

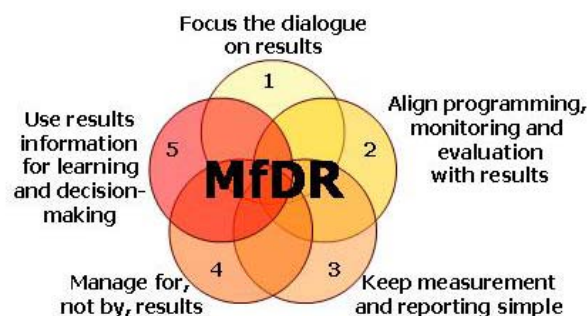
## MfDR Principles

A principle is a basic generalization that is accepted as true and that can be used as the basis for ongoing reasoning or conduct. The MfDR principles were agreed during the Second Roundtable on Results in Marrakech in 2004.

The MfDR principles form the basis for sound performance management. They are applicable at any level and within a variety of interventions (national, sector, program, project, and organization), and they influence the use of specific strategies and tools at various phases of national and development programming.

There is significant synergy among the principles. They should all be considered at every phase of any development initiative, as the basis for deciding which specific performance management tools to apply. The principles do not constitute a step-by-step, sequential recipe for MfDR.

The following sections discuss the MfDR principles and provide a lead-in to the examples in Parts 2, 3 and 4 of the Sourcebook which show the variety of tools and strategies that countries and development agencies are using to apply the MfDR principles.



### 1. Focus the Dialogue on Results at All Phases

**Principle 1. At all phases – from strategic planning through implementation to completion and beyond – focus the dialogue on results for partner countries, development agencies, and other stakeholders.**

#### Key Characteristics

- Multistakeholder dialogue takes place throughout any development initiative (e.g., planning, implementation, and evaluation of a country poverty framework, country assistance strategy, sector/program framework, or project) to ensure that the focus always remains on managing toward outcomes.
- All partners and key stakeholders jointly own the process of defining and managing for outcomes at all phases (regardless of when they enter the process), and agree to take collective responsibility for any initiative's results orientation.
- Managers use risk assessment and risk management strategies to ensure that all stakeholders understand the risks that are likely to affect results achievement, and to help them work together to address these risks.

In managing for results, it is important to have a coherent approach: (a) *ex ante*, at the strategy and planning phase, when expected results are articulated and their likely costs and expected impact on poverty reduction and development are analyzed; (b) during program/project implementation, when monitoring is needed to assess progress and identify necessary mid-course corrections; (c) *ex post*, upon completion, when the results are assessed against objectives and other factors, and (d) also when sufficient time has passed to allow an assessment of sustainability.

#### What does this look like in practice?

**At the national level** – Countries are working to identify clear national outcomes with appropriate indicators for results at all levels to ensure that all planned activities will support the identified results, that information on these indicators is regularly collected, that the analysis of progress is used in regular reporting to government and other stakeholders such as civil society groups, and that evaluations are conducted to determine whether planned results were actually achieved and sustained over time. In practice, a country's ability to do this varies with its national context and capacity. Countries use a wide range of performance management tools and strategies (sometimes with development agency support) to do this, as shown in Part 2 of the Sourcebook.



**In sector programs and projects** – Partner countries, sometimes with support from development agencies, are designing programs or projects that contribute to the main outcomes identified in their national plans. Various forms of sector program or project support are tailored to the development needs of the partner country. During planning, implementation, and evaluation of these initiatives, agencies and countries are continuously engaging in dialogue and working together to guide the process, build needed capacity, and assess progress toward outcomes. They are using a variety of performance management tools and strategies, as shown in Part 3 of the Sourcebook.

**In development agencies** – Development agencies are creating results-based country assistance strategies in close dialogue with national governments, and sometimes jointly with each other. During this process, multiple agencies negotiate a process for working together to support country outcomes, harmonizing and aligning their programming procedures (including monitoring and reporting requirements) to reduce transaction costs for the partner country. They use a variety of performance management tools to do this, as described in Part 4 of the Sourcebook.

## 2. Align Programming, Monitoring, and Evaluation with Results

**Principle 2. Align actual programming, monitoring, and evaluation activities with the agreed expected results.**

### Key Characteristics

- Implementation strategies and activities are designed to directly support outcomes (as defined in the partner country's own national or sector development plans), and are continuously adapted over time to ensure that planned outcomes are achieved.
- Indicators and M&E strategies are logically linked to desired outcomes and impacts, and they demonstrate clearly whether or not the identified results are being achieved.
- The same set of indicators is used consistently throughout any program or project intervention to provide evidence of ongoing results performance. Ongoing M&E activities analyze the degree to which planned outcomes are actually attained so that implementation can be adjusted as needed.

