

Emerging Practices of Results-Based Country Programming among Aid Agencies

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Executive Summary

Results-based country programming has become a key mechanism through which aid agencies are managing for development results. This involves a shift in emphasis from the project to country strategies and programs. As agencies work to implement this shift, a new set of principles and good practices is emerging. This process is complex and requires a number of institutional changes. This survey provides examples of emerging practices among several major aid donors.

Introduction

The country strategies and programs of development agencies have traditionally been supply driven – that is, they primarily reflected the donor’s priorities and interests. The strategies were not rooted in national priorities, not were they results-focused; they were rarely evaluated, or even evaluable. Coordination with other aid agencies was generally poor. Country ownership of donors’ programs was limited. Duplication of effort was common. Typically, aid was crowded into high-visibility sectors, while other sectors were underserved.

As part of the international commitment to improving the quality and effectiveness of aid, donors have been turning their attention to the role of the country strategy in guiding country programs and projects. In working to improve the country ownership and the results focus of their strategies and programs, a new set of principles and good practices is emerging. This note on results-based programming was developed as part of work on agency performance organized by the DAC-MDB Joint Venture on Managing for Development Results. It reflects discussion among agencies and papers that were presented at a workshop on results-based country programming (London, September 2004).

How Aid Agencies Are Changing: A New Way of Doing Business

The new thinking on aid effectiveness and managing for development results implies major changes in how aid agencies plan, implement, and monitor their work at the country level. Most importantly, the fundamental unit of account is shifting from the project to country programs and strategies.

Country programming instruments vary agency by agency, but typically include: Country Strategy Papers (CSP), Country Assistance Strategies (CAS), Country Assistance Plans (CAP), and a Country Development Programming Framework (CDPF). Although the terminology may differ, *country strategy* and *program* emerge as the central instruments for the delivery of aid.

Changes in country programming involve major changes in how aid agencies work. They must align their aid to national strategies and priorities and make their programs more results-oriented. They need to coordinate more effectively with other aid agencies, exercising greater selectivity in their choice of projects and programs in order to reduce duplication. These changes in country programming should be linked to broader processes of results-based management and resource allocation decisions. Changes in management practices, staffing, and incentives may be required. In short, it is a new way of doing business.

Institutional change among donors does not come easily or quickly. Nevertheless, the newer results-based country strategies offer important benefits, including:

- Increased country ownership
- More effective support to national priorities
- More efficient division of labor among aid agencies
- An improved framework for monitoring and evaluation of agency programs
- Improved accountability to funding sources and government partners
- Improved efficiencies and transparency from harmonized monitoring and evaluation systems
- Improvements in the aggregate effectiveness of aid at the country level.



Emerging Principles for Results-Based Country Programming

The general principles for results-based country strategies are drawn from internationally agreed principles for aid effectiveness, which can be traced to the DAC Agenda for the 21st Century (1996) and the Comprehensive Development Framework (1998). These principles were reaffirmed in the Monterrey Consensus (2002), the DAC Rome High Level Forum (2003), the MfDR principles agreed at Marrakech (2003), and the Paris Declaration (2004). They include:

- Aligning the country strategy to country owned goals, objectives and priorities
- Looking for synergies and complementarities with other donors; focusing on comparative advantage
- Establishing a performance framework that relates agency inputs and outputs to intermediate and long-term development outcomes
- Improving the monitoring and evaluation of country strategies, using government monitoring systems as far as possible
- Strengthening internal accountability for country level results.

Examples of Agency Change: New Forms of Results-Based Country Programming

The African Development Bank (AfDB)

The AfDB's Strategic Plan 2003–07 articulated four key strategic priorities, including greater operational selectivity and maximization of development effectiveness. The new generation of Country Strategy Papers places particular emphasis on *selectivity* in the Bank's interventions in individual countries. Areas of operation have been limited to two or three sectors, based on comparative advantage relative to other development partners, and taking into account the Bank's limited resources, its relative strengths, and overall risks. AfDB has recently rolled out a new template for Results-Based Country Strategy Papers.

Canadian International Development Agency (CIDA): The Country Development Programming Framework

CIDA has introduced a Country Development Programming Framework (CDPF) that is aligned with Poverty Reduction Strategies (PRS) or failing that, with a country's National Development Plan. This framework is results-based and includes a performance measurement framework. It sets out a strategic results model that is linked directly to the Millennium

Development Goals (MDGs) and other international commitments such as the Rio Convention.

