



ROOM DOCUMENT NO. 8

DAC Working Party on Aid Evaluation

*WORKSHOP ON PERFORMANCE
MANAGEMENT
AND EVALUATION*

Submitted by
the UNDP

31st Meeting
27-28 January 1999

Draft Minutes

Workshop on Performance Management and Evaluation sponsored by UNDP and Sida 5-7 October 1998

Day 1

Opening Session

Ms. Carol Bellamy, Executive Director of UNICEF, opened the workshop, welcoming the guests. Ms. Bellamy emphasized the importance of the workshop in view of the need to demonstrate results.

Mr. Raufeeuddin Ahmed, Associate Administrator of UNDP also welcomed the guests.

Mr. Ahmed stressed the timeliness of the workshop since many organizations are in the process of establishing systems to monitor and measure their results. He noted that the issue of performance management was a concern to all engaged in development work and that the workshop would help the participants learn from each other's experience.

Next, Mr. Khalid Malik, Director of the Evaluation Office of UNDP, welcomed the guests and thanked UNICEF for its cooperation in allowing the use of the conference room. Mr. Malik indicated that the workshop was hosted by UNDP and that Sida and UNDP were responsible for its coordination. He also mentioned that different organizations were at different stages in the implementation of Results-based management (RBM) within their respective organizations and that he believes that the workshop would facilitate the experiences of aid agencies.

Mr. Niels Dabelstein, chair of the DAC Working Party on Aid Evaluation, also welcomed the guests and thanked UNICEF, UNDP and Sida for their efforts in the coordination of this workshop. He also indicated the timeliness of the workshop since it responded to the various external requirements put on agencies to demonstrate results now.

The objective of the DAC workshop was to share the experiences of the various attending organizations within the areas of performance management and evaluation. The workshop was timely considering the increasing importance accorded by the stakeholders, both donors and beneficiaries alike, to the themes of performance management, performance measurement, monitoring and evaluation.

The downward trend in international development resources, partly due to aid fatigue among the donor community, is coinciding with a need to aim higher and to set new goals, encouraging donors to explore new opportunities in their approach to development. Though both performance measurement and performance management have a long history, the latter is gaining importance as a means by which data on programme performance can be provided to stakeholders.

The DAC workshop provided a forum where these trends could be discussed and new methods of performance management and evaluation could be shared and explored.

1. Performance Management: An Overview of the Concept and Its Applications

Performance management is not a new concept; it is found in the form of a number of systems in business and public administration and international development management by objective (MBO), total quality management (TQM), logical framework analysis (LFA), etc. In public management, there is an increased climate of skepticism, increased emphasis on performance measurement and reporting, and participation of a wide range of external stakeholders. In international development, performance management is coinciding with a re-examination of the purposes and goals of foreign assistance and OECD countries have introduced extensive reforms in response to these various economic, social, and political pressures.

Despite progress in the development of analytical frameworks, common problems have been (a) the lack of appropriate goals and strategy, (b) the lack of performance measurement; and (c) the limited use of evaluation. Performance goals must be clear; they should link strategic plans to detailed annual plans and usually require the aggregation of projects and programmes. A goal also requires a clear understanding of the definition of inputs, outputs, and outcomes and the level of accountability and attribution appropriately associated with each. Although different organizations have different approaches to these, most agencies agree on the need to shift from the exclusive emphasis on inputs and outputs to devote more attention to outcomes, and on the need to tackle the issues concerning the measurement of outcomes. A strategy often supplies this missing link, which provides for critical thinking about goals, objectives, and approaches. The starting point for performance management for many will be the effectiveness and efficiency of public services.

As for the development of performance indicators, categories include productivity/efficiency, quality, customer satisfaction, and effectiveness, criteria for the selection of which are critical. Criteria for the selection of useful programme performance indicators are essential. They should include having strong links to impact and to organizational efforts and they should be credible to a range of stakeholders.

