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RESULTS BASED MANAGEMENT IN DONOR AGENCIES

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RESULTS BASED MANAGEMENT IN THE DONOR AGENCIES PROGRESS REPORT ON PHASE TWO

Background

The DAC Working Party on Aid Evaluation has been sponsoring a study of donor agencies' experiences with establishing results based management (RBM) systems. In the first phase of the study, the experiences of seven donors were synthesized based on a limited document review. That report, entitled *Results Based Management in the Development Co-operation Agencies: A Review of Experience*, has been reviewed by the WP-EV and is now available on the DAC Website.¹

Progress and Schedule of Work

Work is progressing on a second phase that goes beyond a document review by including key interviews at the headquarters of an expanded number of donor agencies. Interviews have been held and additional documentation collected for the following agencies:

- USAID (December 4, 2000)
- World Bank (December 5, 2000)
- UNDP (December 6, 2000)
- UNICEF (December 7, 2000)
- AusAID (April 23-24, 2001)

Short papers have been drafted for each of these agencies, highlighting their current approach to RBM. (Some additional interviews or follow-up may still take place for those agencies visited in December 2000).

Visits to headquarters of other donor agencies are scheduled or planned as follows:²

- CIDA (May 10-11, 2001)
- DFID (May 25, 31, 2001)
- EBRD (May 30, 2001)
- AFD (June 1, 2001)
- BMZ, KfW, GTZ (June 5-7, 2001)
- Ministry of Foreign Affairs, Netherlands (June 11, 2001)

- DANIDA (August 2001)
- Norad (August 2001)
- Sida (August 2001)

¹ www.oecd.org/dac/ - Evaluation Group – Reports & Publications

² The Nordic donor agencies will be contacted soon to schedule visits.

The purpose of the interviews is to get a first-hand overview of the RBM approaches that have been introduced and institutionalized in the donor agencies at various organizational levels (e.g., project, country, agency-wide). In particular, lessons will be sought regarding effective practices, instruments and tools. Additional documentation is being collected during the interviews as well.

The product of phase 2 will be a series of ten “good practices” papers that provide practical guidance on how to implement specific aspects of RBM effectively, based on the actual experiences and “best practices” of donors. Topics will seek to address effective practices in priority areas of current interest to the donor agencies. These papers should be drafted by the next meeting of the WP-EV in November 2001.

Brief Overview of RBM in the Donor Agencies

Many of the donor agencies are adopting results-oriented management approaches. Called by a variety of names – results based management, performance management, or simply results-focus – these are broad management systems aimed at changing the way the agency conducts its business operations, with performance (achieving results) as the central orientation. (Some agencies have relevant practices, even though they may not be labeled as “RBM”). These results-focused approaches and systems typically encompass:

- (a) strategic planning approaches that clarify objectives and strategies, identify performance indicators and set targets
- (b) monitoring and evaluation systems that track and assess performance data: and
- (c) the use of this performance information in management processes - learning and decision-making, resource allocation, personnel accountability structures, performance reporting, etc.

While most donor agencies have a long tradition of results-oriented planning, monitoring & evaluation, and reporting at the project level, many have recently established RBM systems at the agency-wide level as well. These agencies prepare corporate plans (with strategic results frameworks) and annual performance reports. Moreover, a few agencies have developed systems at the country program level, while others are considering this. Key concerns for these agencies are how to best aggregate performance/results from lower to higher organizational levels, and how to ensure appropriate alignment of systems among levels. A related issue is how to convincingly demonstrate attribution – this is, how to make an effective case that the agency’s activities are contributing to the development results (outcomes, impacts) being sought.

In addition, other practices typically associated with RBM are being promoted including: results-focused personnel performance review (accountability) systems, decentralization and devolution of authority providing flexibility to “manage-for-results”, participatory approaches involving partners, client-focus, organizational learning and knowledge management techniques, etc.

The donor agencies are at different stages of introducing and institutionalizing their RBM systems. These stages might be identified as

- (1) a *pre-design phase* - consisting of ad hoc, experimental or pilot efforts
- (2) a *design phase* - during which the agency’s overall approach to RBM is developed
- (3) a *roll-out phase* - when RBM-reforms are first implemented throughout the agency
- (4) an *alignment phase* - during which further refinements to and alignments among the various systems take place

Moreover, the donor agencies may take a different perspective on how fundamental or radical a change the adoption of RBM represents. While some view it as a major transformation in the way their operations are to be conducted, others view it in terms of more incremental reforms. Regardless of stage or philosophy,

the donor agencies all appear to be in the midst of significant efforts to improve their performance and “results-orientation”.

