Results Based Management
Concepts and Methodology

I. INTRODUCTION

The present note provides guidance to operating units[1] on results-based management (RBM) in UNDP. The note offers an explanation of the conceptual and methodological building blocks as well as the instruments that represent UNDP's application of the RBM philosophy. It is intended to help establish organisation-wide *standards* with regard to key aspects of results methodology and terminology.

Managing for results is not completely new to UNDP but what makes the current approach different is the determination to make RBM the driving force behind the organisation's institutional culture and practice – and to develop and apply a corporate methodology for this purpose.

II. WHAT IS RBM?

The objective of RBM is to "provide a coherent framework for strategic planning and management based on learning and accountability in a decentralised environment."[2] Introducing a results-based approach aims to improve management effectiveness and accountability by "defining realistic expected results, monitoring progress toward the achievement of expected results, integrating lessons learned into management decisions and reporting on performance".[3]

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[1] The term "operating units" is used to cover all country offices, funds and headquarters units that have individual budgets and reporting responsibilities.

[2] Note on RBM, Operations Evaluation Department, World Bank, 1997.

[3] "Results-based Management in Canadian International Development Agency", CIDA, January 1999.

RBM in UNDP is based on four main pillars:
- the definition of strategic goals which provide a focus for action;
- the specification of expected results which contribute to these goals and align programmes, processes and resources behind them;
- on-going monitoring and assessment of performance, integrating lessons learnt into future planning;
- improved accountability, based on continuous feedback to improve performance.

III. MANAGING FOR RESULTS

Types of Development Results

UNDP's approach to results-based management is centred on two types of development result: outputs and outcomes. **In RBM, inputs and the activities which transform them into outputs reflect the process of *implementing* projects/programmes[4] rather than desirable end results in themselves.** From a results perspective, the implementation process is significant only in terms of what it *leads to* – or what *follows from* the process of planning, managing and implementing.
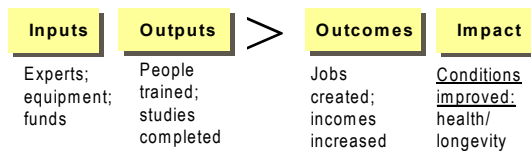
Outputs are the specific products and services which emerge from processing inputs through programme or non-programme activities. Outputs, therefore, relate to the *completion* (rather than the conduct) of activities and are the

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[4] The term "programme" is used in this document to denote any project, programme or other programmatic intervention irrespective of its being formalized as a project document or a programme support document (PSD).

type of result over which managers have a high degree of influence.

Outcomes are actual or intended changes in development conditions that UNDP interventions are seeking to support. They describe a change in development conditions between the completion of outputs and the achievement of impact (see Figure 1).

Figure 1: What are results: Outputs and Outcomes

Inputs	Outputs	>	Outcomes	Impact
Experts; equipment; funds	People trained; studies completed		Jobs created; incomes increased	Conditions improved: health/ longevity

To assist in distinguishing between outputs and outcomes, three tests may be applied (see Box 1).

outputs and outcomes with a level of ambition to fit the country context and UNDP's resources is given below.

An individual UNDP output or even a cluster of outputs will not guarantee the achievement of a related outcome, since the contribution of wider group of partners is usually essential. Ideally, outcomes should be agreed to by the partners involved as necessary to have a positive influence on a development issue within a reasonable period of time. Seeking to influence development outcomes is, therefore, by its very nature dependent on partnerships. Since several actors are involved, outcomes cannot necessarily be attributed to any one party (such as UNDP).

Box 1: Tests to Distinguish between Outcomes and Outputs

Outcomes	**Outputs**
(1) Does it represent a development change? *Eg changes in policies/regulations/laws, access to assets or services by the poor, environmental conservation or institutional capacity.*	(1) Does it make a significant contribution to the achievement of the related outcome? *Although UNDP cannot achieve outcomes on its own, we do want to make an important contribution to their achievement.*
(2) Does it require the help of at least one (or perhaps more) partners? *Outcomes are developmental changes which by their very nature cannot be achieved by UNDP on its own.*	(2) Can it be delivered by UNDP? *Again, although you could argue that even outputs are achieved with the help of at least one partner, UNDP should feel confident that it has a high degree of control over the achievement or non-achievement of the output.*
(3) Can it be achieved by the end of the SRF/CCF period? *Results included in the SRF must be achievable within the SRF period, or the CCF period (if this is later).*	(3) Can it be achieved by end of the SRF/CCF period? *Results incorporated into the SRF, including outputs, must be achievable within the SRF/CCF period.*

Outputs and outcomes of varying degrees of ambition can be chosen. Guidance on choosing

Deciding the Ambition of Outputs and Outcomes

Figure 2 illustrates how outputs and outcomes of varying degrees of ambition may be chosen. The approach in UNDP is to select only those outputs that clearly have a significant role to play in contributing towards major outcomes. Similarly, since outcomes occupy a middle ground between outputs (completion of activities) and the achievement of impact, it is possible to define outcomes with differing levels of ambition.

Where in this range you locate your intended outcome depends on country conditions, the importance of UNDP assistance, UNDP's track record, and the contributions of partners**. The aim is to define outcomes that UNDP and its partners will have to stretch themselves to achieve but which, at the same time, can be seen to have a significant and credible relationship to outputs that UNDP is contributing.** Box 2 provides examples of outputs and outcomes and illustrates the varying levels of ambition that are possible.

The first output (see (1)) in Figure 2 – local decentralisation feasibility study completed – is at the lower end of the ambition scale, and clearly represents a result over which the UNDP CO has high degree of influence. This type of output would be appropriate in a country where the concept of decentralising resources and decision-making authority is new.