In most cases, an unintended effect of the new emphasis on performance monitoring has led to the marginalisation of evaluation rather than to enhance its role.

The real purpose of development is to generate results on the ground, and one of its important challenges is to transfer performance management to public sector operations in the partner or client countries.

2. Agency Experience with Performance Management: Bilateral Organizations

USAID

USAID's approach to managing for results consists of three inter-related processes, namely, strategic planning, monitoring and evaluation, and the use of performance information. During the initial phase of the strategic planning process the organization defines its objectives and identifies the strategies it will use to meet those objectives. The objective trees or frameworks developed in a participatory fashion include a hierarchy of objectives, with long-term objectives causally linked to short-term, intermediate outcomes. The indicators for measuring progress towards these objectives are also developed during this phase. The monitoring and evaluation process involves the establishment of a system for monitoring and analysing data. During the third process, using performance information, information from both performance monitoring and evaluation is used to report on programme performance to agency managers, decision-makers, and external audiences and stakeholders. The most important uses of performance information are for management decisions and the improvement of programme effectiveness.

Although external requirements to report on results have been the main driving force behind the implementation of results-oriented management within USAID, experimentation and the subsequent institutionalization of RBM were already under way in the early 1990s prior to the 1993 Performance and Results Act passed by the United States Congress. The Act requires all United States federal agencies to develop multi-year strategic plans, annual performance plans, and data monitoring systems that will track results, use performance information in programme and budget allocation decision and report annually on the programme performance. In USAID, managing for results became the underlying principle of the 1995 re-engineering reforms.

Today, managing for results in USAID occurs within each operating unit and agency-wide as well. In this regard, almost all of USAID's operating units have approved strategic plans in place and have reported on results to USAID/Washington in their annual results reports and resource requests (R4s). Two thirds (63%) of all operating units' strategic objectives now have indicators, targets (planned results) and actual results data for 1997. This represents a considerable increase (39%) compared to the previous year. Similarly, USAID has taken significant steps in measuring and reporting on results agency-wide. In September 1997, USAID prepared its first agency-wide strategic plan which is similar to the results framework used by operating units. The USAID strategic plan identifies six agency goals that are essential to the achievement of sustainable development and contribute to United States national interests. Within each agency goal area, USAID's strategic plan identifies a number of performance goals, which are specific targets or trends to be achieved within a ten-year timeframe by USAID and its development partners. Performance indicators are developed for measuring progress at the country level towards each of these performance goals. In February 1998, USAID prepared its first agency-wide annual performance plan for the year FY1999, which establishes annual benchmarks for 1999 vis-à-vis each of the ten-year performance goals identified in the agency strategic plan.

USAID has been relatively successful in institutionalizing a system for managing for results. Some of the factors contributing to this success are: (a) external pressure to adopt the system; (b) an early head start (c) building the managing-for-results policies and procedures on best practices, (d) strong support from the top leadership, (e) the ability to build ownership from the bottom-up, (f) the provision of substantial support to operating units by USAID/Washington in establishing an effective management-for-results system; and (g) in general, the fact that managing for results has been viewed as a useful tool.

USAID's experience can be of great relevance to other development agencies interested in building an effective results-based management system. Some of the lessons learned are: allow time to build managing-for-results systems and processes; senior management must support and advocate for the success of the system; use a participatory process to build ownership at all organizational levels, keep the system relatively simple; ensure the use of performance information, not only for reporting but also for decision-making and learning; and provide incentives -- not disincentives -- for honest performance reporting.

Despite the considerable progress it has made, USAID is also facing challenges. One of the issues the organization continues to face is how to demonstrate that its strategic objectives are attributable to significant development results. Demonstrating attribution becomes particularly difficult since USAID's operating units share the playing field with other key players. In addition, while the achievement of development results is a long-term prospect, USAID is required to report on results annually. This is particularly challenging at the higher level of strategic objectives, which are not achievable in the short term. Likewise, collecting results data annually is expensive and the data may not show progress annually. Another area of concern is the problem of the aggregation of programme results across operating units and countries. Because of the diversity of the strategic objectives and intermediate results found in the operating units, aggregating results at the agency level has been difficult. In this regard,

USAID has made considerable efforts to identify common indicators that operating units can use for similar programme approaches in a number of the agency's goal areas. Overall, USAID is working to address the challenges and issues it is facing and build a system that would satisfy its reporting requirements as well as the needs of its internal management.