Highlights of Some RBM Approaches

This final section provides some highlights about the RBM systems and practices of those agencies that have been interviewed (i.e., USAID, World Bank, UNDP, UNICEF, and AusAID). The substance is based on interview notes and documents received, but has not been officially reviewed or cleared by these agencies. These highlights indicate the great complexity and diversity of results-based practices, instruments and tools currently being developed and used by donor agencies, although many commonalities among them can be discerned.

USAID

USAID began experimenting with performance management (RBM) approaches in selected country operating units in the early 1990s, with technical support provided by the Center for Development Information and Evaluation (CDIE). Spurred by the Government Performance and Results Act (GPRA), USAID drew on these early pilot experiences to design an agency-wide RBM system during 1994-95. These reforms (called “reengineering”) transformed the agency’s operational procedures; the new approach was spelled out in the 1995 Automated Directives System (ADS). Fundamental to this new approach was a shift from a project-focus to a more strategic country program focus. Operating units were to have greater control over activities (projects), limiting headquarters’ approval processes to higher-level objectives and results. Also, the Agency began to develop an agency-wide strategic plan and framework clarifying its overall development goals, and to prepare annual agency performance reports. Initial agency-wide implementation of the new approach took place during 1996-97. Since 1998, USAID has been aligning and revising its systems based on a “stock-taking” of experience with the initial reforms. USAID has been making adjustments and refinements to its RBM system since 1998. Highlights of these recent efforts include:

- The Agency Strategic Plan (first published in 1997) was revised in September 2000. A key change included shifting “agency performance goals” used to report agency performance under GPRA from impact-level goals (including some International Development Goals) to operating unit objectives and targets. Other major changes included adding several cross-cutting themes in addition to the existing six Agency sector-specific goals; and substantially revising the management goal.
- The Agency’s performance reporting for GPRA has been considerably streamlined in 2000. For the first time, the Agency’s annual performance plan and annual performance report have been combined into a single report - the Performance Overview. The Overview is complemented by the Budget Justification, which provides more detail on program performance by specific countries.
- A USAID “Reform Roadmap” identified and addressed remaining obstacles to results-based management reforms. It provided an action plan for 1999-2000, clarifying management objectives, timetables, and responsibilities for implementing specific reforms. A senior management team was established to coordinate these efforts and a first progress report on reform implementation has been completed.
- The Agency’s Automated Directives System (ADS) has been substantially updated and revised, filling in previous gaps, simplifying language, and providing more advice, tools and references on “how to” implement policy directives. For example, more guidance has been provided for planning and managing at the activity (project) level.

- To supplement the ADS, a Performance Management Toolkit has been developed to provide USAID staff and partners with practical guidance on a critical aspect of managing for results – the development and implementation of performance monitoring plans. Also, several new M&E TIPS were prepared and disseminated.
- Greater attention is being directed to intensifying reform-related training and building staff knowledge and skills in areas critical for effective performance management.
- Greater access to USAID performance information, guidance and reports has been provided to USAID staff, partners and others via an expanded USAID Website.
- Every three years, USAID country operating units' submit strategic plans that set specific strategic objectives, identify indicators and targets, and estimate the multi-year resources required for their achievement. Every year the operating units report on their performance – i.e., actual versus planned results. A simple 3-category system of self-ratings assesses whether a unit's strategic objective target was not achieved, achieved, or exceeded. During 1998-99, based on feedback from the "stock-taking", the country operating units' results reporting requirements were considerably streamlined and annual reviews by headquarters were discontinued.
- Results reporting from the operating units has been further streamlined by developing electronic formats for entering and transferring performance data into the agency's program performance database. This facilitates agency-level analysis and performance reporting.
- In addition to strengthening and streamlining its performance monitoring and reporting systems, USAID has sought to strengthen its capacity to evaluate and learn from experience. USAID's central evaluations continue to examine the effectiveness of USAID activities and strategies in achieving the Agency's goals across country settings. They often have a substantial effect on Agency policies, program strategies, and budgets.
- In addition, evaluations conducted by operating units inform design and implementation decisions about particular activities. Copies are added to the Agency's institutional knowledge database and feed into broader organizational learning. Concerns over the decline in numbers and quality of these operating unit evaluations have prompted a recent review of the situation, resulting in a number of recommendations for strengthening the Agency's evaluation system.
- Several years ago, a new approach for planning and reviewing individual staff performance was put in place, reflecting an RBM orientation. Individual tasks were put in the context of broader organizational goals, with emphasis on setting quantitative targets, on identifying skills and training needs, and on participatory approaches to providing feedback, and demonstration of "core values", e.g., managing for results, participation, teamwork, etc.
- Resources are linked to results in USAID in a number of ways. For example, reporting on program performance in the Budget Justification helps justify USAID's budget request to Congress. At the country program level, operating units annually report to headquarters on results in the same document in which they request resources (R4 reports). Moreover, country program performance is a factor influencing budget allocation decisions among countries, although other criteria such as foreign policy interests and country need, political freedom, policies and institutional environment play a larger role.

