

Briefing Note

MfDR

September 2009

Executive Summary

The present development results agenda is rooted in the Millennium Development Goals. Now, almost 10 years and many fora, round tables, discussions and practical experiences later, Managing for Development Results is shaped much further and has matured as a management strategy. In Accra, during the last High Level Forum on Aid Effectiveness (sept 2008), a clear agenda for action was formulated. Actions at the country level are clearly linked to one of the four key features of MfDR: 1. Shared goals and strategies, 2. Performance based budgets, 3. Evidence-based decision making and 4. Public accountability. These features have important political implications, raise difficult issues and require determined leadership. At the same time, they translate abstract wording into practical tools to enable the achievement of development results ("country outcomes"). At the global level, strengthening country capacity, improve the relevance and effectiveness of aid and fostering a global partnership are critical agreed actions.

Introduction: Managing for Development Results

This document should provide clarity on:

- *What is MfDR?*
- *How MfDR is being put into practice*
- *Milestones for MfDR (annex 1)*

What is managing for development results?

Managing for Development Results (MfDR) is a management strategy that focuses on development performance and on sustainable improvements in country outcomesⁱ (OECD Policy Brief, March 2009).

It provides a framework for development effectiveness in which performance information is used to improve decision making. It also includes practical tools for strategic planning and budgeting, risk management, progress monitoring, and outcome evaluation.

MfDR at Present

In the OECD policy brief, it is stated that: "Managing for Development Results (MfDR) has emerged as a centrepiece of global efforts to improve the effectiveness of public

resources and achieve the Millennium Development Goals".

The Accra Agenda for Action clearly states: **"Achieving development results-and openly accounting for them- must be at the heart of all we do.**

There is a clear commitment to strengthen the implementation of MfDR. Actions are ongoing at the country level as well as at the global level. Both are briefly discussed below.

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Action on MfDR - country level

The policy brief mentions four areas of concrete action at the country level:

1. shared goals and strategies
2. performance based budgets
3. evidence-based decision making
4. public accountability

Each of these “features” has important policy implications, raises difficult issues, and requires determined leadership.

Feature 1: Shared Goals and Strategies

- Focus on development outcomes with agreed indicators and time-bound targets
- Broad agreement on goals and alignment of resources
- Use of results chains

Feature 2: Performance-Based Budgets

- Linked plans and budgets
- Programme budgeting
- Predictable donor pledges and medium-term expenditure frameworks

Feature 3: Evidence-Based Decision-Making

- Results-based statistics, performance monitoring systems and evaluation protocols
- Budgetary and operational flexibility
- Annual multi-stakeholder performance reviews

Feature 4: Public Accountability

- Domestic and mutual accountability
- Transparent and open information-sharing
- Performance-based incentives

Feature one and two are clearly dealing with the preparation of interventions. Important tools at this stage:

- Result chains, including risk analysis
- Poverty (Social) Impact Analysis

- Key Performance Indicators
- Result-based, often multi annual, budgeting (MTEF's)

Feature three and four are (more) focussed on management of the interventions. Important tools:

- performance monitoring systems
- outcome evaluation protocols
- joint performance reviews
- open and transparent information sharing
- accountability mechanisms
- performance based incentives

MfDR in action is diverse, adaptive, creative, and there are no “one size fits all” tools. Providing a standard toolⁱⁱ, is not possible anymore.

Nevertheless, above mentioned tools keep on coming back (see also the sourcebooks as well as the different Communities of Practice on MfDR) and are a useful reference for practitioners, while looking for ways to practice MfDR in their respective contexts. Result chains are very common, but appear in different forms and shapes and sometimes use different terminology. Practitioners will have to adjust to own circumstances and specificities. Nevertheless, understanding result chains is helpful for MfDR practitioners.

Most of the components mentioned focus on a change of core systems (Planning, Monitoring and Evaluation systems often as a first key focus). At the same time, as emphasized earlier, MfDR is definitely not about systems alone. The approach requires strong (and different type of) leadership. Moreover, MfDR will also fundamentally influence the organisational culture in the long run.

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The OECD policy brief is also clear about the timeframe required for such a change: “Experience suggests that fully institutionalising the approach takes a minimum of seven years.” Most organisations, particularly large bureaucracies, take longer.

