

ROUNDTABLE 4 – MANAGING FOR DEVELOPMENT RESULTS

Final Report

1 Background

Managing for Development Results (MfDR) has fundamental importance for achieving the Paris Declaration commitments. But judging by the Paris Declaration's indicator for progress in managing for results, very few partner countries are found to have quality results-oriented strategies yet, and progress since 2005 has been modest. This was the overarching rationale for having the Roundtable on MfDR at the Third High-Level Forum (HLF) on Aid Effectiveness.

In line with the main issues of the HLF, the overall topic of the Roundtable was to **shift the focus from concepts and tools to implementation**. In this regard, MfDR is more than a management process: it is a change process in which political factors and the role of various stakeholders are central.

While the implementation of MfDR may still be hampered by some lack of shared understanding and clear definitions, there is a broad consensus around the concept. MfDR is about **public sector management** and it is about supporting **political decision-making focused on desired results and based on evidence**. The concrete concept and a set of tools, developed to enhance government performance, are not contentious; therefore, it was not necessary to address them directly during the Roundtable. Instead, participants were provided with relevant background documentation. Among others, the following **documents targeted to inform the debate** were tabled:

- A third edition of a *Sourcebook on Emerging Good Practice in MfDR*. Along with an *MfDR Information Sheet* and an *MfDR Policy Brief*, it supports the effort to ignite the international MfDR debate and strengthen communication, sharing of experience and peer-to-peer learning.
- A newly developed *MfDR Capacity Assessment Tool*. Together with existing 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 in Donor Agencies* and an accompanying Self-Assessment Tool that address the MfDR agenda in donor agencies.

Building on **personal experiences of participants**, the Roundtable aimed to

- Identify the remaining bottlenecks in MfDR at the country level;
- Provide concrete key suggestions on how and by whom these can be addressed and overcome both nationally and internationally by 2010; and
- Broaden the commitment base among partner countries and development partners to address the bottlenecks and further implementation of MfDR.

The following **key issues** were addressed at the Roundtable:

- MfDR as a partner country system;
- Incentives for development effectiveness;
- Dissemination, experience sharing and peer learning.

These key issues and underlying assumptions and messages had been identified through an **extensive consultation process**. This process had been facilitated by a Roundtable organizing team composed of the co-chairs, their permanent contact persons, the rapporteurs and the keynote speaker. The various regional preparatory meetings in Africa, Asia and Latin America had been important preparatory steps. In addition, the regional Communities of Practice (CoP) on MfDR had been invited to share their views on Roundtable issues. Also, other networks had been invited to participate in the preparatory discussions and to comment on a draft issues paper, namely the Joint Ventures on Managing for Development Results, Public Financial Management and Procurement, respectively, the Evaluation Network; the Partnership in Statistics for Development in the 21st Century (PARIS21), the Network on Gender Equality and the DAC work stream on capacity development. Finally, views and procedural aspects were discussed and consolidated at a Roundtable Preparatory Workshop on 28-30 July in South Africa.

2 Roundtable Format

The Roundtable was co-chaired by Dhiresh Ramklass, Principal Technical Advisor to the National Treasury of South Africa, and Joan Boer, Permanent Representative of the Netherlands to the OECD (and Co-Chair of the Joint Venture on Managing for Development Results).

2.1 Keynote Address

The keynote address was given by Velayuthan Sivagnanasothy, Director General, Department of Foreign Aid and Budget Monitoring in the Ministry of Plan Implementation of Sri Lanka.

The keynote address set the common starting point for the discussion. It covered current conceptual thinking around and core elements of MfDR, the crucial institutionalization of MfDR and key issues. A reference to the so called Marrakech Principles – MfDR principles agreed during the Second International Roundtable on Results in Marrakech already in 2004 – demonstrated that MfDR has gained sound heritage with principles remaining valid over a prolonged period of time.

