

Introduction to Results-Based Management

RBM in UNDP: Overview and General Principles

I. Introduction

In early 1998, a decision was taken by the UNDP Administrator to develop a framework for the measurement and assessment of programme results. The Evaluation Office (EO) was assigned the lead responsibility to work on the design of such a framework. This step initiated the introduction of results-based management (RBM) in UNDP. As the discussion on future funding with the Executive Board matured into the first Multi-Year Funding Framework (MYFF), EO became part of an exceptionally unified management effort coordinated by the Bureau of Management to oversee the application of RBM in UNDP. Since 2000 the responsibility of coordinating the RBM process in the organization has been assigned to the Operations Support Group.

This paper outlines the context, the methodology and the key features of the RBM system introduced in UNDP. It describes the strategic choices made by UNDP in designing its RBM system, and presents some of the emerging implications that these choices may have for UNDP and its partners.

The notion of results and “managing for results” is not new to UNDP. For many years, the organization has been working to get things done and produce results, but its emphasis was mostly on managing inputs and activities. And, importantly, it has not always been able to demonstrate these results effectively to the full satisfaction of donors and stakeholders. The RBM system being put in place responds to this concern by setting out clear programme and management goals for the organisation and establishing indicators to monitor and assess progress in meeting them.

More generally, by introducing results-based management, UNDP tries to answer more fully the basic questions surrounding aid institutions and their effectiveness. Whether these institutions are domestic or international, the concerns of taxpayers are straightforward: they want to know what use their resources are being put to and what difference these resources are

making to the lives of people—difficult but necessary questions that require appropriate responses from the aid community.

UNDP saw the RBM exercise as a further opportunity to deepen an internal process of management reform begun in 1997 with the UNDP 2001 change initiative and crystallized with the Administrator’s Business Plans 2000-2003 “The Way Forward”. At a time of rapid global changes, the organization recognized that it had to adapt because of the new and increased demands being placed on the UN, particularly UNDP. In the new environment, UNDP becomes less an institution transferring resources and more a focused development agency. This focus prompts the organization to act proactively and not reactively. And, it stresses not only the volume of assistance but more importantly the results attained.

FROM		TO
Entitlements	⇒	Results
Control	⇒	Delegation
Inputs	⇒	Outputs/Outcomes
<i>Ex ante</i>	⇒	<i>Ex post</i>
Bureaucratic	⇒	Speed
Risk averse	⇒	Opportunity driven
Introvert	⇒	Partnerships

The challenge for UNDP was to fashion an approach to RBM that stressed results and greater focus, without sacrificing the organization’s commitment to decentralization and responsiveness to country needs and priorities.

II. Setting Goals

Traditionally, UNDP’s mandate and range of activities have been broad. Partly as a consequence of the system in place since the 1970s and the nature of the organisation at that time, UNDP was seen essentially as a broad funding agency focusing on institution building with no real substantive position on development issues. The endorsement by the Executive Board in 1994/1995 of sustainable

human development (SHD) as the central priority of the organisation has now set the stage for sharpening the specific areas where UNDP can take a lead globally.

From the beginning of the RBM exercise, it was decided that an important benefit would be in trying to address the question of what the organisation does best or where its strength potentially lies in the areas of its work. It was felt that RBM should help in identifying the organization’s flagship activities and priority outcomes. This focus carries as an implication an equally important emphasis on clarifying the role of partners both within and outside the UN system.

To bring added definition to the intended results of UNDP’s diverse activities and to concentrate UNDP’s efforts around the organization’s mandate and comparative advantage, Strategic Results Frameworks (SRFs) prepared at the corporate level define an overarching goal for the organization and for each category: (a) a clear goal, normally building on global conferences supported by the UN and inter-agency agreements (such as the UN Administrative Committee on Coordination); (b) sub-goals emphasizing UNDP’s distinctive contributions; and, for each sub-goal, (c) strategic areas of support reflecting UNDP’s areas of comparative advantage and programmatic emphasis. Country offices and other operating units, working within this framework, identify the particular outputs and outcomes they expect to achieve, set specific targets, and subsequently report on accomplishments compared to these intended results.