When partner countries, development agencies and other stakeholders focus on expected results and associated results indicators, they can better align actual programming (including financial support), monitoring, and evaluation activities with agreed results objectives. Partner country priorities and constraints must remain the starting point for development agencies' support strategies; the development agencies' planned operations, analytic support, and technical assistance must be consistent with the partner country's sound development strategy.

### What does this look like in practice?

**At the national level** – Many countries are in the process of developing strong operational plans and budgets to support national plans and sector development strategies in which key outcomes are identified along with suitable indicators at different levels. Operational plans, when in place, can help show how specific inputs (human and material resources) and activities (usually delivery of goods or services) will lead to country outcomes. Benchmarks, indicators, and targets are then used regularly to track progress toward these outcomes. During implementation, ongoing monitoring is used to assess whether progress is being made as planned. Evaluations help ensure that longer-term progress toward outcomes is consistently tracked and analyzed. Some examples of tools and strategies being used to align implementation and M&E activities with country outcomes (sometimes with development agency support) are provided in Part 2 of the Sourcebook.

**In sector programs and projects** – Development agencies are working closely with partner countries to support the achievement of outcomes linked to long-term national plans. Agency contributions toward budgetary support, sector programs, and projects are carefully aligned with planned country outcomes. Assessment of risk during the implementation process ensures that factors that may affect achievement of outcomes are taken into consideration, and that inputs are adjusted accordingly. A range of tools and strategies being used to ensure that planned program and project activities (including M&E) support achievement of country outcomes are described in Part 3 of the Sourcebook.

**In development agencies** – Development agencies are working both individually and collectively to support and enhance national outcomes. In many instances, agencies can coordinate their support for these outcomes, as shown in some of the examples in Part 4 of the Sourcebook.



### 3. Keep Measurement and Reporting Simple

**Principle 3. Keep the results reporting system as simple, cost-effective, and user-friendly as possible.**

#### Key Characteristics

- Measurement and reporting on results are kept as straightforward as possible, to create efficiencies and to support effective communication between stakeholders.
- Country outcomes are measured through country-defined indicators that are selective, cost-effective, and realistic, so that just the right amount of performance data is generated.
- Risk and institutional performance indicators are used to track key contextual changes that may affect outcome achievement.
- Countries and agencies are committed to minimizing costs and avoiding duplication by using country-defined indicators as the basis for performance assessment and reporting, and by using this information in decision making about adjustments or mitigation measures.

The indicator framework for managing for results should, to the extent possible, (a) be simple; (b) rely on country systems, supporting capacity building to the maximum extent; (c) be geared to learning as well as accountability functions; and (d) be harmonized to minimize system transactions costs and facilitate comparative analysis. The partner country and development agencies should consult on a short list of key indicators (preferably from a standardized list) for monitoring progress and assessing achievement of results. It is important to take into consideration the chain of expected results. Managing for results aims at improved efficiency; therefore, in choosing indicators, it is essential to be selective (and not to try to measure everything) and realistic (in terms of feasibility and cost). The results reporting system should remain pragmatic – start with whatever baseline data are available, including proxies; use meaningful qualitative indicators to complement quantitative indicators (or to compensate if quantitative indicators are not available); and include support for cost-efficient measures to improve data availability and country or project monitoring systems. The end goal should be a sound, results-based management system that includes specific, quantifiable indicators connected to a timeline with baseline data and periodic assessments of project and program performance against defined targets.

#### What does this look like in practice?

**At the national level** – Countries are working to identify feasible and flexible indicators based on their own capacity to measure and track progress, and assessing how best to build their internal capacity to conduct performance measurement in sectors or subsectors so that performance data can be “rolled-up” to the national level. They are working to ensure that internal and external reporting provides a coherent “performance story” regarding progress toward country outcomes. Part 2 of the Sourcebook provides examples of the various tools and strategies used for performance measurement and reporting at the national level.

**In sector programs and projects** – When agencies, either individually or as a group, enter into partnership with any country to support the achievement of national outcomes, they also commit to using the country’s own indicators and measurement approaches to monitor and report on progress. Some examples of how this may work in practice are provided in Part 3 of the Sourcebook.

**In development agencies** – Within and across development agencies, measurement and reporting requirements ideally need to be fully aligned and harmonized with partner country capacities and strategies. Internally, development agencies are experimenting with various tools and strategies to measure and report on corporate, country program, or project results, as shown in the examples in Part 4 of the Sourcebook.

