

## Chapter 1

# INTRODUCTION

This report sets out the findings of an evaluation of the adoption and use of results-based management. UNDP adopted results-based management in 1999. There is considerable organizational interest in reviewing UNDP's experience as evidenced by the number of reviews being conducted on related issues.<sup>1</sup> In addition, recent evaluations conducted by the UNDP Evaluation Office have highlighted persistent issues and gaps related to the operation of results-based management systems and approaches at the country office level.

The Concept Note for the evaluation states that the evaluation will focus on the organizational strategy, vision and expectations of the results-based management approach; the design, implementation and use of the system to operationalize this approach; as well as the results of this management approach.<sup>2</sup> In doing so, the evaluation aims to provide feedback on UNDP's efforts to strengthen the existing results-based management practices and make forward-looking recommendations. The evaluation will not examine the tools of results-based management in any detail as these have been reviewed in other studies.

The scope of the study is quite broad. It covers the period 1999 to 2006, all geographic regions, and the adoption of results-based management at the programme, country, regional and corporate levels. In the choice of countries that were visited

for this evaluation,<sup>3</sup> this study has assessed the results-based management approach under diverse development conditions in which UNDP functions—including countries with very high aid dependence and varying capacities for M&E. This review also takes note of any specific characteristics peculiar to the specialized funds for UN Volunteers (UNV), UN Development Fund for Women (UNIFEM) and the UN Capital Development Fund (UNCDF).<sup>4</sup>

### 1.1 METHODOLOGY

An Inception Report prepared by the evaluation team proposed a theory-based methodology and data collection using three research methodologies:<sup>5</sup>

- A desk review of relevant secondary material
- Five case studies of countries and their regional bureaux
- Interviews with staff in headquarters and a survey of staff in all country offices to gather data on issues emerging from the desk review and pilot-country case study

The theory of change for results-based management was derived from literature on the introduction of results-based management systems and is presented diagrammatically in Figure 1.<sup>6</sup> It identifies a causal process with five key elements. This five-stage process provides the structure for enquiries.

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1 MSI, 'Background Paper on Results-Based Management in Development Organizations', Management Systems International, July 2006, p 6; Danish Ministry of Foreign Affairs, 'Assessing Results Management at UNDP', 15 June 2006; UNDP Administrator's Office, 'Management and Workflow Review—Phase I', January 2006.

2 UNDP, 'Concept Note: Evaluation of Result Based Management at UNDP', UNDP Evaluation Office, New York, NY, February 2007. See also the Terms of reference in Annex 1.