DFID

In the United Kingdom, the initiation of a results orientation was marked by the publication of a government policy paper, committing the government to the introduction of resource accounting and budgeting (RAB). The intention is that RAB will produce descriptive and analytical data, consistently and systematically, in a way that will facilitate taxpayers having an informed view of how their money is used. All government departments now have a set of agreed objectives, and DFID's were presented in the 1997 White Paper: Eliminating World Poverty: A Challenge for the 21st Century. That set of objectives stresses the importance of setting targets and measuring progress towards them and is closely linked to the DAC 21st Century goals.

Direct causal links between targets and performance are difficult to trace; however DFID expects to be able to demonstrate that it has a strongly performing portfolio, closely focussed on objectives, and reflecting the overall aim of poverty alleviation.

Much of the performance information currently available is at the project level. One of the problems related to the information-gathering exercise is that although results information on closed projects exists at the central level, comparable information on projects in progress does not; this means that it is difficult to analyze and influence the projects in progress from the central level.

The technological arm of DFID, PRISM (Performance Reporting Information System for Management) allows the manager to pull out information on projects. It also contains a project scoring element, which is based on LFA. People are asked to rate a project from 1 to 5, 1 meaning that the stated result is the least likely to be achieved, and 5 the most likely.

Although such a system facilitates reporting to the treasury, there is a concern in DFID that such information could be used against them for future resource allocation purposes and that project scoring could be used against individual project managers. In this sense, aggregation must be done carefully and excessive aggregation could be a pitfall.

3. Agency Experience with Performance Management: Multilateral organizations

UNDP

UNDP is on the path to formulate a results-based management system in its organization, which is addressing technical and institutional management issues such a system would entail. The organisation has undergone an extensive learning phase, including the development methodologies for the improvement in project designs and the clarification of project results. It is clear, however, that project results are meaningless unless they relate to clearly stated wider objectives of the organization and of the programme country.

In this regard, a joint UNDP/Sida study was initiated from which it became clear that UNDP would have to create its own system and that strategic partnerships would have to be built to implement performance measurement in UNDP. This required the narrowing of the focus of measurement to enable the system to be defined with regard to both programme and management. Both of these need to fit into the system of

holistic oversight to guarantee integration at a high level. The definition of UNDP programme results was shifted from outputs to outcomes and a draft framework for defining results in poverty and governance was established. This framework is now being pilot tested in ten countries. These countries are expected to develop frameworks that include their outputs and outcomes in a way that facilitate their aggregation to show results at the corporate level.

UNDP, like others, is still addressing issues such as how to solve the aggregation issue, the specification of capacity-building results, and the use of the measurement framework as a management tool. UNDP considers it vital that the host country governments be involved from the beginning.

The UNDP RBM system is still very much work in progress, but strategic decisions have been made.

World Bank

In the World Bank RBM is seen to be but one instrument among many that are used in the following-up of results. Important aspects of an effective organization include a client focus, decentralization, enhancement of feedback loops, and simplicity. If RBM adds another level of complexity, it will not be worth the effort.

However, RBM is no longer an option but a must and although the World Bank considers itself to be doing relatively well, there is still a long way to go. The system has not yet been uniformly implemented across the Bank, and the Bank needs to increase the involvement of its partners.

One of the core aspects of the results system in the Bank is the scorecard, which provides a means by which to answer the most important questions and to know, on a corporate level, how the Bank did in a particular country. The scorecards are completed for each country office, but they are also planned for the Bank-wide units. Although quality and effectiveness are core aspects, the scorecard includes other elements and provides flexibility to add more variables depending on specific circumstances.

