DEVELOPMENT RESULTS

An Overview of Results Measurement and Management

Briefing Note

1. Introduction

Development co-operation has always been intended to deliver results, aiming at supporting economic and social development in developing countries and producing tangible improvements in the lives of the poor. Recent trends have intensified global efforts to better manage for development results, driven both by the need to hold decision makers accountable and a growing interest in better understanding how development interventions work and how to make them work better.

From the Paris Declaration to the Accra Agenda for Action, and more recently the 2011 High Level Forum on Aid Effectiveness in Busan, there has been a great deal of momentum and political interest in development results. Through these international high level fora, commitments on results management were made, calling on development agencies and partner countries to work together to manage resources for the achievement of development objectives.

A wide range of national and international initiatives and multiple stakeholders call on governments to be more results focused and transparent. At the international level, the MDGs call for a results based approach with defined goals to be achieved by 2015. In donor countries tax-payers are demanding their governments show how public spending is contributing to development. Citizens and civil society organisations in many developing countries are becoming increasingly demanding of their leaders, looking for clear results of public spending and policies. In a climate of rapid change and fiscal retrenchment, these factors have put pressure on development co-operation agencies to demonstrate that aid is actually working to combat poverty.

The idea of focusing on results seems quite straight forward. It is about systematically gathering and analysing information to understand whether institutions, policies and programmes are working effectively and efficiently and how improvements can be made for future performance. In reality, the application of results based management approaches has not been simple. With all its complexities, the results agenda really only matters if it contributes to long term sustainable improvements in the lives of the world's poor and not just changes in the ways in which development practitioners manage projects and programmes.

This note outlines key concepts, challenges and areas for further exploration. It provides a short summary on some of the uses for results information, and essential components in the results management process. It highlights issues and challenges faced by development agencies at present. It also provides some information on results based financing, a new approach to delivering aid of interest among many development agencies.

2. Results information for different purposes

Results information is needed at different levels (political, institutional, partner country, programme and project management), and at different stages of the programme cycle. The following list provides information on how results data can be used by development practitioners globally:

- Accountability to parliament
- External communication
- Policy development
- Reporting to management
- Tracking progress
- Decision making
- Lesson learning
- Reporting to beneficiaries

The pyramid in the figure contains, from top to bottom:
- High-level political accountability and results reporting
- Institutional accountablity (development agencies); policy and strategic management
- Management and improvement of programmes, projects and policy

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Box 1: Examples from DAC members

Australia

In Australia reports on development cooperation results are presented to parliament and to the public. This reporting mostly focuses on successes and lessons. At the institutional level, Australia has established a new performance management and evaluation policy. This policy has three central elements: learning, management and accountability and assesses progress on a number of levels:

- against high level development outcomes (i.e. MDGs);

- against outcomes at the partner country level linked to five strategic goals; and

- against operational and organisational effectiveness of corporate and other processes which contribute to building an enabling environment in which to achieve development results.

Management of programmes and projects at the country level includes planning, budgeting and monitoring processes which are results-oriented and include output and outcome indicators.

Sweden

In Sweden, reports on results are sent to Parliament on an annual basis. Sweden invests and plans for communicating results and is open with the public about the successes and failures of its aid activities. At the strategic level, Sweden uses results frameworks to monitor strategic objectives. Sweden also uses information from results reporting to inform decision making in strategic management. Sweden is currently aiming to streamline its objectives through the creation of a set of high level indicators which will aggregate progress across all of its development cooperation. It is hoped that this will assist with linking programme outcomes better with expected country strategy outcomes. In addition, Sweden has recently created a new computerised contribution management system which should make results and risk monitoring and analysis more systematic through all stages of the programme cycle for better results management. Sweden is developing new country strategies which are currently being piloted in Zambia and Tanzania.

Source: OECD DAC Peer Reviews 2013

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3. Essential components in results management

Results management can be seen as a process with several components: planning, budgeting, implementation, monitoring, and evaluation.

