WFP

World Food Programme

An Independent Assessment
of
RBM at WFP

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(Final Version)

Executive Summary

This report represents an assessment of both the progress made to-date and suggested future steps towards achieving Results-Based Management (RBM) at WFP. It is based on an RBM 'Best-Practices' model and covers a broad range of business areas that RBM both directly affects, as well as areas that the success of RBM is dependent upon. The model includes five business elements and one management criteria, and allows for the assessment of these to be made against 5 stages of implementation.

The result of the assessment shows that overall, good progress has been made towards achieving RBM. In particular the commitment to results is very evident and engrained in the corporate culture, and thus is considered at the Full Implementation stage. All other areas of RBM are into either the second stage of Exploration or the third Stage of Transition. The final message is that although much work still remains to be done, WFP can consider itself being very successful on the work accomplished in such as short-timeframe, and is well prepared for the remaining journey on the road to full RBM.

A number of recommendations have been provided for OEDR/OEDP to act upon as they see fit. Some of the recommendations such as the need for "strategies" are simply suggestions to further explain how WFP could address some of the challenges known to exist with RBM. Other recommendation will require follow-up work to create new sub-initiatives, such as the RBM IT Blueprint and a Costing-of-Activities model. Finally there are also recommendations of what *not* to do, such as pursuing alternative performance management methodologies such as the Balanced Scorecard and Results-Based Budgeting.

The findings of this report are being presented here to OEDR/OEDP on an informational basis only. They are not to be taken as being a formal evaluation, since the whole approach to this assessment was as a 'Best-Practices' review and analysis, so as to be able to suggest meaningful next steps for OEDP to use in the upcoming planning for the next two years.

Contents

Introduction

From its original beginnings as an adaptation of the Management-by-Objectives methodology of the 60's and 70's, Results-based Management has now become a business imperative for all Not-for-Profit organizations; be they governments, international institutions or charity-based NGO's. It can greatly help organizations focus on what they need to achieve to fulfill their mandates, with guidance from, and to the satisfaction of, their various stakeholders. In turn, RBM offers organizational transparency and accountability to the stakeholders, so that they can see not only the results that their investments are achieving, but the process by which these achievements are taking place.

At WFP, OEDR has been tasked with this important mission to assist the organization in implementing RBM into its mainstay culture. Within OEDR, OEDP will be providing the guidance, tools and coaching to ensure that both reporting of results and managing for results becomes mainstreamed into all parts of the agency. Their scope covers all business areas of WFP, including emergency aid and development programmes as well as internal business processes and support functions.

OEDP is now at it's one-year mark as the RBM focal point for WFP. It is at this point now that they have chosen to have an objective assessment done so as to see what they have accomplished so far, where they are now and where they wish to be going. It is with this task in mind that they have requested my services to perform this assessment.

Thus I am pleased to be able to present this report as a final summary of my findings and suggestions for OEDR/OEDP to act upon in the most meaningful way they see fit.

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November 2004

Terminology

BSC – Balanced Scorecard
CO – Country Office
CSF – Critical Success Factors
EO – Enabling Objectives
KM – Knowledge Management
IT – Information Technology
MFR – Managing for Results
PRSP – Poverty Reduction Strategy Paper
RBB – Results-Based Budgeting
RBM – Results-Based Management
SO – Supporting Objective
UNDAF – United Nations Development

Terms of Reference

The Terms of Reference for this assessment involved two components of work: the first being a review of the Critical Success Factors (CSF's) for implementing RBM at WFP, and the second, an assessment of alternative performance management methodologies. For the first component, we collectively needed to initially determine what the CSF's of relevance to WFP were. RBM by its very nature can affect a wide array of business areas, and as such, must be looked at from many perspectives other than just the directly impacted business processes. After defining the CSF's, I was to then ascertain the degree to which these factors have been recognized and the degree to which the associated tools and systems have been developed. To meet this requirement, it became apparent that some form of a benchmark in RBM was needed to be able to properly give WFP a sense of relevance and status of progress compared to the international community-at-large. Although my personnel experiences with other clients was to be heavily drawn upon, objectivity in analysis was still an important concern, and thus the use of a recognized international guideline was agreed, based on a "best-practices" model.

The second component was to provide an overview of various well-recognized methods for Corporate Performance Measurement and Cost Management, and make recommendations based on advantages and constraints. More specifically, the methodology known as the Balanced Scorecard[1] had already been under examination by WFP and it was this particular one that I was requested to spend the greatest amount of time to analyze and compare. The other methodology of interest was Activity-based Costing, and to assess the relevance of this approach to aligning resources with results. The recommendations for this component will be provided at a summary level in this report, with further details included in Annex B - RBM and the Balanced Scorecard.