The presentation outlined the initiatives being pursued to establish a whole “**MfDR cycle**” and to **mainstream results management** in the Sri Lankan government. They shed a light on remaining core challenges, success factors and bottlenecks to overcome:

- A results focused government policy was endorsed by cabinet and a core group, supported by change agents, was formed to champion MfDR.
- An action plan was developed based on “inclusive government approach” (national, sectoral, agency and project level).
- Performance budgeting and performance audits were established.
- A project monitoring system started to track results at project level; an evaluation information system provides the evidence base for informed decisions (on-going, ex-post and impact evaluations).
- Results are reported based on agency results framework and scorecards using performance indicators.
- A country level Community of Practice facilitates knowledge exchange and peer learning.

The presentation was well-received. The fact that it was based in practice and given by a representative from a partner country indicates that the MfDR agenda is starting to become demand-driven moving beyond aid into public management. MfDR was displayed as a country-owned process driven by the whole public sector. The proclaimed “**institutionalization of MfDR**”, which includes results-based budgeting, results-based monitoring & evaluation and the use of audits in results management, is a demanding standard.

2.2 Discussions following the Keynote Address

Following the keynote there were neither formal presentations nor an established panel. Instead, the co-chairs immediately started to facilitate an open discussion aiming at lively exchange of views and personal experiences amongst participants, thus consolidating lessons and identifying remaining challenges for the medium-term. On each of the three key issues (**MfDR as country system, incentives, peer learning**), which were discussed consecutively, the co-chairs invited 2-3 minutes interventions, along the following guiding questions:

- What are the key bottlenecks that impede MfDR in your country or organization? In order to strengthen your country or organizational systems to manage for development results, what capacity development interventions will be the most crucial?
- In your country or organization, what are the main bottlenecks and disincentives to be addressed and overcome? In your country or organization, what are the most effective incentives in managing for results and development effectiveness?
- What key bottlenecks impede the provision of clarity shared understanding of and enhanced knowledge about MfDR in your country or organization? What effective interventions would you make in your country or organization to address these bottlenecks, improve knowledge sharing and disseminate the MfDR concept and lessons learnt?

Two rapporteurs summarized the conclusions at the mid-point and at the end of the Roundtable: Daša Šilovic, UNDP Senior Policy Adviser on Aid Coordination and Management; and Bruce Purdue, Head of the Results Management Unit in the Asian Development Bank (and Co-Chair of the Joint Venture on Managing for Development Results).

The Roundtable discussion was lively and focused. Most interventions (ca. 60%) came from partner country representatives, which showed particular interest in MfDR as a country system and peer learning issues. Interventions from donors and various other stakeholders (ca. 20% each) were more focused on the issues around incentives for development effectiveness.

3 Main Outcomes

The 2008 Survey on Monitoring the Paris Declaration shows that very few partner countries have quality results-oriented strategies, and progress is generally slow. However, there are encouraging signals that **things are moving in the right direction**:

- The Roundtable confirmed that good, partner country led practice in MfDR is emerging all over the world.
- Knowledge-sharing and peer-to-peer learning on MfDR within countries, within regions and between regions is increasing. Regional Communities of Practice in Asia-Pacific, Africa and Latin America are clearly the important drivers for this.

- A number of country reports linked to the Evaluation of the Paris Declaration revealed some progress in particular areas and ambitious near-term plans to launch strong national systems.

To capitalize on these promising trends and to reinforce a strong political push for institutionalizing MfDR, the Roundtable aimed to identify the remaining bottlenecks, provide concrete key suggestions on how and by whom these can be addressed, and broaden the commitment base among partner countries and development partners.

