



**DEVELOPMENT CO-OPERATION DIRECTORATE
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Report on the DAC Development Partnership Forum "Managing for Development Results and Aid Effectiveness".

Paris, 11-12 December 2002

The attached report contains a summary of the presentations and discussions at the Development Partnership Forum held on 11-12 December 2003. For information purposes, the Annexes are comprised of documents that were presented at the Forum.

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EXECUTIVE SUMMARY AND CONCLUSIONS

1. Development results and the effectiveness of aid have moved to the centre of the development debate. Taxpayers in OECD countries want more value from their development budgets, while citizens in the developing world are becoming increasingly vocal about the use of aid and are demanding better management from their governments. Such concerns have been discussed at several international meetings including the Monterrey conference, where a number of OECD Members announced commitments to significant increases in aid volume coupled with demands for greater accountability and credible demonstration of results. In 2002, the link between improved aid effectiveness and adequate aid volumes was again specifically mentioned both at the OECD Ministerial Council and the DAC High Level Meeting.

2. This debate provided the context to the 2002 DAC Development Partnership which addressed the issue of *Managing for Development Results and Aid Effectiveness*. The Forum brought together participants from OECD and partner countries, as well as representatives of several multilateral agencies, with the aim of discussing donors' and partners' experiences in managing for results and confronting the challenges inherent to the implementation of the results-oriented agenda. The following sections provide a summary of the presentations given at the Forum as well as an overview of the key themes and conclusions emerging from the discussion.

A. Results-oriented reform

- *RBM and new aid delivery mechanisms.* Both bilateral and multilateral donors are currently exploring the introduction of results-based management systems and aid delivery tools for effective aid allocation. The Millennium Challenge Account, currently being set up by the US, is an example of an emerging trend towards performance-related aid allocations. Despite the momentum reached by the results agenda, the implementation of performance-oriented management still faces a number of challenges. Particularly important is the 'time lag' between the long-term dimensions of development and the shorter timeframe by which agencies measure, manage and account for results. Agencies are usually required to show performance to their boards and the public within the limits of project/programme timeframes, which can be a disincentive to move away from a focus on inputs towards more attention on development outcomes.
- *Public Sector Reform.* A number of partner countries have already made results orientation central to public agency reform. In Uganda for instance, results-based budgeting provides the cornerstone of the public sector reform programme. The Chilean government has moved away from a traditional incremental budgeting approach by basing resource allocation on competitive processes. In Tanzania, both the budgeting and management function are linked to the PRSP, which functions as the main target-setting document. The experience of Malaysia, a middle income country, demonstrates the benefits of planning in implementing performance-based reform of public agencies.
- *Incentive systems.* Incentives are crucial to the successful implementation of organisational reform, particularly when the latter is oriented towards results. In both donor and partner countries, enhanced participation, transparency and accountability can provide powerful

incentives to improve performance. Paraguay has adopted a participatory approach to planning whereby civil society is actively involved in setting targets at various government levels, while in Chile, Uganda and Thailand a policy of public disclosure enables citizens to know the rationale behind government targets and whether or not those targets are achieved.

3. The experiences of several partner countries show that vision, continuity and commitment are essential to the successful implementation of results-oriented reform. These factors depend on the presence of a highly motivated civil service and a strong political will at the level of the executive. In this respect, however, public agencies in partner countries face a number of hurdles, such as a decline in resources and rigid incentive structures.

B. A new aid architecture for development results

4. Besides reform at the level of individual agencies, the search for better development results requires a revision of the way stakeholders relate to each other. Country ownership and increased coordination among donors as well as between donors and partners are the main elements of this new aid architecture.

- *Country ownership.* The Millennium Development Goals provide donor and partner countries with a common framework for envisaging, establishing and delivering results. For global targets to be translated into local results, the MDGs need to be tailored to the specific needs of individual countries. The experience of multilateral donors like UNDP and the World Bank highlights the relevance of placing country ownership at the centre of agencies' management systems. The formulation of Poverty Reduction Strategies and their linkage to the overall MDG framework needs to remain country-driven, and allow the participation of local non-governmental stakeholders. A number of bilateral and multilateral donors are also actively engaged in partner-driven coordination of donors' interventions through joint consultative processes.
- *Harmonised donors' practices.* There is an increasing awareness that reducing the burden of aid is a fundamental step towards more effective ODA. Partner countries tend to view harmonisation with favour, as donors' uncoordinated demands can encumber partners' administrative systems, increasing transaction costs and hampering - rather than ensuring - aid effectiveness. Moreover, the increasingly interdependent nature of aid interventions means that donors' attention to "visibility" - typical of input orientation - will have to give way to mutual accountability for common results. Addressing the dysfunctional aspects of aid will require donors to drop the 'go it alone' attitude and shift their concern with attribution to a focus on their contribution to collective development efforts.
- *Donor-Partner coordination* was repeatedly recognised as a prerequisite for more efficient development cooperation. Donors' interventions need to remain consistent with the policy decisions adopted by partners and new demands for results orientation should remain coherent with past approaches and take into account partners' absorptive capacities and their own results systems.

C. Assessing results

5. One side-effect of the emerging results-oriented agenda is the increased need to assess performance. This means that existing measurement, monitoring and evaluation systems might be inadequate to face future tasks and they will have to undergo a revision.

- *Streamlining measurement.* One of the risks of an increased focus on results lies in a possible overemphasis of the measurement dimension and in a multiplication of indicators, which would ultimately prove detrimental to management. Faced with this scenario, donors have become aware of the need to reduce and simplify their measurement systems, and to make them more coherent with those of other donors. Streamlining measurement should nonetheless avoid an oversimplification of the qualitative dimension of development, which might lead to misreporting, inappropriate assessments and ultimately to distorted programmes. One approach to rigorous and lean measurement would consist in adopting core lists of jointly agreed indicators – possibly related to the MDGs – for cross-country comparability, and to link them to subsets of country specific indicators. Another approach would see partner countries' involvement in the choice of indicators, in order to build capacity, ensure ownership and reduce the burden of measurement on local systems.
- *Strengthening evaluation systems.* Widespread agreement that development is the product of collective efforts is changing the way donors assess their aid programmes. Despite the clear need for agencies to continue measuring their performance through self-assessment, the evaluation of aid interventions will increasingly involve assessing common results. This will require developing frameworks allowing joint assessments and reviews, at the level of the country or the sector. The move towards jointly conducted sector-wide and countrywide assessments will also contribute to reduce the overhead and transaction costs of evaluation activities in general, while the use of partner driven evaluations will have a role to play in aligning donors' interventions with local systems and recipient countries' priorities.

6. The Forum discussions clearly brought out the need for more attention to the interaction of donors' results systems with developing countries own results management agendas, often pursued in the context of public sector reform. Participants recognised the multifaceted challenges the results agenda implies, but also acknowledged its opportunities. In the coming years, strengthened development partnerships will be central to the implementation of results-oriented systems and the improvement of aid delivery mechanisms.

7. Results management systems in development cooperation will continue to be an important element of DAC's future work, drawing on the progress made at the Forum in clarifying current practices and trends in donor agencies and partner countries. The Secretariat intends to contribute to the advancement of the results agenda by continuing the fruitful collaboration with bilateral and multilateral donors, such as the one established with the World Bank and the other multilateral banks at the Roundtable in June 2002. The DAC Working Party on Aid Evaluation, whose work on results-orientation in development management stretches back a number of years, will continue the analysis of the interaction of managing for results with the evaluation function. Moreover, the next round of Peer Reviews will have Members' approaches to assessing the results of their aid programmes as one of its core themes, with the intention to produce a synthesis paper on lessons learned (2003-2004). These complementary tracks are intended to assist Members and partners in their joint efforts towards better management systems.

OPENING REMARKS

8. The DAC Chair, Mr Jean Claude Faure, highlighted the strategic context behind the 2002 Partnership Forum. Agreeing on common priorities, harmonising management and measurement practices as well as establishing mechanisms for mutual accountability are some of the challenges facing development cooperation in the coming years. The Monterrey consensus laid the bases for a policy framework with an increased emphasis on results orientation and aid effectiveness, requiring donor and partner countries to work together towards the achievement of joint goals.

9. The OECD Deputy Secretary General, Mr Seiichi Kondo noted that the Forum was part of the OECD's commitment to moving the results and effectiveness agenda forward. The creation of a 'Development Cluster' inside the OECD represents a further step in this sense, as does the broader mainstreaming of development across a range of OECD's activities. The Cluster will also provide an opportunity to advance DAC's pledge for partnership-based development approaches, in collaboration with Members, the International Financial Institutions and other key players.

10. Mr Michael Roeskau, Director of the Development Co-operation Directorate, explained the rationale behind the Forum's programme by stressing some of the opportunities and challenges raised by the RBM agenda. The tasks facing aid agencies in moving from a focus on inputs towards outcomes have both political and policy implications. On the political side, donors will need to address public disaffection with the performance of development aid. On the policy side, aid agencies and partners alike will have to overcome the resistances that major managerial and organisational reforms usually generate, by establishing a results-oriented culture and learning-based management systems. The Forum provided donors and partners with an opportunity to address these challenges and to discuss ways to improve the performance of aid.

FORUM REPORT

I. The strategic context

11. The increasing attention to development results and aid effectiveness is rapidly changing development co-operation. The policy framework set by the Millennium Development Goals allows donors and partners to join hands in attaining global and local targets. Two examples of this common approach are given by partner countries' increased focus on managing for results and donors' initiatives for results-driven aid allocation.

A. MDGs from results at the global level to the country level - Jan Vandemoortele, Principal Advisor and Group Leader, Socio-Economic Development Group, Bureau for Development Policy, UNDP

12. Together with the interest surrounding their establishment, the Millennium Development Goals (MDGs) also spawned a degree of scepticism. Critics often claim that targets are "easily set and seldom met", and that the development community is not 'on track' to achieve the MDGs. But the reality is that the development community is not new to either setting or achieving global targets¹, nor is the path towards achieving the MDGs necessarily a linear one. One of the lessons learned during many decades of development co-operation is that results are always mixed. What works for one country might not necessarily work for another. In the 1990s progress slowed in comparison to the three preceding decades and was very uneven both domestically and internationally, irrespective of per capita income. Moreover, progress tends to bypass the poor.

13. The MDG report is one of the tools UNDP has developed to address these concerns. It aims to help thinking about the MDGs from a country level perspective. Its main functions are:

- a. Target-tailoring. To be meaningful, targets have to be customised at country level. Global targets stem from international negotiations, not necessarily reflecting each country's own needs and ways. The most appropriate strategy to eradicate AIDS in one country might radically differ from that of another. Useful targets are those which succeed in striking a balance between ambition and realism: if the targets are not ambitious enough they won't make a difference, if they are unrealistically ambitious they will not work. Target-tailoring at a country level has more chances of striking the right balance, particularly when it can benefit from the participation of local stakeholders who can see how the MDGs fit with the country context.
- b. Advocacy and communication. MDG reports are meant to bring information about targets to the wider public. By using key messages and user-friendly indicators, the report aims to reach out to civil society and build constituencies reacting to government inaction. In this way, the public can hold the authorities accountable for budget priorities.

1. During the first two decades of development co-operation, a number of targets were set in areas as diverse as economic growth, education, small pox immunisation and water sanitation. In some areas – like growth or immunisation - targets were met. In others the impact has been considerable.

- c. Co-ordinating interventions. MDG reports do not intend to compete with national development plans or with PRSPs. They rather aim to co-ordinate the donor system at country level. Governments, donors, and MDBs are already implicated in MDG reports, and the next priority will be the involvement of civil society.

B. Results-based management in the public sector - Emmanuel Tumusiime Mutebile, Governor, Bank of Uganda

14. Uganda has a long experience in public sector reform. Thanks to the Government's early actions in managing for results, the country will be able to meet the poverty and education MDGs – providing that economic growth continues as in the recent past. But results-oriented public sector reform remains key to Uganda's development strategy as the PRSP negotiated with the World Bank demonstrates.

15. In Uganda's public sector, results orientation works on different levels:

- a) Results Based Budgeting (RBB) represents the level where the objectives of the reform are set. RBB is centred on the introduction of a three-year medium term plan allowing the government to shift allocations to budget sectors with higher impact on poverty reduction, macroeconomic stability and growth. A lot of progress has been made at the RBB level with results being met in terms of inflation stability, general growth and pro-poor growth. Among the reasons behind this success is that the implementation of reform was carried out by a single and centralised agency, with staff committed to realising the objectives of the reform.
- b) Output-oriented budgeting at a sectoral level imposes hard budget constraints on each sector. Sector teams prioritise their expenditure requirements within the guidelines set by the SWAPs. This approach also holds some validity for donors' expenditures. Donors' interventions need to remain in line with national budget priorities and the existence and resources made available by aid activities need to be consistent with expenditure plans. This is important with respect to global funds, which can distort investment plans by not being consistent with sectoral priorities.
- c) Results-oriented management (ROM) functions at the lowest operational level. ROM essentially ensures that budget is implemented according to a result-focus by establishing performance indicators. So far, the implementation of the ROM approach has been less successful than RBB. This is mainly due to the incentive-structure surrounding this level of reform. Civil service staff are less committed to reform, simply because salaries are too low. At the same time, senior management does not have the power to hire and fire. As a result the link between results and job tenure remains weak, leading to a situation where poor performers are not sanctioned, and good performers have no incentives to continue carrying out their duties effectively.

16. Uganda's record shows that public sector reform benefited from the existence of a strong political will for achieving results, but also that introducing RBM within the various levels of government entails some fundamental challenges, particularly in terms of management restructuring.

C. The results approach in the Millennium Challenge Account - Clay Lowery, Deputy Assistant Secretary for International Debt, Development and Quantitative Policy, International Affairs, US Treasury

17. The first overall objective of the Millennium Challenge Account (MCA) is to support poverty reduction and to achieve overall growth. The second objective is to attain concrete results and measure them. There will be three broad areas of intervention - ruling justly, investing in people, and encouraging economic freedom².

18. The MCA architecture is currently being developed, and Congress will have the final say. What is clear is that a new corporation will be managing the MCA and will work in parallel to other US agencies already providing development assistance. The preparatory work for the MCA showed very good inter-agency co-ordination, and the new corporation will bring even more progress in this regard.