Action on MfDR – global level

In the global community, action on MfDR is taking place in three broad areas:

1. Strengthening Country Capacity to Manage for Results
2. Improving the Relevance and Effectiveness of Aid
3. Fostering a Global Partnership

1. Strengthening Country Capacity to Manage for Results

The quest for development results begins with developing countries, which manage their development processes to achieve the outcomes they want. They define the results they want to attain and—working in partnership with development agencies, civil society, and other stakeholders—design policies and programs to achieve those results. Countries need information on which to base this work, and statistical capacity and monitoring and evaluation systems to generate the information. The role of development agencies is to support developing countries in strengthening their capacity to manage for development results.

2. Improving the Relevance and Effectiveness of Aid

For most development agencies, managing for development results means going beyond their traditional focus on input delivery and

output quality to focus on the achievement of outcomes—that is, a more explicit consideration of the contribution that an agency makes to country results. To this end, agencies are introducing results frameworks into their cooperation strategies and programs, shifting their internal incentives to focus on sustainable country results, and developing reporting systems on results.

3. Fostering a Global Partnership

Some of the greatest challenges in managing for development results can be best addressed through a global partnership—for example, a global effort is needed to support countries in generating reliable and timely data to assess progress on the Millennium Development Goals and other country goals; to strengthen international reporting mechanisms; and reduce the burden on countries of multiple, agency-driven reporting requirements and monitoring and evaluation systems. Through partnership, the international community can make it easier for developing countries to manage for results.

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MfDR: organisational context and daily practice

In order to understand the abovementioned developments in MfDR better, it is worth having a closer look at organisations. As most practitioners will have to shape MfDR within those organisations, it should be possible to understand abovementioned concepts, principles, and features etc. in an organisational setting.

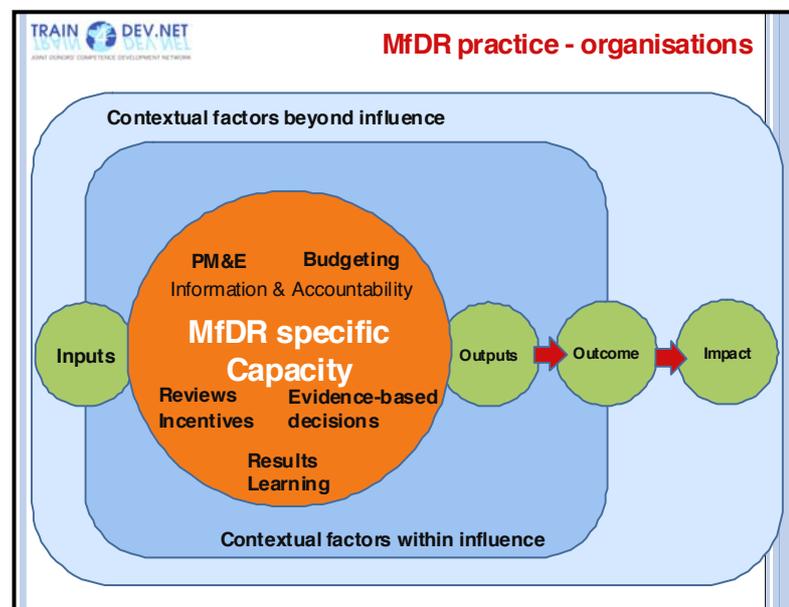
It quickly becomes clear that the different Roundtables create more and more clarity about what MfDR implies at the practical level ("inside" the organisation). This is not only about reshaping "hardware", like Planning, Monitoring and Evaluation systems, but also about "software" like leadership and staff motivation. No doubt, MfDR is about systems, structures and strategies, but in the end and above all, MfDR is about people (staff

motivation, leadership). Therefore successful implementation of MfDR will also, finally, affect the organisational culture considerably.

This focus of organisations on results (outputs-outcome and impact) is often referred to as a result based management focus (RBM).

However, organisations working on MfDR are not just managing for results. These organisations operate in a development context. And the description above of the findings of International Conferences and High Level Forums on Aid Effectiveness make clear that development actors have to take into account concepts like ownership, alignment and harmonization while shaping MfDR.

Figure 2. Key areas in Organisational MfDR practices



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Annex 1: Milestones for MfDR

Today's development results^{iv} agenda has its roots in the Millennium Development Goals and the aid effectiveness movement. During the **UN summit in New York** (September, 2000), the international community agreed to focus on addressing specific aspects of poverty. Goals were agreed, 18 specific targets were set and 48 key indicators identified. Increasingly, countries and development partners started to link their interventions to the Millennium Development Goals (MDGs) and to regularly monitor progress towards achieving the MDGs. As such, the MDGs are a clear answer of the international community to the question: "what do we want to achieve?"

