to establish consistent sets of internal procedures and incentives that will reward their employees for achieving sustainable and long-term return on investments, and not simply for accounting for the use of donor resources.

The work of the Joint Venture on Managing for Development Results

The Joint Venture on Managing for Development Results is a subsidiary body to the Working Party on Aid Effectiveness, hosted by the OECD-DAC. The Joint Venture is composed of bilateral donors, multilateral development organisations – including the World Bank, UNDP and the Regional Development Banks – as well as partner country representatives through regional Communities of Practice.

The Joint Venture actively supports developing countries and donor agencies in implementing MfDR and addressing the close links of MfDR to the other guiding principles of the Paris Declaration. It works to identify and disseminate good practice, and to develop guidance and principles to move the MfDR agenda forward. As a prime advocate for MfDR, the Joint Venture has produced:

- Three editions of the *Sourcebook on Emerging Good Practice in MfDR*. Along with an *MfDR Policy Brief*, this supports the effort to ignite the international MfDR debate and strengthen communication, sharing of experience and peer-to-peer learning.
- A newly developed *Capacity Scan*. Together with the existing MfDR capacity assessment tools, this product allows developing countries to conduct assessments that provide a clear view of capacity gaps, develop actions to address them and target donor support.
- A good practice document on *Incentives for Aid Effectiveness* and an accompanying *Self-Assessment Tool* that address the MfDR agenda in donor agencies.
- A good practice concept paper on *Mutual Accountability at the National Level* and a study on *Mutual Accountability at the International Level*. Both products are building on the close links between MfDR and mutual accountability and inform the debate on how to enhance mutual accountability and transparency in the use of development resources.

The Joint Venture increasingly builds on its close association with regional MfDR Communities of Practice (CoP) in Asia and the Pacific, Africa, Latin America and the Caribbean. These regional networks of practitioners and policy makers provide excellent examples of peer-to-peer learning and mutual capacity development and are actively supporting the implementation of MfDR in partner countries.

There is growing interest on the part of donors in helping to facilitate these networks and ensure that they can operate on a continuing and sustained basis. It is expected that the CoPs, with their broad stakeholder basis, will increasingly serve as “hubs” for regional learning and thus become a powerful support for national MfDR based systems.

The Joint Venture provides a forum for assessing financing for peer-to-peer learning. It also offers donors and practitioners opportunities to meet and to compare notes on where they stand with regard to their progress on MfDR.

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