Day 2

AusAID

Similar to the situation in other organizations, the driving force behind the introduction and development of RBM at AusAID has been the need to demonstrate results to external stakeholders. The introduction of accrual-based outcomes and outputs budgeting across the Australian Public Services called for a change in the way AusAID does business and required an overall organizational adjustment to conform with these changes. Accrual-based outcome and output-budgeting will shift the emphasis from inputs to outputs and outcomes. Another fundamental impact of accrual-budgeting on AusAID and other governmental agencies is that their financial appropriations will be determined through the accrual budget on the basis of outcomes. This will require AusAID to report on the achievement of outcomes through the delivery of outputs. More broadly, AusAID's funds will be appropriated based upon the contributions of the organisation to achieving the aid programme's overall objective, namely to advance Australia's national interest in assisting developing countries to reduce poverty and achieve sustainable development.

In response to these changes, AusAID will have to introduce a new budget framework, which includes (a) the specification of the outcomes against which AusAID funds will be appropriated, (b) the specification of, and costing against, outputs in relation to departmental expenditures, and (c) the development of performance indicators that are indicative of AusAID's and third-party outputs.

The development of performance information framework is critical to the successful implementation of the accrual framework. In this regard, AusAID has laid the groundwork, which will respond to the newly introduced reporting requirements. Some of the systems previously introduced include the computerized activity management system (AMS) 1995, the development and integration into the AMS of Activity Monitoring Briefs (AMBs) 1997 and most recently the specification of a number of sectoral priorities (known as key results Areas) for the aid programme.

A proposal has been made to develop AusAID's performance information framework around the 10 key result areas (KRAs) which include education, health, infrastructure, agriculture, and rural development, environment, gender, humanitarian and emergency relief, effective partnerships, and a management KRA entitled "excellence in delivering the aid programme", identified in the new AusAID Corporate Plan 1998-2000.

The development of the performance information for aid projects in AusAID will draw on the existing systems and procedures for information collection. The expectations and requirements that are defined will have to be realistic and achievable.

One difficult challenge for AusAID is to develop standard performance indicators that can be aggregated from the project to the programme level within each KRA. In this regard, the set of generic performance indicators proposed for reporting against the KRAs for the first accrual budget includes:

- Expenditure against each KRA (**cost indicators**)
- Number of projects implemented against each KRA (**quantity indicator**)
- Aggregation of achievement-of-objectives ratings from the activity monitoring briefs (AMBs) (**quality indicator**)
- Identification of significant project outputs achieved against each KRA.

Some questions have been raised within AusAID in relation to the proposed performance indicators. One of the issues raised was the establishment of causality to show how project outputs have contributed to the outcome, particularly in soft areas such as governance programmes. Likewise, a series of issues have been raised regarding the processes and methodology of gathering and analyzing information.

AusAID's experience also indicates the challenge of reporting on cross-sectoral KRAs such as gender and environment. While there is need to give a complete picture of how gender and environment have been mainstreamed throughout the program, the question of how to collect the information is a challenge. The cost of setting up the overall AusAID system was Aus\$ 5 million, for software development Aus\$ 1.5 million, and another Aus\$ 1.5 million is required to maintain the system annually.

CIDA

The results-based management is not entirely new to the Canadian International Development Agency (CIDA). The organization had introduced different types of tools, including the logical framework, for designing, implementing and evaluating projects/programmes. RBM was introduced and implemented in CIDA in response to external requirements and the need to shift the focus of reporting from inputs to results. CIDA also utilizes RBM for internal accountability. In the CIDA context, a result is understood as a describable or measurable change from a cause-and-effect relationship. While CIDA is a project-based organization, it is also highly centralized. It has developed results for six areas of focus, similar to AusAID. Although CIDA is project-based, it is also interested in the aggregation process.

