
United Nations Population Fund (UNFPA)

**Institutionalization of
Results-Based Management**

Final Report

**Management Systems International
(MSI)**

and

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1. Introduction

A team of three consultants was retained to conduct an assessment regarding the institutionalization of results-based management (RBM) within UNFPA. This assessment was carried out between April 1 and May 31, 2000. The team was made up of Lawrence Cooley and Joan Goodin of Management Systems International and Peter Bracegirdle of Appian.

The purpose of this Report is to present a synthesis of the overall findings and recommendations developed by the team for consideration by UNFPA.

The methodology employed by the team included a review of relevant documents, interviews with more than 50 UNFPA staff, sharing the draft with the five Country Offices that participated in the recent RBM Feasibility Study, and participation in the Global Meeting. In accordance with the Terms of Reference, this assessment examined three major dimensions of the institutionalization of RBM at UNFPA:

- Locus of RBM Functions
- Operationalization
- Capacity-building

The team quickly determined to adopt two major operating principles, namely:

- Given UNFPA's current funding problems, recommendations should be low cost and highly selective, making maximum use of existing personnel and procedures; and
- Given the timing of this assessment relative to the change process already underway – including the Workforce Planning Exercise (WFPE), Action Coordination Teams (ACTs) and the Change Support Group (CSG) – the institutionalization of RBM should take advantage of and build on rather than replicate that process.

2. Overall Findings

Based on available data and the information provided by interviewees, the team formulated the following findings related to the organization-wide institutionalization of RBM. Findings concerning the incorporation of RBM in specific aspects of UNFPA's activities are included with the discussion of Recommendations in the next section of this Report.

- 1) The introduction of the Multi-Year Funding Framework (MYFF), RBM and other initiatives associated with the current transition requires a process of “cultural change” within the organization, and the application of RBM principles needs to be “championed” throughout the system.
- 2) Strong leadership from the highest levels of the organization was seen by many to be key to the successful institutionalization of RBM and implementation of the MYFF.
- 3) While most interviewees focused on the importance of building RBM capacity at the country level, this does not adequately address the problem of diminished resources which triggered the change process.
- 4) As important as the reporting phase of RBM is, it is generally recognized that the planning and monitoring phases of the programme cycle present equally appropriate opportunities to initiate and benefit from RBM.
- 5) In characterizing the current situation, many interviewees spoke of the need for accountability at country, regional and global levels, and the need for mechanisms to facilitate this process. On closer inspection, however, interviewees had somewhat different notions of what is implied by accountability. Some equated it to monitoring and reporting for decision-making purposes, while a few viewed it in a punitive sense. In the context of RBM, accountability means that when results fall short of expectations, a clear explanation is required, along with a plan for improving performance or a proposal for the revision of expected results.
- 6) There was general agreement that the organization would benefit from more effective feedback between its monitoring and evaluation efforts on the one hand and programmatic decision-making on the other.
- 7) There is currently no effective system for aggregating information from operating units* for purposes of collective reporting or comparative analysis.
- 8) For RBM to be most effective, there is a need to link results and resources, and to strengthen the costing of programmes and sub-programmes. Such links can be established without instituting “conditionality” of the sort that mechanically penalizes countries for failing to meet stated targets.
- 9) Some interviewees felt that an across-the-board approach should be taken to the incorporation of RBM within the organization, while some felt this should be done through pilot exercises. In our view, a combination of the two would be the wisest course - incorporating RBM across the board, while deepening implementation selectively and incrementally based on early experience and input from pilot efforts.

* “Operating units” refers to all entities within UNFPA that have programme responsibilities, including divisions and offices at Headquarters and in the field.

3. Recommendations

3.1 Locus of RBM Functions

In the recent CSG Report, it is envisaged that a centrally-located Strategic Policy and Planning (SPP) entity will coordinate the introduction of RBM throughout the organization. While coordination at the highest level is undoubtedly needed to ensure the effective institutionalization of RBM throughout the system, it is essential that all major units participate in and be held accountable for specific aspects of this effort. Therefore, as a general principle, responsibility for RBM should be incorporated within the major functional areas that comprise the overall system, rather than placed in a single unit.