The second example (see (2)) – draft decentralisation proposals submitted – is more ambitious, and might follow-on from a feasibility study. Although UNDP managers can influence the preparation of these proposals, they have less control over whether the submission will be accepted by the government. The importance of

country context is clear. This more ambitious output is appropriate where UNDP had built up a sufficiently strong reputation and relationship with its partners in order to feel confident of including it within the SRF.

With respect to outcomes, the first example (see (3)) involves the transformation of a draft proposal on decentralisation into actual legislation. The degree of influence which UNDP has over this is less than for the outputs, for the

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Box 2: Example Outputs and Outcomes

The following example outputs reflect an increasing level of ambition and an increasing reliance on the securing the trust and cooperation of partners. It is importance to define outputs which are likely to make a significant contribution to outcomes, but which take account of the country context and are therefore realistic within the timeframe of the CCF/SRF:
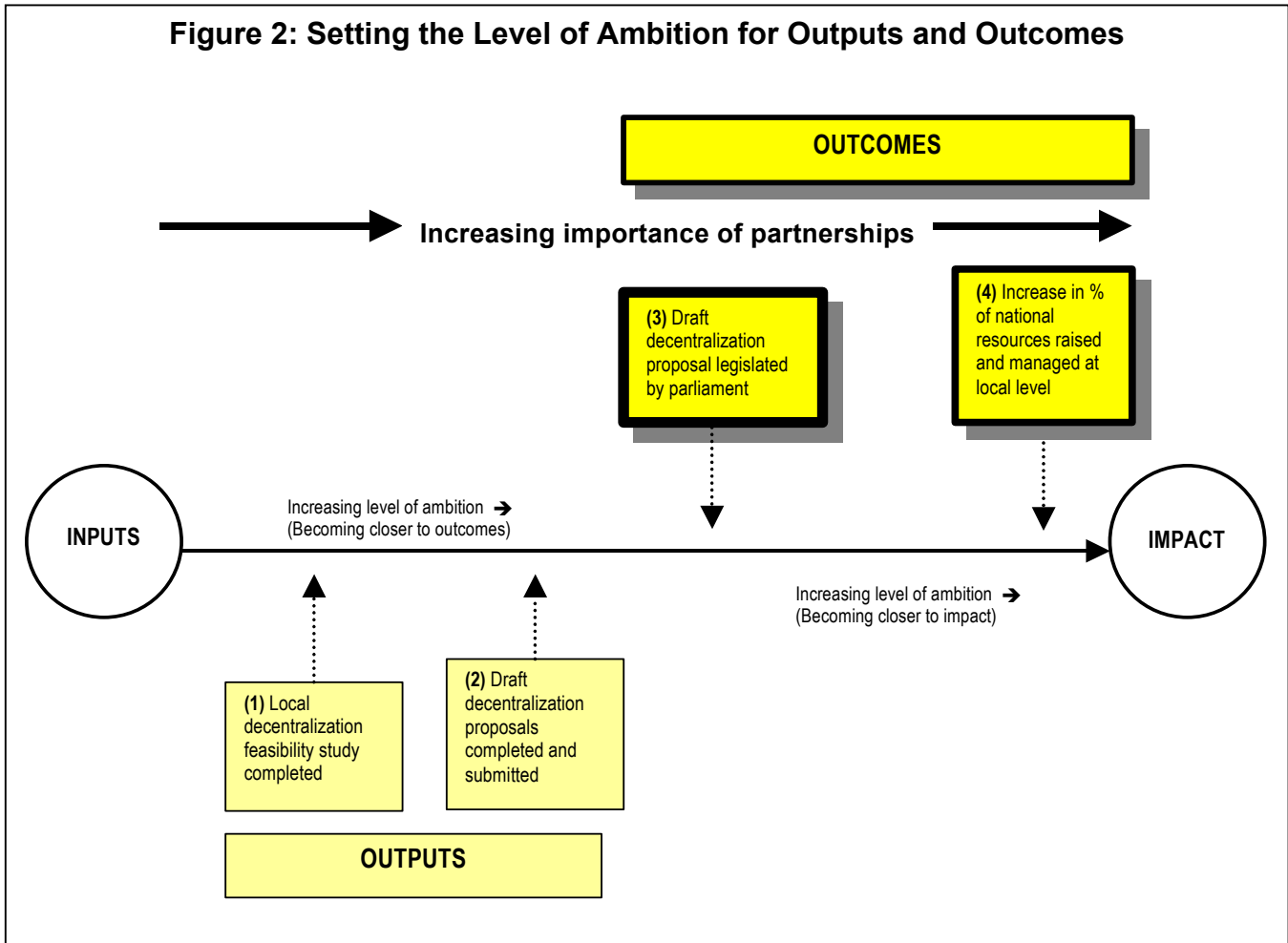
Outputs:
- Completion of a study of environment-poverty linkages;
- Police forces and judiciary trained in understanding of gender violence;
- National, participatory forum held to discuss draft national anti-poverty strategy;
- National human development report produced;
- Revised electoral dispute resolution mechanism established.

The examples below illustrate outcomes with an increasing level of ambition. As the level of ambition increases, so the importance of partnership grows, and the directness or credibility of linkages to key UNDP outputs diminishes.

Outcomes:
- Improved national capacity to monitor human and income poverty and inequality;
- Legislation passed which promotes local adoption of sustainable energy technologies.
- Increased access of the poor to finance (formal, informal, micro).
- Reduction in the level of domestic violence against women.
- Increased regional and sub-regional trade.