Planning

Planning is the process used to define an organisation's direction in the pursuit of a particular goal. Goals should be mutually agreed between partner countries and development agencies. Planning includes the clear articulation of what is intended to be

achieved within a specific budget, looking at the current political, social, environmental and economic factors which can influence the realisation of this result. Planning incorporates an analysis of the pathways to take to achieve this result, choosing the most appropriate, effective and efficient. Planning also requires a means to track progress. Intended results should be clear, expressed focussing on the long term, measurable through indicators, and associated with shorter term targets (see Box 2 for definitions).

Box 2: OECD DAC Definitions

Accountability: Obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results mandates roles and/or plans.

Baseline Study: An analysis describing the situation prior to a development intervention, against which progress can be assessed or comparisons made.

Benchmark: Reference point or standards against which performance or achievement can be assessed.

Effect: Intended or unintended change due directly or indirectly to an intervention.

Effectiveness: The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance. Note: Also used as an aggregate measure of (or judgement about) the merit or worth of an activity.

Efficiency: A measure of how economically resources/inputs (funds, expertise, time etc.) are converted to results.

Indicator: Quantitative or qualitative factor or variable that provides a simple, and reliable, means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.

Impact: Positive and negative, primary and secondary long term effects produced by a development intervention, directly or indirectly, intended or unintended.
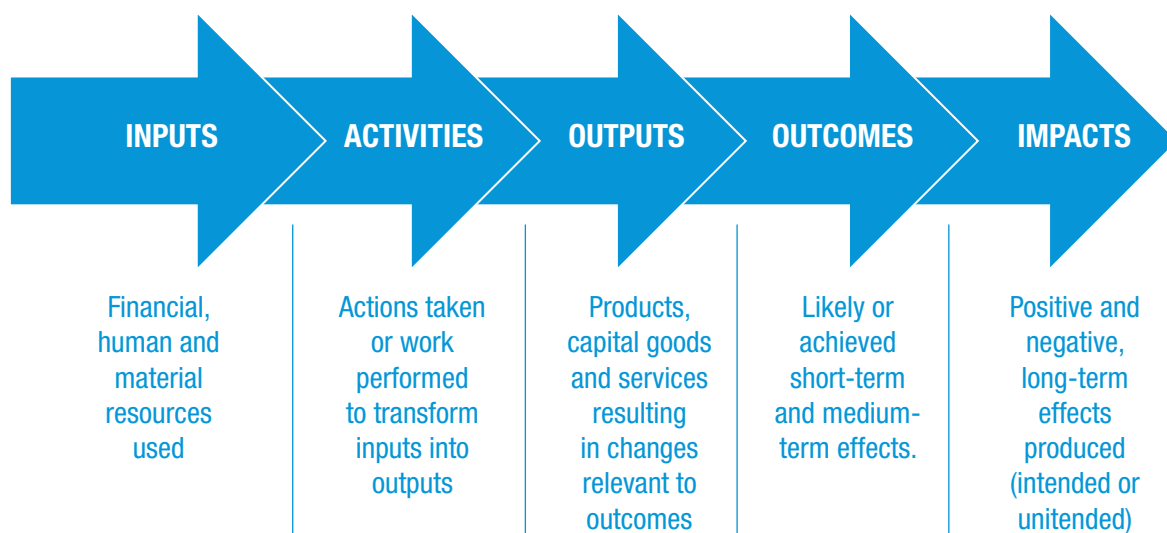
Result: The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention.

The results chain is often used as a model to help us think through how the resources we provide and activities we are engaged in are meant to produce certain desired changes. It is usually built in partnership with different management levels within an agency and with stakeholders. The results chain is a simplification, intended to help users reason through the causal links between inputs, activities, outputs, outcomes and impacts, and is a first step to building a results framework (see Box 3 for definition).

Box 3: Results chain

The causal sequence for a development intervention that stipulates the necessary sequence to achieve desired objectives beginning with inputs, moving through activities and outputs, and culminating in outcomes, impacts, and feedback.