The CIDA framework defines a corporate programming orientation (i.e. bilateral programming as well as funding via Canadian partners, international partners and multilateral agencies to the country). This framework is based on analysis of partner plans and priorities, the relative strengths of the agency's programming in this area, its accountability framework, the programming activities of other donors, and global development goals. Results, critical assumptions, risks, and resources are included in this framework. Critical lessons are applied from past programming efforts and interventions.

In the Performance Measurement Framework (PMF) of the CDPF, the desired results are set out as medium-term and long-term outcomes; the expectations are enunciated in the first step of the PMF, which is the Strategic Results Framework (SRF). The program-level results are linked to the partner country's priorities. The planned project-level results which support the CIDA program are then linked to country program-level results and to longer-term developmental outcomes.

In line with this shift from the project to the program level, a narrative performance report is required annually from each project or investment and also from each country (or regional) program. Step two of the PMF is the Results Assessment Framework I (RAF I), which incorporates the data requirements for reporting, including the baseline at the beginning of the CDPF period, indicative targets for the program, indicators, data sources and their frequency, and indicates who is responsible for gathering this data. The final step is the report based on RAF II, thereby assessing progress against the program results.

To put the above in its context, it should be noted that the program-level reporting provides evidence for performance reporting at the corporate level, for the annual Departmental Performance Report. CIDA's 2002 corporate Results-Based Management and Accountability Framework (RMAF) sets out a strategic results model that is linked directly to the Millennium Development Goals and other international commitments. The Key Agency Results (KARs) have been developed on three levels – development results that are based on the MDGs, enabling results, and management results. In concept and practice, all are inter-linked: efficient management supports enabling programming, which in turn contributes to development impact for the target group.



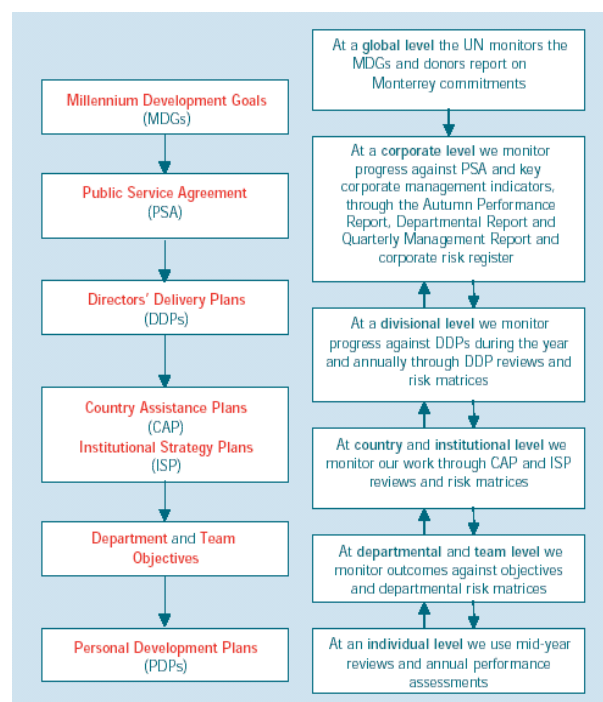
The UK Department for International Development (DFID): Linking individual and organizational performance to country strategies and Millennium Development Goals

In 2001, DFID changed its country strategy guidance, and the new strategies were renamed Country Assistance Plans (CAPs). This reflects the focus on the operational level, results-based management, and the link to national poverty strategies through strategic plans for three to five years. The principles behind the new CAPs are that they should be results oriented; they should fit into the organizational performance management system; they should be aligned to national strategies and policies; and they should minimize transaction costs for DFID, its partner governments, and other stakeholders. The CAPs have an annual implementation plan within a clear performance management framework.

DFID undertook an internal review of its CAPs in 2003, during which it became apparent that there were tensions in some elements of the process. Key issues were the need to clarify the role of the CAP as a partnership or a management tool; how to reconcile internal processes with country ownership; how to reduce the transactions costs of country planning and monitoring; and the scope for developing joint donor country strategies. Revised guidance is currently addressing these issues.