CIDA's top-down approach to RBM is based on the principles of simplicity, learning by doing, broad application, partnership, accountability and transparency. Its progressive experience with RBM can be directly linked to external factors such as public demand for accountability, the wide use of results initiative in governmental agencies and partners' openness and willingness to participate in the exercise. Internal factors that led to the successful implementation of RBM at CIDA are the commitment of the senior management, RBM tools and training, CIDA's culture/staff attitude and renewed emphasis on evaluation/review function. Some of the challenges faced by CIDA include: the shift from outputs to outcomes; uneven staff capacity, knowledge and discipline; low partner capacity; and the need for further refinement of planning and management tools.

CIDA's performance review system is a work in progress. Managers are at the centre of assessment. The core of this exercise helps understand how to obtain data and how to utilize the data collected. The organization's performance review system is a combination of self-assessment and reporting carried out by managers and independent reviews such as evaluations, audits, etc.

DANIDA

Denmark is the country that allocates the highest percentage of GDP (1%) to development assistance to support its programmes concentrating in 20 countries. Denmark concentrates its development assistance in four major areas: poverty reduction, environment, gender and human rights and democratization. About three quarters of the people in Denmark support development assistance in principle. However recent debates focus on demonstrating results. The need to measure the results of the development assistance provided through the Danish Development Agency (Danida) is closely linked to the pressure put on all public institutions in Denmark to become accountable to the general public and the organisation's performance is overseen by the Ministry of Finance.

In order to meet its reporting requirements, Danida is in the process of establishing an output and outcome indicator system, the initial focus of which has been the development of output indicators. This encompasses the development of five to six indicators per sector for seven major sectors (agriculture, education, environment, good governance, health, infrastructure, and water). In the Danida context, sector programming is "long-term assistance with emphasis on institutional development and capacity building in the different sectors of assistance in order to ensure that investment (physical and non-physical) become sustainable". The testing of the system has been completed in three countries. In autumn 1998, the system will be run in all programme countries and in the spring of 1999, some initial data will be collected for presentation.

Some concerns raised about the system include whether the indicators developed reflect the overall policies of the assistance in poverty reduction, cross-cutting issues and institutional capacity of building support. It is also questionable whether the public will be impressed by the indicators. The issue of whether a performance monitoring system will evolve from this indicator system is another area of concern.

The overall cost of establishing the current system did not exceed \$50,000. It was stressed that this monitoring system is not used as a management tool. It is rather an information exchange tool. In order for this system to function as a management tool, the belief in Danida is that it must be developed and implemented jointly with partners.

Sida

In Sweden reform has taken place to change the budgeting process within the public sector. Since the early 1990s a series of laws were passed to link the budgeting process to performance and results. The issuance of annual reports is one of the requirements of the reform. Although the Government has the authority to set goals and the performance information to be submitted in the annual report for each agency, in practice, the process of setting achievable goals and performance information is handled through mutual dialogue between the Ministry of Foreign Affairs and Sida.

Sida's annual reports, however, do not include performance information such as outputs and effects. Sida is required to report annually, but it concentrates on planned activities. The annual reports of all governmental agencies are audited by the National Audit Office. The auditing standards require the auditor to review the report's consistency with the Government's appropriation letter.

The Government and Sida have made an agreement to have the reporting of development cooperation's long-term effects and impact be part of the country strategy process. The country strategy process, which covers a period of five years, is developed by the directives of the Swedish Government. An important part of the country strategy is the results analysis, which includes conclusions from major evaluations, results from previous cooperation, Sida's experience and the experience of other donors. Because the annual reporting does not include the effects and long-term impact of the development cooperation, the link between the results analysis and resources is very weak. There, it is not certain how much the conclusion of the results affects future decision-making.