Figure 2: Setting the Level of Ambition for Outputs and Outcomes

OUTCOMES

Increasing importance of partnerships

(3) Draft decentralization proposal legislated by parliament

(4) Increase in % of national resources raised and managed at local level

INPUTS

Increasing level of ambition ➔
(Becoming closer to outcomes)

IMPACT

Increasing level of ambition ➔
(Becoming closer to impact)

(1) Local decentralization feasibility study completed

(2) Draft decentralization proposals completed and submitted

OUTPUTS

reason that it is Parliament not UNDP that can legislate. Moreover, the successful passage of the legislation may well depend on a range of outputs beyond the draft proposals such as the holding of a national consultation on decentralisation.

Achievement of the more ambitious outcome (see (4)) – increase in the percentage of national resources raised and managed at the local level – is clearly contingent on the actions of a wide range of partners and is likely to be achieved over a longer time span.

This level of outcome is likely to be appropriate only in a country with an established consensus and where UNDP has a proven track record with respect to decentralisation and thus the confidence of major partners. This latter condition is important if UNDP is to be in a position to contribute substantial outputs that have a credible link to the outcome. If UNDP is not in a position to contribute major outputs, then the level of ambition of the outcome should be lowered accordingly.

Implications of Focusing on Results

The following sets out the implications of the results-based focus in broad terms. Section IV, in contrast, examines in more detail the structure and practical application of the SRF.

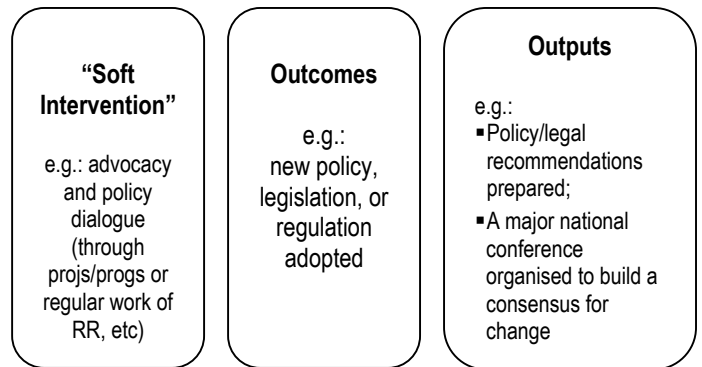### (a) Capturing the Results of "Soft" Assistance

With the introduction of RBM in UNDP, added impetus has been given to capturing the achievements of UNDP's "soft" assistance based on the organisation's presence at the country level.

In addition to promoting results through hard outputs such as the development of management information systems or studies, UNDP makes an important contribution to promoting development change through "soft" assistance, namely policy dialogue and advocacy. While this may be carried out through UNDP programmes and projects, dialogue and advocacy is a major focus of the work of Resident Representatives and other senior UNDP staff. For this reason, it is essential that **the SRF capture the results stemming from the total operating unit strategy of the country office**. UNDP country office presence itself can contribute to change through direct provision of "soft" assistance, in addition to "soft" assistance provided through projects and programmes. The outputs and outcomes of "soft" assistance should, however, be clear and tangible (see Figure 3).

"Soft" assistance can help trigger positive results in the most fundamental dimensions of the enabling environment e.g. when contributing to a policy change that makes national planning more responsive to the needs of the poor. Although "soft" assistance interventions may lead to results only in the long-term, and these results may be hard to quantify, every effort should be made to define concrete intended results. In support of this, each thematic category of the SRF begins with strategic areas of support that focus on changes in the relevant policy, regulatory or legal framework, usually achieved through "soft" assistance.

Figure 3: Soft interventions should have hard results

| "Soft Intervention"	Outcomes	Outputs
e.g.: advocacy and policy dialogue (through projs/progs or regular work of RR, etc)	e.g.: new policy, legislation, or regulation adopted	e.g.: ▪ Policy/legal recommendations prepared; ▪ A major national conference organised to build a consensus for change

(b) Forging Strategic Partnerships

Developing and systematically following a partnership strategy is an essential requirement for the successful achievement of outcomes. The very process of defining and agreeing the limited number of major intended outcomes which UNDP intends to support requires dialogue with national counterparts. The nature of this dialogue and the type of partnership that UNDP is able to build will shape the major outcomes which will be included in the Country Cooperation Framework and the Strategic Results Framework.

Effective partnerships, where there is a clear understanding of the contribution of each partner to agreed outcomes, are central to achieving results. Exerting a maximum influence on an outcome demands a thorough understanding of the interests of other development actors, the roles they can play, how best to work with them,

and how to mobilise resources. Many outcomes, such as the expansion of a competitive, market-oriented private sector for instance, clearly can *only* be achieved through the collective efforts of several partners. The diversity of partnerships that may be required is highlighted in Figure 4 below. Partnership and coordination strategies are, thus, also essential and integral components of planning for outcomes. National authorities, beneficiary groups, the private sector, and other development organisations are usually the strategic partners for UNDP.

Effective partnerships draw on individual strengths and maximize synergies. Furthermore, in seeking to influence outcomes, UNDP must have a clear understanding of its own role – in terms of leadership, coordination, resource mobilisation, and monitoring and evaluation arrangements. The importance of partnerships is recognised in the SRF, which requires that COs set out a partnership strategy statement for each outcome (see Section IV).