World Bank

Over the last few years, the Operations Evaluation Department (OED) has sought to promote RBM practices in the World Bank. The OED's *1998 Annual Report on Operations Evaluation* (restricted

document) focused on progress and key constraints to implementing RBM within the World Bank's corporate structure. OED also prepared a short note - *Results Based Management (OED Views, Volume 1, No 1)* that outlined what RBM means in the Bank context. It identified RBM's purpose and its key characteristics as follows: "The purpose of RBM is to provide a coherent framework for strategic planning and management based on learning and accountability in a decentralized environment. It is first and foremost a management system and second, a performance reporting system." Key principals underlying a results-based approach for the Bank would include:

- Corporate level plans and goals
- Performance reporting and incentives
- Devolution and decentralization
- Accountability
- Participation
- Learning orientation
- Simplicity

In recent years, there has been a noticeable increase in RBM-type thinking, initiatives, and experimentation going on in various parts of the Bank, often referred to as "results-orientation" rather than RBM per se. References abound in Bank documents to the importance of having a results-focus in planning, implementation, monitoring and evaluation – at the project, country program, and sector/thematic levels. However, there is as yet no central co-ordination point for diverse RBM efforts within the Bank nor is there any comprehensive, corporate-level RBM "system" or policy directives.

The Bank did design a corporate "Scorecard" in 1998 to bring together the key performance information from various levels and dimensions of Bank work. While work on it still continues, it has run into serious obstacles, stemming mainly from its complexity and lack of a clear use. Moreover, the effort lacked resources, clear accountabilities, and decisive follow-through by management.

Nevertheless, it appears that considerable progress is being made in the Bank towards implementing various aspects of an RBM approach. Some of the relevant efforts are highlighted below:

- At the highest level, the Bank has a clear vision of what it is trying to achieve - poverty reduction – and of the global targets it is aiming for – the international development goals (IDGs) endorsed by the OECD/DAC. Progress towards the IDGs is tracked in the annual *World Development Indicators Report*.
- These long-term, global IDGs are being "operationalized" into medium-term sector objectives and strategies for the Bank in Sector Strategy Papers (SSPs). The SSPs now vary in the degree to which monitorable indicators are included.
- At the country level, Country Assistance Strategies (CASs) are developed to guide the Bank's lending and other assistance efforts. They also serve as a framework for measuring and assessing the Bank's country program performance. The CASs are the most important and developed of the Bank's strategy formulation documents. The "newer" CASs have clear objectives and monitorable indicators. They include budget requests to support the country assistance program objectives.
- In 1999, the Bank's Comprehensive Development Framework (CDF) set out a number of principles for development work at the country level (for the Bank and other partners) including: sharing a common development vision/strategy, promoting a results-orientation, working in partnerships, and strengthening country participation and ownership of development processes. The CDF approach has been piloted in 12 countries. The OED's *1999 Annual Review of Development Effectiveness* examined

how well the CDF principles have been implemented thus far. One of the findings was a lack of sufficient results-orientation.

- Poverty Reduction Strategy Papers (PRSPs) are assessments of the relationship between the policy/institutional environment and poverty conditions in a country. Such poverty analyses – especially if conducted jointly or with participation – provide country officials and the Bank with a shared vision and agreed strategy for poverty reduction in a country. The PRSP becomes the basis for the Bank’s country assistance programs (articulated in the CAS).
- The Bank is increasingly emphasizing a more holistic country program approach rather than the traditional project-by-project approach. The CDF principles have been embedded in the Bank’s new country program approach. This approach is described in a paper - *Supporting Country Development* - in terms of four pillars: vision, diagnosis, programming and results. New lending instruments with greater flexibility and adaptability are being used in support of the new approach.
- At the project level, the logical framework has been in use at the Bank since 1997, when it became a standard attachment to the project appraisal document. It is used as a management tool for designing, implementing, monitoring and evaluating projects.
- An M&E Task Force reviewed project-level M&E and identified weaknesses, made recommendations for improvement, and outlined an action plan. Their report had positive response from management and pilot efforts will seek to make improvements in project M&E systems.
- OED is revising its rating system for evaluating completed projects, and efforts are underway to harmonize the criteria used for ratings in Implementation Completion Reports (self-evaluations) with those used by OED for independent evaluations and audits of IRCs. New guidelines are being developed for ratings on eight criteria: relevance, efficacy, efficiency, sustainability, institutional development impact, outcome, Bank performance, and borrower performance. Every year, the ratings of completed projects are aggregated, analyzed and reported in the *Annual Review of Development Effectiveness*.
- OED has been shifting attention from project-level evaluations to Country Assistance Evaluations (CAEs) that examine the Bank’s whole assistance program in a country. The CAEs are now timed to feed into the CAS process. A new rating system methodology for evaluating the Bank’s performance at the country program level is now being designed, which should facilitate cross-country comparisons and aggregation.
- A Workshop on performance-based M&E (recently designed by OED & OCS) is being offered to government officials and partners. The workshop aims to increase awareness of why performance-based M&E is important for good public sector management and to provide needed tools and skills for designing and implementing performance-based M&E systems.
- OED pilots in numerous developing countries have contributed to building their institutional capacity for M&E. A number of OED publications and workshops have highlighted lessons and best practices to guide future M&E capacity development efforts. Recently, the Board approved a major M&E capacity building effort covering five countries in three regions. These will be like the previous OED efforts, but tied into the CAS/PRSP process.
- Since 1996, a number of Bank Networks have been established in key sector/theme areas. In addition to developing SSPs, they have fostered a wide variety of “knowledge management” activities and systems.