It was decided to develop SRFs corresponding to UNDP’s goals in the following six areas:

Programme Categories	Non Programme Categories
<ul style="list-style-type: none"> ▪ The Enabling Environment for Sustainable Human Development (Governance) ▪ Poverty Reduction ▪ Environment ▪ Gender ▪ Special Development Situations 	<ul style="list-style-type: none"> ▪ UNDP Support to the United Nations

At the highest level was an overarching goal that represents the unifying purpose of UNDP’s work:

To contribute to the eradication of extreme poverty and the substantial reduction of overall poverty (WSSD Commitment 2), UNDP will focus on: sustainable human development with particular emphasis on the reduction of human poverty.

Since the introduction of the SRF, however, UNDP has clarified and focused its work further through the introduction of six practice areas (democratic governance, poverty reduction, energy and environment, HIV/AIDS, crisis prevention and recovery, and information and communications technology). The next corporate SRF (2004-2007) will thus be aligned to the practice areas.

III. Measuring Progress

Goals have to be set before we can judge or measure progress. Most evaluations typically highlight that projects and programmes do not have clear, measureable objectives and that without benchmarks and indicators it is difficult to measure progress. This is even more difficult to do at the organizational level. The SRFs set out a concrete basis for judging performance in relation to specific country and organizational objectives. Different types of indicators were built in the SRF to track progress in meeting goals at both the country and the organisational levels.

Given the strong current emphasis on the use of indicators, it may be useful to reiterate that ‘indicators fundamentally indicate, they do not explain’. And as such, the value of good judgement and analysis remains. There is also often a temptation to transform the measurement of change itself into a major and burdensome task. Indicators and their role have to be rooted in the real world. Being relevant and strategic becomes critical.

Within the SRF exercise, it was decided early on that outcomes and outcome indicators would not be prescribed centrally; rather they are to be derived from country realities.

IV. The System

The **key components** of the results system include both planning and reporting instruments:

- Planning instruments: **the Multi-Year Funding Framework (MYFF)—including the Strategic Results Framework (SRF) and the Integrated Results Framework (IRF)—and the Evaluation Plan**

The SRF is designed to be the primary planning instrument to capture UNDP's major areas of intervention and the broad development outcomes to which the organization is contributing at the country, regional and global level. It is an integral component of the MYFF, UNDP's funding compact with the Executive Board.

The MYFF represents a milestone for UNDP, as for the first time in the organization's history, the funding strategy is based on the identification of clear results and the establishment of an integrated resource framework (IRF) that incorporates and presents in a transparent manner all financial allocations covering programmes, programme support and administrative operations. Previously, parallel resource allocations procedures existed for administrative and programme resources.

The MYFF is based on the premise that public institutions can no longer lay a claim on public resources on the basis of mandates alone, rather they have to outline specific programmes and services and fundamentally demonstrate impact.

In addition, there is an evaluation plan. All operating units and offices prepare a mandatory evaluation plan within the first quarter of each Country Programme cycle, as a key element for performance assessment of offices. Subsequently, the plan can be kept up to date continuously, annually or periodically depending on local needs—in [essence, a 'rolling' plan](#).

The Evaluation Plan is based on strategic and selective decisions by country offices—and, in particular, senior CO management, about what to evaluate and when. Offices will then use the

evaluation plan to ensure that evaluation activities are on track.

- Reporting instruments: **A Results-Oriented Annual Report (ROAR) and a Multi-Year Funding Framework Report (MYFFR)**

The ROAR is the principal instrument for reporting on a yearly basis at both the country and the corporate level on the entire range of UNDP activities. At the corporate level, it provides the Executive Board on an annual basis with a comprehensive assessment of performance in relation to key results (outcomes) achieved and a review of the use of resources at the organizational level.

The MYFFR is a more in-depth assessment of performance relating to the outcomes and outputs identified in the MYFF. It is produced every four years.