In assessing how this might be accomplished, the team explored the organization's major areas of work and identified the following four sets of RBM functions:

- System Design, Guidelines & Programme Oversight.
- Development and Approval of Country and Intercountry Programmes & Work Plans
- Analysis & Learning
- External Reporting

While these functions are separately discussed in the paragraphs below, it is of fundamental importance that they be linked and that the responsible units be held accountable for their contribution to the overall RBM system.

Recommendations

Recommendation 1: The PPC and PRC should be reconstituted in a single Committee (perhaps called SPPC) responsible for RBM policy, system design, guidelines and oversight. The Strategic Policy and Planning unit proposed by the CSG would serve as the secretariat and executive arm of this Committee.

The essence of this recommendation is that the proposed Committee: establish policy and guidelines; allocate resources among regions, countries and, if appropriate, MYFF goals; and periodically assess performance in light of MYFF objectives, funding realities and RBM principles. The SPPC would function as a specialized sub-committee of the Executive Committee. It should also be responsible for ensuring the alignment of programme plans with the results called for in the MYFF, ICPD and other international frameworks. This group would not, however, be responsible for approving individual country or intercountry programmes or for reviewing work plans, MTRs or annual reports. These latter responsibilities would be delegated to the Geographic Divisions (GDs) - and to the technical entity in the case of intercountry (INT) programmes - who would be accountable to the SPPC for implementation of agreed guidelines and parameters, and for the quality of the programming undertaken. In addition to their specific responsibilities, all Committee members would be responsible for representing their units and keeping them informed of Committee discussions/decisions.

Recommendation 2: Many of the current functions of ORM and the Office of Oversight and Evaluation (OOE) should be placed within the proposed SPP unit once established. The functions of that unit should include active efforts to promote, advocate and facilitate implementation of RBM, in addition to the guidance and oversight functions noted above.

In order to accomplish its various functions effectively, the SPP unit will need process skills in areas such as teamwork and consensus-building, as well as analytic and strategic management skills in the areas of RBM methods, guideline development and performance reporting. It also needs to include individuals skilled in programme budgeting and activity-based costing. Despite UNFPA's severe budget limitations,

every effort should be made to adequately staff this unit, including, if necessary, outside recruitment. Short-term technical assistance in specialized areas might also be required.

In addition to its other tasks, the SPP unit should be responsible for responding to questions regarding RBM guidelines or other RBM-related issues. ORM should continue to exist as a distinct unit at least until such time as the SPP unit is established or responsibilities for supporting RBM are assigned to another unit. OOE functions should continue to emphasize support for the implementation of RBM and reporting to the Committee on the extent and effectiveness of that implementation effort. While it is probably most efficient for the individuals responsible for these functions to join the SPP unit, this recommendation does not obviate the need for an independent oversight function. The unit performing this function should report directly to the ED in order to maximize its independence and credibility.

Various suggestions have been made concerning the best organizational location for the evaluation function currently carried out by OOE. While the team is cognizant of many of the pros and cons associated with alternative configurations, we do not feel we have the basis for making a firm recommendation on this point.

Recommendation 3: Responsibility for the implementation of RBM guidelines at the field level, and for the approval of Country Programmes (CPs) and Annual Work Plans, should be delegated to the Geographic Divisions. Analogous responsibility for intercountry (INT) programmes should be exercised by the technical entity.

The GDs should contribute to the development and implementation of country and intercountry programmes. They should share responsibility with the Country Offices (COs) for the quality of those efforts and for their alignment with overall organizational goals and objectives. The Country Technical Support Teams (CSTs) should be held accountable for the quality of their contribution to that effort. Guidelines for work plans and annual reports should ensure a closer link between the CPs and the goals and objectives established in the MYFF.

Responsibility for intercountry programmes is currently divided into six parts. The four GDs oversee their respective regional programmes, while TPD and IERD oversee interregional programming. Consideration should be given to centralizing INT programme management authority and responsibility in the technical entity, which could then develop a management mechanism (perhaps an INT team or working group) that cuts across the participating UNFPA divisions. The programme manager would be accountable to the SPPC for decision-making and resource allocation, while the involvement of other divisions would help encourage transparency in decision-making and help to ensure that the needs of individual regions are addressed. The technical entity would also be responsible for the quality of reporting on the INT programme and for introducing RBM information requirements to UNFPA's external partners in the INT programme.