Figure 4: Partnerships – at the core of achieving outcomes
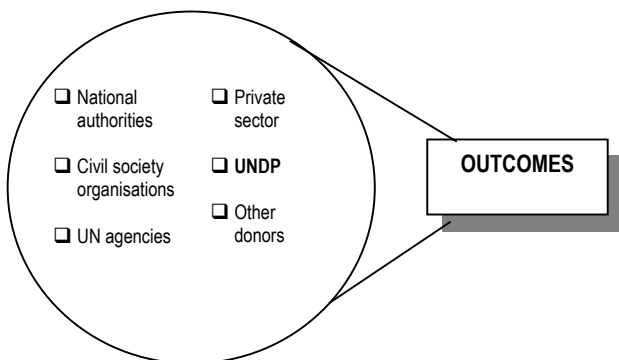
(c) Monitoring and Evaluation

Monitoring and evaluation (M&E) are key tools for the effective implementation of results-based management. Performance assessment is

enhanced through the systematic monitoring of indicators through the thematic categories of the SRF and assessment through the ROAR. Evaluation helps clarify the underlying factors which explain the results reported through the ROAR, and helps ensure that UNDP learns from its lessons of experience. There is a need to develop ways of evaluating the achievement of key outcomes, through partnership-centred evaluations.

Within a results-oriented environment, the emphasis of M&E is on:

▪ active *application* of monitoring and evaluation information to the *continuous improvement* of strategies, programmes and other activities;

▪ monitoring of substantive *development results* instead of just inputs and implementation processes;

▪ monitoring and evaluation of results *as they emerge* instead of as an *ex-post* activity;

▪ conduct of monitoring and evaluation as *joint* exercises with development partners.

(d) Use of Indicators

RBM's emphasis on outcomes achieved jointly with other partners requires the monitoring of change beyond the confines of an individual UNDP-supported intervention. For outcomes which UNDP contributes to in partnership with others, not all monitoring responsibilities have to fall upon UNDP. It is important, however, that the partners agree on the key indicators to monitor, and who has responsibility for monitoring them.

UNDP makes use of three types of indicator:

- corporate outcome indicators set centrally and providing a standardised basis for

monitoring changes UNDP wants to be associated with globally(See Section IV);

- outcome indicators, identified by the country office measuring progress against specified outcomes; and

- situational indicators, which provide a broad picture of whether the developmental changes that matter to UNDP are actually occurring (see Annex II of this Technical Note for the list of situational indicators).

Indicators are observable signals of status or change that are intended to provide a credible means of verifying results. Effective identification of indicators is important for two reasons. Firstly, the ability to track progress and learn lessons relies on the selection of indicators that isolate the essential changes sought.

Secondly, the process of defining indicators itself can help managers in clarifying the outcomes they seek. If it proves difficult to identify an outcome indicator, it usually reflects a lack of clarity in conceiving the outcome, or the excessively broad or ambitious nature of the outcome sought. Where possible, indicators should be derived from a dialogue with UNDP's partners.

In defining indicators, it is important to remember that they should be used to provide approximate answers to a few important questions rather than seek to provide exact answers to many less important questions. Balance is key, in order to prevent the process of defining and monitoring indicators from becoming a major workload. Critical qualities of indicators include:

- Validity: does the indicator capture the essence of the desired result?

- Practicality: are data actually available at reasonable cost and effort?

- Clarity: do stakeholders agree on exactly *what* to measure?

- Clear direction: are we sure whether an increase is good or bad?

- Owned: do stakeholders agree that the indicator makes sense?

Balance requires that the definition and use of indicators has to be taken seriously for credible and effective assessment, learning and accountability. On the other hand, care must be taken **not to over invest** in results measurement and indicators. If measurement is emphasised too much, there is a risk that managers will be motivated to undertake certain activities simply because measurable results can be achieved. In the process, they may be diverted from less measurable, but ultimately more fruitful, development interventions.

Examples of outcome indicators are given in Box 3, and fuller guidance on "do's and don'ts" is given **in "Selecting Key Results Indicators: in the context of the UNDP SRF"** which can be found on the **internet** at http://www.undp.org/eo/methodology/methodology/html or the **intranet** at http:/intra.undp.org/osg. This covers a wide range of topics, including: indicators as signposts of change; management uses; types; targets; baselines; and economy in choice of indicators.

Selecting indicators for the softer dimensions of the work of UNDP, i.e., policy advice, dialogue and advocacy, is likely to be challenging. These must capture policy advice, dialogue and advocacy outcomes relating to the total operating unit strategy, and not just projects and programmes. The focus must be on identifying the hard results that emerge from soft interventions. Critical discussion is useful since pronouncing a decree or issuing a formal statement may at times be only a nominal signal of a policy shift, not truly reflecting actual change. The most significant aspect of policy change may

not be formal adoption but how the change manifests itself in *actions.*

Box 3: Example Outcome Indicators

Sample indicators for Enabling Environment Sub-goal 2, "Strengthen the capacity of key governance institutions", include:

- Legislative mechanisms for accountability such as a Public Accounts Committee are in place to ensure oversight function.
- Average time for passage of legislation in parliament during the current year.
- An independent electoral management body exists with the capacity to conduct free and fair elections.
- Existence of public confidence in the justice system (as indicated by survey data)

For the Gender Sub-goal 1, "Ensure gender equality in the decision-making processes at all levels", sample outcome indicators include:

- Incorporation of gender-disaggregated socio-economic analysis and findings into national and local plans.
- Frequency with which women's and gender equality concerns are raised in the media;
- National baseline studies and regularly updated data on gender issues available in the country, disaggregated by sex (including GDI and GEM).

Examples of policy change may be parliamentary approval of legislative amendments that are required to execute new policy directions, e.g., for the establishment of a new government function, programme or institution. The actual allocation of budget resources or the implementation of new programmes or services could be other observable signals of material policy change. Capturing these results of UNDP's "soft" interventions immeasurably strengthens the ability to tell UNDP's story and to demonstrate its role and impact.