V. Strategic Choices

1. **Learning from Others and Learning by Doing**

There are some benefits to starting late. UNDP found other agencies to be generous in sharing their experience – good as well as bad. To build on existing experience, the UNDP Evaluation Office and the Swedish International Development Cooperation Agency (Sida) produced in 1997 a joint review of performance measurement systems of selected public sector and aid agencies that served as an initial building block for the introduction of RBM within UNDP. And in October of 1998, UNDP, Sida and the OECD Development Assistance Committee (Aid Evaluation Working Group) organized a workshop in New York to review experience of bilateral and multilateral agencies in introducing RBM principles and practices.

These consultations and exchanges of experience resulted in several **key lessons**, which guided the implementation of the UNDP's RBM system (see box 1). Each of these lessons was consciously reflected in the system, often with profound implications.

Early on it was also decided that the process in order to be effective had to be internally driven. In house staff knew UNDP best, its strengths and its weaknesses. External consultants were used for quality assurance purposes.

It was felt important not to aim for a perfect system and to let the realities of country experience drive and shape the system. Accordingly, the system was piloted in 10 countries reflecting a broad typology of country situations. Based on the experience gained, the SRFs and their content were substantially modified to make SRFs work as a strategic management tool and not become an onerous, additional reporting task. The pilot experience was documented and the lessons learnt influenced the design of a training package. One region (Arab States) was selected to test the training package with a workshop that brought together international and national staff from 18 country offices. Similar workshops were subsequently conducted in the other regions covered by UNDP, capturing a wide audience of country offices' staff.

2. Broad Consultation and Ownership

The main concern during the introduction of the RBM concept and the development of a Strategic Results Framework was to ensure the

relevance and usefulness of the system to practitioners and to secure their support. As a result, there was a conscious decision to make the process **as interactive and consultative** as possible. The intention was to produce a system that was not only responsive to the interests of external stakeholders, but also directly reflective of UNDP's distinctive organisational culture and management needs. Building a broad-based sense of ownership within UNDP for the reform effort was seen as essential for the durability of the system.

Preparatory work and concept development was done primarily through the use of the internal work force. It involved a large cross-section of professionals from country offices and headquarters. External expertise was brought in at critical junctures only to provide validation and quality assurance.

3. Combining Top-down and Bottom-up Approaches

In designing the organization's Strategic Results Framework, the decision was made to keep corporate requirements to a minimum. At the country level, flexibility was retained in order to incorporate country specific conditions and reflect UNDP's decentralized structure. For example, in the first stages of the SRF (1999)

Box 1: Lessons Learned from RBM Experience of Other Institutions:

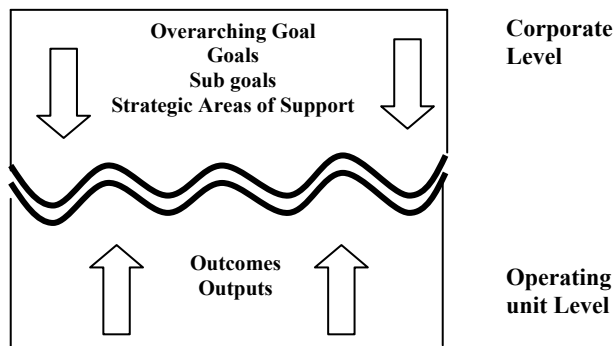
- The organization needs to set **clear objectives** for RBM itself: should RBM be a reporting and classification system (results measurement) or should RBM be a strategic planning and management tool that can help improve organizational performance (results management)?
- Any system must **fit UNDP's specific needs and culture**. As an approach, RBM requires that the culture and specific nature of the organisation be carefully taken into account. In particular, the unique mandate and decentralized structure of UNDP requires flexibility at the country level.
- Implementing RBM is a **learning process**. RBM depends on many aspects of organizational culture, policy and operational practice. Any system needs to be seen as a **work in progress**, evolving over a considerable period of time and incorporating flexibility to make changes as experiences are gained.
- It is essential to **keep the approach simple**. RBM should not lead to an increased workload. The number of instruments must be limited and easy to understand.

activities undertaken at the country level that did not fit neatly into UNDP focus areas were nevertheless reported along with the rationale for undertaking them.