3 Argentina, Egypt (pilot country), Indonesia, Moldova, and Zambia.

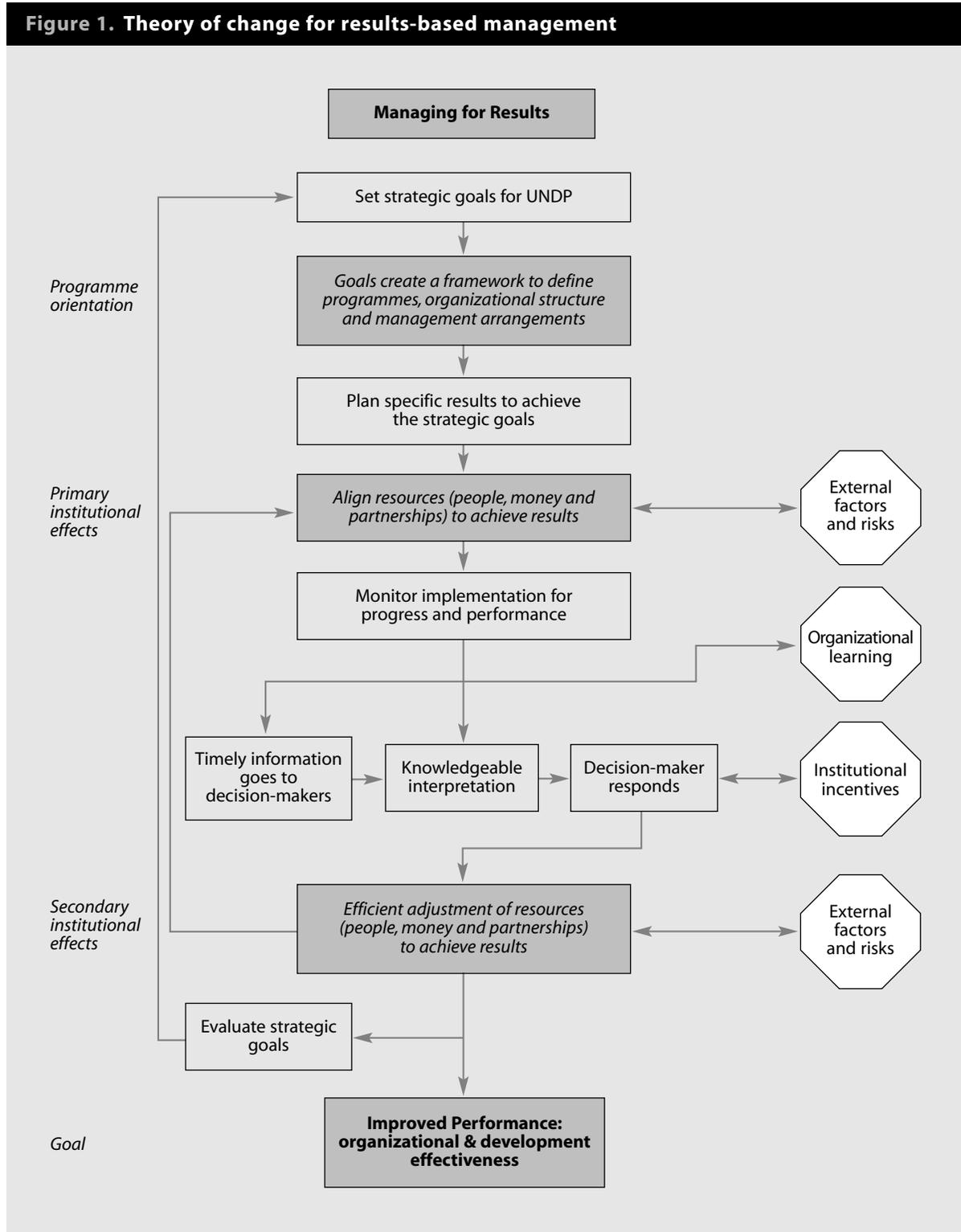
4 All three were added to the scope during the pilot country visit.

5 Poate D, Balogun P, 'Evaluation of Result Based Management at UNDP', Draft Inception Report, March 2007.

6 'RBM in UNDP: Overview and General Principles', not dated.

1. Set out a strategic framework that describes the objectives and desired results of the organization and the strategies to be used to achieve those results.
2. Develop programmes and sub-programmes in the organization aligned to the strategic results framework, showing more specifics on the results expected—resources, outputs, and

**Figure 1. Theory of change for results-based management**



the logic, sequence and timing of outcomes expected to lead to the accomplishment of the programme objectives—and how the results are to be measured.

3. Measure and analyze results achieved and the contribution being made by the programme to the expected results through both ongoing monitoring and periodic evaluations.
4. Use the results information gathered to improve the design and delivery of programmes.
5. Report on the levels of performance achieved as part of the accountability process.

The diagram follows the key principles for results-based management at UNDP. The stages in the diagram identify key effects, starting with a clearer orientation of the programme as a whole, followed by realignment of resources towards results, efficient adjustment of resources and links with knowledge and institutional learning. An over-arching condition is having an organizational climate or culture that encourages managing for results. This issue is developed further with practical examples in Annex 6.

The implicit goal is improved performance (interpreted here as organizational effectiveness and contribution to development effectiveness). Details of the pathway by which results-based management processes that improve management decision making and stimulate development effectiveness are not clearly specified in the literature. This is methodologically challenging compared with the situation in many other agencies, since UNDP programmes are usually implemented by development partners who, in management terms, are at arm's length from UNDP and UNDP's contributions are often small in scale, and work through policy advice and advocacy, as well as money.

Evaluating results-based management systems and processes within UNDP poses two significant challenges:

- At present, there are no internationally agreed-upon standards that define what should be

included within a results-based management system and how such components should operate in practice.

- Initial discussions with headquarters stakeholders and review of discussion on the Practice Networks indicate that there is not a consensus within UNDP on what the results-based management system is, how it should operate and the intended effects.