Internally, Sida has been undergoing a renewal process since 1995. The focus has been on improving the way the organization does business, developing methods and routines, improving the development of human resources to make the organization more efficient. The implementation of a management monitoring system influenced by the method of balanced scorecards is one of the steps that remain to be taken in order to change the organizational culture of the organization. The system is intended to enable the setting out and measurement of goals. It will focus on five major areas namely (a) policies and strategies, (b) the project cycle, (c) the planning process (d) the development of knowledge and human resources (e) the perception of Sida, which is related to the taxpayers' view of and attitudes towards development assistance on the one hand and the view of the customers, Sida's partners, on the other hand.

The successful implementation of this system at Sida is, however, a challenging endeavour, since it requires the involvement, participation and support of staff at different levels.

Discussion

- Linkage to budgets: How can RBM contribute to strengthening the linkage between results and budget allocations. In many organizations budget allocation for programmes and projects is influenced by political decisions rather than results. Therefore, one cannot anticipate much of linkage between results and budgeting.
- Development work is extremely complicated; it involves a chain of activities that are closely linked. Introducing RBM without changing the way organizations do business may not necessarily lead to the achievement of expected results from the system. One must continuously review what one can and cannot do. For external requirements, organizations can demonstrate where the money was spent, what was produced, and the relevance of the products i.e. who benefited from what.
- Internally, organizations learn from their previous strategies.
- One can also see how organizations face difficulties in relating outputs to outcomes. Experience shows that, by and large, output indicators are more manageable.

The afternoon session of Day 2 was devoted to group work and discussions. Workshop participants were divided into four groups each of which was given a question to answer. Participants joined a group based upon their interest in a particular question. After three and a half hours of group work, each group presented its work at the plenary session.

Group Presentations

Group I

Discussion question: What should be the respective roles of process, output and outcome monitoring in an effective performance management system? How should evaluation be positioned to make the greatest possible contribution?

The group clarified the conceptual issues by defining what monitoring does and what evaluation does. Monitoring focuses on what is happening. It looks internally. Evaluation on the other hand focuses on **why** and **how** things are happening; An evaluation can be implemented internally as well as externally.

Process monitoring helps to look at the way development agencies do business. The focus should be on activities, timeliness, the participation of stakeholders and efficiency. It contributes to the understanding and monitoring of the conversion of inputs (financial inputs) into outputs. The purpose of process monitoring should be to examine how things happen. It also looks at efficiency and it is also part of the learning aspect.

Coverage: It must be done selectively.

Output Monitoring: Output monitoring should focus on the intended outputs and also on the risks and assumptions related to output-outcome conversion. Output monitoring is used for the purposes of internal budget allocations, learning from best practices, obtaining useful information for decision-making and accountability.

Coverage: Complete.

Outcome Monitoring: The focus of outcome monitoring is linked to the intended outcomes of an institution. Outcome monitoring is also related to the sectors or country. It looks at how conditions are being impacted. Outcome monitoring is used mainly for self-assessment and reporting requirements. It allows one to know what has happened. On the other hand, outcome monitoring enables the stimulation of discussions on partnership development and capacity building.

Coverage: Selective.

Position of Evaluation

Evaluation provides one input to performance management. It contributes to an understanding of the “why” and “how” aspect of clarifying success or failure. Evaluation also validates the monitoring and self-assessment by managers. In addition, it helps in the identification of development indicators. While evaluation can serve to influence change, evaluators can play the role of agents for change.

The position of evaluation within the organizational structure can be: (a) a separate, independent function of programme managers (b) independent but integrated within the performance management system or (c) separate but integrated into individual performance management instruments. Different organizations apply different approaches. It is also true that organizations use more than one approach.

The question "why is evaluation needed?" can be answered as follows. Any given organization depends on evaluation for various reasons: to strengthen the level of credibility; to gain confidence in its achievements; to demonstrate objectivity and capacity.

At present, the trend is to marginalize evaluation and evaluators are under pressure. The role of evaluation is changing.

Group II

Discussion question: What concrete steps should be taken within a donor agency to enhance the use of performance information and results-oriented management?