OECD DAC Definition

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACTS
Financial, human and material resources used	Actions taken or work performed to transform inputs into outputs	Products, capital goods and services resulting in changes relevant to outcomes	Likely or achieved short-term and medium-term effects.	Positive and negative, long-term effects produced (intended or unitended)

OECD

Budgeting

Budgeting is a key component of results management in which resources are clearly associated with the results they are expected to contribute to. Because of the long term nature of development interventions and partner country governments' development plans, budgeting can extend over a number of years. Results based budgeting requires:

- A means to track expenditures and not simply budget allocations;

- A monitoring and an evaluation system which provides information linking results agreed in the planning phase to resources;

- A means to analyse results information and feed this analysis into the budgetary resource allocation process;

- An incentive structure within an organisation that motivates to achieve better results;

Implementation

Implementation refers to the day-to-day execution of a project, programme or policy intervention and involves the delivery of goods and services. Implementation is managed through a contract based on a set of mutually agreed principles and results between two or more partner organisations. Contracts specify commitments towards results, conditions for their achievement and resources to be allocated. Strategies for implementation should continuously seek to improve the quality of the goods and services produced. In some instances, development agencies use incentives that reward institutional performance to promote better results focused culture within an institution.

Monitoring

Monitoring is a continuous process of collecting and analysing data to compare how well a project, programme or policy is being implemented against expected results (see Box 4 for definition). Essentially monitoring is a measure of performance. Most development partners use a logical or results framework as a management tool to track progress against targets and improve interventions. Results frameworks require a minimum amount of information to measure performance against results:

- Clear articulation of the results;

- Starting point or baseline detailing what the situation is at the outset;

- Targets against which to measure progress towards the attainment of the results;

- Indicators to measure progress (quantitative and qualitative).

> **Box 4: Monitoring and evaluation: different roles**
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> Monitoring is a continuous function that uses systematic collection of data on specific indicators to provide management and stakeholder of an on-going intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds.
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> Evaluation is the systematic and objective assessment of an on-going or completed project, programme or policy, its design, implementation and results. It differs from monitoring in that it involves a judgement of the value of the activity and its results.
>
> OECD DAC Definitions

An essential component of the monitoring process is the presence of feedback loops through which information is collected and used to make an intervention more effective and efficient. Feedback loops can bring the perspective of beneficiaries and other stakeholders into account to enable changes to be made to the project, programme or policy intervention. During the monitoring process, reviewing the context is also important. As development interventions span a number of years, the environment surrounding a particular programme or policy intervention may change.

Evaluation

Evaluation is the systematic and objective assessment of a current or completed project, programme or policy, its design, implementation and results (see Box 4 for definition). The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors.

Results management is done through monitoring and evaluation which provide critical, continuous and real time feedback on the progress of an intervention. Many argue that the focus of results monitoring systems should be on the outcome or impact level. In practice, while some DAC members strive to report at outcome level, others report at the output level. Results are generated throughout the results chain and data should be collected during the various stages of implementation and at various levels for results information.

4. Issues and challenges

The application of results based management approaches has not been simple. Results systems can be difficult to implement in institutions not designed for learning and with weak accountability and feedback mechanisms. Capacities are needed to develop a suitable number of quality indicators to track results, and, more importantly, to use results information effectively. Many international discussions on development results have stalled in the technical aspects of the process (defining results terminology, choosing appropriate indicators, or developing frameworks, for instance), neglecting critical issues of complexity, politics and institutional change. Unlike other domestic government organisations, development agencies operate in many countries, across numerous sectors, with a wide variety of stakeholders, on issues which are often difficult to measure. They also work with partner governments whose results systems can vary greatly. The list below points to some of the key challenges found in the online survey of DAC members and in literature:

Purpose of results management systems

- Competing/balancing demands: accountability versus learning, differing needs of various stakeholders;

- Political barriers: Selective use of evidence to confirm already held decisions or opinions (confirmation bias), evidence not driving decisions;

- Resistence: fear that a results focus will cut funding or skew priorities away from areas we care about;

- Aggregating data in order to tell a consistent performance story.

