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Introduction

Progress Has Been Dramatic

At the High-Level Forum on Aid Effectiveness (held in Paris in March 2005), partner countries, multilateral and bilateral donors endorsed the Paris Declaration, committing countries and donor agencies to aid effectiveness, including strengthening how they manage for development results. Specifically, they adopted a set of actions (such as stronger leadership and improved statistical capacity) that have helped them to better manage the implementation of aid programs, focusing on the desired results and uses of information to improve decision-making -- most importantly, focusing on the actual outcome and impact of programs, not the inputs used or physical outputs produced. Results management that is focused at the outcome level implies that policymakers and practitioners in partner countries and donors need to evaluate, for example, whether improvements are taking place in the quality of learning in schools and drop-out rates are declining, not only the how many classrooms are built or the volume of textbooks distributed. They need to assess if roads lead to employment and markets through economic regeneration, not just how many kilometers of highways were paved in a given project; and they need to be able to adapt their policies and programs when evidence suggests that results are not being achieved.

The Sourcebook's First Edition, which was issued in March 2006 as a product of the OECD-DAC Joint Venture on Managing for Results, provided emerging cases of this approach. The First Edition was structured around a set of core principles that were

adopted at the Second Roundtable on Managing for Development Results (held in Marrakech, Morocco, February 2004). Some twenty cases illustrated how countries and donor agencies were managing for results. Cases were organized in three groups: national level, sector level, and specific project/program level.

Moving From the First to the Second Edition Sourcebook: Three Target Audiences

Managing for Development Results (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. This Second Edition of the Sourcebook is therefore structured to address three target audiences: 1) political decision-makers and management, 2) technical and institutional practitioners, and 3) civil society and the private sector.

The new Sourcebook allows readers to observe MfDR in action. It presents 14 new cases that were selected from OECD/DAC Regional Mutual Learning Initiatives (MLIs) – regional workshops where countries discussed their experiences with managing for development results, as well as other sources. Each case is considered to be an outstanding or innovative case of MfDR in practice. Not all cases present complete pieces of work – in fact, the emphasis is on showing effective and successful processes. The cases show that all three constituencies need to be fully engaged if MfDR is to evolve from words and protocols to concrete actions and from blueprint plans to implementation reality.

Each case is divided into five sections, allowing readers to access areas of specific interest and to compare approaches across cases. The five sections are: i) Introduction - establishing the context, i.e., why was it decided to use an MfDR approach? Where did the impetus come from? ii) Application - What does MfDR look like in action? How are policy objectives translated into a results

framework? Once you have buy-in, how do you move forward? iii) Problem solving - issues of note that arose during implementation, and mitigation strategies iv) Results - What did using an MfDR approach achieve? Can the process be replicated? What tools can readers use to implement a similar MfDR framework in their countries? v) Conclusion - Where will the project/program go from here?

Development of the Second Edition of the Sourcebook

The OECD/DAC Joint Venture on Managing for Development Results is a platform for sharing emerging good practices of donors and partner countries and for promoting the mutual learning in the area of MfDR. In the past year, the Joint Venture included in its work program the MfDR Mutual Learning Initiatives (MLIs). The MLIs were a series of four regional workshop organized in Singapore, Burkina Faso, Uganda, and Uruguay to collect and disseminate practical lessons of country experience with MfDR. During 2006, these MLIs brought together officials from over 40 partner countries that have been applying the concepts and principles of MfDR in their development planning and implementation systems.

The majority of the cases in the Sourcebook's Second Edition are developed from presentations at the MLIs. Each MLI nominated several cases for consideration. Subsequently, some 25 cases were reviewed by the Sourcebook Review Panel (comprised of representatives of partner countries, donors, civil society, and the private sector). All cases that were accepted into the Sourcebook were posted on the MfDR website; cases that were not accepted are also being posted in the website in a separate section (www.mfdr.org/Sourcebook), and will be considered for possible inclusion in later print editions of the Sourcebook.

Effective MfDR needs to involve actors beyond the narrowly defined public sector agencies – those in civil society, the private

sector, academic institutes, and training institutions. Many of these actors are located in countries and in regional agencies and this is where the new Sourcebook seeks to advance the knowledge of current practice. In addition to cases that stemmed from the MLI programs, cases were sought from a variety of organizations that use MfDR in their development work. These cases help to broaden the scope of the discussion by adding important insights into how the private sector manages for results and how civil society views the emerging issues. This broader approach demonstrates the importance of information sharing among a variety of groups and organizations, and highlights the lessons learned from implementing MfDR that transcends the usual institutional actors.