Introduction and implementation of systems

Concrete steps that need to be taken with the donor agency are:

Clarify the purpose: RBM is introduced and implemented for reporting purposes to ensure transparency (accountability) and for internal management. One must fully engage the top management and key stakeholders, funders/legislators. To begin the process, a series of steps were suggested, which include identifying the existing information base and reviewing how the system fits within the existing information base. It is also necessary to emphasize that the new system is not considered as a substitute for the existing systems. In addition, it is important to **champion the cause of RBM** in obtaining the support of the top management and other staff within the organization. In this regard, evaluation offices can play a strong role in popularizing the system.

It is also essential to conduct extensive **consultations internally**. Consultations should take place from the top down. It is also imperative to clarify with partners the identity of both the users and the providers of information. The value of the new system to managers must be demonstrated. There is a need to establish the linkage of the system to accountability. A link to resource allocation is also necessary; the linkage should not be too tight.

Furthermore, organizations should carry out capacity-building training and sensitization within their respective agencies.

Discussion

CIDA's experience regarding the championing of the new system within the organization indicates that one having the support of the top management at the initial stage of the introduction and implementation of the system was helpful. The evaluation unit also played a role in advancing the acceptance of the system.

A performance information system challenges the entire existing system of a given organization and the organizational culture. In the process of introducing and implementing the system within an organization, there will be internal opposition and resistance. In the Norwegian International Development Agency (NORAD) experience, there was resistance as the organization started to implement the system.

Regarding the linkage of performance to resource allocations, what happens when one finds that a certain programme is not performing well?

In the World Bank's experience, for example, a programme in Asia had to be terminated, because of the programme's inability to demonstrate results.

Group III

Discussion question: How can a donor system be tailored to support sustainable management improvements in the bureaucracies of partner countries?

Such a system should be tailored in response to external demand. It is necessary to start at the beginning of the process. In regard to sustainability, it must be a shared approach. It is important to stress that coordination (by partners) should be around a sector rather than a project. It is also important to keep the system simple and avoid excessive technicality. One must consider it in low resource context. Also, the partners may have different reporting needs; therefore, it is important to share the experience of the domestic local government.

The question of the use of the LFA has been raised and discussed, including whether its use was too rigid. The LFA should be looked at critically and one must make the best of the LFA as a methodology.

Donor agencies need to understand that supporting sustainability is also closely linked to supporting capacity-building, for example, strengthening the existing systems of partners. Competition among donors is another factor that affects sustainability. It is important to educate and sensitize influential domestic stakeholders in donor countries. Danida's case is a good example here. Here again, it is imperative to move away from projects even though some projects are useful.

The issue of accountability to partners was also raised in connection with sustainability. Partners are the local government, civil society and the private sector. The issue of involving civil society in the process was raised. The provision of matching grants can be used to reward governments which create an enabling environment for the participation of civil society . The need to promote sector support programmes was emphasized during the discussion. The project approach may risk distorting local government priorities. Partner governments **need simple affordable MIS** to coordinate and track donor assistance.

Group IV

Discussion question: What concrete steps can be taken to harmonize the information needs of donors?

The group answered the question “Why harmonize?” Harmonization is needed for purposes of comparability, simplicity and the strengthening of cooperation. Basic good practices of harmonization involve respecting agreed concepts and terminology, finding out what is already available, maximizing common requirements and strengthening capacity and exchanges about methodologies.

The group also discussed the concrete steps that should be taken in order to promote the harmonization environment. It was suggested that the first step be the clarification of concepts with partners. It was also indicated that sectoral-level data inventories (which are considered as the first step in the development of common indicators) be set up to see what relevant information exists. Another relevant measure is to establish a joint approach to indicators. Likewise, identifying and publicizing best practices in RBM can increase the understanding of the usefulness of the system. Similarly, the exchange of information on methodologies can build the capacity of partners. Systems can be introduced to prevent duplication of data collection.

