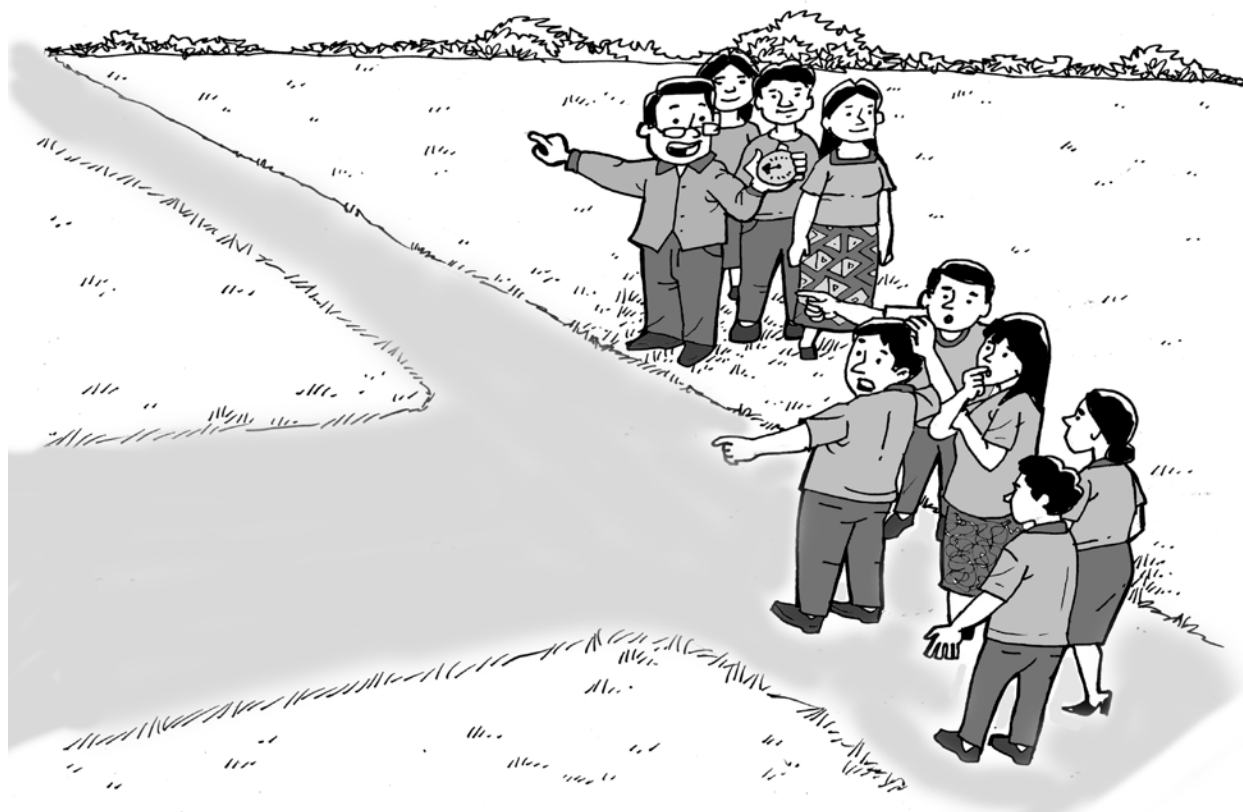


Results-Based Management in IFAD Projects

An Operating Framework



“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.” OECD-DAC, 1

Donors and developing countries alike want to know that aid is being used as effectively as possible, and they want to be able to measure results. The objective is to ensure that development activities lead to tangible and sustained improvements in the lives of people in developing countries.

To this end, IFAD, along with several other United Nations organisations, has fully embraced Management for Development Results – a results-based management strategy for national and international development institutions that focuses on using information on results to improve decisionmaking (see box 1). It provides a framework for assessing performance, learning from experience and using resources more efficiently.

¹ OECD and World Bank, *Emerging good practice in managing for development results. First Issue*, Source Book, 2006. Available online at <http://www.oecd.org/dataoecd/35/10/36853468.pdf>

Box 1: Management for Development Results Concepts (MfDR)

MfDR draws on the theories of development change and change management. At its core are the concepts of

- **goal orientation**, which, by setting clear goals and results, provides targets for change and opportunities for assessing whether change has occurred
- **causality** (also known as the ‘results chain’), which is the relationship between various elements over time—i.e. inputs and activities that lead logically to outputs, outcomes and impact
- **continuous improvement**, which, through periodic measurement of results, provides the basis for adjustment (such as tactical and strategic shifts) to keep management plans and programmes on track and maximise their outcomes

What is results-based management?