### 4. Manage For, Not By, Results

**Principle 4. Manage for, not by, results, by arranging resources to achieve outcomes.**

#### Key Characteristics

- Planned outcomes are clearly defined at the beginning of any intervention, and then the resources and inputs required to attain these outcomes are identified (not vice versa, as was the case in the past).
- As the development intervention moves ahead, development managers have the latitude, flexibility, and authority to arrange resources as required to achieve the desired outcomes. Planned outcomes form the focal point for any ongoing management decisions.
- If key targets are missed, stakeholders and managers collectively analyze how and why plans or strategies have gone off track, how they could be brought back on track, and then take corrective measures in constructive and mutually supportive ways so that outcomes are attained.



Managing for results involves a change in mindset. Instead of starting with the planned inputs and actions and then analyzing their likely outcomes and impacts, results-oriented staff focus on the desired outcomes and impacts (for example, on poverty reduction) and then identify the inputs and actions needed to get there. They also establish baselines and identify up-front performance targets and indicators for assessing progress during implementation and on program completion. Missing key targets should not trigger the rigid application of penalty rules; rather it should be a signal for partners to analyze together whether/why things have gone off track and how they could be brought back on track.

### What does this look like in practice?

**At the national level** – National public sector agencies are working continuously and consistently to manage toward long-term outcomes. Inputs and activities are adjusted as needed, and public sector managers have the flexibility to experiment with various implementation strategies to see what works best. Regular reviews of progress identify key barriers and identify corrective actions needed to achieve planned outcomes. Part 2 of the Sourcebook provides examples of the types of tools and strategies used to manage for results at the national level.

**In sector programs and projects** – Development agencies, in consultation with partner countries, determine the type and level of sector program or project support they can most suitably provide to contribute to a partner country's own outcomes. Where a program or project fails to make the planned progress toward identified outcomes, a constructive dialogue about the process, options, and steps may improve performance. If a crucial target is missed, rather than withdraw support, partners consider whether additional strategic assistance could help overcome the obstacles or missed opportunities that have arisen during process. Part 3 of the Sourcebook provides some examples of how this process works in practice in a variety of development projects and programs.

**In development agencies** – Agencies are working to design realistic country programming strategies in which progress toward outcomes can be assessed using performance information generated at the country level. Agencies remain focused on outcomes as they continually analyze and adjust short-term targets, inputs, and approaches. They are giving program managers increased authority to adapt agency assistance strategies as needed to support overall outcomes. Part 4 of the Sourcebook provides examples of how managing for results works within and across development agencies.

## 5. Use Results Information for Learning and Decision Making

**Principle 5. Use results information for management learning and decision making, as well as for reporting and accountability.**

### Key Characteristics

- Information generated through ongoing performance measurement is easily accessible to all stakeholders in any development intervention.
- Whether positive or negative, performance information is used to support constructive and proactive management decision making and to foster learning.
- Assessment of performance and accountability for results takes into account both contextual factors and risks, and makes adjustments accordingly.
- Even in the face of ongoing challenges and risks, program and project managers continue to ask “Why are we doing this?” and remain focused on the learning opportunities inherent in the performance management process.

Information on results should be publicly available. However, use of results monitoring information for reporting and accountability (for both partner countries and development agencies) can prompt behaviors that are overly risk-averse. Two approaches can mitigate this possibility: (a) using reports on results in a positive way for management learning and decision making, taking into account lessons for better future action; and (b) when using reports for accountability purposes, setting performance measures that reflect the level of responsibility of the actor (whether a country, development agency, ministry, institution, NGO, or other stakeholder) and results that the actor can reasonably achieve; this approach recognizes that even with good performance in managing for results, external factors may hinder the achievement of expected outcomes.

### What does this look like in practice?

**At the national level** – National public sector agencies are creating positive incentives to use results information, as they gradually become “learning organizations”. Countries are now learning how to share performance information with their constituencies (civil society and the private sector) by soliciting stakeholder perspectives on what is working or not working in terms of a particular sector strategy or plan. These ideas are then used to adjust strategies and improve progress toward results. Part 2 of the Sourcebook provides some examples of how this process is starting to work.



**In sector programs and projects** – Programs or projects can support improved learning and decision making by encouraging dialogue and partnership around development outcomes. Missing a set of performance targets triggers a process of mutual reflection between partner countries and agencies so that they can develop new and improved implementation strategies. Examples of strategies used to foster learning and decision making for programs and projects are shown in Part 3 of the Sourcebook.

**In development agencies** – To better support partner countries in their learning process, development agencies are working to foster a learning culture within their own organizations. Inside development agencies, information gained from continual reflection on program and project performance is used to adjust the approach that might be used to support more effective country programming in the future. Part 4 of the Sourcebook provides some examples of how this is working in practice.