Recommendation 4: Annual Reports by operating units should be submitted to the one place (perhaps the technical entity) which would be responsible for analyzing this information, extracting lessons learned, and ensuring that this information is transmitted in such a way as to close the loop between analysis and action. This entity should also take the lead on the annual analytic exercise discussed in a subsequent section of this Report.

The Geographic Divisions should conduct analyses of country reports in support of decision-making at the regional level, and should provide appropriate feedback to COs. However, the overall analysis and reporting on agency-wide programming would benefit from having a single locus. This group or unit, probably the technical entity, should be responsible for generating baselines for MYFF indicators and for producing analyses that focus on the achievement of MYFF goals and outputs, the implementation of broad UNFPA strategies, and other organization-wide performance issues. Such analyses should integrate information from MTRs, evaluations and research/review activities to the extent it is feasible to do so. These analyses should be designed to meet the needs of three distinct UNFPA audiences. The first of

these is the SPPC/SPP unit, whose needs include, at a minimum, annual assessments of organizational performance. The second audience is the GDs, CSTs and COs, which need information on best practices and promising approaches. The Knowledge Management entity should be expected to be particularly helpful in reaching this second audience. The third audience is made up of the Information & External Relations Division (IERD), the SPP unit, the Executive Director's office, and others responsible for external reporting about UNFPA's performance.

Recommendation 5: The SPP unit and IERD should take the lead in ensuring that external reporting is explicitly linked to the Fund's resource mobilization efforts. This includes, among other things, the need for streamlined Annual Reports linked to MYFF goals, direct links between cost and expected results, and deliberate efforts to use the MYFF to expand soft earmarking and regular resources.

Administrative obstacles notwithstanding, there is potential scope for expanding contributions to UNFPA's core programme by associating fund raising efforts with particular goals and outputs in the MYFF, and/or with particular strategies for achieving those goals and outputs. To accomplish this, however, it will be necessary for donors to be provided a clear view of the results that can be accomplished with specific levels of funding. For that reason, the SPP unit (which monitors the alignment of programme plans with the results called for in the MYFF) and IERD should work together to prepare and disseminate such information to current and potential donors. This same information should be of use to COs in planning their activities at the country level. This closer association of resources to expected results should help to promote a greater sense of accountability in the organization and a recognition that RBM is more than just a paper exercise.

Other links between resources and results should focus on the use of performance information to reallocate resources among strategies and approaches. This should not be a matter of reward and punishment, but of allocating a given country's resources in ways that make them most useful. Such procedures should be developed by the SPPC and could be implemented in such a way that countries do not gain or lose UNFPA resources based on the results of any such analysis.

3.2 Operationalization of RBM

While capacity is needed to institutionalize the RBM system, important issues of organizational culture and strategy are also involved. In our view, the effort to operationalize RBM must be attentive to these latter factors if it is to be effective. Reinforcing an RBM culture throughout the organization should be a matter of priority that begins at the top, and should be reflected in the organization's principal planning, deliberation, decision-making and accountability functions. The SPP Committee and unit will play a central role in facilitating that process.

The recommendations included in part A of this section should be seen as a component of this larger effort to create an enabling environment for RBM within UNFPA. The recommendations that follow propose additional actions to support these changes and to give them practical meaning throughout the organization.

Recommendations

Recommendation 6: Headquarters and CST technical support should give priority to the development and approval of new CPs.

A large proportion of UNFPA countries are scheduled to develop new CPs in the next two years. This presents the best opportunity available for introducing RBM in an efficient and meaningful way. Headquarters representation in country programming exercises should be at the highest level possible to ensure that organization-wide priorities and constraints are adequately reflected in new plans. For the

same reason, it is also essential that these exercises be preceded by the development of revised guidelines for linking CPs and the MYFF, and by the development of budget parameters for the countries involved. This emphasis on new CPs is not intended to diminish the importance of other potential entry points, but rather to suggest that, given the limited funds available for technical support, the CP process should receive first priority.