Based on the experience gained during the first two rounds of SRFs produced by country offices, corporate frameworks were adjusted for a better matching of the corporate and the country level, reducing the discrepancies between corporate requirements and country specific interventions.

However, in designing the system, it was well understood that its corporate aspects respond to different information needs and imperatives than do its use at the country and programme levels. In order to reflect fully the decentralized country reality, the possibility of a single, fully integrated system in which country and programme goals cascade neatly from broader organizational objectives was discarded. In a similar vein, the notion of preparing a MYFF in advance of receiving specific plans from country offices was rejected. On the other hand, there was considerable attention placed on UNDP's premier products and areas of comparative advantage and mandate.

To reconcile potentially competing needs, an "empirical" approach was adopted. The "corporate" elements of the SRFs were developed based on extensive field consultation and pilot testing, as described above, while the results (outcomes and outputs) are defined by the operating units and reflect – in the case of country offices – the diversity of country needs.



The core principle of the UNDP results system is the integration of a two-way process,

combining a top-down and a bottom-up approach. The top-down relates to the establishment at corporate level (after broad consultative process and a testing phase) of an overarching goal, and a broad set of sub-goals and strategic areas of support. The bottom-up is constituted by the articulation from operating units, primarily country offices, of actual results plans – intended outcomes and outputs – as well as associated outcome indicators and partnership strategies.

4. Measuring Progress against results

The aggregation of results and deciding on what, when and how to aggregate has proved to be a vexing problem for international development agencies, and UNDP is no exception. While articulating their own desired results—outcomes and outputs—each operating unit is expected to identify the output and outcome measures that best capture the intended and actual results of its efforts. These measures are then used as the basis for judging performance. They are also shared with other operating units in the hope that, over time, best practices in performance measurement will emerge and be replicated. The ROAR, which is a self-assessment, is one way to measure progress against results. Outcome evaluations, project and programme evaluations, and country evaluations are other ways to complement and validate the progress reported in the ROAR.

5. Stressing Management and Learning

The basic approach was to help managers manage better. In comparing RBM systems, the distinction is sometimes made between managing **by** results and managing **for** results. The former is principally oriented towards accountability and external reporting; the latter focuses on a cycle of planning, periodic performance assessment and organizational learning. In implementing RBM, UNDP made a deliberate decision to emphasize management and learning. This was based on an unequivocal message from donors and staff that RBM must explicitly aim at changing the way the organization is managed, fostering a strategic orientation and culture of performance.

Improved external reporting was approached as a very important, but secondary, benefit.

At headquarters, SRFs assist managers to judge whether the overall results of UNDP assistance worldwide meet the goals, principles and standards set out in the Mission Statement, Business Plans and Executive Board decisions as well as in operational and thematic policies. As such, they are intended to improve UNDP's **substantive accountability** to national stakeholders and the Executive Board and, for the first time, lay the basis for a funding strategy to support approved programmes based on results that are clearly identified and monitored.

6. Focus on Outcomes and Partnerships

The problems associated with measuring and attributing development outcomes are well known and widely lamented. It was nevertheless decided that UNDP's RBM system should ground its concept of results at the outcome rather than the output level. While both levels of accomplishment are important and prominently reflected in the system, this decision to emphasize outcomes was based on two considerations. One consideration was the crisis of confidence facing the development community as many question the effects of investments in development. It was felt necessary for UNDP to portray a significant and honest picture of the consequences of its interventions.

Since many of UNDP's most important contributions result from what some have called "**soft interventions**" - advocacy, policy advice and dialogue, coordination, etc. - the decision to project and capture outcomes of these particularly hard-to-measure and hard-to-attribute areas became essential. While this continues to be a work in progress, UNDP has committed itself to the proposition that "soft interventions need to have hard outcomes" and to incorporating such interventions into its system of results-based management.