19. Initially, the MCA will target only International Development Association (IDA) countries with per capita income below \$1435. In its second year the Account will be accessible to all countries under \$1435, and in year 3 - as the MCA moves to 5 bn dollars – funding will be available to all middle income countries under the \$2975 per capita range. Eligibility for MCA support will also be determined on the basis of 16 indicators covering the three main areas of intervention of US foreign assistance (see table below). These indicators take into account a variety of dimensions. For instance, social investment indicators address both inputs (e.g. a country's commitment to basic health and education) and outputs (e.g. efficiency at delivery).

Ruling Justly	Investing in People	Economic Freedom
<ul style="list-style-type: none"> Civil liberties Political Rights Voice and accountability Government effectiveness Rule of Law Control of corruption 	<ul style="list-style-type: none"> GDP investment on education GDP investment on health Primary education completion rate Immunisation rates 	<ul style="list-style-type: none"> Inflation rate Budget deficit Trade policy Regulatory policy Days to start a business Country credit ranking

20. Data is currently not available for all the 115 countries that could potentially benefit from MCA funding. To address this issue, a pass-fail system has been created, by which countries are only required to pass half the indicators, providing that at least one or more of the indicators is met in each of the three thematic groups. Moreover, given that all indicators contain flaws, the final decision will be taken by cabinet boards.

21. For the US, results-based management means putting every marginal dollar into the most effective place. To achieve this, the MCA aims to establish partnerships with the beneficiaries covering the three stages of the assistance process. First, having met the requirements for assistance, countries will put forward a proposal about how the funds are going to be used, explaining where their most pressing needs lie as well as their relationships to other donors. The better the proposal, the more funds they will receive. The second stage will involve establishing baseline data making results easy to trace, and a business plan outlining the long-term sustainability of the programmes. The last stage involves monitoring and evaluating progress through the use of independent evaluators, placing special emphasis on accountability. If benchmarks are not met, assistance will be withdrawn.

22. Since the whole rationale behind the MCA is that countries have to compete against each other to receive funds, the process of selecting candidates and beneficiaries needs to remain as transparent as

2. These areas of intervention are in line with the vision laid out by President Bush for US foreign assistance in March 2002

possible. This is why the US Treasury decided not to develop new measurement tools, opting instead for publicly available information through which countries will be able to know their eligibility and performance.

II. Managing for results at the operational level

Key issues and experiences in making Development Agencies more results-focused

23. In their search for enhanced aid effectiveness, donor agencies are increasingly turning to outcome-oriented management and measurement systems. This shift towards results orientation is bringing about the evolution of more effective aid tools and evaluation systems. But change also puts heavy demands on agencies, which impinge on their strategic approach and organisational capacities.

A. Results-focus in the *Agence Française de Développement* - Jean Michel Severino, Chief Executive Officer, Agence Française de Développement

24. The shift to results orientation inside the *Agence Française de Développement* (AFD) started with a redefinition of its strategic approach. The AFD's objectives stand at the crossroads between France's priorities and those of the countries it operates in. Convergence of interests and mutually beneficial interventions are today possible thanks to the common framework provided by the MDGs. Three sets of priorities stem from this approach:

- Geopolitical objectives, such as regional and international stability.
- Domestic issues, for example migration.
- Clear commitment to global public goods, particularly in the areas of global warming and bio-diversity preservation.

25. Improving the efficiency of interventions involves establishing a relationship between costs and impact. In order to assess the marginal impact of aid disbursements and demonstrate it to the agency's board, a new system of three performance indicators was developed:

- a) Concise measures of impact. The AFD faces the task of developing concise indicators which are valid across different areas of intervention and which at the same time ensure economically sensible measurement - like internal and external rates of return - without neglecting the qualitative aspects of development.
- b) Policy outcome indicators. These indicators assess the outcome of specific policies linked to a determined strategic objective. In the case of migration, the indicators assess the link between agency disbursements in certain regions with the evolution of migratory fluxes from those regions. The same approach is applied to other interventions in different policy areas, such as global warming.
- c) Indicators linking the agency's own performance to global/international targets. This area is usually more problematic. A coherent integration of the agency's measurement tools with international indicators is hindered by the fact that measures change from country to country and according to the emergence of new priorities. Moreover, they might not fully relate to the AFD's strategic objectives.

26. In France, as in other countries, public opinion is expressing mounting disaffection with development co-operation, and if results are not achieved, France's political commitment to increase its

ODA risks being unsustainable. This is why the AFD considers the development of performance measurement systems as a strategic challenge as well as a matter of credibility.

B. Results-oriented partnerships in Uganda - Margaret Kakande, Head, Poverty Monitoring and Analysis Unit, Ministry of Finance, Planning Economic Development, Uganda

27. Three obstacles stand in the way towards the establishment of results-oriented partnerships. The first is a time lag between the long-term dimension of achieving development results and agencies' need to account to their citizens and boards in the short term. The second obstacle derives from risk aversion. Due to numerous intervening factors, the outcome of any development intervention is inherently uncertain. This means that setting targets will always imply the eventuality of failing, and of subsequently being assessed against failure – a risk that any agency would accept with reluctance. Finally, the attribution of outcomes entails a further hurdle. Agencies tend to cherish visibility, which leads them to pursue their own objectives and define their own 'results'.

28. To face these challenges donors and beneficiaries will need a new partnership approach based on the following:

- a) Developing a shared vision and efforts to work together. This will entail active collaboration in policy and programme formulation and implementation. The PRSPs - which many countries are currently designing - offer a great opportunity for agencies to work together.
- b) Assisting poor countries to build capacity in their systems. Agencies should refrain from multiplying their own units, which ultimately undermine efforts towards local capacity building. More and better use of country systems represents the road ahead.
- c) Providing long term financing. Short term assistance does not help in achieving long term results.
- d) Being transparent and sharing information with all stakeholders. Retaining information prevents partners from establishing appropriate strategies for the future.
- e) Forging "true partnerships" with recipient countries. For Uganda true partnerships entail the following:
 - Giving up the visibility syndrome and working with other stakeholders as part of a common effort towards development;
 - Learning to listen and promote ownership;
 - Developing uniform country procedures;
 - Sharing both success and failure, which has implications for conditionality
- f) Reconcile the need for accurate measurement with administrative efficiency. This requires
 - determining a limited number of proxy indicators and making use of coherent reporting;

- conducting joint sector reviews in co-ordination with civil society and recipient governments

C. Results-based management in the Japan Bank for International Co-operation - Yoshiko Kono, Senior Executive Director, Bank for International Cooperation, Japan

29. JBIC is currently implementing a reform towards result re-orientation encompassing three operational levels.

- Project level. The Bank has a long experience in ex-post evaluation, but its approach is currently evolving towards stronger emphasis on ex-ante evaluation and monitoring.
- Policy level. JBIC is required to formulate its medium term strategy for overseas aid every three years. This strategy is laid out in two different sets of documents - thematic papers and country papers – which are then provided to recipients. The medium term strategy is operationalised through annual plans and implemented on the basis of an M&E cycle. Progress is monitored regularly and reviewed every half year. A committee consisting of representatives of relevant departments is set up to share experiences, and to take corrective measures when needed.
- Agency level. JBIC has recently introduced, on an experimental basis, an initiative to reform its strategic management through agency-wide performance assessment.

30. The bank is still in the early stages of drawing up its definite lessons on how to implement RBM, but it is already possible to make a few observations on the difficulties inherent to this process.

- a) There exists a mismatch in the time frame between achieving development results and demonstrating the agency's performance. Assessing agencies' performance on the basis of development outcomes might take more than 10 years to achieve. To an extent, performance still needs to be measured on the basis of inputs and activities.
- b) Obtaining appropriate indicators is always problematic. Indicators tend to be biased in favour of measurable information. For this reason JBIC takes a cautious approach in linking outcomes indicators to resource allocation or personnel incentives.
- c) Learning orientation. JBIC is aware of the importance of becoming a learning organisation. With the intention of sharing experiences with other agencies, future progress studies will assess the agency's path towards results orientation at the project, policy and agency-wide level.

D. Managing for results: The World Bank experience - Joanne Salop, Vice President MDS, World Bank

31. Attention to results has always been among the Bank's priorities, but only recently has RBM been mainstreamed throughout the Bank's strategy. In the mid-1990s the Bank embarked on a major effort to increase not only the number but also the quality of its interventions. Since then, both the Bank and its clients have recognised clear operational improvements. The Bank is now gearing up towards a systematic implementation of results-oriented management and the design stage has already highlighted the following:

- a) Architecture. The Bank recognises the importance of country ownership and considers the PRSPs as the primary document for supporting country-designed strategies. After assessing the overall objectives of the PRSPs, the Bank develops its

own country assistance strategy (CAS) which shapes the formulation of projects and programmes. The introduction of monitoring and evaluation at each level ensures the consistency of the overall results architecture.

- b) Attribution. Agencies need to know where their value added lies as well as the type and level of impact of their interventions. Yet a balance can be struck between knowing the nature and weight of one's own actions and working together towards joint results. Agencies need to start striking this balance, and start reasoning in terms of contribution.
- c) Aggregation. Countries and agencies tend to measure the same data in different ways and through different indicators. This creates problems of aggregating the information derived from disparate measures. Thanks to the MDG framework, aggregation issues can be addressed in the context of the PRSPs. But at lower levels of country assistance strategies and project management, aggregation might prove more problematic. There is at the same time the risk of taking a mechanistic approach to measurement. Indicators can distort behaviour and to produce scenarios where "what gets measured gets done". To address this issue, the Bank aims for a pragmatic approach where seasoned judgement by senior management is adopted to interpret and mediate the information collected through indicators.

32. The same overall approach to the architecture, attribution and aggregation also provides the framework of IDA results-measurement system. Under IDA 13 the Bank undertook a commitment to enhance its results measurement systems. Ongoing work is purposely aiming to create a results-measurement system for IDA which fits with the RBM framework being implemented by the Bank.

III. Results management in the context of public sector reform in developing countries

33. Recent public sector reform in partner countries concentrates on building capacity to lead the development effort. In several cases reform was specifically intended to induce a results focus in government agencies, aiming at efficient delivery of public services, improved financial management and effective mechanisms for accountability. The implications, outcomes and lessons learned from these experiences provided the context for the third session of the Forum.

A. Performance-based budgeting in Chile - Mario Marcel, Director of Budget, Ministry of Finance, Chile

34. Concerns about performance shape all the main stages of Chile's budget process: formulation at the executive level, discussion and approval within the legislative, execution and finally evaluation. Central to this process is the performance budget toolbox, whose main elements are:

- a) Performance indicators show how government agencies perform over time. Their rationale is to make agencies compete with their past achievements, instead of between themselves. This approach was introduced in a very user-friendly fashion. Agencies and ministries were invited to develop measures of their performance for different dimensions (effectiveness, efficiency and quality of service) and different levels (process, output and outcome). Once the appropriateness of these indicators is confirmed, they are linked to the budget. A disclosure policy ensures the availability of the indicators to both Congress and the general public.

- b) Programme evaluation was extended from single projects to include agency-wide assessments of programmes. The principles of public disclosure, agency participation and independence are ensured at this level too. Programmes subject to evaluation are selected in collaboration with congress and the results are available to the public. Independence is guaranteed by using external evaluators from the private sector, while participation is achieved through the presence of an official from the agency being assessed on the evaluation panel.
- c) Evaluation reports are based on a logframe structure, and are completed within 9 months in order to provide timely and pertinent information to the budgeting process³.
- d) Bidding-based allocations. Developed in 2000, the bidding fund approach establishes competitive resource-allocation procedures that improve the rationale of budget allocations by moving away from traditional incrementalism. In order to tap a pool of resources, agencies have to identify goals and expected results. Bids are formulated following a logframe approach. On the basis of their quality the Ministry of Finance makes allocation proposals, while the President has the final say. Ten percent of public spending is today allocated through the bidding fund mechanisms.
- e) Comprehensive management reports. Developed in 1997 as a joint Government and Congress initiative, CMRs aim to improve performance by establishing a further accountability mechanism. Once a year, every agency is required to produce a report assessing performance against mandates and resources. The format is standardised and developed by the Ministry of Finance. As other management-control tools, these reports are available to the public and Congress, and they are used at the stage of budget formulation.
- f) Management improvement programmes. These schemes were developed in 1998 from an agreement between the government and public sector unions. Their rationale is to provide incentive systems and reward mechanisms for central government employees through performance-related salaries. Agencies decide yearly targets and bonuses are allocated to staff according to the goals attained.

35. Chile's experience proves that it is possible to develop results-based budgeting in a developing country. The toolbox was useful to change the mindset of government officials. Capacity to mobilise resources improved together with the composition of spending. This shows the existence of a functioning system, not just a blueprint.

36. Obviously, the strength of Chile's economic and institutional environment was important in successfully developing performance budgeting. Key elements accounting for success were: i) a highly motivated, corruption-free civil service; ii) strong statistical capacities; iii) a longstanding process of public sector streamlining; iv) healthy public finances. Despite its uniqueness, Chile's experience shows a few exportable lessons about success in public sector reform.

3. Between 1997 and 2002, 120 programme evaluations were carried out and 40 more will be completed in 2003

37. Such lessons include:

- The need for continuity and perseverance. Since performance oriented reforms take time, a strong and sustained political will is a prerequisite.
- The benefits of involving legislators in the reform process and opening it to the public. Increasing performance requires increased accountability.
- Taking a cautious approach. Change in the organisational culture of the public sector is best achieved through gradual steps. Reforms need to be made user-friendly and tested before being implemented.

B. Tanzania's result-oriented public sector reform – Patrick Assey, National Programme Coordinator, Poverty Eradication Initiatives Programme, Vice President's Office, Tanzania

38. Improving service delivery and management in the public sector is paramount to Tanzania's development strategy, and results-based management and budgeting constitute the cornerstones of the reform programme for both central and local government agencies.

39. The introduction of the Poverty Reduction Strategy (PRS) in Tanzania was key to pushing attention to results in the public sector to the forefront. By providing the overall framework in which goals, strategies and activities are set, PRSPs shape agencies' planning, budgeting and management activities. There are three distinctive advantages in setting results-oriented reforms in the PRS framework:

- a) Political momentum. In Tanzania the PRS is high on the government agenda. By being attached to it, the reform process gains in political relevance. The fact that both the Ministry of Finance and the Vice President's office play a role in co-ordinating the reform process demonstrates this.
- b) Measurability. For results-oriented reforms to work, targets need to be set and measured. The PRSPs have built-in mechanisms to track results by linking long-term objectives to short-term targets.
- c) Institutional continuity. Hostility to change represents one of the obstacles to public sector reforms. Given that poverty reduction is a long rooted government commitment, setting the goals of reform in the wider context of PRS can overcome change aversion, since they no longer appear as a break with the past.