Capacity development activities have always been difficult to measure, so how should this be done? Again, there are no pre-established formulas. However, past experience can be helpful. When dealing with capacity development projects and programmes, the critical question in defining indicators is to ask the question capacity for what? Determining change depends on a careful analysis of the function that the specific institution performs (or seeks to perform). What is the essential service being provided, and who are the clients of the institution? The concept of client service may be helpful in defining results emanating from capacity development efforts. Even if there is no room for undertaking extensive client surveys, the data may exist on other aspects of client service: institutional outreach – the number of clients that have been serviced; the time it takes to process a complaint; the backlog of cases. Even for complex institutional issues such as planning, it may still be possible to identify a concrete indicator, such as the timeliness of sectoral reports or the views that external experts have about the quality of documents.

UNDP's Two-Way Results Framework

A key lesson which has emerged not only from the experience of other public sector agencies but also from UNDP's own efforts is the need for results management systems to be rigorous yet simple and flexible. They need to be tailored to the specific country needs of the organisation while responding to corporate requirements.

The UNDP results system, therefore, builds on a two-way process (top-down and bottom-up):

- **top-down:** the establishment at corporate level of an overarching Goal and a broad set of Goals, Sub-Goals, Strategic Areas of Support, and corporate outcomes and indicators;

- **bottom-up:** the articulation of actual results plans – intended outcomes and outputs – as well as associated outcome indicators and partnerships by operating units, primarily at country level.

The convergence of the top-down and bottom-up approaches yields a single integrated system for strategic planning – from the country or operating unit level to the consolidated corporate level (see Figure 5).

**Figure 5: Top-down and Bottom-up Approaches**
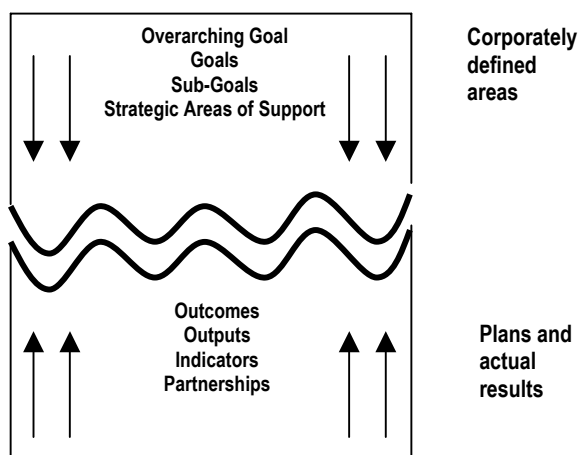
This system is built on a single instrument: the Strategic Results Framework (SRF) (see Figure 6). The SRF is used for strategic planning and forms the basis for performance assessment through the results-oriented annual report (ROAR).

The **SRF has a wide range of management uses**, for example, providing a basis for a results-oriented dialogue between UNDP, Government and other partners; enabling programmes and projects to be focused on a few strategic results rather than being dispersed across too many areas; guiding the allocation and management of programme resources, by looking at the relationship between results and resource use; sharpening UNDP's identity and

improving its credibility in the country; and aligning and assessing the performance of CO staff based on common, transparent and verifiable results.

Figure 6: Strategic Results Framework

Top-down components

Bottom-up components
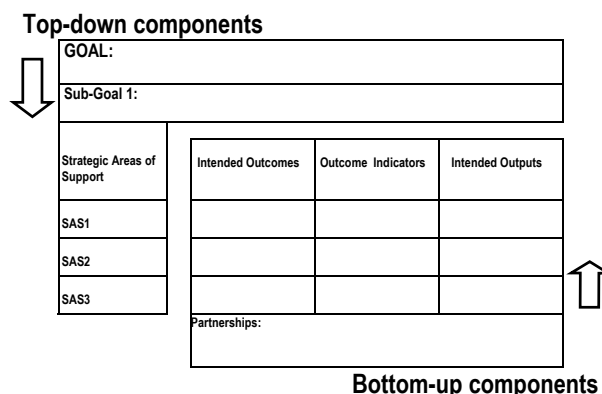
Accountability

The outcomes and outputs furnished within the SRF by operating units should reflect the key results against which managers wish to be assessed. However, because outcomes are not the result of one single actor's intervention, enforcing individual and personal accountability in respect of the substantive attainment of outcomes would be unreasonable. The attainment of outcomes is subject to *shared* accountability among partners. A full understanding of the factors determining why outcomes are achieved (or not) requires in-depth evaluation that situates the results in the country context. While managers can be held accountable for ascertaining that outcomes are *monitored,* their full accountability can be applied only to outputs. In a situation of shared accountability, it is important that responsibilities and performance expectations be clearly defined. Managers, while not being held accountable for the achievement of outcomes, are expected to report on progress against intended outcomes.

The ROAR provides a vehicle for sharpening performance, including as a RBM assessment and reporting instrument. It is intended to provide a basis for feedback and continuous adjustment.

The **Country Office Management Plan (COMP)** is connected to but remains separate from the SRF, focusing on the management actions required for achievement of intended development results. Thus the SRF concentrates on the substantive development results which UNDP wishes to achieve, both individually and collectively with partners, while the COMP focuses on how the CO expects to manage itself in order to help achieve those development results (see the COMP Technical Guidelines for further information).

IV. THE SRF: STRUCTURE AND APPLICATION

This section explains the structure of the SRF and provides guidance on its application, including examples that highlight specific issues.

The Structure of the SRF

The SRF provides a broad frame of reference for results in six areas that are critical to UNDP:

- The enabling environment for SHD (governance);
- Poverty reduction;
- Environment;
- Gender;
- Special development situations (SDS);
- UNDP support to the UN.

These six thematic categories reflect the four key programmatic areas that have been defined for UNDP;[5] the importance accorded to special development situations/crisis countries category, and UNDP's role as Chairman of the UNDG and funder/manager of the Resident Coordinator System (RCS).