The following summary emerged from the Roundtable, setting the scene to move the MfDR agenda forward:

- **On the input side**, MfDR is no longer just about managing aid. While aid will remain a catalyst for the process, MfDR is fundamental to public sector reform and a change process that involves all domestic and external resources available for economic development. MfDR paves the way for transition from aid effectiveness to development effectiveness.
- **On the outcome and impact side**, MfDR is no longer a technical tool meant only to gear resources towards narrowly defined goals and targets. Instead, MfDR reflects a comprehensive way of thinking on how best to achieve outcomes and impacts, according to national and sectoral priorities as well as being in line with the Millennium Development Goals and other Internationally Agreed Development Goals, including commitments on gender equality, human rights and the environment.
- **On the stakeholders' side**, MfDR no longer applies only to selected entities of government. The setting of goals, agreements on targets and strategies, allocation of available resources to activities (i.e. a results-budget link), monitoring and evaluation as to whether allocated resources are making a difference, performance reporting and, finally, feedback of information into the decision making process – this entire “MfDR cycle” requires a “whole of society” approach and the involvement of a broad range of stakeholders. Democratic ownership calls for the inclusion of the entire government and the active participation by parliamentarians, civil society, media and private sector.

This message marked a real shift from the focus of the roundtable on MfDR at the Second High-Level Forum on Aid Effectiveness 2005 in Paris, which had mainly focused on technical issues related to aid management.

But what must be done to implement this broader political MfDR agenda, and to translate it from wishful thinking into reality?

The participants of the Roundtable identified **three core essentials** that are crucial to achieve results that are sustainable, democratically owned and that make a real difference in people's lives: **Results require robust country systems in place to manage change, they require leadership and they require sustainable capacity.**

3.1 Results management requires country systems to manage change

In order to ensure sustainable results and meaningful accountability, all development resources, including ODA, must be managed through country systems. MfDR is now, though under different names and formats, accepted as a concept and gaining importance in most partner countries. However, as underlined by the Evaluation Report, it is still the weakest link in the overall national governance systems of many countries. Planning, budgeting, monitor-

ing and evaluation, financial reporting and auditing are still discrete and unlinked exercises in most cases. Many country systems remain focused on inputs and compliance issues and are only gradually moving towards output measurement. Only a few countries link national strategies and programmes to budgets and monitor progress. Consistent with that, donors' reliance on countries' results- and monitoring frameworks is reported to be the exception, not yet the rule.

Where information and platforms for participation in **developing countries** exist, it is easier for donors to do their own part in meeting the Paris commitments for a better management of aid for results. The experience in countries such as Uganda, which remains scarce, suggests that donors under those circumstances will indeed follow the country's lead and contribute to promote a culture of evidence-based management across the government, using government systems and data.

But **donors** have to actively contribute to the process. As reported in the Roundtable, there is still a tendency for donors to talk about "their" MfDR and "their" monitoring and evaluation systems. And donors tend to impose their own priorities or long-term global agendas which can undermine country development strategies. Donors should accept the emphasis on **"contribution" rather than "attribution"**, and therefore understand and explain to their constituencies that it means focusing less on results relevant to donors and more on results in terms of opportunities for citizens in partner countries. To add credibility, participants also endorsed the concept that MfDR systems and procedures should be subjected to better forms of independent monitoring and evaluation.

One participant offered an outspoken reminder that any MfDR effort cannot simply deal with economic aspects of development. If MfDR was to identify the most cost effective project, it failed. Instead, management decisions have to accommodate **human rights, gender issues, and environmental protection**. There are tools in place that include improvement of legal instruments and promote democratic ownership. However, managing for outcomes that include advancements in such cross-cutting issues will remain extremely challenging and entail (in most developing countries and donor agencies) an exercise of political will.

There was some discussion of a newly developed Capacity Assessment Tool ("Cap Scan"). This tool was supported by the World Bank and piloted in Mauretania. As with existing tools, it helps to diagnose MfDR readiness at the country level.

Roundtable participants signalled that **tools are now developed and partially in place**. Notwithstanding international engagements, and because "ownership" often exists at different levels in partner countries (i.e. different ministries, executing agencies and public sector institutions), such tools can only be successfully applied when adapted to country-specific circumstances and applied within national systems. Action is now needed to commence real implementation. But the perfect should not become the enemy of the good in this area, especially where most industrialized countries are themselves still struggling to achieve satisfactory solutions. The Roundtable clearly echoed the recommendations in the Evaluation Report that countries should **build on their often under-recognized experience at home, on best practices in similarly-placed countries, and on outside resources**, to "de-mystify" MfDR systems and aim to have adequate systems in place to exercise the necessary leadership and direction over development and aid programs.