- OED’s evaluation dissemination policies and processes have promoted learning from experience and feedback into Bank management decision-processes. Shifts from project-level evaluations to country program evaluations, and sector/thematic evaluations have increased their relevance to strategic decision-making processes, such as resource allocations, strategic planning, etc.
- A Quality Assessment Group (QAG) was created to conduct rapid assessments of various aspects of Bank operations – such as quality at entry, supervision, and economic and sector work. QAG has contributed greatly to developing performance indicators and benchmarks for assessing a variety of Bank operations & services.
- An electronic “Dashboard” system has recently been created in support of the Quarterly Business Review process. This electronic tool tracks actual versus planned levels (targets) for a variety of input and output indicators (e.g., spending, delivery schedules, numbers of projects, quality, etc) and is used routinely by the managing directors to review progress of their operating units.
- The Bank conducts Country Policy and Institutional Assessments (CPIA) annually, using a number of indicators to rate country governments’ performance in terms of “intermediate outcomes” such as policy reform, institutional capacity, good governance. The Bank uses these country scores for resource allocation decisions across countries (especially allocations of IDA funds), and they also influence country strategies and choice of instruments. Currently, the CPIAs are restricted.
- Allocation of Bank resources across countries is influenced (in varying degrees) by performance – of both country governments and of the Bank’s portfolio – as well as by other factors such as need/poverty. In the case of IDA, the allocations are based on a formula. For non-IDA lending, the Regional Vice-Presidents make the allocation decisions for within their regions and may use their own criteria -typically taking into account: (1) the CPIA, (2) Bank portfolio performance, and (3) degree of poverty/need.
- All Bank staff now have “results agreements” that set monitorable indicators for their performance for the year. Instruments are used to align staff work programs with institutional priorities, to clarify their work expectations, and to enhance their learning. Two years ago, a few regions started pilot efforts to use more “tangible outcome indicators” that go beyond the results agreements everyone now follows.

UNDP

In early 1998, the UNDP’s Administrator asked the Evaluation Office to take the lead in developing a corporate framework for the measurement and assessment of program results. This step led to the introduction of RBM in the UNDP. Discussions about RBM and future funding with the Executive Board resulted in adoption of a Multi-Year Funding Framework – a “compact” promising stable funding for the UNDP in exchange for clearly identified objectives and intended results.

Before designing its RBM system, the UNDP conducted a review of how other public and donor agencies have implemented their performance measurement and management systems – in order to draw on others’ experience. Development of the UNDP’s RBM system also took advantage of a highly interactive and consultative process, involving a large cross-section of UNDP professionals from country offices and headquarters. The intention was to produce a system not only responsive to the interests of external stakeholders, but also directly reflective of the UNDP’s distinctive organizational culture, decentralized structure, and management needs. The design sought to balance top-down and bottom-up approaches. Corporate requirements were kept to the minimum needed to integrate performance information and present results, thus retaining flexibility at the country level.

Recently, the new RBM approach was mainstreamed throughout the UNDP. Key responsibility for its implementation (e.g., for SRFs, ROARs, performance databases) now lie with the Operation Support Group. The Evaluation Office, which had a major role in designing the RBM system, will in the future be concentrating on conducting evaluations and supporting development of performance measurement methodologies. The introduction of RBM has affected all of the organization's key systems and instruments; it has become the "organizing principle" behind the UNDP's reform effort. The implementation of RBM has been overseen by an exceptionally unified senior management team effort.