The SRF has a logical, hierarchical structure (see Figure 7). At the highest level is an **over-arching Corporate Goal** that represents the unifying purpose of UNDP's work:

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

Figure 7: SRF Structure
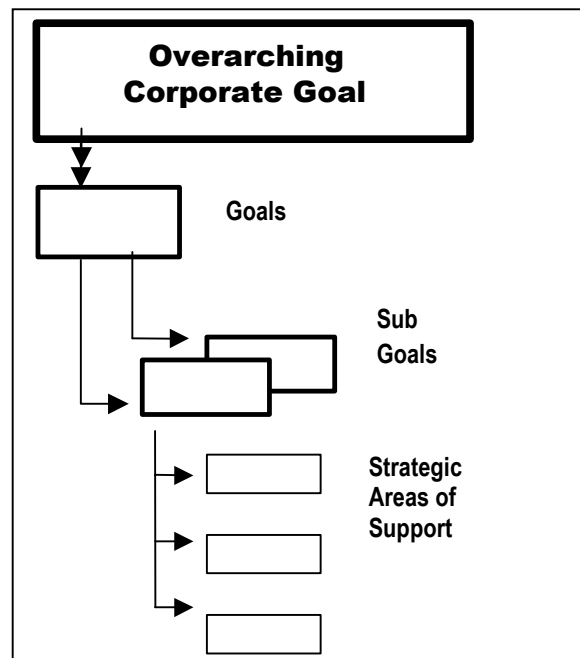
The SRF is structured into the following "top-down" elements for *each* of the six thematic categories:

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[5] Executive Board decisions 94/14, 95/23 and 98/01.

- <u>Goals</u>, which represent the ultimate aims of assistance in each of the thematic categories but are not exclusive to UNDP. They are almost all geared towards the over-arching corporate goal of reducing human poverty and, at the same time, build on UN conferences and UN inter-agency agreements.

- <u>Sub-Goals</u>, which are specific to UNDP, reflect UNDP's comparative advantages and show how the organisation contributes to the overall Goal.

- <u>Strategic Areas of Support</u> (SAS), which are areas in which UNDP can or already does work, as a key player or leader/coordinator, to help achieve the Sub-Goal and, ultimately, the Goal in a particular thematic category. The SAS are now determined exclusively at the corporate level: operating units will not be able to add any SAS to the corporately-defined list from 2000 onwards.

The purpose of defining the Goals, Sub-Goals and Strategic Areas of Support is to provide a frame of reference for operating units to define the specific results that they will strive to achieve at their level. This "bottom-up" part of the SRF has four major elements:

- <u>Intended outcomes</u>, which are the key development changes to be targeted by UNDP assistance. They are defined by Country Offices (COs) and other relevant operating units (see also Box 2 and Annex 3).

- <u>Outcome indicators</u>:

    COs will identify one (or more) indicators to measure progress against each outcome. This is accompanied by a clear statement of the current baseline for the indicator, and its expected value or status by the end of the SRF period (the "end-SRF target"). Note, that where the CCF has a longer timeframe than the SRF, it may be appropriate to choose outcomes achievable within the CCF timeframe. In this case, the outcome will be realised after 2003, and the value of the indicator should reflect the progress expected by the end of the SRF period.

- <u>Key outputs</u>, which are specified by COs and other operating units. COs will identify a few key outputs with a significant and demonstrable contribution to the outcome. Outputs will be specified so as to include a clear current year target against which progress can be measured.

    This approach to intended outputs reflect the lessons of experience in 1999 which showed that, in most cases, output indicators were simply a reformulation of the output itself. For this reason, the structure of the SRF has been simplified by the removal of the output indicator column.

- <u>Typology of results</u>: a new typology of results has been developed based on the empirical evidence contained in country ROARs and consultations within UNDP (see below). This will allow a better comparative analysis of results across regions, categories of results, and over time.

- <u>Partnerships</u>, which are the final element of the SRF. COs and other relevant operating units are required to set out their strategies for partnership for each outcome. This will form the basis for an annual analysis of patterns, results and trends in the narrative section of the ROAR.

In conclusion, the guiding principle in the revision of the SRF structure and content has been simplification. In line with lessons learned from last year's SRF and ROAR experiences, the number of Sub-goals and Strategic Areas of Support has been reduced substantially. At the same time the Sub-goals and SASs have been

reshaped to better reflect what country offices have actually focused on, and the sharper UNDP focus set out by the Administrator in his Business Plans.

Guidance on being strategic about the selection of outcomes and outputs is given in Annex 3.

(a) Typology of Results

The categorisation summarised in Box 4 allows UNDP to assess shifts in the concentration of its results, from outcomes relating to innovation and scaling-up to changes in strategy or policy, for example. COs will need to indicate a typology for each output. This will be done through a drop-down feature in the database.

Box 4: Typology of Outcome

A.   Strategy Setting and Policy Options

B.   Regional Cooperation and Global Public Goods

C.   Capacity Development
       C1. Institutions
       C2. Data Collection and Monitoring

D.   Empowerment and Social Cohesion

E.   Innovation and Scaling-Up through Pilot Interventions

The typology is set out below in more detail. It takes account of earlier experience, and differs in various ways from that used last year. Thus, for instance, knowledge networking and information technology are now considered intrinsic aspects of how UNDP is contributing to results, rather than as separate categories of their own.

A.   Strategy Setting and Policy Options
This category seeks to capture results which UNDP contributes to through its emerging role as an adviser and partner at the "upstream" level. This includes facilitating the formulation and implementation of policies as well influencing regulatory and legal frameworks. Advocacy, often through the global and national Human Development Reports, often lies at the heart of UNDP dialogue on policy options and choices relating to sustainable human development.