Criteria for Case Selection

The Review Panel used the following criteria for inclusion in the print edition of the Second Edition Sourcebook:

- **Strength and content:** Is this a good example of MfDR? Does it contribute to current knowledge? Does it introduce new ideas and demonstrate any new approaches?
- **Credibility and prospects:** Are there realistic prospects for further implementation of the results framework (at the national, sectoral, or program/project level)? Is there evidence that the approach is replicable elsewhere?
- **Layering:** Does the case build on or complement cases presented in the First Edition of the Sourcebook? Does it offer regional or contextual variety?
- **Format and target audience:** Does it respond to the needs of one of the target audiences?
- **Problem-solving:** Does the case show good evidence of identifying problems and presenting solutions?

What is Managing for Development Results?

Managing for Development Results (MfDR) is a management strategy that focuses on using information on results to improve decision-making. MfDR involves using practical tools for strategic planning, risk management, progress monitoring, and outcome evaluation.

Today's results agenda has its roots in the Millennium Development Goals. When the international community agreed to focus on addressing seven specific aspects of poverty, the inevitable question arose: How will we know we have succeeded?

We are now half way to the deadline set for achieving the Millennium Development Goals. Are we making progress? Are countries and donors getting results? Can foreign aid deliver? Are governments responding to their citizens' priorities and demonstrating how they are spending their tax dollars? The need for greater effectiveness and accountability in managing for development results is changing the way partner countries and development agencies work together. Citizens in both donor and partner countries are demanding better performance of development interventions.

The concept of MfDR draws on the theories of development change and change management. At its core are notions of:

Goal-oriented: setting clear goals and results provides targets for change, and opportunities to assess whether change has occurred.

Causality (or "results chain"): various inputs and activities leading logically to outputs, outcomes, and impact.

Continuous improvement: periodically measuring results provides the basis for adjustment (tactical and strategic shift) to keep programs on track and maximize their outcomes.

Source: Monitoring & Evaluation Theme Paper: Third International Roundtable on MfDR, Vietnam, 2007.

MfDR can be viewed through three main lenses: 1) the country/macro level; 2) the specific sector or project/program (micro) level; and 3) as a management challenge at the organizational level.

- Country-level results management requires sound planning systems, strategic assistance plans and effective budgeting that reinforces the execution of agreed plans. Managing for Development Results at the project/program level starts with a shift at the concept phase. Rather than focusing on amounts of inputs, project or program managers start by thinking about the ultimate goals and objectives of the development project/program, and identify the means that will take them there. Focusing and reporting on just inputs and outputs (as is still used in many places) is a limiting approach. Thus, practitioners need to establish baselines (quantitative descriptions of the status quo), articulate clear objectives (why undertake the project/program? what does it hope to achieve?), and spell out monitorable indicators (practical ways to measure progress and performance). The project/program is then managed within a structure that is flexible enough to allow for changes and adjustments as the project/program evolves.
- At the overall management organizational level, the MfDR approach represents a fundamental shift at the policy level, especially in the nature of thinking, acting, and managing within the public sector about what needs to be done to gain the benefits. This in turn has implications for many other aspects of management, for example, on existing accountability and reward mechanisms, as well as the manner in which government relates to its citizens. The macro components of MfDR involve strong leadership by a country's political leadership and senior management that act as a catalyst for culture change. They create incentives that leads to a change in organizational and cultural behavior.

Managing for Development Results also looks at issues concerning information supply and demand. For instance, how much statistical information/data does a country, organization, or project have available? Are decision-makers using information on the project for decision-making? Is the information from the project /program/department/ fed back into decision about project /programs/departments? Is there an interest in the information? How is it being used?

Key MfDR Terms

Additional information on key MfDR concepts and principles is provided in the first chapter of the Sourcebook's First Edition. To arrive at a common understanding, the following are definitions of the key terms that are used in the discussion of MfDR and are found throughout the cases. Some terms have similar meanings, while others represent shades of difference or nuance. For example: Managing for Development Results, Results-Based Management, outcome-oriented measurement, and development impact measurement -- to some practitioners these four terms are synonyms, but to others they represent a difference in approach.

- **Inputs:** The financial, human, and material resources used for the development intervention (the number and dollars volume of loans, the number of staff working in a ministry on a particular program or project, the number of textbooks delivered to schools).
- **Outputs:** the physical outputs produced by the development intervention (the kilometers of all- weather paved roads built, the number of power plants constructed, the number of health clinics built and quantities of medicines distributed).
- **Effects:** Intended or unintended change due directly or indirectly to the development intervention, (did extending micro-credit to start-up entrepreneurs lead to growth of firms over the short term, and also over the long term?).