The international aid effectiveness movement began taking shape in the late 1990s. An important milestone for this movement was the **International Conference on Financing for Development in Monterrey** (March, 2002). The international community agreed that it would be important to provide more financing for development. Different sources of financing were considered (Official Development Assistance being only one of the mechanisms!). As such, the Monterrey Consensus gives a clear answer to the question: "how are we going to finance this?"

But clearly, money alone is not enough to ensure achievement of the MDGs. Donors and partner countries alike wanted to know that aid would be used as effectively as possible and the need of demonstrating clear results was also strongly emphasized in Monterrey.

Soon afterwards, the World Bank convened an **International Roundtable on Measuring, Monitoring, and Managing for Results in Washington** (June, 2002). This first

Roundtable took stock of ongoing efforts in countries and agencies to manage for results, with a focus on the actions needed to build demand for and increase capacity to adopt results-based approaches in developing countries. It stressed the need for development agencies to offer coordinated support for capacity-building and to harmonize approaches to results-measurement, monitoring and reporting. Further, it discussed ways for development agencies, to develop results-focused corporate cultures and incentives.

As such, this first Roundtable is an important step in the promotion of putting MfDR into practice. The Round Table provides a first answer to the question: "how to put MfDR into practice and achieve development results?"

In addition, the effectiveness of the development partnerships (collaboration between the different development actors) is increasingly questioned. Growing concerns about the impressive burden on partner countries (very different donor policies and practices, high transaction costs, complicated procedures, parallel structures, etc.) lead to the **1st High Level Forum on Aid Effectiveness in Rome** (February, 2003). The Rome Declaration on Harmonization sets out an ambitious program of activities and focuses on the question: "how to achieve development results more effectively (and efficiently)?"

- To ensure that harmonization efforts are adapted to the country context and that donor assistance is aligned with the development recipient's priorities.
- To expand country-led efforts to streamline donor procedures and practices.
- To review and identify ways to adapt institutions' and countries' policies,

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procedures, and practices to facilitate harmonization.

- To implement the good practices principles and standards formulated by the development community as the foundation for harmonization.

At the **2nd International Roundtable on MfDR in Marrakech** (February 2004), the international community agreed on 5 principles:

1. Focus the Dialogue on Results at all phases
2. Align, programming, monitoring and evaluation with results
3. Keep measurement and reporting simple
4. Manage for not by results
5. Use result information for learning and decision making

While the first Roundtable on MfDR focussed more on how to promote results based approaches, the abovementioned principles provide practitioners with clear guidance on: "how to implement MfDR?". Systems, particularly PM&E systems, appear important

The **2nd High Level Forum on Aid Effectiveness in Paris** (March 2005) is clear about the key concepts behind Aid Effectiveness:

- Ownership
- Harmonisation
- Alignment
- Manage for Results
- Mutual Accountability

Both High Level Forums in Rome and Paris provide a clear answer to the question: "How should development actors collaborate to improve development results?"

as are more "soft" components like dialogue and aspects closely linked to organisational culture like the way of learning and decision-making and manage for not by results. With the formulation of the 5 principles, the Roundtable contributes considerably to: "how to put MfDR into practice and achieve development results?"

The abovementioned key concepts of improved development effectiveness as well as the 5 principles are nicely linked and visualised together in the first edition of the sourcebook on Emerging Good Practices in Managing for Development Results (2006). The five core principles (Marrakech 2nd Roundtable) help to translate those key concepts into day to day management practices, which systematically focus on development results.

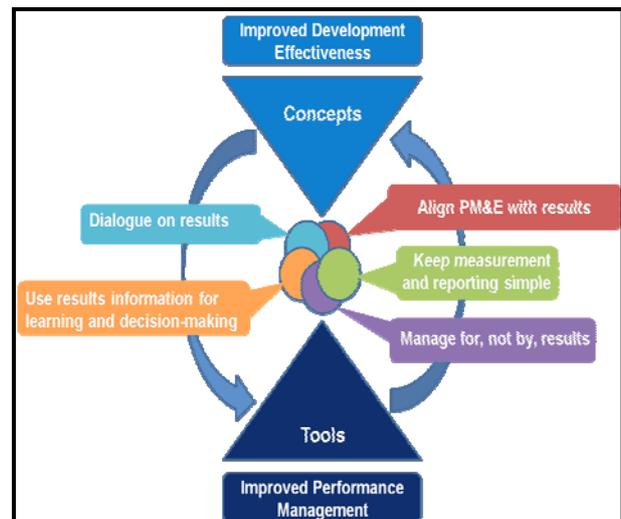


Figure 1. MfDR: linking development effectiveness (concepts) with day to day performance management (After: source book, 1st edition)