The evaluation team therefore defined a set of benchmarks, drawing on three sources of performance expectations, to assess whether systems are in place and the expected processes are being used in their operation. First, the evaluation team adopted the benchmarks developed during the UN Joint Inspection Unit's review of results-based management within the United Nations in 2004. These benchmarks primarily focus on the existence and operation of relevant systems. Second, the team developed benchmarks building on material presented in the Joint Venture on Managing for Development Result's Source Book. These benchmarks, which are less precise in nature, mostly focus on assessing whether systems are applied using a sound approach. Third, the team developed additional benchmarks using the objectives set out in the Paris Declaration on Aid Effectiveness, dealing primarily with issues such as use of country systems, alignment and harmonization. These provide a more forward-looking orientation to help ground the evaluation in the evolving context within which UNDP operates. The benchmarks are set out in Annex 9 together with findings from the evaluation, as discussed in Chapter 5.

Extensive consideration was given to the selection of case-study countries. A purposive approach was adopted, dictated by looking for cases that would provide evidence to test against the theory, rather than using a randomized sampling approach. Specific criteria that were assessed include:

- Countries where key informants believe that the office has used results-based management approaches to some extent. All managers will

use information to make decisions, but the focus of the evaluation is on the extent to which information from the results-based management systems is used.

- Size of the UNDP programme—previous analyses and interviews with UNDP Headquarter staff confirm that the size of the programme dictates whether or not somebody will be dedicated full time within the UNDP country office to ensure the implementation and smooth functioning of the results-based management systems.
- A broad range of development context (such as high aid dependence and level of income), and taking account of audit reports on the processes followed.
- Representation across the regional bureaux, on the assumption that the management styles across the regional bureaux vary and this may have affected how results-based management has been institutionalized.

There was neither time nor enough information to select case studies that could be considered a ‘representative sample’ of the entire population.<sup>7</sup> Therefore, following case-study theory, in order to generalize from the findings of the case studies and avoid bias, the evaluation used the evaluation findings to generalize from the theory underpinning results-based management and as outlined in the Theory of Change. The unit of analysis for the case studies was the country programme and the relevant regional bureau. The final countries selected were: Argentina, Egypt, Indonesia, Moldova and Zambia. This selection allowed for a better understanding of how decision making is affected by results-based management across the chain of accountability within the organization. However, the evaluation did not examine results-based management in conflict-affected situations, a specification in the original terms of reference, which limits the ability to generalize in the

conclusions and recommendations about the use and impact of results-based management in such contexts.

The primary data collection methodologies used were individual interviews with stakeholders both within and outside of UNDP and the use of group exercises to elicit country office views in key issues. Annex 2 is a list of all people interviewed. This was supplemented by an analysis at headquarters of how results-based management systems were developed, how that development was coordinated with the development of other key systems (mainly the human resources, knowledge management and financial allocation and monitoring systems), and how their implementation was supported across the organization.

Additional data was collected via an electronic survey of all management and programming staff in country offices (excluding the five countries visited). The survey was similar in style to the regular global staff survey—asking respondents if they agree or disagree with a series of statements about how results-based management functions and the culture of results. A full list of the questions appears in Annex 8 together with a summary of results. The questionnaire was sent to approximately 1,700 staff; 365 replied.<sup>8</sup>

## 1.2 THE EVOLVING AID CONTEXT

In recent years within the international development community, there has been enhanced cooperation to reduce poverty and work to increase development effectiveness. The MDGs have set new standards for multilateral organizations, donors and partner countries. For at least a decade, the international community has been developing partnership approaches to development assistance, such as sector approaches and poverty reduction strategies. Some of these approaches, such as general budget

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7 Yin RK, ‘Case Study Research: Design and Methods’, 3rd Edition, Applied Social Research Methods Series, Volume 5, Sage Publications, 2003.

8 The anonymity of the survey system means that details of who did or did not reply are not known.

support, have been the subject of intense debate regarding their effectiveness. Aid effectiveness has also been a subject of increased attention over the last few years, with agreements to work towards better harmonization, alignment and results. At the same time, policy makers have tried to reach beyond development assistance to consider the impact of other policy measures and private-sector activities, especially the impact of foreign direct investment and remittances.

The 1990s saw a shift in the thinking and practice of development cooperation from aid flows being determined by national strategic considerations to a focus on the promotion of sustainable human development.<sup>9</sup> This shift also resulted in a steady decline in official development assistance and increasing pressure from the public in donor countries to demonstrate effectiveness of aid. In response, some bilateral organizations (led by USAID), and the public sector in some donor countries (such as Australia, Canada and New Zealand) began to adopt a results-based management approach that was widely used in the private sector. To reverse the declining resource base, assure predictability of programme funding and demonstrate performance focus to the donors, UNDP also adopted results-based management.