B.   Regional Cooperation and Global Public Goods
Some development changes can only be tackled through collective action at the regional or global level. This category covers UNDP efforts to ensure the needs of the poor are taken into account in shaping results at the regional and global levels. This includes areas such as South-South economic and technical cooperation, environment, trade and investment, and regional anti-poverty strategies.

C.   Capacity Development
C1. Institutions. This category captures development changes supported by UNDP contributing to the enhanced ability of organisations and institutions in a country (or region) to make more efficient, equitable, and sustainable use of human, financial, social, and natural resources.

C2. Data. A specific component of capacity development concerns improvements in the ability to gather and analyse data in support of SHD, and ensure it feeds into policy-making processes.

D.   Empowerment and Social Cohesion
Increases in social cohesion linked to SHD values and the empowerment of excluded and vulnerable groups are key results captured within this category. This may include results relating to conflict resolution, generating grass-roots awareness of entitlements or state obligations, or reductions in obstacles to poor people benefiting from their entitlements.

E.   Innovation and Scaling-Up through Pilot Interventions
In the context of the shift "upstream", it is increasingly important to ensure that direct support through pilot interventions and other innovative approaches feed into upstream decision-making processes. This category will capture success in feeding lessons from innovative approaches and the scaling-up of effective pilots into policy formulation or the reform of legal or regulatory frameworks.

(b) Partnerships for Results

A key element in the preparation of the SRF is the consideration of how to ensure major outputs do indeed contribute to the SRF outcomes. In other words, how to develop effective partnerships for results, which bridge the gap between UNDP controlled outputs and the more ambitious and partner-dependent outcomes. This is a critical element of strategic planning, *not* a mechanical or last-step exercise. COs need to develop partnership narratives for each of the six to ten outcomes setting out:

- **why partnerships are important** for the achievement of each outcome and **how UNDP will work with the key partners** for the achievement of the outcome.

- **who the few *key* partners are** and the **nature of their contribution**;

- the **role played by UNDP** (lead/coordinator; key player; player).

In approaching partnerships, COs and other operating units need to consider as *partners* only those development actors with whom UNDP already has, is in advanced discussions to have, or intends to have a *substantive* relationship in which: (a) both sides have something significant to offer; and (b) plan to collaborate and/or coordinate their efforts in order to help achieve one or more outcomes. The main governmental body should be included as a partner, differentiating between ministries/central and local government.

(c)   Mainstreaming of Gender Issues

The revision of the UNDP SRF in 2000 was guided by a two-track approach to gender issues: first, to integrate gender dimensions into all relevant aspects of the various thematic categories (Enabling Environment for SHD, Poverty Reduction , Environment and SDS); and,

second, to focus specifically within the gender thematic category on activities which bring added value to work in the other categories by virtue of being either uniquely or particularly concerned with gender equity and advancement.

The approach taken places a special responsibility on COs and other operating units to *specifically* highlight gender issues both in:

- strategic planning (the SRF) through the definition of outcomes, outcome indicators and outputs;

- performance assessment (in the ROAR), including specific information and analysis on the gender aspects of progress or achievements.

SRF and Situational Indicators

A core set of situational indicators pertaining to the *national* development situation has been defined corporately and included in the ROAR.

Situational indicators relate to the SRF Goal level and include signature UNDP-initiated development indicators such as the human development index (HDI) and the human poverty index (HPI) as well as others developed by the OECD and adopted by the United Nations system.

The current list of the situational indicators is based on the indicator set for the NHDR and Common Country Assessment (CCA) so that COs can extract and interpret the latest data available from these sources for most of the indicators while preparing the ROAR. This approach has the merit of both institutionalising the situational indicators and, at the same time, reducing the workload of COs.

The selection of indicators has been guided by:

- the need to provide a broad picture of whether the developmental changes that matter to UNDP are actually occurring;

- the importance of highlighting development effects on poverty and people and reflecting a policy-orientation rather than pure "sector-specific" indicators;

- universality, i.e. the indicators should be applicable to most countries to allow for comparative analysis and identification of trends;

- avoidance of duplication with the corporate outcome indicators;

- the availability of data in the CCA and the NHDR.

The situational indicators are an integral element of the RBM system, and represent an important basis for performance assessment through the ROAR where they will facilitate an analysis of major development changes with which UNDP is substantively concerned.

ANNEX I
SOME METHODOLOGICAL QUESTIONS: DISTORTION, ATTRIBUTION AND AGGREGATION[6]

Distortion

The need to guard against the potential for distortion is central to reliable and effective analysis. The adage "you become what you measure" has particular relevance for UNDP. There are three dimensions to the potential for distortion. The first is that the role of UNDP as a trusted partner of Governments and its work in capacity-building put a premium on discretion – recognizing that the role of UNDP to support national partners is a critical dimension of United Nations support.

The second is that while support in the so-called "soft" areas of capacity-building, policy advice and advocacy may well be the greatest comparative advantage of UNDP, these areas may be the most difficult against which to assess results. The experience of a number of development cooperation agencies with the shift to a results-based approach has shown that, unless guarded against, there could be a tendency for country operations to focus more explicitly on quantifiable initiatives….It is therefore critical that UNDP guards against the development of any disincentives that would prevent it from focusing on capacity-building and advocacy work, both of which are labour intensive and against which it is much more difficult to assess results than it is in specific sectors.

The third and very much related distortion to guard against is the tendency for development agencies to follow one another. The measurement of results tends to encourage across-the-board comparisons. This puts a premium on comparisons of how agencies do the same thing rather than providing insights into how agencies can play different and complementary roles. The value of United Nations support would be diminished if a new set of incentives made it more difficult for the United Nations to preserve the specific characteristics that differentiate United Nations intervention from other types of intervention.