3.2 Results require leadership

It is the responsibility of governments to gear all resources available for national development – domestic resources as well as external aid – in order to create opportunities for their citizens. **MfDR is an opportunity, but not without risks.** Performance measurement always includes the risk of uncovering underperformance and failure. And there is no credibility if there is no system of penalties in place. Since MfDR implies risk-taking, it requires high-level political commitment over time: a commitment to value results, to be held accountable, to set the right incentives, to develop the necessary capacities and to use these capacities. **“You can run, but you cannot hide”** – this captures the overall sentiment from participants on the urgency of MfDR – and this was clearly different from previous MfDR discussions in Paris and Hanoi.

There is a **need for champions and drivers** at different levels of government. They have to set the MfDR agenda and help staff to think around results as a new change management process. But there was also a strong reminder that **the MfDR process must involve multiple stakeholders**, in particular civil society and parliamentarians. They have a dual role: they offer a check and balance against the actions of the executive branch of government to hold it accountable; and they have to act as change agents to be held accountable.

Participants noted that members of **civil society** have to buy in to the proposition that the development process must be managed for outcomes: criticism cannot simply be gratuitous and shrill; it must be more constructive. There was a decisive call for a stronger and more accountable role of **parliaments**. Parliamentary oversight function is seen as being crucial, and teams of parliamentarians from donor and recipient countries should work together in collaboration to track resources from source to outcome. The Roundtable was informed of a new initiative on the African continent among parliamentarians from both donor and recipient countries focussing heavily on MfDR issues. This new Parliamentary Oversight Partnership intends to share information, lessons, common issues and problems among participating parliamentarians.

If the goals and commitments set out in the Paris Declaration and now Accra Agenda for Action are to be achieved, the central task is to change the ways in which the main actors do business. **Patterns of behaviour will need to change.** Many of these behaviours have persisted and are difficult to shift. The Roundtable reminded everyone that it may be difficult to understand what motivates people and that determinants go far beyond simple incentives, suggesting that behaviour is a complex result of deep-seated patterns of cultural and legal framework conditions, procedures and immediate incentives.

In the Paris Declaration, donors and partner countries are jointly committed to **reforming procedures and strengthening incentives** – including for recruitment, appraisal and training – for management and staff to work towards harmonisation, alignment and managing for results. If incentives are to change, a number of measures will need to be taken, ranging from strengthening and extending systems of accountability to parliaments and citizens, to developing reward systems and incentives within ministries and development agencies. Participants noted that in particular within donor agencies notwithstanding the change towards MfDR, incentives remain often perverse (e.g. pressure to disburse, high staff turnover, short vision). They called for some concrete actions of creating “incentives for cultural change”. The delegation of authority from headquarters to country field offices and moving from current “disbursement imperatives” to “results imperatives” were considered as major, necessary though in itself not sufficient ways forward.

3.3 Results require capacities

Developing and supporting sustainable capacity in MfDR is crucial. Broad capacity development, as needed, should **strengthen the institutionalisation of MfDR at all levels**: the enabling environment, the organisational arrangements and the individual skills. Institutionalising MfDR in country systems will make it more sustainable, link the demand for results to local results frameworks and cover all resources and all government departments and units.

As the discussion ranged over the various stakeholders in the development process, it became clear that “capacity development” is actually not confined to donors and partner country governments; it also applies to others such as parliamentarians, civil society and the media. Unless **all stakeholders are engaged in MfDR** on the basis of commonly understood terms and conditions, and speak the same MfDR and effectiveness “language”, there is a risk of mutual misunderstanding and, therefore, lack of progress.