Since adopting this new management approach, UNDP has had to deal with both quantitative and qualitative changes affecting the aid environment, including:

- *Expanded operational capacity*—Programmatic services delivered around the globe by UNDP increased from USD 2 billion in 1999 to USD 4.36 billion in 2005.
- *The changing role of UNDP*—The organization has shifted from mainly funding and implementing downstream activities to emphasizing upstream activities involving

advocacy, policy support and capacity strengthening, and adopting National Execution as a predominant mode of delivering assistance.

- *The changing environment for development cooperation*—Increasing the need for country-based joint assistance strategies as emphasized by the Paris Declaration has also led to new aid modalities, such as direct budget support and sector wide approaches. This environment reinforces the shift to upstream activities.

### 1.3 WHAT ENTAILS RESULTS-BASED MANAGEMENT IN UNDP?

Different organizations define results-based management in different ways, yet there is a strong common denominator among definitions. All reflect the underlying idea of learning from empirical evidence based on past experience and using that information to manage. The Organisation for Economic Co-operation and Development-Development Assistance Committee (OECD-DAC) Managing for Development Results Source Book<sup>10</sup> puts it well:

*“Results-based management asks managers to regularly think through the extent to which their implementation activities and outputs have a reasonable probability of attaining the outcomes desired, and to make continuous adjustments as needed to ensure that outcomes are achieved.”*

For results-based management to be successful, organizations need to develop and nurture a culture of results where enquiry, evidence and learning are considered essential to good management. The use of results information in managing is usually seen as the main aim of introducing results-based management. In results-based management, managers are expected to:

9 UNDP, ‘The Multi Year Funding Framework Report by the Administrator’, UNDP Executive Board, DP/1999/CRP 4, January Session 1999.

10 OECD and World Bank, *Emerging Good Practice in Managing for Development Results, First Issue*, Source Book, 2006, p 9, available online at <http://www.oecd.org/dataoecd/35/10/36853468.pdf>.

- Understand why the programme and projects are believed to contribute to the outcomes sought—the theory of change.
- Set meaningful performance expectations/targets for key results (outputs and outcomes).
- Measure and analyze results and assess the contribution being made by the programme to the observed outcomes/impact.
- Deliberately learn from this evidence and analysis to adjust delivery and, periodically, modify or confirm programme design.
- Report on the performance achieved against expectations—outcomes accomplished and the contribution being made by the programme, i.e. what difference it is making.

When results-based management was introduced in UNDP, it was seen as involving all the above features, and the importance of a culture of results was well recognized. This is evident in a series of notes produced in 2000.<sup>11</sup> A longer treatment of these issues is given in Annex 6.

An important aspect of UNDP is the nature of working in a multilateral and decentralized

setting, where work is planned and managed at the country level in response to diverse country needs yet done so within a global corporate environment that provides technical and management support. Arrangements need to be made so that planned results clearly respond to country needs yet are focused within a corporate framework that enables UNDP to add value within its areas of competence. The decision on those areas of competence is an issue for the Executive Board, not an element of the results-based management system.

The challenges in implementing results-based management in an organization are many (see Box 1).<sup>12</sup> Perhaps key is, as the UNDP Overview and Principles document noted,<sup>13</sup> the importance of emphasizing ‘management and learning’ over reporting and systems, in order to foster a ‘culture of performance’. Developing results frameworks, measuring results and reporting results in an organization clearly will involve systems. If a culture of performance can be developed, then the main purpose of results-based management will not be lost. But without strong efforts to develop and support such a culture, the systems become the dominant feature. Senior managers

### **Box 1. Results-based management is a challenge faced by other development partners**

The World Bank 2006 Annual Report on Operations Evaluation reviewed progress with managing for results.<sup>14</sup> The report found:

- The World Bank has instituted policies and procedures to manage better for results.
- These have not yet translated into improved practices at the operational level.
- World Bank managers and operational staff struggle to link goals to operations.
- Performance indicators are often inadequate.
- Many staff are unclear about how to use performance information in their day-to-day work.
- World Bank culture acts as a disincentive to managing for results.