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The **3rd International Roundtable on MfDR in Hanoi** (February 2007) guides practitioners further in the search for an answer to the question: “how to integrate MfDR further into day to day management practices?” The International Roundtable in Hanoi stressed the following central pillars of MfDR practice:

- L**eadership
- E**valuation and Monitoring
- A**ccountability and Partnerships
- P**lanning and Budgeting
- S**tatistics

MfDR practitioners consider these crucial in MfDR practices. These pillars have clear links with the MfDR principles as identified at the 2nd Roundtable and should also still be considered in the context of the whole effectiveness debate (concepts of development effectiveness). The Third Roundtable clearly establishes the link between planning and budgeting. Moreover, the importance of good statistics, accountability and partnerships are emphasized. No doubt that in the whole change process towards managing for development results, leadership is acknowledged as absolutely crucial.

A new Sourcebook (Second Edition) was produced (2007) providing a good opportunity to observe MfDR in action, resulting from the OECD/DAC Regional Mutual Learning Initiatives (MLIs). This Second Edition of the Sourcebook is structured accordingly to address three target audiences: (i) political decision makers and management; (ii) technical and institutional practitioners; and 3) civil society and the private sector.

This structuring was based on the insight that MfDR requires the participation and commitment of all development partners and practitioners: from committed political leadership, to a strong public sector, to an empowered civil society.

Towards the **3rd High Level Forum on Aid Effectiveness in Accra** (September, 2008), a number of crucial additional sources of information were produced in an attempt to answer the key question: “How to accelerate progress on aid effectiveness?”:

A comprehensive evaluation took place of the Implementation of the Paris Declaration.

A Third Edition of the Sourcebook focuses on the nexus between leadership and MfDR, surveying how leadership drives effective organizational change for results.

Considerable progress was made in describing the mechanisms of mutual accountability.

The MfDR Capacity Scan (CAP-scan) was designed and tested. A CAP-scan delivers, through a flexible and proven approach, a clear view of what, why, how, and when a government can address areas for improvement in MfDR (information leaflet CAP-scan). The CAP-scan is based on the abovementioned central pillars of MfDR in practice (LEAPS). The CAPscan is now being conducted in several countries (www.MfDR.org).

These, among many other important contributions, not only provide a clear picture of the level of implementation of previous commitments on aid effectiveness, but also contribute to increased understanding of key components of MfDR (like Leadership and Mutual Accountability) in an attempt to accelerate progress.

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The **Accra Agenda for Action** adopted at the **3rd High Level Forum on Aid Effectiveness (AAA)** concludes that progress in implementing the Paris Declaration is being made, but this was considered not enough. The AAA stresses the need to address three major challenges to accelerate progress on aid effectiveness:

1. Country ownership is key
2. Building more effective and inclusive partnerships
3. Achieving development results-and openly accounting for them- must be at the heart of all we do.

Stock taking on the Monterrey Consensus took place at the **Follow-up International Conference on Financing for Development in Doha** (Nov.-Dec. 2008). The declaration reaffirms the Monterrey Consensus and calls for a United Nations Conference at the highest level to examine the impact of the world financial and economic crisis on development.

As the first sourcebook already mentioned, MfDR is evolving rapidly as its practitioners learn by doing. A quick look at the above milestones provides a rich harvest of concepts, principles, pillars, etc. Although, all these components are closely related to each other, practitioners can easily lose track. At the same time, practitioners are directly trying to achieve this improved performance management in their respective organisations and they are eagerly looking for practical tools and answers to the question: "How to put MfDR into practice?"

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For further reference:

www.accrahlf.net

www.aidharmonization.org

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available at
www.oecd.org/dac/effectiveness/results.

OECD (2009), **Policy Brief on Managing
for Development Results**

ⁱ Outcome is defined as: The likely or achieved short-term and medium-term effects of an intervention's outputs (OECD/DAC, 2002, Glossary of key terms in Evaluation and Results Based Management)

ⁱⁱ like for example the logical framework has been for long in project cycle management

ⁱⁱⁱ Although some practitioners claim that this "software" is the hardest to change!

^{iv} Results are defined as: the output, outcome, or impact (intended or unintended, positive and/or negative) of a development intervention.