Though it is generally accepted and has been used in different ways in various parts of the world, MfDR is still an evolving concept which could benefit from **more clarity and shared understanding**. This seems to be one of the reasons why the dissemination of results-based approaches remains a challenge. More effort is needed to **communicate the essence of the concept** and its variations to a broader set of constituencies including citizens. It is equally important to achieve conceptual clarity applicable to national systems.

According to the Evaluation Report, almost all donors seem to be engaged in some sort of capacity development assistance that should strengthen the ability to manage for results – be it in support of statistical capacity, help in developing results frameworks, or the introduction of a “results culture” – but these efforts appear to be piecemeal, lack a long-term perspective and often remain tied to the specific needs or areas of intervention of donors. There are two answers to this shortcoming:

- First, there is **a call for serious harmonization of donor support** with a long-term perspective.
- Second, so-called South-to-South learning offers new and promising solutions.

The discussion on **South-to-South learning** focused on three questions:

- **What subject matters should be at the centre of attention?** There is a broad range of topics. For example, networks should share best practices in institutionalizing MfDR, communicate how to implement MfDR tools at project level and learn from one another in dealing with donors.
- **Who should be involved?** The call for high-quality and multi-disciplinary learning may imply the participation not only of government officials, but also of universities and other centres of excellence.
- **How to secure sustainable funding?** There seems to be a broad consensus that the exchange of information makes a difference, but that it also has to be sustained and continuous. The financing issue – along with the question of where best to host learning networks – must be taken up seriously. Participants stated that financing strong learning mechanisms is good value for money. There are two paramount questions: Are partner countries willing to invest in learning? Are donors prepared for long-term funding?

There are now growing numbers of **peer-to-peer learning mechanisms** employed to better implement MfDR. Participants pointed to emerging Communities of Practice on MfDR in Asia-Pacific, Africa and Latin America that offer excellent platforms for mutual learning and

capacity development. Many participants stressed the need to strengthen these communities, broaden their constituencies and urged donors to continue funding them without too many strings attached underpinning ownership by partners.

The Roundtable was informed about an initiative by South Africa to establish an MfDR capacity development and peer-to-peer learning programme on the African continent. In the long run this programme is intended to help develop a critical mass of practitioners on MfDR, improve systems of participation and evidenced based decision making in the development process.

4 Conclusion

The Roundtable shifted the focus from technical matters (e.g. concepts and tools) to implementation. The Roundtable confirmed that, while the implementation of MfDR may still be hampered by some lack of shared understanding and clear definitions, there is, in principle, already a broad consensus around the concept: ***MfDR is about public sector management and it is about supporting political decision-making focused on desired results and based on evidence.***

There was also ***broad agreement on main steps that have to be taken.*** As illustrated in the Sri Lankan case, such steps must be seen as critical success factors and deserve political attention. These steps, which together make the “***MfDR cycle***”, are relatively clear: Setting comprehensive goals; agreeing on targets and actions; allocating the available resources to these actions; monitoring and evaluating whether the resources allocated are making the intended difference; reporting on performance to the public; and feeding back performance information into decision making.

Development results require that country systems are in place to manage change, they require political leadership in this change process, and they require capacities to implement the steps mentioned above – in essence, this is the overarching message from the Roundtable.

MfDR as a country system:

Only a few partner countries have quality results-oriented strategies. However, there are encouraging signals that things are starting to move into the right direction:

- Good practices on MfDR tools are emerging and shared in learning networks.
- The MfDR agenda in partner countries is starting to become more country-owned and demand-driven rather than simply proposed by donors.

Partner countries should now seize the opportunity to build strong MfDR country systems, and donors should accept the emphasis on “contribution” rather than “attribution”, align with country priorities and strengthen these systems by using it.

Political leadership:

MfDR is an opportunity, but not without risks of uncovering underperformance and failure. Since MfDR implies risk-taking, it requires high-level political commitment over time:

- A commitment to be held accountable, to set the right incentives, to develop the necessary capacities and to use these capacities.
- A commitment to move the MfDR agenda out of the confines of government, make it inclusive and a whole of society agenda.
- Stakeholders beyond government offer checks and balances against the actions of government and hold it accountable, but they must also act as change agents and, likewise, be held accountable.