These findings resonate with the challenges faced by UNDP, described in this report.

11 UNDP, ‘RBM in UNDP: Overview and Principles’, 2000; UNDP, ‘RBM in UNDP: Technical Notes’, 2000; UNDP, ‘RBM: Concepts and Methodology’, 2000.

12 See for example Mayne J, ‘Challenges and Lessons in Implementing Results-Based Management’, Evaluation, 2007, Volume 13, Issue 1, 89-107.

13 ‘RBM in UNDP: Overview and General Principles’, p 6, available online at <http://www.undp.org/eo/documents/methodology/rbm/RBM-Overview-GP.doc>.

14 World Bank, ‘Annual Report on Operations Evaluation’, IEG, 2006. Quote from website, [www.worldbank.org/IEG](http://www.worldbank.org/IEG).

have a special role to play in fostering this climate of results through clear leadership and demonstrating that results and results management do matter. Reviews of experience with results-based management show that:

*“Leadership support for results-based management reforms is important. Without strong advocacy from senior managers, results-based management systems are unlikely to be institutionalized broadly or effectively within an agency. Leaders can send strong messages of support for results-based management to their staff by giving speeches, sending out agency-wide notices, participating in results-based management-oriented workshops, providing adequate budgetary support, etc.”<sup>15</sup>*

Not everyone considers results-based management a good system. Critics of using results-based management in public management point to a number of aspects of public-sector life that mitigate against a rational approach to managing. A case is often made that trying to manage by numbers in a political context is, at best, unrealistic and can be dysfunctional. In trying to set clear and concrete objectives and targets, political scientists argue that results-based management can conflict with the need to keep objectives suitably fuzzy in order to gain widespread support.

This is true to some extent, but in the end, UNDP has to make choices about funding specific programmes consistent with national priorities. Clarity in objectives can only help their design and delivery.

Other critics of results-based management argue that many of the developmental results sought by UNDP and other public-sector organizations cannot be measured. As a result, results-based management forces measurement and reporting of other less important results, especially outputs.

But many, if not most, results sought can be measured, especially if the evaluation team considers measurement in the public sector to be a means of reducing the uncertainty about what is happening, rather than definitively proving something. Flexibility in measurement approaches would allow a wide variety of means to be used to increase understanding about the performance of a programme from different perspectives.

Focusing on any set of performance indicators can distort behaviour as people work to reach targets. Arguably, this is a characteristic of the drive for resource mobilization and delivery in UNDP. While this is a real problem, there are many ways to counter this tendency, such as focusing on outcomes not outputs, reviewing measures regularly, using a balancing set of indicators, and developing indicators in an inclusive manner.

There are legitimate concerns over results-based management, and organizations should be aware of the possible downsides of implementing results-based management. More details and specific references are given in Annex 6. It is important to take these concerns into account in developing and managing the results-based management regime.

The Overview and Principle document foresaw this potential problem when it noted that “RBM [results-based management] is a learning process ... evolving over a considerable period of time and incorporating flexibility to make changes as experiences are gained.”<sup>16</sup> Results-based management is at the same time conceptually quite simple—seeking and using results information to assist management and accountability—yet a significant challenge to implement in organizations since it does require culture change and persistence. It is a journey, not a destination, requiring ongoing attention and commitment.

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15 Binnendijk A, ‘Results-Based Management in the Development Cooperation Agencies: A Review of Experience’, Background Report, DAC OECD Working Party on Aid Evaluation, Paris, France, 2001, p 134. Available online at <http://www.oecd.org/dataoecd/17/1/1886527.pdf>.

16 ‘RBM in UNDP: Overview and General Principles’, p 5, available online at <http://www.undp.org/eo/documents/methodology/rbm/RBM-Overview-GP.doc>.

## 1.4 STRUCTURE OF THE REPORT

This report is structured in five chapters. Following this introduction, Chapter 2 provides an overview of results-based management and examines how it was introduced to UNDP and what tools

and systems were developed. Chapter 3 presents the main findings from the country visits and interviews at UNDP Headquarters. Chapter 4 interprets the findings and tries to explain the progress that has been made to date. Chapter 5 includes conclusions and recommendations.

### Key points

- The central feature of a results-based management system is managers using information to guide management decisions.
- UNDP documents show that the importance of change to a *culture of results* was well recognized when results-based management was introduced.