Guidance for introducing RBM at other key junctures within the programming cycle should also be developed, vetted by the SPPC, and disseminated. At the planning end of the cycle, particular opportunities include (in addition to the development of new CPs) participation in the UNDAF/CCA process, the CPA, the development of sub-programme logframes, workplans, and Mid-Term Reviews (MTRs). At the reporting end of the cycle, RBM guidelines should be introduced into performance reporting and evaluation, particularly since the Fund must prepare itself and its national partners for collecting data to report on the MYFF. With regard to reports from the field, GDs should provide timely feedback to COs, and care should be taken to demonstrate that the information transmitted is being put to use for management purposes and is contributing to organizational learning.

Recommendation 7: UNFPA should develop and implement a “pilot” initiative for operationalizing RBM in selected countries. The pilot should document the results of this effort and should identify the technical assistance required, and methods to follow, in making the transition to RBM.

To implement this recommendation, a small number of COs (perhaps two from each region) should be recruited to participate in this RBM pilot. They should receive intensive technical assistance, which should include help in documenting best practices and disseminating learning through PROGRESS and other means. The SPP unit should design the pilot in conjunction with the participating COs and their respective GDs, and should keep track of progress and lessons learned with a view to extracting lessons relevant throughout the organization. The Division for Finance, Administration and MIS (DFAMIS) should participate in the pilot to increase understanding of budget issues and MIS user needs. The CSTs should be the main source of technical assistance to the participating COs and, where necessary, should themselves receive appropriate training and capacity building in RBM concepts and techniques.

In creating this pilot, careful attention should be given to the criteria for the selection of participating COs. It was generally felt that the Country Representative (CR) may well be the key variable. To this end, it may be wise to focus on CRs who are respected opinion leaders within the organization or are new to UNFPA, and who are enthusiastic about being part of this pilot effort. There is also a strong case to be made for geographic distribution and distribution across categories of programme countries.

Recommendation 8: UNFPA should undertake one organization-wide analytic exercise each year, using this as a focal point both for internal learning and external reporting.

UNFPA is already committed to conducting assessments of its four principal strategies. It is recommended that one of these strategies or one of the organization's three goals be chosen each year as the basis for a significant organization-wide exercise. While the entity within the organization which is responsible for technical analysis is probably best placed to take the lead in organizing this, participation should be drawn from throughout the organization and perhaps from beyond. It is critical that the results of this exercise demonstrate a clear link to internal decision-making and prioritization, and that the use of information for decision-making be reflected in external reporting about the exercise to the Executive Board and others. ORM/SPP has a critical role to play in ensuring that this happens.

Based on the views expressed by many of those interviewed, and our understanding of current deliberations in UNDP and UNICEF, it is recommended that Advocacy be seriously considered as the topic area for the first of these analyses.

Recommendation 9: Policy Application Reviews (PARs) should, for the next few years, give particular attention to the implementation of RBM.

The PARs are a very useful management tool developed by UNFPA, which have considerable potential to support and deepen the implementation of RBM. This would require some adjustment in the terms of reference for these exercises, and perhaps in the selection of COs to be reviewed.

3.3 Capacity Building

Given the limited resources available, RBM capacity building should be provided in connection with the RBM functions outlined above, and integrated into a variety of other activities carried out by the organization. This will help ensure that UNFPA derives the greatest benefit from its investments in developing and strengthening the RBM system. One specific example mentioned by a number of interviewees was that an RBM dimension should be built into regular training and technical assistance activities. Besides capitalizing on existing opportunities, the organization should consider a limited number of additional initiatives specifically designed to build RBM capacity.

Recommendations

Recommendation 10: UNFPA should develop a bank of RBM materials, instruments and tools for managers and staff, and should inventory upcoming training activities to ensure that each of these includes one or more RBM modules.

There is a clear need to develop training materials, guidance notes, budgeting guides and information on best practices for personnel to use as required in institutionalizing the RBM system. The organization has already made a good start in the form of materials on the logframe, programming databases, and matrices linked to the MYFF. However, more work related specifically to RBM is needed. Because a large volume of RBM materials already exists, SPP/ORM should continue its efforts to approach its UN partners, interested donors and other organizations for materials that could be adapted for use by the Fund, and should emphasize modification of existing materials rather than creation of new ones.