MfDR capacity development:

Champions, not just enthusiasts, are needed to institutionalize MfDR, to reform procedures, strengthen incentives and develop the necessary capacities:

- It has become commonplace that partner countries must exhibit strong leadership of their own capacity development policies.
- There is also the obligation for donors not only to invest in partner countries' human resources and institutions, but also to harmonize their own support for MfDR.
- Besides that, so-called South-to-South learning offers new and promising ways to support capacity development. Networks like the regional Communities of Practice on MfDR have already proven to be excellent platforms for mutual learning and capacity development. Are partner countries willing to invest in learning? Are donors prepared for long-term funding?

Future venue for the advancement of MfDR:

The Roundtable gave some indication that the future venue for the advancement of MfDR should be twofold:

- First, there is a rationale for bringing the whole MfDR implementation to country level and to strengthen peer-to-peer learning at country and regional levels; but there is the warning that these processes need time and we have to avoid the risk of "overloading" learning mechanisms with tasks and expectations that are too high.
- Second, there is a need to institutionalize the dialogue with partner countries, both governments and other stakeholders, at the international level. A strong forum is necessary to serve as a political advocate for MfDR and as a platform for inter-regional exchange as well as to host the debate of donor-specific issues around MfDR.

Summary

Managing for Development Results (MfDR) is about public sector management, supporting political decision-making focused on desired results and based on evidence.

The Roundtable advanced the MfDR agenda and contributed to the aid and development effectiveness agenda as a whole. There is broad acceptance that MfDR has moved beyond an aid management instrument and is part of the core agenda for public sector reform to pursue development of developing countries. It is a comprehensive way of thinking on how best to implement national strategies and to achieve internationally-agreed development goals. It is no longer a government-only exercise but a political change process involving the whole of society. Some important lessons can be drawn from this Round Table.

Firstly, development results – including the implementation of human rights, gender equality and environmental protection – require that MfDR country systems are in place to manage this political change process. Developing countries should build on their often under-recognized experience at home, on best practices in similarly-placed countries, and on outside resources. Experience shows that where tools are in place, for example statistical information systems and monitoring & evaluation platforms, donors are more likely to follow the country's lead. But donors have to actively contribute to the process, in particular by accepting the emphasis on “contribution” rather than “attribution”.

Secondly, the change process requires political leadership. Performance measurement always includes the risk of uncovering underperformance and failure. Since MfDR implies risk-taking, it requires high-level political commitment over time to value results, to be held accountable by multiple stakeholders and to set the right incentives. “You can run, but you cannot hide” – this captures the overall sentiment from participants on the urgency of MfDR.

Finally, sustainable capacity is crucial. Champions and incentives are needed to develop these capacities – and to use them. Efforts should focus on strengthening the institutionalisation of MfDR at all levels: the enabling environment, the organisational arrangements and the individual skills. To establish a “results culture”, capacity development in MfDR not only applies to government but also to parliamentarians, civil society, the private sector and the media. In this context harmonization of donor support and strengthening South-South learning mechanisms stand out as important drivers.

There is overwhelming rationale for bringing the whole MfDR implementation to country level and to strengthen South-South learning at country and regional levels. These peer-to-peer learning mechanisms have already proven to be excellent platforms for capacity development. Donor support is necessary to continue funding them. Donor support without too many strings attached underpinning ownership by partners. But these processes need time and risks of “overloading” these mechanisms with tasks and expectations that are too high have to be avoided.

To complement the efforts at country and regional levels, there is a need to institutionalize the dialogue between donors and developing countries, both governments and other stakeholders, at the international level. A strong forum is necessary to serve as a political advocate for MfDR and as a platform for inter-regional exchange as well as to host the debate of donor-specific issues around MfDR.