Key components, instruments and tools of the UNDP's RBM system are described briefly below:

- The UNDP's Strategic Results Frameworks (SRFs) are designed to be the primary planning tools for country, regional and global programs, and to serve as a management tool for both headquarters and country offices. The corporate-level SRFs have been prepared for seven areas of UNDP interventions: poverty eradication, governance, environment, gender, special development situations (disasters), support to the UN, and management excellence. The SRFs set out a concrete basis for judging performance in relation to specific country and organizational objectives, by identifying indicators for tracking progress.
- UNDP country offices and other operating units work within these SRF frameworks to identify the particular outputs and outcomes they expect to achieve and to develop specific indicators that they will subsequently use to measure and report on results. To guide and assist them, the SRFs provide several "sample" intended outcomes and relevant indicators for each strategic area of support. However, results indicators generally are not prescribed centrally, but rather may be country-specific – grounded in country program realities and developed via participatory processes. There are a few exceptions - areas where indicators are standardized in the new system – e.g., for a few "generic" program indicators and for impact-level "situational" indicators.
- Another major planning instrument is the Multi-Year Funding Framework (MYFF), which brings together the individual SRFs and forms the basis for a funding compact with the Executive Board. The MYFF – presented to the Board for the first time in September 1999- provides a comprehensive framework that clearly states the UNDP's planned results over a four-year period and provides an integrated resource plan.
- The Results-Oriented Annual Report (ROAR) is the UNDP's principal instrument for annual reporting on results at both the country office and the corporate level on the entire range of UNDP activities. The ROAR reviews annual progress towards the achievement of the goals and intended results outlined in the MYFF. At the corporate level, the ROAR provides the Executive Board each year with a comprehensive assessment of key results achieved and a review of resources used. The first ROAR was prepared for 1999.
- The Multi-Year Funding Framework Report (MYFFR) will be a more in-depth assessment of performance relating to the outcomes and outputs identified in the MYFF – to be produced once every four years.
- The Country Office Management Plan (COMP) is a strategic management tool for country offices and regional bureaus, which functions as both a planning and a reporting instrument. While the SRF/ROAR addresses the substantive goals, the COMP focuses on clarifying and measuring UNDP's management reform objectives.
- A Balanced Scorecard has been developed for measuring and communicating business plan implementation performance at various levels of the organization. The automated scorecard system monitors progress against a number of indicator targets reflecting a broad array of management

priorities: e.g., client satisfaction rates, resource mobilization targets, % of audit recommendations implemented, etc. A series of electronic “dashboards” will clearly communicate how the organization (and individual units) are progressing compared to business plan targets.

- Staff training in the new RBM system has been a priority. Senior managers have themselves conducted much of the first round of training – clarifying the importance top leadership places on its successful implementation.
- The UNDP designed a new staff performance appraisal tool – called the Results and Competency Assessment (RCA). The RCA “aims to take (UNDP’s) RBM system to the level of each staff member”. The RCA system rates managers and staff not only on what they do (the Results Scorecard) but how they do it (the Competency Scorecard). It supports the organizational culture shift called for in the UNDP’s transformation plan, emphasizing behaviors and skills in competency areas such as managing for results, partnerships, teamwork, etc.
- Guidelines for *Selecting Key Results Indicators* – in the context of the UNDP Strategic Results Frameworks were prepared in May 1999. Since many of the UNDP’s most important contributions are in the so-called “soft interventions”, more methodological work for selecting indicators in these areas is now on-going.
- The UNDP’s *Results-Oriented Monitoring and Evaluation Handbook*, published in 1997, is now under-going major revision in light of the newly adopted RBM system. The new guidance emphasizes the need to both monitor and evaluate outcomes. Also, efforts are being made to link project logframes with the new SRF program approach.
- Evaluation reports provide one source of evidence through which UNDP’s substantive performance can be assessed. Most evaluation reports are currently project-oriented, and thus give only a partial view of the UNDP’s contribution to development (missing “soft interventions” like policy dialogue, advocacy). Still, the evaluation data show a steady rise in the percentage of completed projects that have satisfactorily achieved their intended outputs and immediate objectives. There are also positive trends in efficiency, cost-effectiveness, institution-building and sustainability of projects in recent years.
- A program of thematic and strategic evaluations are conducted by the Evaluation Office. They offer objective and independent information on topics of current importance, as identified by UNDP management.
- In 1999, the Evaluation Office developed a methodology for country-level impact assessments (CLIAs), which will complement the ROARs. The CLIA methodology has been tested in several countries and is being streamlined.
- An Evaluative Research Program (ERP), developed by the Evaluation Office in 1999, is designed to meet UNDP’s needs for “just in time” evaluative knowledge. It represents an experimental approach to the challenge of making evaluation more relevant to the organization by providing lessons for policy and strategy formulation more rapidly than normal.
- To develop knowledge management and build a culture of learning, the UNDP has sought to increase access to knowledge, services and lessons by establishing networks. Sub-regional Resource Facilities (SURFs) are Internet networks designed to provide expert referrals for practitioners, technical and thematic backstopping, better sharing and dissemination of knowledge and best practices. Also, an Evaluation Network (EVALNET) has created links among practitioners who share evaluation expertise and knowledge across countries and regions.