Among its early priorities, the proposed SPP unit should develop an RBM handbook – ideally, in automated format -- for use throughout the organization. The handbook should include both prescriptive guidelines and practical, “how-to” advice for the incorporation of RBM throughout the programming/reporting cycle. SPP should also ensure that the RBM module in the planned Resource Management System (RMS) meets users’ needs. In terms of field operations, the SPP unit, the technical entity and the CSTs should collaborate closely in developing and sharing any RBM materials that are prepared for use in CO capacity building.

In addition to field-level assistance, RBM technical support should be provided to senior managers at Headquarters for their work on the SPPC. The SPP unit should take responsibility for designing or, if necessary, contracting for the type of SPPC support package needed to facilitate the work of the Committee and strengthen members’ capacity *as a team* to provide the leadership, guidance and oversight required to ensure that RBM is effectively institutionalized throughout the system.

Over and above these proactive efforts, maximum advantage should be taken of existing opportunities to build RBM capacity within the Fund. During this assessment, various interviewees spoke of already-scheduled training initiatives and upcoming workshops tailored to meet a range of organizational needs. Such events represent opportunities to integrate RBM into regular training activities at minimal cost. To capitalize on those opportunities, SPP/ORM should work with the OPT/Training Branch to develop a full list of scheduled training events and workshops and should work with those responsible to ensure that suitable RBM modules are incorporated wherever possible.

Recommendation 11: CSTs should be the primary technical resource for strengthening RBM capacity in Country Offices and related host country partners.

The CSG report affirms the need to strengthen the role of CSTs in “providing technical assistance to programme countries as part of national capacity building.” It is then proposed that CSTs be “more functionally integrated and mainstreamed into programme planning, country programme and sub-programme development, and monitoring.” To support this role, CSTs should be prepared to provide RBM-related training and technical assistance in the countries to which they are assigned, and to be held accountable for the quality of their contributions to the development and implementation of country and intercountry programmes.

Since it was not possible to interview CST personnel during this assessment, it is difficult for us to prescribe a specific approach to the implementation of this recommendation. Nevertheless, if it is determined that a significant effort would be required to adequately prepare all CSTs for RBM-related responsibilities, consideration should be given to a phased approach, beginning with the pilot effort recommended above. Another suggestion made at headquarters was that two or three Advisors from each CST – selected because of their experience with, or aptitude for, training – be trained as RBM trainers and that they, in turn, transfer RBM capacity to CO staff while also working with host country partners. In that way, UNFPA could establish a pool of experienced RBM trainers within the organization.

Recommendation 12: UNFPA should experiment with linking the program budget and support budget within selected COs in order to gain knowledge for strengthening the relationship between resources and results.

The challenge of linking results and resources is partly a question of associating programme objectives with overhead, management and programme delivery costs. To make progress on this front, UNFPA decision-makers need a coherent picture of programme costs and support costs, and the links between the two.

UNFPA is contemplating various zero-based budgeting exercises. From the perspective of institutionalizing RBM, such exercises represent important opportunities to further strengthen links between resources and results but should probably begin with experimental efforts to integrate the programme budget and support budget in controlled settings. This could be included in the pilot called for in recommendation 7.

4. Prioritization & Timeline

During this assessment, UNFPA managers indicated that details concerning the exact process and schedule for taking decisions based on the proposals emerging from the current change process are as yet undetermined. Since implementation of a number of the recommendations contained in this Report will be influenced by those decisions, it is not feasible to offer a precise timeline for action. Rather, this section provides an outline of the suggested prioritization of the RBM-related activities here proposed in the short, medium and longer term.