40. Achieving results is imperative to both donors and developing countries. Donors are not alone in the need to improve aid effectiveness to respond to taxpayers' pressures. Developing countries are equally responsible to their citizens for delivering development results. This creates a shared agenda with common goals, an agenda which needs closer partnerships and shared accountability.

41. Developing countries face the challenge of demonstrating good policy environments, creating sound procedures and institutions to deliver. Donors need to build trust and avoid the burdens of parallel projects and programmes. In Tanzania recent initiatives to increase aid effectiveness have focused precisely on these issues. For instance, the Independent Monitoring Group is charged with assessing donors' practices while the Tanzanian Assistance Strategy aims to facilitate the harmonisation of donor's procedures.

C. Malaysia results planning approach - Victor Wee, Senior Director, Macroeconomics and Evaluation Section, Economic Planning Unit, Prime Ministers' Department, Malaysia

42. Malaysia's approach to development combines reliance on the market and confidence in government planning. When implementing reform, planning becomes crucial for identifying possible obstacles, improving co-ordination among agencies and establishing the institutional framework for effective and enduring consultation with the private sector.

43. In Malaysia, planning at the macro economic level is based on a three-tier framework. *Vision 2020* – the main reference for strategic planning - provides a 30-year planning horizon. Perspective plans are based on 10-year timeframes, while rolling plans cover a 5-year period and can be reviewed regularly. Projects and programmes remain in line with the objectives spelt out in the planning cycle.

44. Keys to performance-oriented planning are:

- a) The establishment of mechanisms for effective governance. In Malaysia an agency is expressly dedicated to overseeing public sector reform with special committees having defined specific competencies;
- b) Strong government commitment;
- c) Effective monitoring and evaluation systems ensuring appropriate feedback to revise strategic planning when needed.

45. Malaysia is today a middle income country and an exporter of manufactured goods. It still benefits from technical co-operation in the areas of environment and skills development, but it also provides technical assistance under its own development cooperation programme involving more than 100 countries. For Malaysia, attention to results provides a blueprint to trace the goals reached in the past and to envisage its development future.

IV Implications for management

46. Both donors and partners are aware that further action is needed in order to take the results agenda forward. The results of the DAC Task Force on Donor Practices and the lessons learned from participatory performance management show how development management will benefit from wider co-ordination among donors and deeper involvement of civil society stakeholders.

A. Donor harmonization and aid effectiveness - Richard Manning, Director General, Aid Policy and Finance Department, DfID

47. Development assistance is currently an under-performing business. For the first time in a number of years ODA flows are increasing. But in order to sustain the case of ODA in the medium term, donors need to make it more effective, as it is currently ineffectively managed. ODA is characterised by excessive transaction costs, often due to the fact that in any given recipient country, there are too many missions, too many projects, too many reports, too many audits and ultimately too many donors.

48. Considering partner countries' attitudes to the way donors deliver assistance can be useful to improve the way aid is delivered. According to partners, ODA's main burdens are:

- A mismatch between donors' and partners' priorities
- Issues of (in)compatibility between donor-driven systems and local systems

- Difficulties with procedures which lack transparency and increase the cost of aid - especially with regard to procurement and technical assistance.
- Lack of co-ordination in donor practices.

49. Key areas for improvement are:

- Harmonising procedures. Far from perceiving harmonization as threatening, recipient countries consider it fundamental to relieve them of excessive administrative burdens.
- Aligning with partners' systems. Until donors operate outside partners' systems they will send very contradictory messages concerning ownership and partnership. This does not necessarily mean that recipients' systems are always appropriate for donors to work with. Rather, donors and partners have to collaborate to identify the most suitable system to work together, taking into account each other's priorities.
- Enhancing clarity and transparency. Dialogue between donors and partners' governments should be enhanced to determine clearly how much is spent on what and why.
- Simplifying procedures. Harmonisation should not mean complexity. As we harmonise we should also seek to simplify. Donors need to be aware that there are limits to standardised approaches to development, and look for flexibility. For instance, in order to measure progress towards the MDGs, internationally-agreed indicators need to remain coherent with country-specific indicators.

50. More specifically, donors should:

- Use recipients systems as often and as much as possible
- Establish mutual trust. There is scope to enhance synergies between partners and donors as well as amongst donors themselves. Agencies can reduce the overhead costs of aid by relying on reports, structures and human resources made available by other agencies.
- Delegate development co-operation tasks. Under this type of arrangement, one bilateral donor passes funds to another bilateral donor to carry out specific tasks, in order to reduce transaction costs. New Zealand, Norway and Sweden already implement this type of arrangement. DFID also delivers a certain amount of funds on behalf of Canada.
- Reconsider the rulebooks. Very often, cooperation between different agencies is simply made impossible by donors' corporate rules and procedures. This will require addressing the crucial issue of reconsidering the rulebooks guiding donor agencies.

B. Participation and performance management in Paraguay - Juan Facetti, Former Minister of Environment in Paraguay

51. It is widely understood that successful reforms towards performance management depend on an array of elements, ranging from the nature of the political environment, the accountability of human resources, and an appropriate governance structure. Participation is also crucial to manage results-oriented reform, particularly when it is in line with the government's philosophy of change.

52. In the case of poverty reduction, the participation of civil society ensures adequate information flows and ownership. Citizens' involvement in the preparation and implementation of PRS policies allows the government to be clear about the complex dimensions of poverty, and at the same time empowers beneficiaries by making them responsible for the outcomes of policy. Once local communities are empowered, incentives and capacities for local self-government emerge. Dialogue with local communities and civil society is thus crucial to the correct design, implementation and evaluation of development strategies.

53. In this respect, the lack of technical and institutional capacity both in government and civil society is a core problem. Participation needs to be fed through different levels of government - at national, regional or local level. The process of including local communities in the design and implementation of decentralisation programmes is complicated and time consuming. Moreover, civil society needs to acquire capacity to engage in dialogue processes with the government.

54. Governments certainly have to take the lead in building their own capacity for participation, starting by developing negotiation and dialogue tools to be used with civil society. Nevertheless, in the future it will be vital to provide specific technical assistance to encourage partner governments to introduce performance-oriented participatory processes into their management systems, as well as international support to civil society leaders to move forward in this direction.

V Concluding discussion

55. Beside the existence of a general consensus on the need to bring forward the shift towards results, the debate identified needs for future action in areas like co-ordination, measurement, governance and evaluation systems.

A. Donor-Partner Co-ordination

- Country ownership. The need to retain the country as the basic unit of account for effective management and measurement of results was reiterated. Concerns were raised about partners' initiatives which stand in contrast with partners' priorities and national expenditure plans. Some donors expressed interest in the possibility of enhancing partner-driven co-ordination of donors' interventions, for instance through partners' participation in donors' strategy design.
- Communication. The discussion showed the need to open new communication channels between donors and partners. The MDGs have played an important communication role ensuring that the same language is spoken between donors and partners, and between donor agencies themselves. A number of participants called for new modalities of joint work, such as establishing a process of mutual review in which donors and partners can periodically discuss aid related issues.
- Reducing the burdens of aid. There was general agreement that partner countries' efforts towards implementing, measuring and managing for results need to be relieved from excessive and unnecessary requirements. In particular suggestions were made regarding :
 - Harmonisation of donors' practices. The proliferation of aid approaches puts a strain partners' administrative systems. The first generation of RBM systems led to too many strategic objectives, too many indicators, too much burden on partners and ultimately to an insufficient attention to concrete outcomes. New demands for results orientation should be in line with partners' absorptive capacities and remain consistent with policy frameworks and current aid approaches. Partners increasingly encourage harmonised donors' procedures, and welcome donors' initiatives to improve donor-partner co-

ordination by linking the PRSPs to the MDGs. The use of PRSPs needs to be extended to countries where it is still missing, and more needs to be done towards the inclusion of the private sector and civil society through the use of private-public partnerships.

- Implementation capacity. It was noted the new trend in managing for results is taking place in contexts where the public sector in partner countries is often experiencing continually declining resources, with potentially adverse effects on the outcome of reforms. Partner countries' representatives expressed concerns about the feasibility of public sector reform at times of growing economic and social disparities. Public agencies are required to assess performance on the basis of targets they set, while they are experiencing a sustained loss of cadres and resources. This poses an incentive problem that can only partially be addressed through technical assistance and capacity building.
- Selectivity. The new focus on results implicitly drives donors to allocate aid where it is best used. But overstating the case for selectivity in search for aid effectiveness, for instance by leaving poor performers aside, could lead to opposite outcomes and negative development results. The results agenda also needs to be pursued in contexts of difficult partnerships and with civil society actors.

B. Measurement

56. The discussion showed general agreement on the need to work towards a more consistent, smooth and integrated architecture for measuring results⁴. In particular, participants stressed the need to:

- Trim down indicators. It was stressed that a multiplication of measurement tools would ultimately prove detrimental to management. The design of indicator systems is often unnecessarily complex. As a result, they are not used since the statistical capacity is not there. There was widespread support for moving towards standard sets of indicators, and in particular for the idea of core subsets of indicators linked to the MDGs and providing a common denominator for national and global stakeholders. Besides its benefits however, it was clear that reducing and standardising indicators presents a number of challenges. One is represented by agencies' needs for short-term performance assessment. In order to assess progress towards the achievements of the MDGs, agencies will have to resort to additional and more specific 'interim targets' indicators to measure their respective track records in shorter periods.
- Harmonise indicators. Donors and partners concurred that indicators need to be country specific. Donors tend to disregard country systems and to promote their own measurement tools. It is clear that with indicators a trade-off exists between country specificity and cross-country comparability, but experiences of linking the PRSPs to the MDGs seem to demonstrate that this tension can be solved. Donors can work to support the methods and structures used by developing countries while at the same time harmonising their respective measurement systems. More use of joint reporting arrangements among donors and between donors and partners was also invoked at various stages, with an eye to decreasing the burden placed by donors' M&E requirements and procedures on partners' systems, and to solving the attribution issues donors face.

4. Room document no. 3 presented at the DAC Development Partnership Forum "*Guidelines for the use of indicators in country performance assessment*", The European Commission DG Development, Brussels (November 2002)

- Pragmatic measurement. Concerns over the possible implications of a mechanistic emphasis on measurement were raised from different quarters. There was agreement on the need to retain a degree of pragmatism when relying on indicators to remunerate performance, for instance with regard to decisions affecting personnel incentives or aid disbursements to countries. Increased need for precise and brief measurement tools and the use of a limited number of standardised indicators might lead to a neglect of the qualitative aspects of development, whose measurability is more problematic. In areas like education for instance, a focus on quantifiable targets might result in the omission of total quality aspects: rates of primary enrolment do not say much on the quality of teaching and its impact on literacy. This sort of bias could spawn scenarios where only 'what gets measured gets done'. This could induce misreporting, biased programmes and ultimately skewed development.

C. Incentive systems

57. A number of interventions addressed governance issues and the incentives structure needed for a successful shift towards results-oriented management. Among the topics debated were:

- Accountability to the public. It was recognised that public accountability of donors and partners agencies is paramount to setting and meeting targets. The involvement of taxpayers and beneficiaries in the scrutiny of agencies' achievements provides the most powerful incentive to perform. In Thailand and Uganda, public awareness about the government reform and development strategies meant more pressure on the authorities to deliver, while Chile's success in public sector reform was also due to a policy of public openness.
- Results time-lag. Public pressure can also hinder results orientation. Public opinion demands the achievements of visible and rapid results. But the benefits of public sector reform and development aid are usually reaped in the long run, and results are often notoriously slow to emerge. This creates a disincentive for public agencies to set long term results, and try and work towards their achievements. Donors should put impatience aside and raise awareness of the time frame needed to achieve results among constituencies in both OECD and partner countries, for instance through communication campaigns like that accompanying the launch of the MDGs.
- Competitive systems. The discussion revealed an emerging trend in using competitive processes for resource allocation, among both donors and partners. The experience of Andhra Pradesh showed similarities to the way Chile in the budget and the US MCA aid programmes use competitive processes to seek efficient allocation of resources.
- Mutual accountability and international peer pressure. Peer pressure is also an important factor driving change and the achievement of results.

D. Enhanced role of evaluation

58. Participants recognised the renewed role played by evaluation systems in light of development co-operation's shift towards RBM. Indications of this can be seen through:

- The emphasis on the complimentary role of independent and self-evaluation. Participants recognised the need to stress the distinction between self-evaluation and independent evaluation, since both are prerequisites to effective aid.
- Building evaluation capacity in partner countries, and decreasing the overhead and transaction costs of evaluation activities in general, particularly through more use of sectoral and joint evaluation.
- Establishing systems for partner-driven evaluation. Recipient countries have a role to play in enhancing donors' aid effectiveness. Donors benefit from peer reviews, and systems to review

the performance of recipients are already in place, but there still is no system through which recipients assess donors.

- Defining the ex-ante evaluability of initiatives. Despite the increasing need of assessing performance, agencies need to remain aware that part of their work is increasingly difficult to evaluate. Agencies should ask whether their interventions specify a results-framework, whether goals are defined, plausible and obtainable, and whether there is enough ground to believe that the information necessary to assess targets can be collected. Because development is intrinsically subject to different intervening variables, the evaluability of aid interventions can be low. At the same time, as evaluation shifts from the program to the agency level, or even higher levels of joint work, evaluability tends to decrease, raising problems of attribution.

ANNEX 1

Forum Programme

Introduction

It is vital for bilateral and multilateral donors to find synergies in pursuing their joint agenda of increasing aid effectiveness in the context of partner country efforts to improve development outcomes. This year, the Forum is being organised in collaboration with the World Bank. It will build on DAC work on results-based management and the Round Table on “Better Measuring, Monitoring and Managing for Results” held in Washington in June 2002, co-sponsored by the multilateral development banks in co-operation with the DAC. It will also draw on discussions on these topics in the Development Committee in September 2002.