- In the UNDP, resource allocations across countries are an Executive Board decision –and based on an existing formula (including country need and other criteria). The UNDP’s program performance does not influence these cross-country allocations. However, within country programs, managers are encouraged to use performance information to shift resources to better-performing activities.

UNICEF

UNICEF does not widely use the term “results based management”, preferring “performance management” instead. It’s approach builds on a long tradition of focusing on and measuring results for children. During the 1990s, UNICEF undertook a major effort to monitor global results achieved for children against a set of global goals adopted by the World Summit for Children. UNICEF reports on the results of the global effort to improve the situation of children through *The State of the World’s Children* and the *Progress of Nations* reports. UNICEF also has a tradition of monitoring results at the project level, using the project logframe tool.

In recent years, UNICEF has strengthened its performance management and monitoring system, in particular highlighting the importance of distinguishing between global development results for children and the specific organizational performance of UNICEF. Emphasis in UNICEF is placed on “managing for results” and on organizational learning from experience. Key elements of effective performance management for UNICEF are identified (in the Multi-Year Plan) as follows:

- Clear organizational priorities
- Carefully defined objectives at each working level
- Well-defined accountabilities
- Systematic reporting on progress towards achievement of objectives
- Review and analysis of reports on progress
- Action to improve or refocus activities on the basis of performance assessment and lessons learned

UNICEF’s medium-term plan (MTP) for 1998-2001 was the first serious effort at preparing an agency-level strategic (business) plan that set out UNICEF’s organizational goals for which it would be accountable. The MTP was then translated into office business plans at headquarters, regional and country levels. While the MTP guided the development of the country office plans, the approach taken honored UNICEF’s traditional decentralized structure by allowing flexibility to respond to local needs and conditions of children. Now a second effort – to develop a medium-term strategic plan (MTSP) for 2002-2005 – seeks to be even more precise in defining organizational goals that are verifiable (measurable) and that are more clearly linked to UNICEF’s interventions. The Multi-Year Funding Framework (MYFF) defines UNICEF’s overall approach to results-oriented management and articulates how various aspects of the system will be linked or aligned – e.g., planning, budgeting, resource mobilization, and results reporting.

Progress to date in strengthening key components of UNICEF’s performance management system is outlined below:

- The current MTP (for 1998-2001) represents a major departure from previous plans in its strategic orientation. It sets out a long-term vision for the world’s children, clarifies UNICEF’s organizational priorities and major areas of action, provides an estimate of resource requirements, and outlines principles for an enhanced performance management system.
- Country programs of cooperation, as well as the office management plans (OMPs) for headquarters and regional offices, are prepared on the basis of the MTP. However, UNICEF has safeguarded its traditional decentralized country programming process, allowing flexibility to respond to local needs

and priorities and to pursue objectives jointly with partners. Specific priorities for country programs of cooperation are established with national authorities in response to an analysis of the situation of women and children in the particular country. The objectives, strategies, areas of action, and budgetary frameworks for each new country program are presented in a country program recommendation (CPR) report, which is submitted for approval by the Executive Board.