Assessment Approach

The finalized list of Critical Success Factors (CSF's) is comprised of:
1) Commitment to Results
2) Results-based Agency Priorities (Strategies)
3) Results-based Programmes and Projects
4) Measuring and Evaluating of Results
5) Planning and Managing for Results
6) Aligning Resources with Results
7) Authorities and Accountabilities
8) Knowledge Management and becoming a Learning Organization
9) The Role of IT Systems

The assessment was then conducted, based on the above list, by means of bilateral interviews with various staff members (see annex A), attendance at a 2-day OEDR staff retreat, and by researching the materials available on the WFP intranet website and Lotus Notes database.

For the assessment comparison, an attempt was made to locate a meaningful international standard on RBM 'Best-Practices'. However, given the relatively recent nature of RBM and the fact that most if not all international Not-for-Profit and Government organizations are still in various stages of RBM implementation, no such guide could be found. On the other hand, my own past experiences with various Canadian government agencies led me to suggest a guideline from the Treasury Board Secretariat known as the "Managing for Results – Self-Assessment Tool"[2]. This tool has been in use across Canadian government agencies for the last 3-4 years now, and was designed to be applicable to a wide range of groups, including the international development agency CIDA, and emergency response organizations such as the Canadian Coast Guard. It was agreed that this tool would be used and adapted to become the reference point for WFP's assessment.

The structure of the tool features an overarching "pivotal characteristic", five "RBM elements", and five stages of progress that each element can be assessed against. The CSF's were then aligned with each element so as to be able to report progress using the tool, but with the additional detail that the CSF provides. A more detailed explanation is provided below, with an illustration matrix in figure1.

The pivotal characteristic and supporting elements

Managing for Results is the pivotal characteristic, the essence of the Tool. It has a threefold focus: the extent to which the organization is using information on inputs, activities, outputs and outcomes; its desire and ability to demonstrate evidence-based learning by carefully analyzing results information; and its use of such information to plan, modify operations and allocate resources. This characteristic best shows an organization's progress in moving toward managing for results.

The other five elements support the development of the pivotal characteristic:
1) **Commitment to results**: This element focuses on the organizational leadership and support for managing for results, the implementing capacity of an organization, the reinforcement of the values of managing for results, and its presence in management accountability.

2) **Results-based strategic planning:** This element encompasses the notion that results should be linked to high-level organizational objectives and expressed through to operational processes. Managing for results should also be linked to risk management.

3) **Operational/business planning:** The focus of this element is on the business processes of programme and project lifecycles, including resource allocations, also known as Results-based Budgeting. Within these processes is performance expectations and how these align with the corporate outcomes of an organization. The expectations include outputs and outcomes, wherever possible.

4) **Measuring results:** This element examines how data collection is being undertaken (i.e. Monitoring and Evaluation) and whether data collection includes outcomes in addition to the measurement of inputs, activities and outputs. It further describes how measurement is linked to planning and reporting, and it integrates cost with results measurement. The evaluation role is also a key part of the development of a measurement strategy.

5) **Reporting on Results and Lessons Learned:** This element highlights the integration of external reporting with the actual MFR practices and results within an organization and the application of lessons-learned into future initiatives.

Stages of Implementation

MFR implementation follows a sequence of stages common to all organizational transitions[3]. These are conceptual stages that describe the predominant behaviours of the organization at a particular point. The pivotal characteristic and five elements overlie the five stages of the Tool. The stages are as follows:

1) **Awareness:** The organization is aware of, but not committed to, managing for results. In this stage, people in the organization recognize that what they have been doing is inadequate and that there must be a better way of proceeding. Managers may express a broad commitment to managing for results, saying that they wish to be in line with broader public policy, but their statements lack conviction. This stage can involve a sense of fear, guilt and unhappiness with past performance. It can also lead to attempts to place blame, as various organizational stakeholders become frustrated with parts of the organization that do not implement MFR-related practices. With increased exposure to the idea of managing for results, groups become more open to the possibility of change, leading to the next stage.

2) **Exploration:** The organization begins to commit to managing for results and explores different approaches. During this stage, people begin to pick up on new ideas from a variety of sources. The exploration may take the form of learning groups, benchmarking studies and pilot projects. One problem at this stage is that people may prefer one technique or system over others, without having given them a full trial. Another problem may be that too many different ideas are tried at once, resulting in practices that are never fully explored. During the exploration stage, enough people across the organization develop a sense of the benefits of MFR and want to explore it in a broader context. This willingness leads to the next stage.

3) **Transition:** The organization has committed itself to managing for results and attempting to make the transition from previous systems. In this stage, people begin to make a commitment to the new practices required. They drop old practices in favour of new ones because the old practices can no longer solve the organization's day-to-day problems. This stage can be characterized by hard decisions on what to keep and what to discard in terms of MFR strategies. For example, the conversion to a set of results-oriented measures is likely to mean that some old measures need to be dropped. As more people see the benefits provided, managing for results becomes more widespread throughout the organization.