- **Outcomes:** The likely or achieved short-term and medium-term effects of an intervention's outputs, (is the person's quality of life improved? Is there a reduction in poverty as a result of the intervention, is there a reduction in carbon emissions?).
- **Development impact:** The broader outcome of the program over a longer term. Are people's lives improved? Is public health improved as a result of the intervention (e.g. the availability of drugs to combat HIV/AIDS; is asthma in a country (or in a particular region/city) reduced as result of the reduction in carbon emissions?).
- **Logical framework:** Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions or risks that may influence success and failure. It thus facilitates planning, execution and evaluation of a development intervention.
- **Results:** The outcomes and impact of actively managing for results over a wide range of development interventions.
- **Results chain:** an intervention that stipulates the necessary sequence to achieve desired objectives beginning with inputs, moving through activities and outputs, and culminating in outcomes, impacts, and regular feedback to the responsible officials and civil society stakeholders.
- **Results framework:** The program logic that explains how the development objective is to be achieved, including causal relationships and underlying assumptions.
- **Results-Based Management:** A management strategy focusing on performance achievements by use of key performance indicators and design/implementation of effective monitoring and evaluation systems.

MfDR in Action

The gains made in recent years in managing for results more effectively show that the process is diverse, adaptive, creative, and inclusive. MfDR as an approach to development management is evolving rapidly, as practitioners learn by doing. MfDR comprises both what countries are doing to manage toward outcomes, and what development agencies are doing to measure and monitor whether the resources that they allocate to poverty reduction and economic growth are making a difference. At the recipient country level, public sector institutions (ministries, line agencies, etc) and development agencies are using MfDR strategies to plan and measure the effectiveness of their organizations.

The theories of development change and management change reinforce each other in this process. Development practitioners are applying MfDR at many levels and in many contexts: for example, managers and staff in national public sector ministries, international development institutions, and bilateral donors are all experimenting with various approaches, while adding to both conceptual and practical knowledge about MfDR. Development agency and public sector managers are the generators of knowledge about the implications of MfDR and its practical application within their areas of work. These experiences are documented in the Sourcebook examples.

Experience with the first edition Sourcebook shows that it is useful to look at emerging practices built around five themes: Leadership and Accountability; Evaluation and Monitoring; Mutual Accountability and Partnerships; Planning and Budgeting; and Statistics. These themes constitute the core elements of building country capacity to manage for results.

- **Leadership:** The China, Vietnam, Mozambique, and Lima Alerta Miraflores Peru cases demonstrate where effective leadership has been shown to have made the key difference.

- **Evaluation and Monitoring:** The Malaysia, Haiti, and Benin cases show the need to strengthen the linkages between the Poverty Reduction Strategy (PRS) papers, budget formulation/implementation, and results assessment systems.
- **Mutual Accountability:** The Mozambique, Mongolia, Chile, and Indonesia tsunami cases show that to achieve effective public sector improvement, it is necessary to develop group accountability and not just individual accountability, by providing incentives to reward efficiency and subjecting systems to external scrutiny. It is also important to strengthen the dialogue with civil society.
- **Planning and Budgeting:** The China, Vietnam, Malaysia, and Benin cases show how important it is to have budgeting systems that reinforce the national and subnational planning systems and that guide resources to where the greatest needs are.
- **Statistics:** The Ecuador, Burkina Faso, and Rwanda cases show the urgent need to strengthen country capacity to improve data in all central agencies (Ministries of Finance, National Planning Commissions) on performance and outcomes ‘across the board.’ One cannot assess results if one cannot measure them -- this holds true in all cases.

Promoting Country to Country Learning & Sharing Best Practice

One of the main takeaways from the Third International Roundtable on Managing for Development Results, was the tremendous thirst of sharing best practice and common experiences. Countries, organizations, development partners, are learning MfDR techniques and best practice as they go. The ability to provide a sense of difference experiences while implementing MfDR is found to be extremely valuable. These cases offer examples of development projects and programs that are implementing MfDR tools and techniques. They do not represent a

how – to guide, but rather help to bring awareness to the broad reach and applicability of managing for development results. Additional background materials for each case can be found on the Sourcebook website: [www. mfdr.com/Sourcebook/html](http://www.mfdr.com/Sourcebook/html).

*"A strategy without metrics is just a wish,
and metrics that are not aligned with strategy
are a waste of time."*

- Emory Powell, Texas Instruments