The Administrator will ensure that the new framework will be sufficiently flexible and broadly based to prevent the possibility of distortions occurring at the level of the operating unit.

Attribution

With regard to the outcomes and outputs that are identified by operating units, these are clearly linked to contributions that UNDP can credibly claim it is making. They have indeed been defined from the vantage point of the contribution UNDP is trying to make. By definition, they are therefore attributable in a meaningful way. This is not to deny that there may be many other factors influencing a particular outcome or output. In particular, it will be important to identify other partners engaged in a certain area. While these are appropriate issues when determining accountability for the achievement of results, they do not appear

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[6] *Source*: The Multi-year Funding Framework, Report by the Administrator, DP/1999/CRP.4.

to be insurmountable obstacles in reporting on the achievement of results. The key to tackling the attribution problem is to ensure credibility.

Aggregation

Aggregation continues to pose a significant challenge. UNDP will not be providing information either in the MYFF or in the ROAR on a country-level basis.   Assessments of results will be provided at an aggregate level.

It does, however, appear evident that the aggregation of reporting on results will necessarily tend to favour reporting of a qualitative nature. This will also be necessary in order to avoid the dangers of potential distortion as described above. Nonetheless, UNDP will pursue quantitative aggregation whenever this is possible. In the initial stages, it should also be borne in mind that reporting on results will be more focused on outputs than on outcomes. Over time, a better assessment of outcomes should be possible and this should become evident in the MYFFR.

In any event, reporting on results will always require proper analysis and qualitative assessment. In this connection, the ROAR and the MYFFR will always need to be reviewed in conjunction with longer-term programme reviews and evaluations."

ANNEX II

THE SITUATIONAL INDICATORS

Introduction

The corporate list of situational indicators, below, was selected based on a review of the 79 indicators in the 1999 SRFs, the 1999 ROAR, the CCA and the HDR as well as the proposed 2000 SRF.

The corporate list of situational indicators for the SRFs have been revised according to the following principles:

(a) Relevance. The indicators should provide a contextual broad picture of development issues of concern to UNDP, related to the goals, sub-goals and global commitments.
(b) Universality. The indicators should be applicable to most countries to allow for comparative analysis and identification of trends.
(c) Simplicity. The indicators should be easily understood even for non-experts, and the list should be limited to a maximum of twenty indicators. Some situational indicators from the 1999 SRF (such as prevalence of HIV) are now included in the corporate outcome indicators and therefore excluded in the situational indicator list.
(d) Availability of data. The data for the indicators should preferably be available through the CCA, the HDR or the NHDR, yet UNDP should continue to strive for better indicators that illustrate poverty eradication. Some "international" indicators, such as the percentage of population below a dollar-a-day, have been excluded since Headquarters may obtain the data from other sources for analysis.
(e) People- and policy-oriented. The indicators should reflect a "policy twist" and indicate effects on poverty and people, rather than pure "technical" indicators in the thematic area.

Guidance for reporting

- **The Human Development Index (HDI)**. For the HDI, the ranking provided in the global Human Development Report (HDR) of the year of reporting should be provided.
- **The Human Poverty Index (HPI)**. For the HPI, indicate a locally-calculated index. UNDP encourages the development and monitoring of the human poverty indexes, recognizing that additional efforts and time may be required in some countries to produce such indices. The last four indicators under poverty are all part of the calculation of this index.
- **The gender indexes**. Similarly, for the Gender Empowerment Measure (GEM) and the Gender Development Index (GDI), include the locally-calculated index, where available. If not, indicate the ranking from the global HDR of that year.
- **The SDS category**: Only countries in special circumstances are expected to report on these three indicators.
- **Data availability**. The data for most of the corporate indicators can be lifted from the Common Country Assessment (CCA), most National Human Development Reports (NHDR) or the global HDR. However, where data is *not* available from any source, indicate N/A (not available).

SRF Situational Indicators	Available in the CCA	Available in the HDR
Poverty		
1. Human Development Index (HDI) (ranking)	No	Yes
2. GDP per capita (PPP USD)	Yes	Yes
3. Poverty headcount ratio (% of population below national poverty line)	Yes	Yes
4. Human Poverty Index (HPI)	No	Yes
5. Adult illiteracy rate (% of population)	Yes	Yes
6. Population without access to primary health care services (%)	Yes	Yes
7. Population without (sustainable) access to safe drinking water (%)	Yes	Yes
8. People not expected to survive to age 40 (% of total population)	No	Yes
Gender		
9. Gender Empowerment Measure (GEM)	No	Yes
10. Gender Development Index (GDI)	No	Yes
11. Ratio of girls to boys in secondary education	Yes	Yes, gender disaggregated net enrolment ratios
12. Females share (%) of paid employment in non-agricultural activities	Yes	No
13. % of seats held by women in parliament	Yes	Yes
Environment		
14. Carbon Dioxide (CO2) emissions per capita	Yes	Yes
15. Arable land per capita	Yes	No
16. % of population relying on traditional fuels for energy use	Yes	Yes
17. % of population without access to adequate sanitation	Yes	Yes
18. % of total land and population affected by desertification/degradation/deforestation	No	No
Governance		
19. % of national revenues that are allocated to sub-national levels	No	Yes, in most NHDRs
20. % of criminal court cases pending as a proportion of criminal cases filed	No	No
21. % of registered voters that voted in the last election (by gender)	No	No
22. Average number of days it takes to enact legislation (introduction to final vote)	No	No
Special Development Situations (SDS)[7]		
23. Number of internally displaced persons (% of population)	No	Yes
24. Food availability per capita	No	Daily per capita supply of Calories/of protein/of fat
25. % of population dependent on humanitarian relief	No	Food aid in cereals

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[7] To be filled out *only* by Countries in Special Circumstances.