The CAPs are an integral part of DFID's overall performance framework. At the top of this framework, DFID's corporate objectives are informed by the Millennium Development Goals. These are translated into Public Service Agreement (PSA) targets – that is, measurable rolling targets with specified contributions toward the Millennium Development Goals for each government spending period. The performance framework is mapped to DFID's internal organizational structure. Each target is "owned" by one of the eight Directors. That Director is individually responsible for delivery through a Director's Delivery Plan, which sets out how targets are to be met using the resources that the Secretary of State and the Management Board allocates to that Director. The Director's Delivery Plan is operationalized through Country Assistance Plans, Institutional Strategies, and Department plans. These are linked to the annual objectives of individual staff, as shown schematically in the accompanying figure.

The Management Framework Linking DFID's Performance to the Millennium Development Goals



The Netherlands: the MASP

Since 1996 the Netherlands has delegated the implementation of its foreign policy and development cooperation to the embassies in its partner countries. Embassies receive their mandate through an annual plan that is to be approved at headquarters. However, it was felt that the annual plans had an inadequate relationship with the strategic framework at headquarters – their horizons were too short-term and they lacked management information for steering purposes and political use.

In 2004, the Netherlands therefore introduced the MASP, a multi-annual strategic plan for the period 2005–2008. The MASP was first introduced for the embassies in the 36 partner countries. Experience with the introduction of the MASP showed that this instrument was less suitable for smaller non-ODA embassies. In 2005 it was therefore decided to introduce this instrument in only 10-15 larger non-ODA embassies.



The MASP follows an eight-step approach in which an effort is made to link the main development trends and priorities of the partner country and the policy priorities of Dutch Development Cooperation. It includes an analysis of the main stakeholders (both national and international) in the national development process and a SWOT analysis with respect to possible Dutch interventions and contributions. The strategic nature of the planning process is characterized by the focus on improving conditions for and/or lifting bottlenecks for the accelerated achievement of development goals, and a thorough analysis of the added value of the embassy. The strategic objectives of the MASP are aligned with the national Poverty Reduction Strategies.

The final product of this approach is a MASP for a period of four years with clear intervention strategies, strategic goals and results, and a corresponding results-oriented monitoring and evaluation framework. The annual plans in the same period are formulated within the multi-annual framework established by the MASP and follow its strategic goals and results. Major adjustments can be made only when significant changes in the external conditions occur.

United Nations Development Programming: Mainstreaming a Results Orientation

The UNDP introduced results-based principles into its ongoing programs as part of a strategic planning exercise in 2000. This involved a hierarchy of results that were tracked and reported upon in annual reports. Today, more than 60 country programs are results-based.

The first Multi-Year Funding Framework (MYFF), for 2000–2003, was approved in September 1999. It set the stage for the introduction of results-based principles into UNDP's ongoing programs at more than 160 country and regional locations. Country and regional programs were launched with strategic planning exercises encapsulated by a Strategic Results Framework. This strategic planning function expresses development objectives in terms of intended outcomes, which are supported by various outputs. Country offices and regional programs produce Results-Oriented Annual Reports (ROARs) to assess these strategic plans by benchmarking outcomes against performance. Since

2000, these reports have gradually fed into corporate learning, influencing policy direction and helping to guide management decisions.

In 2001, UNDP program modalities at the country and regional levels were revised. The results logic is interpreted through a “hierarchy of results,” which has been fully internalized into the program cycle. In 2002, similar reforms were instituted for UN country programming, paving the way for more results-oriented operations at the country level. Today, over 60 results-based UNDP country programs are prepared jointly with national counterparts. This approach has been applied and extended down to the project-document level.

The deepening of results-orientation in UNDP has continued under the second Multi-Year Funding Framework (MYFF) for 2004–07.

This new framework promises greater integration with the way UNDP manages for development results. To this end, the second MYFF has two purposes.

First, it is designed to serve as UNDP's main policy document defining directions and strategies. It expresses the focus of the organization; it allows country demand and corporate priorities to converge; and it serves as the main vehicle for interaction with external partners.

Second, the MYFF is a guide to how UNDP seeks to manage for development results during 2004–07. It does so by providing conceptual underpinnings. It enables UNDP to adopt and learn from the latest thinking in the results community and to contribute to the evolving process – for example, the notion of *intermediary outcome*, which reflects new ideas on how to assess organizational effectiveness. It elaborates not just on intermediary outcomes congruent with UNDP's strengths, but on those that are likely to make critical contributions to development effectiveness. Lastly, it introduces the concept of *drivers of development effectiveness*, which enables UNDP to operationalize key crosscutting values such as capacity development and to promote gender equality in all the thematic work of the organization.