An important consequence of RBM has been to reinforce the value of partnerships. RBM shifts the focus of the organisation from outputs -

which could feasibly be produced by one organization - to outcomes - which necessarily require the work of many groups working together. By putting the emphasis on outcomes, there becomes a renewed interest in seeing that UNDP fully invests in partnerships. Also, UNDP's mission and goals highlight the central role played by partnerships, cooperation and synergy. As a result, the SRF structure places particular emphasis on defining these partnerships in relation to specific outcomes and specific countries. Within the UN family, this approach is intended to facilitate the formulation of the United Nations Development Assistance Framework (UNDAF). UNDP has also expressed its commitment to harmonize the respective cycles of the MYFF and the UNDAF.

The issue of attribution has been debated extensively in the professional literature. The focus in UNDP is to accept that development outcomes are fundamentally dependent on the interacting strategies and activities of many development parties. There are few easy arithmetic equations that can easily measure what one party has contributed to the overall outcome. However, what is necessary is to record and understand in a **credible** manner what an individual agency is contributing and how its support is being organised in collaboration with other partners. Seeking to facilitate positive outcomes must therefore be founded on strategic partnerships, which in turn require a clear understanding of the respective strengths of the different parties. For this and other reasons, including the compelling issue of respecting need and local priorities, the Executive Board decision on the MYFF clearly states that there will therefore be no alteration in the existing allocation principle by broad category and type of country.

VI. Next Steps and Emerging Challenges

UNDP's MYFF for the years 2000-2003 was presented and approved by the Executive Board in 1999. As a planning instrument, the MYFF sets the four-year framework for the intended work of the organization. It is against this framework that sets out specific organizational and programme goals and intended results that

the annual ROARs review the progress made in achieving them. ROARs covering the years 1999, 2000 and 2001 were presented to the Board. As the first MYFF expires in 2003, the Administrator will submit a progress report on it to the Executive Board in June 2003. This will enable the organization to assess the experience gained on the current MYFF to date and to use this learning to feed into the new organizational framework. UNDP will therefore prepare a MYFF progress report that covers the years 2000-2002 (inclusive).

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By focusing on results and by providing a clear picture of what areas and outcomes UNDP is engaged in, RBM presents the opportunity of creating a sharper, tighter alignment between capacities and the tasks undertaken by the organization. It also raises the challenge of finding the right skills mix for the organisation and the incentives necessary to establish UNDP as a world-class organisation, providing quality, substantive services in the areas of its comparative advantage. Even over the relatively short period of time that the SRF has been in place, many UNDP country offices have restructured along more substantive lines so that they could take full advantage of the SRFs as a strategic management tool.

An opportunity presented by the RBM system is the integration of evaluation information with management and accountability. The system allows for a strategic, more relevant use of evaluation. Monitoring and evaluation become priority concerns of country office and organisational management. The ROARs in

particular are meant to create a 'built-in' demand for lessons learned drawing upon country reviews, evaluations and monitoring visits.

RBM in principle provides strong incentives for learning in a decentralised environment. By 'requiring knowledge', it provides a powerful opportunity to match the provision of 'knowledge' with its demand. The SRF/MYFF exercise should enable it to perform this role better by being equipped, as an organisation to respond to the priority needs of the programme countries.

The emphasis and recommitment to development partnerships raises the possibility of developing new relationships, which focus on the value-added provided in a partnership rather than on the basis of claimed mandates. It raises an opportunity to link UN agencies in a powerful substantive network in service of country priorities and highlights of the activities and roles that UNDP plays in donor coordination and 'partnership building'.

The MYFF is shaped by the empirical evidence on intended results as set out in the SRFs. This is essential given the nature of the organisation. In particular it reflects and protects the close and trusted role played by UNDP at the country level – one of the comparative strengths of the organisation. The MYFF therefore provides a full reflection of the work actually planned or underway by UNDP at the country and programme level. At the same time, it enables UNDP to be more relevant by identifying the capacities it needs to provide high quality advocacy and technical assistance.