- The Mutli-Year Funding Framework (MYFF) has served to further strengthen UNICEF's performance management system and better align its various components. The MYFF report (December 1999) reviews current practices of UNICEF which serve as the key building blocks for the MYFF – i.e., the MTP, the biennial budget, the resource mobilization strategy, reporting on results, and actions to improve organizational management. The report also proposes plans for strengthening each of these elements and for improving their linkages. A key aim of the MYFF is to increase the volume and predictability of resources while maintaining the voluntary nature of contributions to UNICEF.
- Progress towards achieving the organizational priorities of the MTP is reviewed in the Executive Director's annual reports (EDAR II). The last (April 2000) Executive Director's annual report covers developments and results achieved during 1999. This EDAR II briefly describes changes in the global context and their impact on the situation of women and children, reviews progress and constraints in implementing each of UNICEF's four organizational priorities, provides an assessment of income and expenditures, and discusses progress in establishing performance management systems.
- All country offices undertake an annual review of progress in implementing country programs and country program management plans (CPMPs). The former are conducted collaboratively with government counterparts and partners, whereas the later is an internal exercise. Findings are shared with headquarters and regional offices by preparing country office annual reports. An in-depth review of progress in achieving the objectives of the country program is undertaken with all partners at mid-term and findings are reported to the Executive Board in mid-term reviews (MTRs). Introduced in 1998, a biannual progress report focuses on major activities and key results at the country level in terms of implementing the MTP's program priorities.
- Organizational guidelines and training manuals on program planning and procedures, monitoring and evaluation, and formulation of the country program management plan are all currently being revised to increase UNICEF's focus on children's rights and to strengthen its ability to monitor, assess and report on organizational performance.
- In recent years, monitoring and evaluation functions in UNICEF have been strengthened in recognition of their critical role in performance management. Historically, most monitoring and evaluation efforts have focused on the project level thus limiting their usefulness for strategic policy and program decision-making. However, there is now a major effort to shift attention to a more strategic level.
- Evaluation will be further strengthened to assess the "value added" of UNICEF's interventions. Also, emphasis is on strengthening staff capacity to conduct more strategic or thematic evaluations that can feed into the end-decade review process.
- A new training package on "Integrated Monitoring and Evaluation Plans" aims to strengthen staff skills in country offices in the strategic use of monitoring and evaluation in program management. The training package and the *new Program Policy and Procedure Manual* contain updated materials on monitoring and evaluation. In the guidance, monitoring and evaluation are viewed as complementary tools for management improvement and for reporting on performance to the Board.
- Important advances have been made towards strengthening the capacity of UNICEF's operating units to define objectives more clearly. The revised *Program Policy and Procedure Manual* and training

includes updated guidance on the country programming process – i.e., on the development of programs with well-defined objectives. Guidance on the use of ProMS (a program planning software) will also help maintain attention on objectives during the program cycle.

- UNICEF has undertaken numerous efforts to improve organizational effectiveness and efficiency. The management excellence program (MEP), launched in 1996, has resulted in further clarification of accountabilities at all levels, and in improved systems and processes that enhance organizational capacity to manage resources, implement programs and account for results. The MEP introduced many innovative practices – especially emphasizing greater participation/teamwork and decentralization.
- In 1999, a review of UNICEF’s human resources performance planning and assessment practices was undertaken to ensure their consistency with the principles of performance management. The review led to several modifications to strengthen the linkages between individual staff tasks and organizational priorities. The revisions also reflect other changes in the UNICEF work environment and values, which promotes teamwork and organizational learning, and places less reliance on hierarchical systems. Draft methods and instruments developed over the last year are now being piloted in a number of offices.
- Staff accountabilities have been further clarified through the introduction of ProMS, “People and Process” training, and definition of expected competencies.
- Resource allocations across country programs are an Executive Board decision and based on a formula drawing on indicators of country need and children’s’ well-being.

AusAID

The development of performance measurement and reporting within AusAID has been driven largely by the recent introduction of accruals-based outcome and outputs budgeting across the Australian public service. This change to accrual budgeting shifts the focus from inputs to outcomes and outputs. Moreover, agencies will be appropriated through the budget on the basis of outcomes, and required to report on achievement of outcomes through the delivery of outputs.

AusAID has responded to this requirement by building on existing information systems, such as the computerized Activity Management System. Performance information from Activity Monitoring Briefs have been incorporated into the AMS, which also contains financial information. In addition, a Performance Information Framework was developed around the ten Key Results Areas identified in AusAID’s Corporate Plan.

AusAID’s performance monitoring system is currently activity (project) based, and emphasizes quality ratings and outputs, rather than higher-order development outcomes. However, there has been a growing interest in developing more outcome-focused systems at the country program level.

Various aspects of AusAID’s approach to performance management are highlighted below:

- The AusAID Corporate Plan 2001-2003 outlines AusAID’s objective of assisting developing countries to reduce poverty and achieve sustainable development. Ten key results areas (KRAs) are identified that are used to plan, prioritize and measure the performance of AusAID programs. The Plan also outlines the agency’s work values, and emphasizes its commitment to delivering a high-quality aid program and to measuring, evaluating, and reporting on its performance.
- AusAID’s *Annual Report* 1999-2000 was prepared within the accrual-based outcome and outputs budget framework - in accordance with legislative requirements set out in the Public Service Act 1999. It measures the agency’s performance against targets set down in the Portfolio Budget Statement in

May 1999. In the section on performance reporting, AusAID's performance information framework is outlined. Information on activities is aggregated to program, sectoral (KRAs), and agency-wide levels, including information on expenditures, number of activities, significant outputs, and overall quality assessments. AusAID achieved its overall quality target, with more than 75% of activities receiving a quality rating of satisfactory overall or higher. In addition, the report also reviews AusAID's management and accountability systems.