Dimensions of RBM	Short Term (To 2001)	Medium Term (2001/2003)	Longer Term (2004 & Beyond)
Locus of RBM Functions: System Design, Guidelines, Oversight, Programming, Learning and Reporting	<ul style="list-style-type: none"> • PPC & PRC reconstituted as SPPC. • SPPC adopts RBM guidelines & oversight process, based on draft prepared by SPP Unit/ORM. • GDs transmit to COs guidance for planning new CPs, MTRs & annual work plans/reports. • The tech. entity compiles baseline data on MYFF indicators. • Tech. entity begins results-oriented monitoring of and reporting on the INT programme. • IERD seeks funding for RBM/MYFF-related initiatives. 	<ul style="list-style-type: none"> • SPPC conducts annual budget exercise. • SPP unit prepares annual reports on MYFF; SPPC assesses performance • GDs approve CPs & work plans in accordance with SPPC guidelines/ budgets. • Tech. entity approves INT programmes & work plans in accordance with SPPC guidelines/budget. • Tech. entity analyzes annual reports, prepares lessons learned, and transmits information to appropriate units. • IERD uses MYFF & other reports to support resource mobilization plan. • RBM pilot carried out with CST tech. support & DFAMIS participation; SPP tracks progress & lessons learned. 	<ul style="list-style-type: none"> • SPPC conducts annual budget exercise & assesses performance per MYFF objectives. • GDs approve new CPs & work plans. • Tech. entity approves new INT programmes & work plans. • Tech. entity continues analysis/transmittal of information from annual reports & planning/ management of INT programme. • IERD continues to use reports to support resource mobilization.

Dimensions of RBM	Short Term (To 2001)	Medium Term (2001/2003)	Longer Term (2004 & Beyond)
Operationalization of RBM System	<ul style="list-style-type: none"> • GDs develop a schedule for intro. of RBM in COs within their regions (Planning, MTRs, reports, etc.). • HQ managers & CSTs participate in CP planning & MTRs. • Criteria developed by SPP/ORM & approved by SPPC for selection of COs for RBM pilot. • SPP/ORM recruits participating COs & with them designs RBM pilot. • Tech. entity organizes annual analytic exercise, with partic. from all parts of UNFPA & perhaps beyond. 	<ul style="list-style-type: none"> • GDs, CSTs, tech. entity & others as appropriate participate in planning of new CPs, ensuring inclusion of RBM. • RBM pilot implemented with tech. support from CSTs & monitoring by SPP/ORM, with lessons transmitted to GDs, tech. and knowledge entities & other interested units. • Tech. entity continues annual analytic exercise. 	<ul style="list-style-type: none"> • Experience from RBM pilot applied in other CPs. • Tech. entity continues annual analytic exercise. • GDs, other HQ managers & CSTs continue to participate in planning & MTRs.
Capacity Building for Institutionalization of RBM	<ul style="list-style-type: none"> • SPP/ORM designs/ implements SPPC support package. (See recommendation 10.) • SPP/ORM designs RBM Handbook & other materials; inventories upcoming workshops & collaborates with sponsoring units to incor. RBM components. • CSTs surveyed to learn RBM-readiness; results used to design an initiative for building their capacity to provide RBM training/TA to COs & partners. • DFAMIS designs initiative to experiment with integrated budget in selected COs; SPPC approves plan. 	<ul style="list-style-type: none"> • RBM training/TA materials continually revised in accordance with experience & new information. • CSTs provide RBM training & TA as needed by COs & partners. • DFAMIS implements integrated budget experiment & analyzes/reports results to SPPC. 	<ul style="list-style-type: none"> • SPP assesses RBM training/TA experience & remaining gaps in the system, informing SPPC; results used for new capacity building initiatives if needed, & disseminated throughout the system. • If appropriate, as a result of DFAMIS experiment, SPPC approves new integrated budget guidelines.

5. Priorities for External Funding

Several of the items identified as Recommendations in this Report could become the basis for funding requests to donors willing to support the RBM process within UNFPA, whether as planning grants or for the implementation of new initiatives. In our judgment the most promising such items include:

- 1) Funding to support the creation of the SPP unit and the operation of the SPPC;
- 2) Funding for the technical assistance needed to support the countries chosen as RBM pilots;
- 3) Funding for the annual analytic exercise;
- 4) Funding for the development and implementation of new system guidelines;
- 5) Funding for the development of an RBM manual;
- 6) Funding for the development and delivery of selected training modules;
- 7) Funding for the design and operationalization of the RMS database and other automated approaches for collecting and sharing information;
- 8) Funds to support internal efforts regarding activity-based costing or other methods for more closely linking resources and intended results; and
- 9) Funding for the development of the first MYFF Annual Report and for the preparation of external communications materials based on the MYFF and RBM.