Purpose of the Forum

The specific purposes of the Forum are:

- a. To consider results-oriented management approaches in the broader strategic context of the Millennium Development Goals and the increased priority given to aid effectiveness.
- b. To discuss experiences with managing for development results at the operational level, both from a partner and donor perspective, and identify the key lessons learned so far.
- c. To discuss linkages between management reform initiatives in the donor community and results-oriented public management reforms in partner countries.
- d. To identify the implications for development management of the above.

Organisation

The meeting will last for 1½ days beginning with an informal dinner discussion for Heads of Delegations and invited developing country participants in the evening of 10 December. Formal meetings will subsequently start at 09.30 on 11 December and end at 13.00 on 12 December. A reception for all Forum participants will be held on 11 December. The Forum precedes the DAC Senior Level Meeting.

Documentation

A background paper has been prepared identifying some key issues for the panel discussions and to stimulate the discussion [DCD/DAC(2002)31].

DAC Members have been invited to submit short contributions highlighting their experience in making their respective organisations more results-oriented and their management system more results focused [see request for information DCD/DIR(2002)36]. Received contributions will be distributed to participants [Room document 1].

10th December 2002

19:30 Dinner hosted by the DAC Chair for Heads of Delegations and invited developing country participants⁵

Dinner speaker: Eveline Herfkens, UN Secretary General Executive Co-ordinator for the Millennium Development Goals Campaign

11th December 2002

09:30 Welcome by Seiichi Kondo, Deputy-Secretary General, OECD

Session I. THE STRATEGIC CONTEXT

Chair: Jean Claude Faure, DAC Chair

This session will discuss results-oriented management in the strategic context of the MDGs, and in the development policy context of partners.

Outline of the meeting objectives, Michael Roeskau, Director, DCD

Presentations:

- MDGs: from results at the global level to the country level
 - Mr Jan Vandemoortele, Principal Adviser, UNDP
- The role of results management in the public sector
 - Mr Emmanuel Tumusiime-Mutebile, Governor, Bank of Uganda
- The results approach in the Millennium Challenge Account
 - Mr Clay Lowery, Deputy Assistant Secretary for International Debt, Development and Quantitative Policy Analysis, US Treasury

11:00 Coffee break (20 mins)

11:20 Questions and answers on the presentations followed by discussion

See also the background document [DCD/DAC(2002)31] and suggested issues for consideration

12:30 Lunch

5. Location: Maison des Arts et Metiers, 9 Bis Avenue d'Iena 75116 Paris

Session II. MANAGING FOR RESULTS AT THE OPERATIONAL LEVEL

Panel Sessions

The panel sessions, in the form of interactive discussions, will focus on experiences of both partners and donors in managing for results. The panels will include partner views and experiences with results-oriented management approaches incorporating aspects of measuring, monitoring and evaluation and associated capacity building.

Each panel will be composed of partners and donors and will be followed by a general discussion.

14:30

Panel 1: Making development agencies more results focused: key issues and experiences.

Chair: Mr Patrick Cronin, Assistant Administrator for Policy and Program Co-ordination, USAID

Panel members include:

- M. Jean Michel Severino, Chief Executive Officer, Agence Française de Développement
- Ms. Joanne Salop, Vice President, World Bank
- Mr Yoshihiko Kono, Senior Executive Director, Japan Bank for International Cooperation
- Ms Margaret Kakande, Head Poverty Monitoring and Analysis Unit, Ministry of Finance, Planning & Economic Development, Uganda

Among the issues to be addressed:

- What are the main challenges of making a development agency more results focussed?
- How does one operationalise a results focus at the country level?
- How can one reconcile the need for more precise measurements with administrative efficiency?

The background document further elaborates on the issues involved.

16:00 Coffee Break (20 mins)

16:20 **Panel 2: Results management in the context of public sector reform in developing countries and improved development effectiveness.**

Chair: Mr Roberto Abusada, Director, Instituto Peruano de Economía, Peru

Panel members include:

- Mr Mario Marcel, Director of the Budget, Chile
- Mr Paschal B. Assey, National Programme Coordinator, Poverty Eradication Initiatives Programme, Vice President's Office, Tanzania
- Dr Victor Wee, Senior Director, Macroeconomics and Evaluation Section, Economic Planning Unit, Prime Ministers' Department, Malaysia
- Mr Rob D. van den Berg, Chair of the DAC Working Party on Aid Evaluation and Director, Policy and Operations Evaluation Department, the Netherlands

Among the issues to be discussed in this panel:

- To what extent are improvements in the public sector in a country, especially a strengthened results focus, necessary for enhancing partnerships and achieving better development outcomes?
- How can reformers encourage political authorities to emphasise a results focus in the public sector reform process?
- Given the competing demands on government capacity, what attention should government pay to developing its capacity to gather and publish data for results assessment at all levels?
- How do partners go beyond measurement to use the results framework to strengthen their capacity for policy analysis, policy formulation, monitoring and evaluation and to inform the development of new/ successor strategies?

The background document [DCD/DAC(2002)31] further elaborates on the issues involved.

OECD experiences with results management in the public sector will also be highlighted, with participation from OECD's Public Governance and Territorial Development Directorate (GOV)⁶.

18:30 Reception for Forum participants, Marshall Room, Chateau, OECD

6. Previously known as Public Management Service (PUMA).

12th December 2002

09:30

Session III. IMPLICATIONS FOR MANAGEMENT

Chair: Jean Claude Faure

- Linking the results agenda with development management reform initiatives, including the DAC Task Force on Donor Practices, by Richard Manning, Director-General, DfID.
- Two discussants will help launch the discussion: Mr Juan Facetti, Paraguay and a DAC Member.

Among the issues to be discussed:

- What needs to be done to ensure that results-based approaches are fully integrated into partners' poverty reductions strategies and donors' country assistance strategies?
- On the basis of the Forum discussions, what are the possible co-ordinated, individual, or collective actions needed for partners and development agencies to move ahead?

These issues are elaborated upon further on pages 15- 18 of the background document.

- Possible follow-up action presented by Michael Roeskau, Director, DCD.
- Conclusions by the Chair.

ANNEX 2

Participants list for the DAC Development Partnership Forum

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ANNEX 3

Background paper: Managing for Development Results and Aid Effectiveness prepared by the Secretariat⁷

Purposes of the Forum⁸

The Forum aims to help advance work on results management and aid effectiveness through discussions and sharing of experiences of managing for results at the operational level, both from a donor and a partner perspective, and through identifying emerging lessons for management.

The **specific purposes** of the Forum are:

- To consider results oriented management approaches in the broader strategic context of the Millennium Development Goals and the increased priority given to aid effectiveness.
- To discuss experiences with managing for development results at the operational level, both from a partner and donor perspective, and to identify the key lessons learned so far.
- To discuss linkages between management reform initiatives in the donor community and results oriented public management reforms in partner countries.
- To identify the implications for development management of the above.

The Forum will explore performance management practices, especially attempts by donors and partners to assess the results of their activities. In particular, the Forum will consider the implications for two main aspects of development management, namely the experiences of donor agencies in becoming more results-focused, and the experiences of public sector reforms at partner country level. The Programme gives detailed information about the structure of the discussions.

The Forum will also consider the implications of managing for results in both project-based approaches and programme-based approaches such as SWAps).

⁷. This background paper was prepared by Sean Conlin and Hans Lundgren, OECD Secretariat and provides some background material, drawing on DAC work in evaluation and peer reviews.

⁸. The Forum builds on DAC work, notably peer review findings and work by the DAC Working Party on Aid Evaluation. It also draws on the Roundtable on better measuring, monitoring and managing for results held in Washington on 5-6 June 2002 and the Development Committee discussions.

Session 1: Strategic Context

Development results and aid effectiveness have moved to the centre of the development debate⁹. Reasons for this include:

- A. The lingering effects of declining aid volumes in the 1990s accompanied by questions surrounding the accomplishments of almost a generation of development assistance in advancing development in poor countries, notably in Africa;
- B. Greater demand in OECD countries for public sector efficiency and effectiveness, coupled with domestic reforms towards results orientation in management of public entities overall affecting development co-operation;
- C. The prospect of substantially increased aid flows from most major donors, as announced in recent major international conferences, including Monterrey, if these funds can be used effectively and with credible demonstration of results. This is a potential important reversal of trends in aid volume seen during the 1990s.

A **shared global development vision**, based on a series of UN Summits in the 1990s, has therefore emerged for the first time setting out more clearly the shared development agenda. “Shaping the 21st Century” (OECD DAC, 1996), set out some targets to inspire effective development co-operation. These targets later became the Millennium Development Goals against which development results can be monitored.

Public sector reforms are affecting both donors and partners. As donors are searching for better results on the ground, and the management systems to track them, partner countries are working on reforming their public sectors aimed at delivering results more effectively and efficiently to their publics. In partner countries, the governments’ efforts at public sector reform are a response to the development needs of improving governance and ensuring the efficient and effective delivery of public services. These management concerns in donors and partners have also been associated with establishing processes to measure results¹⁰.

Country ownership and partnership in development policy have been re-asserted by certain institutional trends in the development process. These trends include increasing co-ordination of projects within sectors by government Ministries, formal SWAps, country wide strategies and the formal PRSP led by the Ministry of Finance. All of these institutional changes put more emphasis on demonstrating the contributions of stakeholders to outcomes at different levels. These approaches pose a challenge of attribution for donors.

The **measurement of the results** of development co-operation now presents a challenge for donors and partners. For their part, donors have found it difficult to measure the effectiveness of their aid, not least

⁹ In this paper, “development effectiveness” refers to the attainment of desired development objectives by a developing country. Partner countries are principally responsible for their own development. Donors can only have a contributing effect to development outcomes since there are many factors beside aid influencing such outcomes. “Aid effectiveness” refers to the achievement of the objectives of an aid activity, programme or of a total ODA programme. Donors have a direct influence over aid effectiveness since they can decide on delivery instruments, modalities and the policies governing their aid programme.

¹⁰ There have been several OECD public sector reform meetings focused on “Governing for Results,” including a meeting on Implementation Challenges in Results Focused Management and Budgeting, 11-12 February 2002 an OECD-Germany High Level Symposium in Berlin 13-14 March 2002, and the OECD Public Management Committee on 21-22 March 2002 discussions. .

because of problems of attributing effects to different partners in a country owned process. At the same time, the inadequacy of data in partner countries is stimulating greater efforts to develop and use statistical capacity.

Issues for discussion in Session 1

- *What are the main challenges of linking the MDGs to operational activities at the country level?*
- *What are key considerations for further discussions in panels 1 and 2?*
- *What opportunities and challenges are presented by initiatives (such as MCA) that try to establish direct links between development performance and resource allocations?*

Session 2: Managing for Results at the Operational Level

Panel 1: Making development agencies more results-focused

Aims underlying a results focus among donors

There has been a **variety of driving forces** behind the introduction of a results focus by donor countries. It often arises from a broader civil service reform or as a particular initiative by the Ministry of Finance¹¹. Such initiatives can go beyond the boundaries of the donor country. According to the National Security Strategy of the United States, "the United States is committed to a comprehensive reform agenda for making the World Bank and other multilateral development banks more effective in improving the lives of the poor." The G-7 Finance Ministers also referred to the need for a greater results focus in the multilateral development bank context in June 2002. "We urge the MDBs to continue to increase their collaboration and the effectiveness of their assistance, including through increased priority on improving governance in recipient countries, an enhanced focus on measurable results, and greater transparency in program decisions." The IDA 13 replenishment contains an agreement on specific arrangements to track results and parts of the UN system, notably the UNDP, have launched results based management initiatives as part of reform efforts to improve effectiveness.

The requirement to show results may have the following **intended uses**:

- *Accountability, evaluation and reporting.* To demonstrate results to authorities and the public.
- *Knowledge and learning.* To bring continuous improvements in agency performance according to donor concern.
- *Performance management.* To ensure operational staff share the policy vision, or to increase efficiency.
- *Resource allocation.* There is also an intention among some donors that allocations to countries, sectors, and instruments will respond to results, i.e. better performing activities will attract more support over time.

¹¹. For a discussion of reforms in several OECD countries, see "In search of results: Performance Management Practices" (OECD, 1997) and more recent PUMA work including "Results Focussed Management and Budgeting in Government" (OECD, 2002).

Systems for managing for results

To implement the aims above some donors have established systems for tracking the results of aid activities.

Key principles of such systems include:

- Focus on outcomes and results rather than inputs, activities, and processes
- Logic chain of causality from inputs and activities, through outputs, to outcomes
- Identifications of indicators and data collection
- Mixture of donor performance data and contextual data
- Increased attention to accountability and transparency

Performance measurement requires monitoring and evaluation systems that go beyond inputs and activities, setting out results at various levels. For the most part, these results monitoring systems are in their infancy, and donors are still learning and adapting their systems.¹²

Emerging lessons and challenges for results management

Several recent DAC peer reviews have provided information about the present status of donor systems of managing for results. A review of donor practice with results-based management, by the DAC working party on evaluation (WP-EV), focused on the experiences of several donors. The study's final report set out the current practice at different levels, drew several lessons and highlighted some remaining challenges for donors in implementing a results focus¹³.

There have been several **initial positive effects**. A main impact of a results focus is in the area of information systems and learning. Donors have set up systems that encourage their staff to learn how actions impact on the development context. Attention is also paid to monitoring and evaluation systems, not just as a separate activity which is the responsibility of a specialist evaluation unit, but one which is increasingly integrated into the whole management approach. For example, USAID's operational units undertake evaluations to inform design and implement decisions. Some donors see the need to increase their evaluation capacity by integrating all the evaluative functions to give better feedback on performance assessment. In this context, Germany's BMZ and Canada's CIDA have in recent years made a structural link between audit and evaluation to improve their performance assessment capabilities, and AusAID established a Quality Assurance Group in 1998. These models have increased donors' capacities to improve the relevance of their aid programmes and to report on their effectiveness to both political leaders and the public.

¹². Some donors are more advanced. USAID has had a results-based management system in place for a decade, and has been refining its system since 1998. Canada is also refining its well-established system.

¹³. "Results-based management in donor agencies", A. Binnendijk (2001), DAC WP-EV meeting 22-23 May 2001.