Measuring results

- Programme quality at-entry: missing baselines, unclear results, inappropriate indicators to measure at correct level, missing links in the results chain, inadequate data collection;

- Data systems: Availability, reliability, timeliness and management of data at the country level weak; inadequate data collection infrastructures and capacities;

- Attribution: reliably measuring effects beyond outputs and attribute to specific support;

- What can be measured and what can't: concerns that areas with more tangible measurable results will be privileged over "softer" areas of development (i.e. governance, human rights);

- Measuring at outcome level;

- Little analysis of targets which were not achieved or of unintended results;

Using results information

- Learning gaps: lack of incentives to learn from success and failure by using results information to change strategies and policies;

- Weak alignment of results information with national planning and budget cycles;

- Weak links of results information between line ministries in partner countries;

- Results management systems viewed as a requirement instead of management tools and partner country results reports exclusively prepared for donor reporting;

- Difficulties in keeping results frameworks simple while maintaining their usefulness as a management tool;

- Difficulties in linking budget to results information to make resource allocation decisions.

5. Results-based Financing

Results-based financing is an aid modality that aims to link payments directly with results. Various modalities exist in this broad category of activities and different labels are in use. For example, the term results based aid is also used by some agencies. The rationale behind this approach is to focus financing more towards outputs and outcomes, rather than inputs and processes. It is thought that such an approach would increase accountability and create incentives to improve programme effectiveness. In practice, this aid modality is set on the premise that results are defined in advance and funding is only released upon the achievement of these results. There is currently a considerable amount of experimentation on-going to test out results-based finance mechanisms. Box 5 provides some examples.

6. Looking forward

The OECD Development Cooperation Directorate is taking a fresh look at the results agenda in an effort to help advance results management among DAC members. As part of its work programme, it is conducting a review of development agency practice in results management including support to results systems in partner countries, with the aim of clarifying good practice in these areas. The programme of work will also include thematic workshops to promote sharing of experience on topical subjects such as results based financing modalities, and the development of a website to share knowledge and experiences.

This work will provide a platform for DAC members and other development stakeholders to share knowledge on how best to implement approaches to results, which serve their information needs for domestic accountability and internal decision making, while at the same time strengthening developing countries' own monitoring and evaluation systems.

Box 5: Results-based financing: Piloting new approaches

DfID Ethiopia's Cash on Delivery in Education: DfID and the Government of Ethiopia are the first to design and negotiate an aid programme based on the Cash on Delivery Aid model. DfID will make grant payments to the education ministry for an increase in the number of students above an agreed baseline that sit for or pass national grade ten exams. There will be additional payments for students in emerging regions, and for girls compared to boys.

The World Bank's Programme for Results: directly links disbursements to tangible and verifiable results. Disbursement Linked Indicators or DLIs are used to provide governments with incentives to reach milestones and improve performance. DLIs are key actions necessary to address specific risks or constraints to achieve development objectives, and can be outcomes, outputs, intermediary outcomes or process indicators.

Further reading

- Asia-Pacific Community of Practice on Managing for Development Results (2011) *Framework for Results-Based Public Sector Management and Country Cases*

- Binnedijk (2000) *Results based management in the development co-operation agencies: a review of experiences*, DAC Working Party on Aid Evaluation

- Centre for Global Development (2012) *Cash on Delivery Aid: Implementation of a Pilot in Ethiopia*

- Centre for Global Development (2013) *Implementing a Results-Based Approach to Strengthen IDA Support for Fragile States*

- Inter-American Development Bank (2010) "*Managing for Development Results: Progress and Challenges in Latin America and the Caribbean*"

- Klingebiel (2012) *Results-Based Aid (RBA), New aid approaches, limitations and the application to promote good governance*, Deutches Institut für Entwicklungspolitik (DIE)

- OECD (2006) *Survey on Monitoring the Paris Declaration: Overview of the Results*

- OECD DAC *Joint Venture on Managing for Development Results – Policy Brief*

- OECD DAC *Evaluating Development Cooperation: Summary of Key Norms and Standards,* 2nd Edition

- Pereira and Villota (2012) *Hitting the target? Evaluating the effectiveness of results-based approaches to aid*, EURODAD

- Thomas and Luo (2012) *Multilateral Banks and the Development Process: Vital Links in the Results Chain*

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- World Bank IEG (2012) *Designing a Results Framework for Achieving Results: A How to Guide*

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