The World Bank Results-Based CAS: Thematic Results Matrix

The World Bank piloted results-based Country Assistance Strategies in 2003, with results from this experience presented to its executive board in 2005. Of particular interest is the development of a conceptual framework for linking Bank inputs and outputs to country intermediate and long-term outcomes and the new processes and instruments for monitoring and evaluating the CAS (World Bank Assessment of the Results-Based CASs, 2005). The thematic results matrix adopted by the World Bank is shown below.

Longer-term strategic goals	Shorter-term CAS outcomes			Bank priorities and performance		
Millennium Development Goals and "MDGs Plus"	Sector-related issues	CAS outcomes that the World Bank expects to influence through its interventions	Intermediate indicators to achieve expected CAS outcomes	Strategies and actions to achieve expected intermediate indicators and outcomes	Bank and partner interventions in the sector	Process and implementation measures of World Bank performance

Long-term strategic goals. Column 1 addresses the question, "What are the strategic long-term goals, such as MDGs or national goals that the country identifies as a priority?" Not all MDGs need to be included here, only those to which the Country Assistance Strategy outcome will contribute in that sector (or multiple sectors). The current baseline, the national target, and the associated time frame are thus captured. (For example, "Increased literacy rate from 60 to 70 percent for those over 15 years of age in the northeast of the country by 2010; increase national literacy level to 75 percent.")

Sector-related issues. Column 2 answers the question, "What are the issues in achieving the selected MDG or other country development results?" This category describes critical issues that must be addressed to achieve country results, including specific risks to longer-term development results. (For example, "Increasing literacy levels requires improvements in the quality of the educational system, especially in terms of student learning outcomes, as well as targeted programs for adult education.")

CAS outcome that the World Bank expects to influence through its interventions. Column 3 answers the question, "What outcome should the World Bank's interventions influence directly?" This is the objective during the CAS period upon which the sector's program will focus. It includes country-level outcome indicators for measuring against the outcome objective. It should relate to key sector-related issues, without having to address all issues. (For example, "The World Bank's interventions are designed to improve the learning outcomes of primary and lower-secondary students in the northeast region of the coun-

try from 54 to 75 percent in grade 5 and from 33 to 55 percent in grade 10 from 2003 to 2008.")

Intermediate indicators to achieve expected CAS outcomes. Column 4 answers the question, "Which intermediate indicators track progress?" This column summarizes select country indicators that can be used yearly to track progress toward the CAS outcome, with baselines and targets specified. (For example, "(i) A reduction in dropout rates for primary and lower-secondary students in the northeast from 20 to 15 percent by 2005, (ii) 15,000 nonqualified teachers upgraded through certification by 2004, (iii) Increase in the percentage of the national budget for education from 3.5 to 4.1 percent of GDP from 2003 to 2006, and (iv) 50 percent of community-based school funds operational in the northeast region for purchase of learning and other classroom materials by 2005.")

Strategies and actions in achieving expected intermediate indicators and outcomes. Column 5 answers the question, "How will this be achieved?" It selectively summarizes the government actions needed to achieve the specific strategy objective. Are they supported by the World Bank's program in conjunction with partners? (For example, "To improve the learning outcomes and reach intermediate indicators, the World Bank interventions will focus on key strategies and actions, including better deployment of teacher training and management, technical assistance to the Department of Education, and increased parental involvement in the system.")

World Bank and partner interventions to achieve CAS outcomes. Column 6 answers the question, "What World Bank and partner interventions are needed to assist the government in achieving the CAS outcome and intermediate goals?" This cell in the ma-



trix shows the World Bank's ongoing and planned lending as well as its advisory and knowledge services that will achieve the desired outcome with partners' support. (For example, "The World Bank supports a targeted education sector project and a public sector reform adjustment operation. A learning and innovation loan for out-of-school youth is planned to enter the portfolio in 2006. An educational policy note will be undertaken in 2007. Partners are actively supporting education projects in basic education and facilities.")

Process and implementation measures of the World Bank's performance. The final column answers the question, "What performance is expected of the World Bank in its portfolio management and support to government?" Performance is measured across several dimensions that are specific to the sector or theme – in particular, against previous World Bank performance in the sector as well as expected targets for major lending or analytical and advisory activities. (For example, "Past implementation progress of education projects has been slow. Thus, keeping the IP rating at a satisfactory level is one of the World Bank's measures. Timely implementation of components in the education sector projects will also be tracked. Planned interventions will be assessed at CAS midterm. The Bank will increase its collaboration with other donors and prepare an educational policy note by CAS midterm.")