The report to the WP-EV highlighted these **emerging lessons**:

- Leadership support for results based reforms is important
- Begin with pilot efforts to demonstrate effective practices
- Keep the performance measurement system relatively simple and user friendly
- Provide a wide variety of support mechanisms and institutionalise practices agency-wide by issuing clear guidance
- Allow sufficient time and resources to build effective results based management systems
- Monitor both implementation progress and results achievement and complement performance monitoring with evaluations to ensure appropriate decisions
- Ensure the use of performance information for management learning and decision-making, as well as reporting and accountability
- Anticipate and avoid misuses of performance management systems
- Give managers autonomy to manage-for-results
- Build ownership by using participatory processes within the agency.

There is a need to **enhance impact**. Peer reviews and the WP-EV study show the need for some improvements to develop the systems before the other intended uses of results-oriented management can be fully realised across the donor community. The assessment of results needs to be integrated more actively into performance management, staff incentive structures, improvement of service quality, and the allocation of ODA resources. Other factors compete in management decision making in these areas¹⁴.

There are some **remaining challenges** for donors that have introduced a results focus to their operations. Three particular challenges are discussed below. Several donors have been taking steps to increase the relevance of their present systems, to integrate top-down and bottom-up approaches, and to reduce the burdens of their systems. Examples of the challenges being addressed by some donors can be seen in the comparison of CIDA and USAID in Box 1, DFID's aims for results framework in Box 2, and the World Bank's approach in Box 3.

Box 1. Managing for results in CIDA and USAID

The **USAID** system is driven by the requirements of the Performance and Results Act 1993, and addresses the key principles of a results focused system. Based on its early experiences, USAID has been refining its systems since 1998. Results are expected for four pillars, and some management objectives. They are clearly specified, and the indicators of progress are also clearly set out. There is a requirement to set out a development hypothesis, which is the logic model linking the inputs to the process and the outputs and results. The systems for collecting the data are set out in great detail and there are teams for each Strategic Objective. Results feed back into the agency's performance report, the Congressional Budget Justification, and the Strategic Plan.

¹⁴. These other factors include pressures from political authorities or from decentralisation, uncritical continuation of historical trends and relationships, lack of attention to efficiency of delivery and aid untying, and continuing emphasis on inputs rather than outcomes.

The **CIDA** system has been driven by requirements from the Treasury Board to demonstrate results in the public sector. CIDA produced its framework for specifying results in 2001. There are four clearly defined results in each of the three areas (development results, enabling results and management results), and a very clear logic model working down to agency activities. Results are specified for different levels, and the indicators are similarly precise at each level. The system for collecting the data is clear, along with the responsibilities of different actors in the system. Agency responsibility is set at the levels of inputs to outputs. The results are intended to influence resource allocation, performance, and all other aspects of the organisation's work.

Both CIDA and USAID recognise some **common challenges**. In CIDA, there are many different results and indicators, and in USAID many strategic objectives. Both agencies are taking action to reduce the burden of the tracking and to focus on the most significant results. Both agencies recognise their lack of control over longer term, higher order outcomes. In the case of CIDA, it is now looking to show its contribution to achieving the MDGs, recognising these require collective action, which poses an "attribution problem." The agency expects to have indirect influence through its partnership strategy, involving a wide range of other Canadian actors. USAID sets its sights on the immediate and medium term objectives, within a longer-term vision. Again, a wide range of American actors is involved in a partnership to achieve these objectives.

The two agencies also recognise their own **particular challenges**. CIDA's system, established on a project-based approach, is being adapted to address policy-based interventions and to scale up to the programme level. For USAID, the perceived need to improve data quality has led to substantial efforts in training a critical mass of staff who can support the production of reliable performance information.

a) Design of donor results frameworks

To assess the contribution of aid to overall development effectiveness donors have set themselves an ambitious agenda to track results systematically. In this respect, donors appear to be reconsidering whether the framework of results is capable of assessing the impacts of policies, resources, and organisation, and whether some redesign is necessary. For instance, management results frameworks tend to be designed from the bottom-up, being based on previous project assessment methodologies, while discussions on aid effectiveness require a system designed from the highest level activities. CIDA has been addressing this challenge in its approach to its own results framework (see Box 1). There are also particular challenges in tracking long term capacity building programmes.

b) Integration of levels

While the results frameworks try to set out the logic models that link inputs through activities to outcomes, it is important that the causal logic is tested by the system of checking results. There are challenges in reaching the highest level outcomes associated with aid effectiveness or the Millennium Development Goals. The UK has been attempting to address this issue through its own system (see Box 2). In general, donors are making increasing efforts to:

- Ensure that the logic chain reaches as far as the MDGs.
- Evaluate the linkages in the logic chain.
- Address the problems associated with aggregating project level assessments.
- Set out clear indicators for inputs, processes, outputs and outcomes throughout the system.
- Evaluate partnership relationships and country ownership in terms of the effectiveness of selectivity, informal dialogue, facilitation and political dynamics
- Identify more transparent ways to bring together political judgement and technical results

Box 2. Linking DFID results to MDGs

A key driving force behind the UK government's performance-oriented management reforms is the Treasury's requirement for Departments to prepare Public Service Agreements. These are now supplemented by detailed Service Delivery Agreements.

The National Audit Office considers the Department for International Development an example of good practice among government departments. According to its 2002 report on DFID's performance management, DFID should maintain a focus on intended results, "looking to improve their alignment with the International Development Targets and Millennium Development Goals which DFID have endorsed." Linking DFID performance to such high order goals is inherently challenging, which is recognised by the NAO. DFID has recently made a determined effort to link its Public Service Agreement for 2003-2006 to the MDGs, using country level indicators. Its Service Delivery Agreement also shows how DFID intends to meet these requirements.

c) *Streamlining the system*

To ensure that their systems are practicable and useful for managers, donors find that they need to look at the following improvements:

- Focus on the results that matter and be selective. It is not necessary to track every activity, only those likely to give significant results.
- Simplify the evaluative procedures. It is not necessary to test every chain in the causal logic linking activities to outcomes
- Undertake institutional change and staff training. There are problems if a small group, demanding data from others, drives results management.
- Consider joint monitoring and evaluation arrangements with other donors and the partner country. A focus on individual donor activities will face major methodological challenges in situations where many donors are involved.

Box 3. World Bank

The World Bank launched a major effort to increase its results orientation earlier this year and, following Development Committee endorsement in late September, has moved into the implementation phase. Its approach draws heavily on the international Roundtable on "Better Measuring, Monitoring, and Managing for Development Results" that the Bank and the other multilateral development banks sponsored in June, in cooperation with the DAC. The conceptual framework underpinning the approach builds on the simple but powerful idea that development results can be improved by enhanced management focus on them. The framework brings together three strands of the development dialogue of recent years: country-led development and partnership, results-based management, and development effectiveness. Focusing on sustainable growth and poverty reduction, it puts a premium on country efforts to manage for results, as set out in national strategies such as the PRSP. This requires coordinated donor support for the enhancement of the knowledge base, statistical systems, and monitoring and evaluation capacity that countries need to do so effectively. The focus on country outcomes, including the MDGs and other priorities, has implications for the architecture of donor accountability and evaluation systems. In particular, it is desirable to increase the use of joint evaluations of donor programs. These can complement assessments of individual agencies' performance, such as those carried out within the Bank by its Quality Assurance Group (QAG) and the independent Operations Evaluation Department (OED).

Central to the implementation of the enhanced results orientation within the Bank is the design and piloting of the so-called results-based Country Assistance Strategy (CAS), a distinguishing feature of which is its enhanced "evaluability" in terms of outcomes. This evaluability derives from the articulation of a clear CAS monitoring and evaluation framework and the introduction of self-assessment through a CAS Completion Report, as a basis for subsequent peer review and independent evaluation. Efforts are also underway to ensure that the monitoring and evaluation framework used in the CAS and the supporting lending and knowledge activities are effectively "joined-up," including a clear link to the country's own efforts to manage for results. Meanwhile, staff-learning programs and incentives are being reviewed to ensure their alignment with the Bank's enhanced results focus. Buildings on these efforts are the investments in corporate reporting on results on three levels: corporate strategy and budget documents, QAG operational reports (e.g. the Annual Report on Operational Performance and Results), and the IDA Results Measurement System.

Issues for discussion in Panel 1

- *What are the emerging lessons from donors in introducing and experimenting with results focused approaches? Recognising that some donors have a longer experience, what are the lessons for increasing the effectiveness and efficiency of results focused approaches?*
- *How might donors address the remaining challenges for improving their systems of managing for results?*
- *In particular, how might donors address the particular challenges of tracking results effectively in linking their results to the MDGs?*
- *What is the view of partners?*

Panel 2: Results- management in public sector reform in developing countries

Public sector reforms in partner countries during recent years have been concerned with the development of government capacity to lead the development effort in their countries. Many of these public sector reforms have promoted a results-focus in government agencies, with implications for internal management. This section briefly sets out some of the implications of partner countries' public sector reforms and results-focus.

Types of public sector reforms

Increasing numbers of partner countries have been involved in public sector reforms with several different dimensions. Many earlier reforms, often under pressure from structural adjustment and fiscal stabilisation, were concerned with administrative efficiency and involved retrenchment of civil servants. The present reforms, which may be included in a comprehensive approach, are concerned with three main issues:

- **Promotion of effective governance**, which encompasses a wide range of issues from election processes to local government decentralisation to anti-corruption strategies.
- **Enhancing the efficiency and effectiveness of public services**, notably health, education and agricultural extension, often in the context of different forms of sectoral co-ordination and involving various forms of public-private partnerships. (An example of such a reform in Tanzania is given in Box 4).

- **Improving government financial management and accountability mechanisms,** often associated with broader partnerships in SWAp and PRSP.

Box 4. Public Sector Reform in Tanzania

The Public Sector Reform Programme is part of a broader reform including local government, public financial management, legal sector reforms, and sectoral reforms to improve social and economic services. It aims to improve performance management systems, restructure public and private sector participation, improve management of information, strengthen personnel management, and develop leadership and good governance

The programme's operational focus is on the effective delivery of public services. This has involved the specification of expected outcomes at different levels, identification of enabling factors, and systems for monitoring the results of the reform programme.

Donors have been supporting this programme during different stages. There is a Joint Consultative Forum. Some donors have also joined a Common Basket Fund with joint reporting and accounting requirements, and some support associated projects within the sector framework.

Source: Donor Working Group Sept 2001

Emerging lessons and challenges for partner countries

The DAC Network on Good Governance and Capacity Development (GOVNET) undertook a country engagement initiative¹⁵. This initiative began with a study of public sector reform experiences in Anglophone Africa, with case studies in Ghana, Kenya, Tanzania, Uganda, and Zambia. The study set out a number of critical factors in the examples of successes, constraints encountered, and lessons learned.

There have been several **initial positive effects**. Reform programmes have moved from narrow cost containment to focussing on service delivery within a comprehensive approach to public sector reform. In *Tanzania*, public sector reforms have been successful in controlling numbers improving pay and enhancing basic systems. There has been good progress in capacity building. A number of agencies have been established, with a focus on service improvements. *Uganda* has also taken radical steps to improve pay and reduce numbers, and is now engaged in a comprehensive programme to improve its structures, introduce results-based management and new information systems. It is also setting up autonomous agencies. *Kenya* has a strategy for improving service delivery through enhanced performance. The strategy emphasises the role of the private sector and NGOs. New legislation is intended to improve financial accountability and auditing. There has been an overhaul of public procurement. In *Ghana*, the current phase of the reform includes a public financial management reform programme and a policy on public sector incomes. There are some demonstrable improvements in revenue collection and service efficiency. In *Zambia*, reforms have had their most positive impact at the sectoral level, where there are new arrangements for service provision. A more supportive political environment and an engagement of stakeholders were also noted.

¹⁵. Report on the London Meeting of the Donor Public Service Reform Working Group DCD/DAC/GOVNET(2002)2, 24-25 October 2002.

The study notes a number of **emerging lessons and success factors**¹⁶ including:

- A broadly favourable political environment, including efforts to promote democracy, poverty reduction and economic development, with continuing support at the highest levels.
- A clarity of vision and strategy by Governments to institutionalise reform management. This should set the Public Sector Reform Programme in a comprehensive context of other government reforms in financial management, local government reform, etc.
- Effective management by Government, including the ability to be flexible to adapt to circumstances.
- Technical assistance which is supportive and promotes ownership.
- Effective collaboration with a range of stakeholders, including civil service managers, even through periods of retrenchment.
- Attention to capacity building by civil service managers who have to manage difficult adjustments.
- Public sector institutions should be structured around service delivery targets, and adopt a customer-oriented focus. Piloting of agencies in key service areas can be valuable.
- Success of a “quick wins” initiative, which was important in gathering support and building up confidence. As confidence grows, the ability to be more innovative is important.
- Sufficient resources to cover the costs of the programme, especially for retrenchment.

Several **challenges** also emerged in the study, even where there was overall success. Some of these provide a mirror image of the critical success factors noted above, but others include:

- Highly centralised decision making, which does not empower managers.
- Narrow vested interests within the public sector try to intervene in the programme.
- Over-stretched capacity, including shortage of critical staff.
- Difficulty to set out priorities and sequencing of reforms.
- Poor work cultures and incentives, and low morale, related to low pay, make the reforms hard to implement.
- Tendency to create parallel systems to resolve the over-cautious attitude of donors to providing resources.
- Insufficient management autonomy.

¹⁶. This does not imply that the programmes were all successful. Tanzania and Uganda are regarded as successful, whereas the other countries have a more patchy outcome, with some falling back in some areas.

- Difficulty in demonstrating impact, with weak monitoring and evaluation systems.
- Inadequate public information and education, especially to counter the early negative perceptions created by retrenchment.

Systems for measuring results in partner countries

Managing for results implies certain **data requirements**. However, in partner countries, surveys do not generally provide reliable data below the level of the largest province, thereby providing insufficient coverage of administrative areas at the sub-national level. Data collection at country level may not adequately integrate various sources, although there are techniques that integrate surveys, census and administrative data to give reliable predictions of poverty at the village or small area level. These kinds of techniques require planning and a consistency of approach, which has not been the norm in most developing countries. Country level statistical data may lack credibility if the autonomy and neutrality of the government system is compromised and the role of civil society is important in these cases.