Discussion and conclusion of Day 2

- During the workshop, the conceptual aspect of RBM and agency experience have been discussed. However, not much has been heard about the development of indicators. It is also not referred as to the specific information that is needed to make decisions. It is understandable that indicators provide information for management decision-making. The question then becomes at what level?
- On the other hand, it has been indicated that in many of the organizations, decisions are made politically rather than in response to indicators.
- At the operational level indicators are used to stir the programme.
- At the operational level, indicators are more useful in resolving issues, including some sectoral issues.
- It would be a mistake to think that it is only a good management tool.

Day 3

The third day was devoted to the summing up of the discussions of the last two days. From these discussions it became clear that though much progress has been made in terms of reaching a common understanding as to the objectives of performance management, a more detailed discussion of what some terms mean will be required, even the definition of outputs, outcomes, and impacts. The importance of having common language was stressed. During this workshop, agencies demonstrated that in introducing performance management within their respective organizations, there have been important differences in approach and experience.

Agencies are not moving from non-results to results, they are only changing their approach and priorities. Some changes include: from projects to sector programs (in some instances these will still look like collections of projects); projects to portfolios of projects; implementation of new processes to foster proper consultation and participation. The crucial question is does performance management enhance these objectives?

Changes in many agencies have been driven by strong demands from external stakeholders. The Treasury, Finance Ministry, etc. are often the dominant reasons for reform. What they are primarily looking for is accountability. Different agencies focus on different areas; for example, DANIDA was primarily concerned with gaining public trust, others are driven more by concern for cost-effectiveness. Emphasis on the learning aspect is long overdue, but we must make sure that it is integrated into the decision-making process so that it does not become a platitude.

In response to these external requirements, there is a danger of a rush into performance management, and this can be a reason for concern. The intent for introducing and implementing performance management does not seem to stem from a real concern to bring changes in development but by concerns of central agencies, finance ministries, treasuries, etc. Some agencies mainstream performance management for internal purposes, driven by intended goals to improve efficiency and effectiveness.

In the face of challenges to make performance measurement work there is a tendency to focus on technical issues: M&E handbooks, lists of indicators, computer databases, etc. We must watch that we are now not just switching our enthusiasm from one technical area to another, which are all just tools and not performance management systems in themselves.

A project is an intervention intended to improve development. What partner countries want is results, not interventions. If we simply measure accountability at project level, we're not addressing what the host country really needs to know and understand.

Development assistance is not a simple service delivery. Most of it is trying to change institutions and policies, and change the environment in which they happen. These pose much greater measurement difficulties. But in this regard there is only slow progress with indicators. There has as yet been no significant discussion on indicators in such areas as governance. But then, perhaps some areas do not lend themselves to the use of standard indicators. One problem with some indicators is the challenge of creating a sustainable system to generate the data. Data quality issues get too little attention, and are not discussed often enough in organizations. Public affairs concerns often drive this process instead.

Accountability for outcomes may be important at the agency level, but may be not practical at the operational level. It is important that host countries build their capacity in RBM as well, not just the development agencies. In order to avoid making unreasonable demands on our partner countries

harmonization is important, where we all agree on what we're aiming for. We should try to use the same measures. One potential area to link up is the sectoral level. Joint evaluation would foster this.

In this regard, the DAC Working Party on Aid Evaluation has a role to play, in bringing members together for sharing and learning from each other. Based upon the useful experiences of agencies, elaborating effective and good practices can bring benefit for the development community at large. This is work that is going to be with the WP-EV for the 1999-2000 period as this is a complex area and we need to cater for various demands behind RBM, including in the end the requirements of results on the ground for our partners.

Closing

Mr. Hirofumi Ando, Executive Director of Policy and Administration, UNFPA, thanked the participants for their attendance and expressed his belief that this exercise has led to important progress in the definition and elaboration of issues in the sphere of results orientation and performance management.

Mr. Niels Dabelstein, Chair, DAC Working Party on Aid Evaluation mentioned the lesson learned from the workshop. He also reminded participants about the work ahead based upon the workshop discussions. He also reminded members about the upcoming meeting which, will take place in January 1999.