1. Results-based management (RBM) is an adaptive management approach that focuses teams on setting medium- and short to medium-term targets, regularly assessing progress and learning from results information with a view to adapting operational plans in a way that maximises achievement of longer term strategic objectives. Enquiry, evidence and learning are key elements of this approach. In its framework document on RBM, the UNDP states that “in results-based management, managers are expected to
 - 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 analyse 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.”²

The results-chain concept is at the core of RBM, with results being defined by the OECD-DAC as the “outputs, outcomes or impacts (intended or unintended, positive or negative) of a development intervention”. More precisely, following are the OECD-DAC definitions of inputs, outputs, outcomes and impact:

² ‘RBM in UNDP: Overview and general principles’, available online at <http://www.undp.org/eo/documents/methodology/rbm/RBM-Overview-GP.doc>.

Table 1. Results as defined by OECD-DAC.

Results level	Definition	Example 1	Example 2
Impacts	Positive and negative, long-term effects produced by a development intervention, directly or indirectly, intended or unintended”	Increased production of high-value crops in project area and increased farmers’ income	Increased agricultural productivity and production
Outcomes	“The likely (or achieved) short-term and medium-term effects of an intervention”	Increased capacity by small farmers to grow high-value crops	Increased availability of water for irrigation
Outputs	“The products and services provided by the project to beneficiaries” (Immediate results)	Farmers trained in the production of high-value crops	Irrigation canals newly constructed or repaired
Inputs	“Financial, material and human resources used for implementing activities”	Technical expertise to develop the training course for raising high-value crop	Funds for and coordinate staff in irrigation canal construction

Outputs do not get automatically translated into the expected outcomes or impact. This is because externalities may prevent an expected outcome from being achieved. For example, it may be insufficient to teach farmers how to grow high-value crops, unless they are also provided with improved seeds.

This is why M&E activities are crucial. Unless project managers have access to reliable data, information and knowledge on project results, it will be highly challenging for them to steer project performance and take corrective action when and if necessary to ensure that project objectives will be met.

Results-based management at IFAD's Asia and Pacific Division

Over the past decade, IFAD has introduced a number of instruments to strengthen RBM in IFAD and in programmes and projects that it funds. IFAD programming has been anchored on **results-based country strategic options papers (RB-COSOP)** that are prepared in close collaboration with borrowing governments. The RB-COSOP sets the framework for approving IFAD-funded projects, which in turn apply IFAD's **results and impact management system (RIMS)** linked to the RB-COSOP results framework. RIMS requires projects to (i) survey project target groups at baseline and completion to measure impact indicators associated with those MDGs most relevant to IFAD's mandate; and (ii) select relevant outcome and output indicators from a menu of indicators with standardised and consistent formats.

In support of project planning and M&E, IFAD's Office of Evaluation led the development of **IFAD's Guide to Project M&E**, a modular manual for managing for impact that includes guidance on M&E planning matrixes. Project M&E is underpinned by a **logical framework** that reflects the project's strategy and results chain. The logframe in turn feeds into **results-based annual work plans and budgets (AWPB)**, whose results hierarchy mirrors that of project logframes. Some projects in Asia have also applied the **outcome target indicator plan (OTIP)** to better specify their logframe objective hierarchy; key information needs for monitoring progress against target outcomes and milestones and resourced **M&E plans** with detailed actions and responsibilities for M&E deliverables.

In addition to M&E products, IFAD-funded projects are required to submit to IFAD periodic **progress reports**. Annually, an IFAD **supervision** visit documents project progress and concludes with detailed scoring of various elements of project implementation. These **project status report** scores are reviewed and validated by IFAD headquarters. In some projects, IFAD supervision missions are informed by **annual outcome surveys (ADS)** undertaken through the project or project partners. IFAD's Asia Division has also developed an **M&E/KM toolkit** to assist projects in executing surveys as well as qualitative measurements of project outcomes. Finally, a **project completion report** is prepared at project end or soon thereafter and validated by IFAD's independent Office of Evaluation. The performance of projects is reviewed annually by IFAD management through an internal **annual portfolio review**.