Three main considerations for improving the **capacity of measurement systems** to inform management decision-making in partner countries are:

- **Data types.** Both qualitative and quantitative data are needed to assess short and long term objectives, activities, processes, outputs, and outcomes. Data producers and users need to collaborate closely to ensure that the scarce statistical resources available are used to produce the priority information required.
- **Data quality and availability.** Consistent data collected over time are vital for assessing results and calibrating indicators of progress. There are many areas where basic data is lacking. The systems that produce the basic data underpinning the indicators of progress are under-performing in many partner countries and much of the data collected has been of an ad hoc nature, leading to data gaps and inconsistencies in time series. Investment in statistics has not been considered a priority by national governments. There is a need to build capacity in a strategic manner, to improve the production and use of data, and to integrate qualitative, administrative and survey data.
- **Data use and dissemination.** The publication and use of data can be extremely important for strengthening governance at different levels. The use of data in Uganda is often cited as a best practice example, since data on public expenditure is available to local people so they can hold political leaders to account. In many other countries however, while data may be collected, there are often constraints on the analysis and presentation of the results, both to the potential professional users within government and to the wider public. These constraints may concern technical capacity and lack of human resources, as well as political constraints, with interference in the publication of uncomfortable results (either suppression or delay).

Issues for discussion in Panel 2

- *To what extent are improvements in the public sector in a country, especially a strengthened results focus, necessary for enhancing partnerships and achieving better development outcomes?*
- *How can reformers encourage political authorities to emphasise a results focus in the public sector reform process?*

- *Given the competing demands on government capacity, what attention should government pay to developing its capacity to gather and publish data for results assessment at all levels?*
- *How do partners go beyond measurement to use the results framework to strengthen their capacity for policy analysis, policy formulation, monitoring and evaluation and to inform the development of new/ successor strategies?*

Session 3: Implications for management

Agreeing results oriented strategies to achieve Millennium Development Goals

It is necessary to **sharpen the focus on development effectiveness** and the contribution made by aid. Elements of international consensus have already been reached in the MDGs. These overarching goals resolve the challenge of specifying outcomes at the top of the logic chain. Such clarity on the overall outcomes helps sharpen the focus of donors and partners on the country's own development strategy.

Several donors are trying to **make the MDGs more operational**. Donors have endorsed the multi-faceted definition of poverty, and many partner countries are pursuing development strategies that are aligned with the MDGs. Nonetheless, it is still a challenge to internalise the concept, and to devise appropriate sub-strategies. Donors still face challenges in clearly defining their own comparative advantages and added value within a collective donor framework to achieve the MDGs, and to attributing impact to their efforts. Partner countries find it challenging to develop intermediate indicators linked to the MDGs and to gather the requisite data.

Partnership strategies to support country ownership

Instruments for developing ownership and partnership need development. There is widespread agreement that development policy should be country owned, and recognition that donors should aim to help strengthen leadership capacity at country level. Donors that favour project approaches have increasingly sought to co-ordinate their efforts within an overall sectoral strategy. Experience on the ground has been brought to bear on sector policy dialogue. Donors recognise that PRSP and SWAp have put greater emphasis on participation of civil society in policy formulation, and on co-ordination between donors and governments. There are unresolved debates about the role of budget support or other forms of basket funding in PRSP and SWAp frameworks. DAC discussions have also focused on improving aid delivery mechanisms within the policy reform environment.

Further dialogue is needed regarding how partners make policy choices and identify priorities. Country ownership and partnership need to be based on performance, both of the donor and partner, and of the interaction between the two. Donors, whether involved in projects or programmes, increasingly recognise that they must take account of the partner country's development management system, not just their bilateral partnership with the country.¹⁷ The dialogue needs to encompass a framework of results for operations at different levels, linking project outputs with sector results and country outcomes. This will allow donors to avoid micro-management and to be flexible on the choices made by partners within the

¹⁷. The DAC Task Force on Donor Practices is taking up the challenges for donors of improving their partnership by harmonising procedures.

agreed framework. The dialogue can also include the overall governance situation and trends, and the nature of conditionality employed by donors¹⁸.

This dialogue has to take account of **capacity implications** on the part of both parties. There needs to be country capacity for analysis and priority setting and donor capacity for policy discussions at the level of country and sector strategies. This has implications for donor support to countries and donor management organisation.

Donor co-ordination continues to be an issue for the DAC. Several studies¹⁹ in recent years have pointed out that, at country level, donors can improve the effectiveness of their aid for partner countries. There is also a need to co-ordinate around the identification and monitoring of results.

Managing for results in partnership

Donors and partners need to **bridge the gap** between their respective results systems for a better assessment of development effectiveness. There are several general considerations:

- **Types of results.** Donors and partners need to distinguish between various kinds of results. A possibility is, following the CIDA framework, to define three types of results:
- **Development Results** should specify the agreed development outcomes in a country. Acceptance of the MDGs as a frame of reference for reporting achievements appears to be increasingly likely, despite the inherent data challenges.
- **Enabling Results** should show how donors and partners take account of and seek to influence the development context.
- **Management Results** should show how the operational units in both the partners and donors systems aim to improve their performance and service quality.
- **Selection of results at different levels.** Partner countries have made some progress in specifying results at the activity and sector levels, but there are serious challenges to specifying and measuring results at the programme and national levels. In donor agencies, results management systems seek to assess the impact of policies and procedures at the different levels but, in practice, tend to give greater attention to the activity level and sector levels. Several donors are trying to streamline their procedures to focus on the significant results in the logic chain, requiring a convergence with systems of results measurement in partner countries. Further joint work in partnership will be required.

¹⁸. Selection by donors in terms of “good and bad performers,” another item within this partnership perspective, will be one of the issues for a separate workshop. The DAC and the World Bank have recently held a joint workshop on the subject of “difficult partnerships” where agreements on results frameworks are usually not feasible.

¹⁹. The DAC Task Force on Donor Practices has facilitated discussions on donor co-ordination, sector-wide approaches, and the harmonisation of donor practices in countries, and as also undertaken country studies. The DAC has organised several discussions of donor co-ordination and partnership, and in 1999 jointly sponsored with UNDP and World Bank a Partnership Forum: From Aid Co-ordination to Development Partnership. The UNDP presented an evaluation study of policy reform and co-ordination [Round Table Mechanism: An Interim Report.] The World Bank also presented an evaluation study [World Bank Operations Evaluation Department 1999 *The Drive to Partnership: Aid Coordination and the World Bank.*]

- **Attributing outcomes to the stakeholders' performance.** The theory that links activities to outcomes becomes weaker higher up the logic chain. Recognising that outcomes are the result of collective action, and attribution to individual efforts not feasible, there needs to be agreement on how to present and assess results on a collective basis. At the same time, such presentations of results need to be helpful in sustaining individual stakeholder support.

Measuring collective performance

The **collection of performance data** to meet donor requirements implies a different strategy to data collection for promoting country ownership of policy reform. The data collected are likely to be different in each case, but there is a likely trade-off between the two, and it is necessary to consider how donor requirements may undermine principles of country ownership. There is also a risk that if donor needs are not integrated within a statistical and information strategy, then country systems will be overloaded.

Building country capacity requires human development of relevant individual skills for data collection and analysis and the institutional development of integrating a country's information systems. Box 5 outlines contributions from PARIS 21.

Box 5. PARIS21

The PARIS21 Consortium was established in 1999 as a partnership to promote results-based management and the use of statistics in developing countries. The partnership between policymakers, statisticians, and users of statistical information has so far promoted advocacy for better statistics and for their effective use in monitoring and developing policy. Work is required to sensitize statisticians to the new policy environment, and to ensure that the statistics that are available are accessible and targeted at policy makers.

The partnership aims to increase the importance of statistics in policy discussions and to encourage stakeholders to take a strategic, integrated approach to planning the statistical system. A virtuous cycle is envisaged, where the funders of statistics are provided with the statistics information they need, and so increase the resources available for their production, thus building a sustainable developing system. PARIS21 facilitates and stimulates country action to improve the ability to produce and use effectively the statistics and other information required for setting and monitoring policy. Other partners carry out the operational work in countries to provide the support needed to implement the improvements identified.

The work so far in task teams, regional and country workshops included the sharing of best practices, advocacy materials, south-south co-operation, assessment of statistical capacity, and the promotion of a strategic approach to statistical management. Action has started in Africa and Latin America, and further work is programmed for those continents and for Asia, the Arab States, the Pacific, and the Caribbean. The work of the Consortium is guided by a steering committee with representatives of developing and transition countries from each region of the world, bilateral donors, and the UN, OECD, World Bank, IMF, and EC. Progress of PARIS21's work can be followed on its website at <http://www.paris21.org>.

Relatively little attention has been given to the possibility of **partner country reviews of aid**. The New Partnership for African Development (NEPAD) is concerned with developing a peer review approach to countries' own governance and management, i.e. a "mutual review." This might be extended to consider the overall development performance, and the systems in place to produce the information needed for monitoring and evaluation. The NEPAD has requested work on the design of such a system from the Economic Commission for Africa and the OECD, and involving the Strategic Partnership for Africa.

It is also possible to consider more **joint assessments and joint evaluations by donors** of collective performance, given the increasing co-ordination of donor efforts in countries. The OECD has undertaken two joint assessments (Mali and Mozambique)²⁰ and is planning another (Tanzania). The WP-EV has undertaken some joint evaluations and is actively trying to promote further joint evaluations. Various instruments have been developed to facilitate joint exercises, including guidance on joint evaluations and systematic and standardised exchange of information on evaluation plans. While some results have been achieved, further efforts are needed recognising that partnerships can not start in the evaluation phase but must build on collaboration in earlier phases of the programme cycle including possible joint monitoring arrangements. Moving from an individual donor approach to a joint evaluation approach will stimulate fundamental changes in the way evaluation is currently conducted, and in the way evaluation results are demanded. Are donor agencies prepared to engage in collective search for results and impact on development with less focus on individual donor accomplishments?

Considerations regarding results-focus at partner country level

Within these different aspects of a results focus at the country level there are some key considerations for partners and donors. Development managers need to consider those policies, and delivery instruments that promote better partnership and country ownership. In particular:

- Reform of governance structures and public sector management, with an emphasis on improving outcomes, such as efficient and effective delivery of public services, can increase the benefits of development assistance.
- Country ownership, broad participation and good donor partnerships are essential elements of such policy reform.
- In their dialogue with partners, donors should seek to achieve the optimal use of resources to attain agreed development results, sustainability, replicability and diffusion of lessons learned.
- Donor co-ordination can reduce the burden of aid procedures, but co-ordination has its own transaction costs. Some transactions costs, absorbed by partner governments, can also help build capacity.
- Accountability and transparency to the public in the partner country, as well as to taxpayers in the donor country, can be enhanced by a clear results focus of partner governments.
- Public sector reforms should include monitoring systems and measurement of results. Such systems will need to take account of the increasingly collective nature of the development management system in a country, affecting projects as well as programmes.

²⁰. OECD/DCD, Club du Sahel and UNDP, 1999 "Improving the effectiveness of aid systems: The case of Mali"; "DAC joint assessment of the aid programmes of Germany, the Netherlands and the United Kingdom in Mozambique" DAC Journal 2001, Volume 2 No. 4 pp III-1 to III-30. The OECD/DCD also participated in a World Bank sponsored review of donors' activities in Nepal during 2001.

Issues for discussion in Session 3

- *What needs to be done to ensure that results-based approaches are fully integrated into partners' poverty reductions strategies and donors' country assistance strategies?*
- *Given a results focus in a country's own development strategies at national, regional and sectoral levels, and the global results framework provided by the Millennium Development Goals, how are the results frameworks of donors to be integrated into partners' approaches?*
- *How should donors support the building of country capacity to measure, and monitor results at different levels?*

ANNEX 4

Guidelines for the use of indicators in country performance assessment, prepared by the EC

In order to contribute to defining a more coherent approach between donors to the identification and monitoring of a set of relevant development indicators in country performance assessment, this document was discussed with Member States and other international organisations such as the World Bank, UNDP and OECD-DAC. The document was revised and updated following meetings in March and October 2002.

Each donor is indeed faced with the necessity to define guidelines on this issue. Adopting common guidelines between donors should help making the dialogue with beneficiary countries more efficient and constructive. The European Commission (EC) has contributed to this process working jointly with Member States and other donors on its guidelines. This document will now constitute the EC contribution to the work of the OECD-DAC on harmonisation of donor practices. Moreover, we hope that Member states and other donors will use these guidelines. Already, some Member States have agreed to use the document as a basis for the definition of their own guidelines on this issue.

Introduction

There is currently considerable confusion over the purpose, methodology, terminology and typology of indicators. It shows in the various documents drawn up by donors and beneficiary countries (PRSP, HIPC, PRGF, PRSC and CSP – CAS or similar documents²¹).

To date, the ‘Millennium Development Goals’, adopted by 189 countries in September 2000, represent the only agreed point of reference among all those active in this field.

In general, statistical data on developing countries are disconcerting because of both their abundance (“catalogues” issued by various UN organisations) and their lack of reliability and prioritisation. Two possible explanations for this situation could be on the one hand the lack of co-ordination of external requests in terms of reporting (leading to an accumulation of requests) and on the other hand the fact that the main actors of development, namely governments, but also donors and the civil society, do not use the key data for policy making.

The implementation of the PRSP process, the evolution towards new aid instruments (budget support, joint financing) and the growing focus on the results of policies on beneficiaries had a strong influence on the demand for statistical data both from governments and from donors. In particular, the assessment of the countries’ performance in terms of poverty reduction and social development has become an essential element of PRSs and their annual review, as well as of donors’ programming documents.

In this context, it is essential for donors to encourage and support the development of national reporting & monitoring processes. A better co-ordination between donors, be it concerning the precise definition of their needs, the dialogue with the government or the support to statistical systems, is the first step in this direction.

21 . Poverty Reduction Strategy Papers, Heavily Indebted Poor Countries, Poverty Reduction Growth Facility, Poverty Reduction Support Credit, Country Strategy Papers, Country Assistance Strategy.

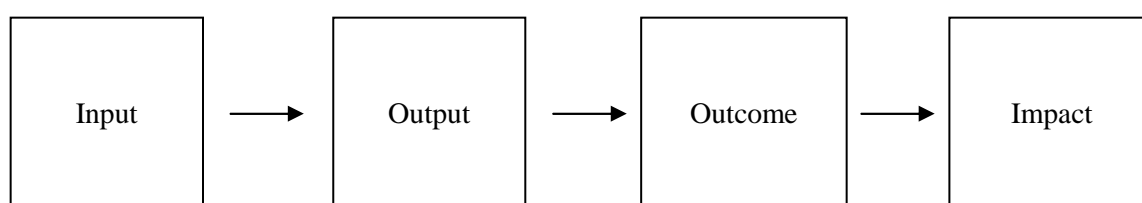
This document identifies key principles and a typology on which the use of indicators concerning our development policy should be based, especially in the programming documents. It aims at defining a coherent and constructive framework for discussion with other donors and with beneficiary countries.