Joint donor country programming. In a number of countries, donors are getting together to produce joint country strategies. For example, in Uganda, the World Bank and DFID are developing a Joint Assistance Strategy (JAS) for the next five years in response to Uganda's newly revised Poverty Eradication Action Plan. The JAS has three strategic elements: a response to Uganda's own poverty reduction strategy; a response focused on results; and a response that is harmonized, taking into account the JAS partners' comparative advantage. The process has and continues to be a challenge, as it is coordinating different approaches and view points. A number of lessons are already emerging, e.g. the importance of the lead partner being based in the country, and the need for all involved to be clear early on about how they will apply the joint strategy. Despite the ongoing challenges, the partners remain committed due to the innovative nature of this exercise and its important contribution to the harmonization agenda. In Tanzania, the government is leading an exercise that is intended to produce a common country strategy for all donors.

Key Challenges

While there is strong support among aid agencies for the principles of results-based country programming, the scale of necessary internal change is vast, and the pace of change has been slow. There are many technical, political, and institutional challenges:

Constructing a results framework is not easy. It is difficult to establish indicators that will link inputs to ultimate impacts across the results chain, especially when outputs may be intangible or when an aid program is not large enough to produce identifiable impacts. There is limited understanding among aid agency staff of causal linkages and constraints that operate at the country rather than project level. Problems of attributing and aggregating results are complex and remain largely unresolved. The results frameworks can easily become overly complex with excessive numbers of indicators. Despite adherence to the notion of using a results framework as a "living management tool," it is difficult to keep the framework sufficiently lightweight.

It may be difficult to develop a results framework in the absence of a viable Poverty Reduction Strategy, good country data, and monitoring systems. Capacity building at the country level takes time. Meanwhile, it is not always clear what system to use.

Countries may not be entirely committed to a results-based approach. They may be suspicious about an agency's use of results information, especially in performance-based allocation systems. They may fear that poor results will diminish the flow of aid.

There is a risk that each individual donor's emphasis on monitoring its own country strategy or program will lead to an overall proliferation of monitoring activity at country level. This would raise transaction costs for partner governments and undermine harmonization efforts.

For aid agencies, too, results-based approaches and new ways of working can translate to high transaction costs. Specialized technical knowledge and in-house training may be required. Greater selectivity in program focus may make some staff redundant. The results focus may conflict with the incentive to lend.

It may be difficult to find the balance between corporate and country priorities in cases where aid agencies' mandates and political priorities do not coincide with those of a particular country. Aid agencies may attach higher priority to HIV/AIDS, for example; or a middle-income country may feel that poverty reduction and the Millennium Development Goals are not the key priorities.



Aid agencies' flexible response to country priorities may lead to a loss of consistency at the corporate level. The shift to a longer-term focus may conflict with accountability pressures for short-term results. Different corporate cultures may mean that agencies respond differently when results are not achieved as expected. There is a need to manage expectations regarding what can be achieved (and demonstrated) from the introduction of results-based approaches.

Aid agencies have widely different accountabilities and pressures (from their domestic constituencies, parliaments, senior management, executive boards, and governing bodies). Are they really prepared to "lower the flag," suspend their individual procedures in favor of joint strategies, decrease the number of individual voices at the table, and become silent partners represented by other donors? There are a few good examples in these areas, but still only a few.

Conclusions

Despite the complexity and difficulties of such changes, aid agencies are increasingly aligning their country strategies with national poverty reduction strategies. At the same time, they are developing results frameworks to show how their new strategies are contributing to national long-term development results. They are also identifying those intermediate outcomes for which they are accountable, increasingly linking them to national M&E systems.

Part 4. Examples of MfDR in Development Agencies

The donor agencies are also adapting their internal management systems to promote the results focus of their country programs. They do so by devolving more responsibility to their country teams, lengthening the planning cycle, encouraging cross-sectoral synergies and teamwork, providing training on results measurement, and realigning internal staff incentives toward country-level results.

Interagency dialogue and coordination is also improving. New principles of selectivity are being introduced, based on matrices that record each donor's activity in a particular country. With this information in view at the outset, comparative advantage can be identified and trade-offs discussed.

However, these are complex processes involving wide-ranging changes in institutional practices and incentives. It takes time for these processes to bed down and become fully institutionalized. There are also a number of political challenges, in terms of how to reconcile conflicting accountabilities and suspend individual agency identities in favor of a more collective approach.

For more information

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