- A Quality Assurance Group (QAG) was established within the Performance Information and Assessment Section (PIA) in 1998. QAG's objective is to improve the quality of AusAID's bilateral and regional aid activities. It does this by assessing individual activities and using the findings to identify lessons for improving designs and implementation. A peer review approach is used for these assessments, drawing on panels of three AusAID staff and one contractor. Rapid reviews have been completed on quality at entry, quality in implementation, and risk and success projects. QAG has also conducted follow-up studies and investigations on topics such as: roles and responsibilities relating to activity quality and key factors promoting sustainability. QAG provides feedback about lessons to staff through AusGUIDE, seminars, staff training, and briefings.
- The Activity Monitoring Brief (AMB) is AusAID's principle means of monitoring the performance of bilateral and regional activities. The performance of each activity is assessed (rated on a 5-point scale) by AusAID managers against four quality criteria: appropriateness of objectives and design, achievement of objectives, professionalism of management, and the likelihood of sustainability. These assessments are used to develop an overall rating for each activity that is used to report on program quality, sectoral performance, and the overall quality of the portfolio. AusAID's QAG undertakes performance audits of AMB ratings, in order to help improve the performance rating systems. A study on improving the quality and usefulness of the AMBs was drafted in January 2001, and is now being used to revise the AMB.
- An NGO Monitoring Brief was introduced in 1999-2000 to enable assessment of activities undertaken by NGOs under NGO funding schemes. The brief records performance against objectives and summarizes significant outputs delivered. NGOs are required to self-assess the performance of their activities, which are checked by AusAID.
- AusAID assesses the performance of multilateral organizations receiving aid contributions using the Multilateral Assessment Framework (MAF). The MAF system was developed in 1998 to provide an assessment of the extent to which the organization's strategy and program is relevant, efficient and effective. The system involves annual desk assessments of organizations by AusAID, and occasional in-depth reviews of selected organizations.
- AusGUIDE is AusAID's basic reference guide for activity management. In 1999-2000 AusGUIDE was put on the Internet to make it more readily accessible. Recently, lessons from QAGs have been incorporated into the guidelines, especially on appraisal and contract monitoring procedures, and new guidelines were prepared on emerging issues.
- Recently AusAID strengthened its computer-based Activity Monitoring System (AMS) to enable the collection of performance data on activity quality assessments and on significant activity outputs. Performance monitoring information is entered into the Briefs electronically on the AMS. This information is used for reporting on the performance and achievements of the aid program in the key results areas (KRAs) – for example, in AusAID annual reports. Reporting by KRAs has been made possible in the AMS through electronic mapping; each activity is assigned a DAC code which in turn is mapped to the appropriate KRA. Since the AMS also contains financial data on activities, it provides a vehicle for integrated analysis and reporting of both performance and financial data.

- In addition to QAG activities, AusAID conducted 42 reviews and evaluations of activities during the period April 1999-March 2000, most of them in infrastructure, education and governance sectors. A report – *Summary of Reviews and Evaluations* – provided summaries of these R&Es, and highlights the sectoral and activity-cycle issues identified by them.
- Work began on revising AusAID’s lessons learned database (LLDB), a corporate database on design and management issues that draws on evaluation and review studies. Concerns that the LLDB was insufficiently used and lessons were not leading to learning led to a review. In March 2001, an Information Management Study was completed. The approach taken was to examine the organizational culture for learning in AusAID, leading to recommendations for revising the LLDB, and also for other aspects of information management in AusAID.
- A *Toolkit for the Production and Review of Program Strategies* was prepared by the Program Strategies Committee in April 2001. It is a guide intended to aid in the development of country program strategies, and also in their annual review. Further work is being undertaken by the Program Quality Group to develop guidance for determining appropriate performance indicators and mechanisms for measuring the effectiveness of program strategies in achieving objectives (outcomes). A discussion paper, *Country Strategy Assessment and Effectiveness Review Guidelines* (April 2001) seeks to address these concerns.
- AusAID introduced a performance planning and review process for all staff in 1998. It provides a framework for regular feedback on performance against key organizational goals and desired behaviors. A 1999-2000 review of the process found it was a significant improvement over previous systems. Critical performance factors (a set of behaviors, skills and language against which performance can be measured) have provided staff with a clearer understanding of their strengths, areas for improvement and training/development needs. The review identified some areas where the process could be strengthened and these revisions are now being made.
- AusAID has a strong commitment to staff training and development. During 1999-2000 investments in training increased by 15%, targeting training in areas such as program and project management, financial and contract management, strategic and analytical thinking.