In particular, this document identifies a minimum “core set” of indicators drawn from the Millennium Development Goals to measure the countries’ performance in terms of poverty reduction and social development, that would be followed in all countries. These indicators will be progressively integrated into the Commission Country Strategy Papers, before their presentation to the management committees for the documents still in preparation and at the reviews for the documents already adopted.

Guidelines

Choice of the indicators

It is necessary first to classify the indicators according to a clear typology. We propose to use the following classification, with a view to ensure coherence with earlier work:



- **Indicators of input** measure the financial, administrative and regulatory resources (often called “process”) provided by the Government and donors. It is necessary to establish a link between the resources used and the results achieved in order to assess the efficiency of the actions carried out.

Ex: Share of the budget devoted to education expenditure, abolition of compulsory school uniforms

- **Indicators of output** measure the immediate and concrete consequences of the measures taken and resources used:

Ex: Number of schools built, number of teachers trained

- **Indicators of outcome** measure the results at the level of beneficiaries. The term ‘results indicators’ is used as well.

Ex: school enrolment, percentage of girls among the children entering in first year of primary school

- **Indicators of impact** measure the consequences of the outcomes. They measure the general objectives in terms of national development and poverty reduction.

Ex: Literacy rates, unemployment rates

These various types of indicators are all relevant for policy makers, *i.e.* for Governments. However, they are not all similarly relevant for donors, who should concentrate on the outcomes of policies.

The conclusions of the pilot exercise on the reform of conditionality²² clearly showed the need for donors to lay **particular weight on outcome (result) indicators**. Past practice however was rather focused on input or output indicators, whose improvement gives no guarantee of improvement of services: there are, for example, numerous examples of an increase in budgets or even in the number of health centres, which go along with a drop in attendance at these centres. Impact indicators are slow to respond, complex to measure and depend on numerous factors other than the Government's policy. **Focusing on outcome (result) indicators should allow increasing ownership by Governments of the policies to be implemented in order to attain these results.**

A focus on these indicators will inevitably also enhance the credibility of development assistance, in beneficiary countries as well as in donor countries.

It is necessary that each country and its main donors agree to use common outcome indicators to measure each country's performance against its objectives. In the countries concerned, this should be done in the frame of the monitoring system defined in the PRSP, i.e. during the annual PRS review that should ideally be integrated into the national budget cycle. It is essential also to ensure the coherency of the PRS monitoring system with the indicators defined at sectoral level by line ministries.

It is useful to disaggregate indicators by:

- Gender
- Public / private sector
- Geographic (by distinguishing in particular the poorest regions)
- Rural / urban
- Income level and main source (although that is seldom possible)

In all cases the level of disaggregation should be specified when the indicators are defined. This disaggregation allows a better focus on the target populations of the development and poverty reduction policies.

It is preferable to restrict the list to a limited number of essential indicators. A multiplicity of indicators of all kinds creates great difficulties of interpretation. It also makes it difficult to focus on the essentials. These indicators have to be defined clearly and very precisely (*e.g.* for vaccination, to specify which vaccines this involves, what is the target population *etc.*).

It is important to consider the ease of measurability and responsiveness to policy-changes of the indicators as key criteria when selecting them. When defining each indicator, it is essential to pay attention to the time and costs necessary to collect the data, and the frequency with which these data could be obtained. An indicator which is technically measurable on an annual basis may only show significant variations in the medium to long term.

It is important to express the statistical data for indicators not only in percentage terms but also in absolute value. That allows analysis to exclude errors due to uncertainties in estimating the population. It is also preferable to work on trends rather than just on isolated data. Accordingly, it is important to review

22 . Led in Burkina Faso by the European Commission in the framework of the SPA, with 12 other donors.

existing databases when selecting the indicators. The data over the last five years should be provided systematically. If that is not possible, clear reasons need to be given.

Reliability and quality of data

It is necessary to keep a watchful eye on the reliability and the representativity of the statistical data on which the analysis of the indicators is based. In case of doubt, it is preferable to use a 'proxy', *i.e.* indirect indicator that is easier to measure and which gives a good approximation for other indicators that are more difficult to measure. It is then essential to adopt an evolutionary approach and to check regularly the validity of the indicators in relation to the objective they are assessing.

Support often has to be provided to check the quality of the data and to help the Government to improve their reliability and increase the speed of data processing. Existing systems are often excessively heavy and slow. Experience shows that it is possible to get better results without investing large sums of money, and that quick progress on the essential data is possible. It is clear however that in the medium term, strong and co-ordinated support to the statistical information system is necessary. It will be important to develop collaboration with Eurostat – and PARIS 21²³ – in strengthening statistical capacity.

Setting targets to the indicators

The Government of the country will set the target values for the indicators, in a manner coherent with recent trends and policy orientations. They should be discussed with the donors who plan to support the country. The Government should define the targets, year by year, for at least the next 3 years.

Discussion of the target values has to avoid two difficulties: excessive optimism (often connected with the fact that the indicators are used as a slogan rather than as a decision-making tool) and excessive prudence (showing a lack of ambition). The best way to avoid these two excesses is to follow a transparent process within the country, involving particularly civil society, and Parliament in both the discussions which lead to the definition of indicators and their monitoring. This transparency also affords the targets greater visibility.

Analysis of the evolution of indicators

The analysis of the evolution of countries' performance should never be confined to a mechanical interpretation of indicators. It should be done in the framework of a deep policy dialogue with the Government, taking into account the influence of prospective internal or external factors.

It is important to state that following an indicator does not imply any preconceived idea of the evolution it should take (for example, following the budget allocated to health does not necessarily mean encouraging its increase).

It is necessary to keep in mind the potential perverse effects of the use of each indicator. Focusing on a limited number of indicators, in particular when target values determine the levels of financial support from donors, can alter reporting behaviour and bias the analysis of the statistical data.

23 . The PARIS21 Consortium was set up in November 1999. Its founding organisers are the UN, OECD, World Bank, IMF and EC. It exists to boost statistical capabilities especially in poor countries.

Why define indicators?

Indicators provide objective information on the resources employed and outcomes obtained, as well as their progress over the long term. However, they are mainly warning signals. It is important to bear in mind that indicators are only instruments to measure the degree of progress towards objectives previously defined by the Government.

Monitoring indicators is only useful if it results directly from the definition of the Government's objectives and policies, allows an analysis of the outcomes, and potentially leads to re-orientations of policies if outcomes are unsatisfactory. This examination of outcomes (results) has to be illuminated by the analysis of other types of indicators (inputs, outputs, and impact) and by more detailed analyses or research that may need to be financed. This monitoring should ideally be carried out within the framework of PRS annual reviews (for countries to which it applies).

As far as Commission activities are concerned, the use of country performance indicators meets two distinct and complementary needs, each requiring the monitoring of a separate set of indicators:

1. Measure the performance of the country's policies in terms of poverty reduction and improved social and living standards
2. Measure in a more detailed way the performance of the country's sectoral policies in the sectors supported by the Commission.

The two needs outlined above constitute in fact two complementary degrees of detail, which will have to be analysed in a coherent way.

As a donor, the Commission has therefore to make sure that it will have the data to enable it to meet each of these needs. Their monitoring in the framework of the programming documents will take place both annually and in the medium-term. The relevant indicators for a medium-term follow-up will have to be complemented by indicators allowing yearly monitoring and performance review.

The evaluation of the implementation and performance assessment of the Commission's actions (efficiency, effectiveness, and management indicators) is not examined in this document and will have to be developed and deepened in the longer term.

This does not contradict the principle of ownership. It is important that it be done within the framework of very close co-operation with the Governments of the beneficiary countries and with other donors. It is moreover necessary that the objectives and the guidelines of the Commission be drawn up clearly in order to make this dialogue more effective and constructive. That is the aim of the following proposal.

Proposal

We suggest focusing the monitoring of performance of beneficiary countries on the following indicators, for each of the levels defined above:

Measure the performance of the country's policies in terms of poverty reduction and improved social and living standards

We propose to monitor systematically a list of 10 key indicators drawn from the MDGs in all developing countries (or their equivalent if the country has chosen to monitor a different but equivalent indicator). These indicators were selected mainly on data availability and reliability, and coherence with

international initiatives such as Education for All. In particular we reviewed the selections made by other donors such as for example the World Bank or DFID. The work done by the sectoral working groups (see 4.2) was also taken into account for the selection. The list of the 48 indicators defined under the MDGs is at annex 1, accompanied by an example of a country data sheet.

In addition, it will be important to monitor wherever possible shares of the budget going to health and education, as well as macro-economic indicators. The latter can easily be drawn at national level or from international databases on an annual basis (IMF). A limited number of additional country-specific indicators may also be added to the core set.

This “minimum core set” will be complemented by the more country-specific indicators defined in the logical framework for each focal sector (see below)

There is clearly a tension between the definition of a minimum set of indicators that donors wish to have available in all countries and the country definition of its own needs in terms of monitoring. The proposed approach does not deny the necessity for the countries to develop specific and contextual indicators, but the existence of a very limited number of core indicators is undeniable. The will to harmonise these indicators between countries should not be in contradiction with the principle of ownership.

The analysis of PRSP documents drawn up in many countries underlines the necessity to follow at least some essential indicators. Some indicators concerning health, education and macro-economy are almost systematically identified in each PRSP, although the exact indicator used may vary. For example, the MDG for vaccination is ‘Vaccination rate for measles’, whereas many countries have chosen to monitor ‘DTP3 vaccination rate’ in their PRSP or sector strategy. It is therefore important for the Commission to remain flexible and adopt the country’s own indicators as much as possible.

It is proposed that these indicators (or their equivalent) be progressively incorporated into all CSPs, through the annual review process. Ideally, having a limited set of identical indicators available for all countries should make it possible to compare situations and evolutions of countries to which the Commission provides development aid. It is also an important element for the mid-term reviews of the CSPs. These reviews will indeed allow a reallocation of funds determined among other things by countries’ performances.

The following selection remains open for modification depending on new developments at international level and the outcomes of the work of sectoral working groups.

Type	Indicator	Suggested Periodicity ¹
Impact	1. Proportion of population below \$1 per day ²	Medium-term
	2. Prevalence of underweight children (under-five years of age)	Medium-term
	3. Under-five mortality rate	Medium-term
Outcome	Net enrolment ratio in primary education	Annual
	Primary Completion Rate ³	Annual
	Ratio of girls to boys in primary, secondary and tertiary education	Annual
	Proportion of births attended by skilled health personnel ⁴	Annual
	Proportion of 1 year old children immunised against measles	Annual
	HIV prevalence among 15-24 year old pregnant women	Annual
	Proportion of population with sustainable access to an improved water source	Annual

1. Period in which it is possible to identify a significant move of the indicator

2. For monitoring country poverty trends, indicators based on national poverty line should be used, where available.

3. The near-equivalent MSG indicator is “Proportion of pupils beginning the first year in primary education and completing the fifth year.

4. Data on “maternal mortality ratio” are infrequent, model based and lack quality; a good proxy is provided by “births attended by skilled health personnel”.

The statistical data for these indicators have to be wherever possible complemented and updated within countries, with data collected in the framework of the PRSP or sector programmes in countries concerned. When national data is not available, the World Bank's database 'World Development Indicators' can be used. It is available on www.developmentgoals.org. UNDP is also in charge of drafting the country reports on progress towards the MDGs (see <http://www.undp.org/mdg/>), and could provide another source of data.

Measure the performance of sectoral development policies

Working groups bringing together the sectoral experts of the Commission and Member States are reflecting on sectoral level indicators and defining for each sector an *indicative* list of about twenty key indicators. These indicators should serve as a guide for the discussion to be held country by country, and for the Delegations' work, but are in no way mandatory. The objective is that this discussion involves the country and all the donors, in particular the Member States and the World Bank. The indicators selected by the Government following the discussion should progressively be followed for the focal sectors defined in each CSP.

The sectors concerned are the following:

- Health
- Education
- Transport
- Water and sanitation
- Rural development and food safety
- Regional integration
- Environment

The results of this work will be presented in separate documents.

Some principles are in any case important to follow when defining indicators to monitor country performance in focal sectors.

- At sectoral level, it is useful to monitor the four types of indicators (input, output, outcome and impact) in order to have a global vision that would be representative of the situation of the sector and of its development.
- It is necessary to work as much as possible with other donors, in order to avoid parallel and additional requests on Government, even if there is no established sector programme.

The principles defined in part I (typology, measurability, non-mechanical data analysis, etc.) should also be applied to those indicators

Countries involved in the PRSP (Poverty Reduction Strategy Paper) process

Donor assessment of the performance of countries in the fight against poverty should as much as possible be based on a unique set of indicators per country, defined by the government in a process that would ideally be transparent and participative.

When it exists, the PRSP provides an ideal framework for this co-ordination. However the existing indicators in PRSPs are still far from being satisfactory (with rare exceptions). It is therefore crucial to ensure, through a discussion with the Government and the other donors, that the indicators defined in the PRSP and analysed annually during the annual review of the poverty reduction strategy meet the needs of the donors, in order to avoid that each donor makes additional and separate requirements for indicators. The discussion of this document with other donors aims at defining a common approach between donors in order to facilitate this dialogue.

It will be necessary for donors and international organisations, following this dialogue and the precise definition of the content of the PRSP annual review, not to add any additional request in terms of indicator monitoring and to provide co-ordinated support for the strengthening of these countries' statistical capacity.