IFAD's results-based country strategic options paper

IFAD introduced its RB-COSOP approach as part of its commitment to establish results-oriented reporting and assessment frameworks aligned to national development targets. These frameworks aim to track a number of indicators that help monitor progress against national development targets in partner countries.

Measuring progress towards strategic objectives supports learning processes in-country and at IFAD and can provide evidence to decisionmakers, policy-setters and funding agencies to leverage support for scaling up of successful development interventions.

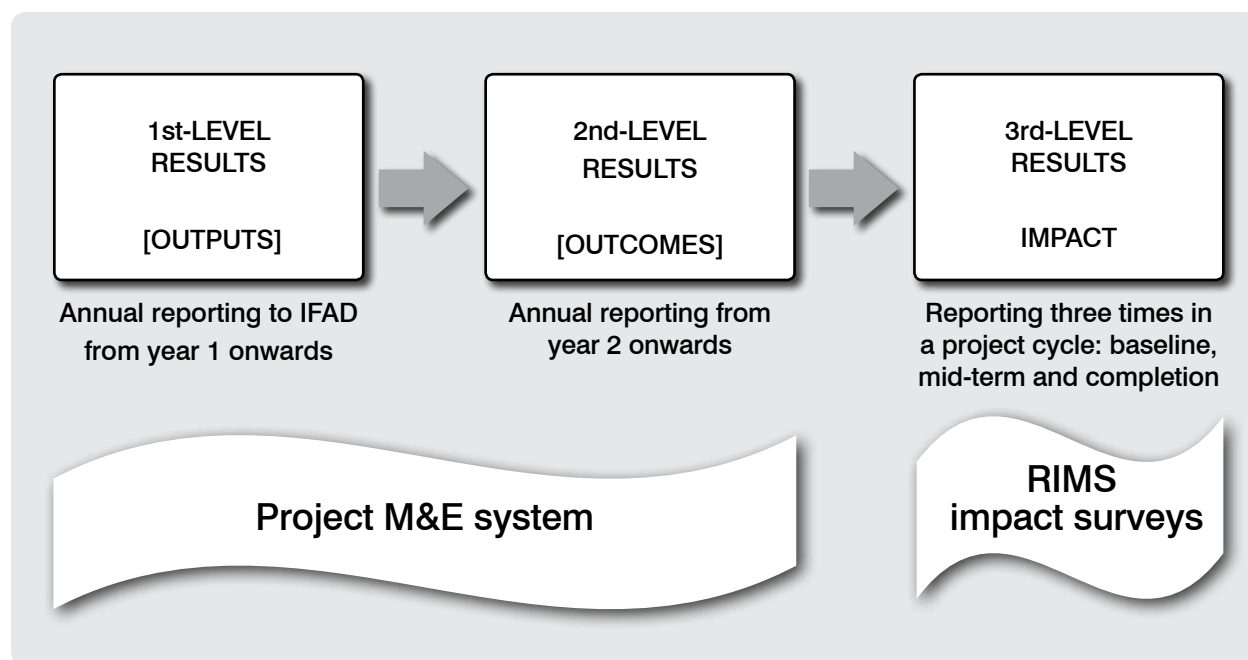
The advantage of *standardised* RIMS indicators comes into play with the RB-COSOP, as indicators can be aggregated or disaggregated not only sectorally or project versus regional portfolio but also spatially in a way that can fulfil information needs of territorial administrations specifically relevant to their areas of jurisdiction.

The RB-COSOP's tabular results framework illustrates the connection between national targets (and a quantified baseline situation depicting the status of the rural poor), IFAD's strategic objectives and milestones and risks in achieving quantified outcome objectives—all founded on investments in productive or financial outputs.

IFAD's results and impact management system

IFAD's RIMS supports these processes with standardised indicators and methods for measuring impact. While RIMS may not be tuned to address performance questions specifically or to review critical path activities, it can be utilised as an instrument for tracking the pace of progress against established annual and global targets and to assess improvement in target group living standards at project completion.

Figure 1. Annual reporting for IFAD-funded projects.



The Logical Framework

Monitoring and results management strategies are built around the impact pathways (or theory of change) described in projects' results chain and in the project logframe. Outcomes, outputs and activities have specific indicators that aim to measure the results and ensure the programme remains on track.