Millennium Development Goals Indicators

Millennium Development Goals (MDGs)	
Goals and Targets(Millennium Declaration)	Indicators for monitoring progress
GOAL 1:ERADICATE EXTREME POVERTY AND HUNGER	
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	1. Proportion of population below \$1 (PPP) per day ⁰ 2. Poverty gap ratio [incidence x depth of poverty] 3. Share of poorest quintile in national consumption
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	4. Prevalence of underweight children under-five years of age 5. Proportion of population below minimum level of dietary energy consumption
GOAL 2:ACHIEVE UNIVERSAL PRIMARY EDUCATION	
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	6. Net enrolment ratio in primary education 7. Proportion of pupils starting grade 1 who reach grade 5 8. Literacy rate of 15-24 year-olds
GOAL 3:PROMOTE GENDER EQUALITY AND EMPOWER WOMEN	
Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015	9. Ratios of girls to boys in primary, secondary and tertiary education 10. Ratio of literate females to males of 15-24 year-olds 11. Share of women in wage employment in the non-agricultural sector 12. Proportion of seats held by women in national parliament
GOAL 4:REDUCE CHILD MORTALITY	
Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	13. Under-five mortality rate 14. Infant mortality rate 15. Proportion of 1 year-old children immunised against measles
GOAL 5:IMPROVE MATERNAL HEALTH	
Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	16. Maternal mortality ratio 17. Proportion of births attended by skilled health personnel
GOAL 6:COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES	
Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	18. HIV prevalence among 15-24 year old pregnant women 19. Condom use rate of the contraceptive prevalence rate ² 20. Number of children orphaned by HIV/AIDS ³

<p>Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases</p>	<p>21. Prevalence and death rates associated with malaria</p> <p>22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures⁴</p> <p>23. Prevalence and death rates associated with tuberculosis</p> <p>24. Proportion of tuberculosis cases detected and cured under directly observed treatment short course (DOTS)</p>
GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY	
<p>Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources</p>	<p>25. Proportion of land area covered by forest</p> <p>26. Ratio of area protected to maintain biological diversity to surface area</p> <p>27. Energy use (kg oil equivalent) per \$1 GDP (PPP)</p> <p>28. Carbon dioxide emissions (per capita) and consumption of ozone-depleting CFCs (ODP tons)</p> <p>29. Proportion of population using solid fuels</p>
<p>Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water</p>	<p>30. Proportion of population with sustainable access to an improved water source, urban and rural</p>
<p>Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers</p>	<p>31. Proportion of urban population with access to improved sanitation</p> <p>32. Proportion of households with access to secure tenure (owned or rented)</p>
GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT	
<p>Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system</p> <p style="padding-left: 40px;">Includes a commitment to good governance, development, and poverty reduction – both nationally and internationally</p> <p>Target 13: Address the special needs of the least developed countries</p> <p style="padding-left: 40px;">Includes: tariff and quota free access for least developed countries' exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction</p> <p>Target 14: Address the special needs of landlocked countries and small island developing States</p> <p style="padding-left: 40px;">(through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)</p>	<p>Some of the indicators listed below are monitored separately for the least developed countries (LDCs), Africa, landlocked countries and small island developing States.</p> <p><u>Official development assistance</u></p> <p>33. Net ODA, total and to LDCs, as percentage of OECD/DAC donors' gross national income</p> <p>34. Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)</p> <p>35. Proportion of bilateral ODA of OECD/DAC donors that is untied</p> <p>36. ODA received in landlocked countries as proportion of their GNIs</p> <p>37. ODA received in small island developing States as proportion of their GNIs</p>

Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term	<p><u>Market access</u></p> <p>38. Proportion of total developed country imports (by value and excluding arms) from developing countries and LDCs, admitted free of duties</p> <p>39. Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries</p> <p>40. Agricultural support estimate for OECD countries as percentage of their GDP</p> <p>41. Proportion of ODA provided to help build trade capacity⁵</p> <p><u>Debt sustainability</u></p> <p>42. Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)</p> <p>43. Debt relief committed under HIPC initiative, US\$</p> <p>44. Debt service as a percentage of exports of goods and services</p>
Target 16: In co-operation with developing countries, develop and implement strategies for decent and productive work for youth	45. Unemployment rate of 15-24 year-olds, each sex and total ⁶
Target 17: In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries	46. Proportion of population with access to affordable essential drugs on a sustainable basis
Target 18: In co-operation with the private sector, make available the benefits of new technologies, especially information and communications	<p>47. Telephone lines and cellular subscribers per 100 population</p> <p>48. Personal computers in use per 100 population and Internet users per 100 population</p>

The Millennium Development Goals and targets come from the Millennium Declaration signed by 189 countries, including 147 Heads of State, in September 2000 (www.un.org/documents/ga/res/55/a55r002.pdf - A/RES/55/2). The goals and targets are inter-related and should be seen as a whole. They represent a partnership between the developed countries and the developing countries determined, as the Declaration states, "to create an environment – at the national and global levels alike – which is conducive to development and the elimination of poverty."

1. For monitoring country poverty trends, indicators based on national poverty lines should be used, where available.
2. Amongst contraceptive methods, only condoms are effective in preventing HIV transmission. The contraceptive prevalence rate is also useful in tracking progress in other health, gender and poverty goals. Because the condom use rate is only measured amongst women in the union, it will be supplemented by an indicator on condom use in high risk situations. These indicators will be augmented with an indicator of knowledge and misconceptions regarding HIV/AIDS by 15-24 year olds (UNICEF- WHO).
3. To be measured by the ratio of proportion of orphans to non-orphans aged 10 – 14 who are attending school.
4. Prevention to be measured by the % of under 5s sleeping under insecticide treated bed nets; treatment to be measured by % of under 5s who are appropriately treated.
5. OECD and WTO are collecting data that will be available for 2001 onwards.
6. An improved measure of the target is under development by ILO for future years.

Data sheet on Benin (www.developmentgoals.org) – April 2002

	1990	1995	1999	2000
1 Eradicate extreme poverty and hunger	2015 target = halve 1990 \$1 a day poverty and malnutrition rates			
Population below \$1 a day (%)	..	..	..	..
Poverty gap at \$1 a day (%)	..	..	..	..
Percentage share of income or consumption held by poorest 20%	..	..	..	..
Prevalence of child malnutrition (% of children under 5)	..	29.2	..	..
Population below minimum level of dietary energy consumption (%)	19.0	..	15.0	..
2 Achieve universal primary education	2015 target = net enrolment to 100			
Net primary enrolment ratio (% of relevant age group)	48.8	59.7	70.3	..
Percentage of cohort reaching grade 5 (%)	55.0	60.9	..	..
Youth literacy rate (% ages 15-24)	40.4	47.0	51.9	53.1
3 Promote gender equality	2005 target = education ratio to 100			
Ratio of girls to boys in primary and secondary education (%)	..	..	60.6	..
Ratio of young literate females to males (% ages 15-24)	43.6	47.3	50.4	51.1
Share of women employed in the nonagricultural sector (%)	46.0	..	..	..
Proportion of seats held by women in national parliament (%)	6.3	..	5.0	..
4 Reduce child mortality	2015 target = reduce 1990 < 5 mortality by 2/3			
Under 5 mortality rate (per 1,000)	185.0	167.0	..	143.2
Infant mortality rate (per 1,000 live births)	104.4	92.0	..	87.2
Immunization, measles (% of children under 12 months)	79.0	65.0	79.0	..
5 Improve maternal health	2015 target = reduce 1990 maternal mortality by 3/4			
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	880.0	..	..
Births attended by skilled health staff (% of total)	38.0	60.0	..	..
6 Combat HIV/AIDS, malaria and other diseases	2015 target = halt, and begin to reverse, AIDS, etc.			
Prevalence of HIV, female (% ages 15-24)	..	..	2.2	..
Contraceptive prevalence rate (% of women ages 15-49)	..	16.4	..	..
Number of children orphaned by HIV/AIDS	..	..	22,000	..
Incidence of tuberculosis (per 100,000 people)	..	..	266.0	..
Tuberculosis cases detected under DOTS (%)	..	..	31.0	..
7 Ensure environmental sustainability	2015 target = various			
Forest area (% of total land area)	30.3	..	..	24.0
Nationally protected areas (% of total land area)	..	7.1	7.0	..
GDP per unit of energy use (PPP \$ per kg oil equivalent)	2.0	2.5	2.9	..
CO2 emissions (metric tons per capita)	0.1	0.1	0.1	..
Access to an improved water source (% of population)	..	..	..	63.0
Access to improved sanitation (% of population)	20.0	..	..	23.0
Access to secure tenure (% of population)	..	..	..	..
8 Develop a Global Partnership for Development	2015 target = various			
Youth unemployment rate (% of total labor force ages 15-24)	..	..	..	..
Fixed line and mobile telephones (per 1,000 people)	3.1	5.3	8.5	17.5
Personal computers (per 1,000 people)	..	0.5	1.5	1.6
General indicators				
Population	4.7 M	5.5 M	6.1 M	6.3 M
Gross national income (\$)	1.7 bn	1.9 bn	2.3 bn	2.3 bn
GNI per capita (\$)	370.0	350.0	370.0	370.0

Adult literacy rate (% of people ages 15 and over)	26.4	31.5	36.3	37.4
Total fertility rate (births per woman)	6.6	6.1	..	5.5
Life expectancy at birth (years)	51.9	53.1	..	53.0
Aid (% of GNI)	14.8	14.3	9.1	11.1
External debt (% of GNI)	71.5	82.1	72.9	74.4
Investment (% of GDP)	14.2	19.6	17.9	19.7
Trade (% of GDP)	40.6	53.2	46.1	44.3

Definition of the indicators selected

Indicateur	Définition	Source ¹
Population below \$1 a day	Percentage of the population living on less than \$1.08 a day at 1993 international prices (equivalent to \$1 in 1985 prices, adjusted for purchasing power parity). Poverty rates are comparable across countries, but as a result of revisions in PPP exchange rates, they cannot be compared with poverty rates reported in previous editions for individual countries.	Updated annually by the World Bank in its publication in print and CD-ROM "World Development Indicators", and www.worldbank.org
Prevalence of child malnutrition	Percentage of children under five whose weight for age is less than minus two standard deviations from the median for the international reference population ages 0 to 59 months. The reference population adopted by the WHO in 1983, is based on children from the United States, who are assumed to be well nourished.	Estimates compiled by the United Nations Children's Fund (UNICEF) and World Health Organisation, based on Demographic and Health Surveys (DHS, www.measuredhs.com), Multiple Indicator Cluster Surveys (MICS, www.childreninfo.org), and UNICEF and WHO country sources.
Under 5 mortality rate	Probability that a new-born baby will die before reaching age five, if subject to current age-specific mortality rates. The probability is expressed as a rate per 1,000.	United Nations Children's Fund, The State of the World's Children (annual). Data compiled and estimated by Unicef based on Demographic and Health Surveys (DHS, www.measuredhs.com), Multiple Indicator Cluster Surveys (MICS, www.childinfo.org), WHO and Unicef sources
Net primary enrolment ratio	Ratio of the number of children of official school age (as defined by the national education system) who are enrolled in school to the population of the corresponding official school age. Primary education provides children with basic reading, writing, and mathematics skills along with an elementary understanding of such subjects as history, geography, natural science, social science, art, and music. Based on the International Standard Classification of Education, 1997 (ISCED97).	Data provided annually. Series on educational attainment of the population and enrolment at third level are from the UN Statistics Division's Women's Indicators and Statistics Database CD-ROM, Version 4 (UN Stats) UNESCO Institute for Statistics (WB)

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Indicateur	Définition	Source
Primary Completion Rate ¹	<p>Total number of students successfully completing (or graduating from) the last year of primary school in a given year, divided by the total number of children of official graduation age in the population. In countries where the number of primary graduates is not reported, a proxy primary completion rate is calculated: the total number of students in the final year of primary school, minus the number of students that repeat the grade in a typical year, divided by the total number of children of official graduation age in the population</p> <p>Primary Completion Rates (PCR) are calculated based on each country's definition of the primary school cycle (PSC). If data is not available for the last grade of the PSC, PCRs are calculated using 6th, 5th, or other closest to the last grades. Below are notes by Country.</p>	The primary completion rate is compiled by staff in the education group in the World Bank's Human Development Network.
Ratio of girls to boys in primary and secondary education	Percentage of girls to boys enrolled at primary and secondary levels in public and private schools.	<p>Data provided annually. Series on educational attainment of the population and enrolment at third level are from the UN Statistics Division's Women's Indicators and Statistics Database CD-ROM, Version 4 (UN Stats)</p> <p>UNESCO Institute for Statistics (WB)</p>
Births attended by skilled health staff	percentage of deliveries attended by personnel trained to give the necessary supervision, care, and advice to women during pregnancy, labor, and the postpartum period, to conduct deliveries on their own, and to care for the new-borns	United Nations Children's Fund, The State of the World's Children (annual). Data compiled and estimated by Unicef based on Demographic and Health Surveys (DHS, www.measuredhs.com), Multiple Indicator Cluster Surveys (MICS, www.childinfo.org), WHO and Unicef sources.

Indicateur	Définition	Source
Children immunised against measles	Percentage of children under one year of age who received measles vaccine. A child is considered adequately immunised against measles after receiving one dose of vaccine.	United Nations Children's Fund, The State of the World's Children (annual). Data compiled and estimated by Unicef based on Demographic and Health Surveys (DHS, www.measuredhs.com), Multiple Indicator Cluster Surveys (MICS, www.childinfo.org), WHO and Unicef sources
Prevalence of HIV, female	percentage of females ages 15-24 who are infected with HIV	UNAIDS (biennial), Joint Programme on HIV/AIDS with UNICEF, UNDP, UNFPA, UNDCP, UNESCO, WHO, World Bank, www.unaids.org . Report on the global HIV/AIDS epidemic - updated biennially. Available at www.unaids.org .
Access to an improved water source	Percentage of the population with reasonable access to an adequate amount of water from an improved source, such as a household connection, public standpipe, borehole, protected well or spring, and rainwater collection. Unimproved sources include vendors, tanker trucks, and unprotected wells and springs. Reasonable access is defined as the availability of at least 20 liters a person a day from a source within one kilometer of the dwelling.	UNICEF, www.childinfo.org (UN stats) World Health Organization and United Nations Children's Fund, Global Water Supply and Sanitation Assessment 2000 Report (WB)

1. The MDG indicator is: **Percentage of cohort reaching grade 5** –is the share of children enrolled in primary school who eventually reach grade 5. The estimate is based on the reconstructed cohort method. (UNESCO Institute for Statistics). Nevertheless, the primary completion rate is being used increasingly by the World Bank and other donors as a core indicator of education system performance, in particular in the framework of the Education For All. It is expected that it will replace the current MDG indicator in the future.
2. When the sources indicated differ in both internet sites, the site is indicated in parenthesis

Sources : www.millenniumindicators.un.org (UN Statistics Department) & www.developmentgoals.org (World Bank)