Because the achievement of rural development project objectives relies on behavioural and organisational change of project stakeholders (including targeted households, local governments, rural businesses, service providers and other public and private actors), it is critical for projects to monitor these changes and verify whether targeted social outcomes are realised as a result of project activities.

Tracking achievement of outcomes requires the use of milestones, especially since programme management teams rarely have full control of finances, human resources and policies, and are not self-sufficient. Plans for activity durations and resource utilisation may therefore be underestimated and programmes sometimes find that necessary resources (human resources, finances, equipment and materials) are unavailable when or where they are needed. Other factors that may set back delivery are unanticipated conditions (such as climatic conditions, technical/physical complexities related to access to remote programme locations, etc.), as well as delivery delays by suppliers and service providers. Milestones provide project teams with well-defined, shorter term goals and deliverables that are tangible in the immediate time-span (and against which incremental successes can be registered) rather than the broader, long-term targets set for the project's entire duration. Breaking long- and medium-term targets into periodic (shorter term) milestones within a results chain also serve the project team and its partners in visualising how immediate actions fit holistically and feed into the overall programme strategy and direction. Learning and management processes also require clear milestones and reporting tools to assist in correctly assessing progress and communicating incremental successes and constraints.

Annual outcome surveys

Because RIMS impact surveys are administered at the end of the project, changes to the intervention could only be made in a subsequent project. As well, the RIMS surveys measure only the impact (long-term effects) of the intervention. To solve this, AOS is administered annually and measures intervention's outcomes (short- to mid-term effects) with respect to those who had received it. In so doing, corrections on the project and tracking could be made.

The annual work plan and budget

Project logframes provide detailed sets of outputs and activities that provide the foundation for annual/monthly work planning. An effective work plan and budget specifies (i) schedules and time plans for delivery; (ii) budget resources needed; (iii) a personnel plan with responsibilities, staff needs, and staff training and (iv) a material and equipment plan for items to be procured. Monitoring formats are provided below for (i) planning and monitoring targeted outcomes (with examples), (ii) setting and reporting on milestone measures and (iii) planning outputs and activities for AWPB³.

Project annual work planning is a key element of RBM within IFAD projects. It aids management in identifying the most efficient method of implementing a project; establishing needed resource levels and securing its human and financial resource requirements; procuring inputs; employing qualified contractors at the appropriate time and executing the project within the estimated cost and time constraints.

This demonstrates the importance of using M&E to track projects with milestones, especially since project management teams rarely have full control of finances, human resources and other policies, and are never self-sufficient. Estimates of activity durations and resource utilisation by the project are consequently routinely underestimated; and projects sometimes find that necessary resources (especially specialised human resources but also finances, equipment and materials) are unavailable. Among other factors effecting delivery are unanticipated project conditions (such as technical and physical complexities related to remote or marginal project locations, adverse climatic events such as droughts, etc.), as well as delivery delays by contractors, suppliers and service providers.

The project needs an effective information management system that provides continuous and frequent reports, giving supporting evidence of (or lack of) progress. IFAD and the project manager must insist that the project team monitors its own progress with specific, real and measurable achievements and failures that are formally reported.

What is RBM?

RBM is a management approach that focuses on performance in achieving predetermined results. RBM involves three steps:

1. Performance planning (e.g., project design or preparation of the annual work plan and budget)
2. Performance measurement (e.g., through periodic M&E or ad hoc studies)
3. Performance evaluation and reporting

The earlier chart shows how RBM applies to the annual project cycle.

³ Electronic templates for the final AWPB document (to be submitted to and endorsed by the Steering Committee and by IFAD) are provided separately.

Over time, IFAD has developed a number of RBM tools and processes

- Performance planning tools: project logframe; cost tables; results-oriented annual work plan and budget; country programme results frameworks
- Performance measurement tools: M&E tool box (e.g., key informant interviews, focus group discussions)
- Performance reporting tools: Supervision reports; annual progress reports; mid-term and completion review reports; RIMS

As for performance management, which encompasses all three previous processes, it is the chief responsibility of project managers. They need to be in a position to take informed management decisions that steer the project in the right direction and ensure that expected results are achieved. For this to happen, the focus needs to be on the regular collection, analysis and evaluation of **information on results.**