4) **Full implementation**:   The organization fully implements managing for results in all areas. In this stage, groups across the organization begin to see and look forward to the real benefits of the new management approach. Resources are allocated and plans are designed to support new practices, not to maintain old and outdated ones.

5) **Continuous learning**:   The organization now uses the managing for results plan. It periodically adjusts and updates existing tools, methods and processes that support the use of MFR information in the organization, including training tools, new approaches to planning, experimentation with advanced measurement tools, and development of reporting mechanisms that further align internal and external reporting.

A critical point to bear in mind is that no organization fits neatly into any one stage. Rather, the self-assessment may show that an organization is at different stages with respect to various elements. It is also expected that activity and output information from the earlier stages of the Tool will continue to be produced in the more advanced stages. The key difference is that the increasing use of outcome information at the more advanced stages will supplement activity and output information used in decision making.

For WFP, this self-assessment tool can be summarized with CSF's aligned to specific elements that in turn will be rated against each of the stages.

	Stage 1: Awareness	Stage 2: Exploration	Stage 3: Transition	Stage 4: Full Implemen-tation	Stage 5: Continuous Learning
Commitment to results (CSF 1)					
RB Strategic Planning (CSF 2, 6, 7)					
Business Planning and Operations (CSF 3, 6, 7)					
Measuring Results (M&E) (CSF 4, 9)					
Reporting and Lessons Learned (CSF 2,3, 8, 9)					
Managing for Results (CSF 5)					

Figure 1.

Assessment of the Critical Success Factors

1. Commitment to Results

This element focuses on the organizational leadership and support for managing for results, the implementing capacity of the organization, the reinforcement of the values of managing for results, and its presence in management accountability.

Observations:

For over a year now, WFP has undertaken many RBM awareness and education building activities, and can demonstrate in multiple ways that management is very much aware of the concept, endorses the approach, and has embraced the use of it in workplanning, project reporting, strategic planning and agency level reporting. In fact, the creation of the RBM division and now its first-year anniversary, along with RBM specialists being nominated or hired at the local Country Offices (CO's) is testimony to the organization-wide commitment.

In discussing management's commitment to results with some of the staff members, an important observation was made regarding the perception of RBM vis-à-vis other management initiatives. Although not necessarily a weakness with RBM as much as raising a corporate-wide issue, some managers believe that there are too many initiatives going on in parallel. This may seem like an undue burden to have so many separate policies trying to impose new ways and means on how to manage his or her tasks, when in reality; many of these initiatives are closely related.   What would be helpful is to have a more integrated form of overall management responsibilities.

The only weakness noted was a technical issue regarding the vocabulary in common use. Terminology is always a challenge to reach consensus on, but some choice of terms were problematic for me, as well as potentially for WFP's partners. Examples include:

Strategic Priorities vs. Strategic Objectives

A priority would imply some form of trade-off between priority and non-priority. Here at WFP everything appears to be a priority. Instead, some other organizations reserve the term priority as "strategic activities and associated outputs/outcomes that in the short-term (i.e. the bi-ennial management plan) are to receive the bulk of the resources", and the term Strategic Objective as the long-term goal for the organization. Thus priorities are the response to more immediate political and resource availability issues, but in the long-term, these and the non-priorities are still expected to be in alignment with the strategic objectives.

Key Performance Indicator vs. Indicator

This term and it's short form version "KPI" are known to have originated from the private sector practice of identifying those "key" indicators of performance that can guide executives towards better decision making, usually with a profitability common-denominator connotation.   For WFP however, RBM is based on a logframe made up of many indicators that are all 'key' towards telling the results story. If an indicator was not key, why would we bother tracking it? Ambiguity exists as to what KPI means at WFP. Until such a time that this term can be better defined, it should be avoided.

Country Programmes vs. Country Strategy Programmes & Country-level Projects

Perhaps this distinction is not a major factor at WFP given that the majority of interventions are for non-development, emergency aid, but in the context of the international development community, a clear distinction does exist. A CSP implies a programme that envisions a series of projects undertaken that

collectively will address a country-level objective (as per a PRSP or UNDAF). A Country-level project in turn is simply a single project that has applicability across an entire country, that may (or may not) come under the CSP. The former assumes a hierarchical relationship between programme and project and should be reflected in the RBM performance information framework, whereas the later is still considered to be just a project.

<u>Recommendations:</u>

Overall, good progress has been made in management's commitment to results, and not much else can be suggested for the present. However future planning will be required to define the long-term role OEDR should play in order to ensure RBM is sustainable.

Integrated Management Framework
For dealing with the perceived issue of competing management initiatives, I would recommend investigating the idea of initiating an Integrated Management Accountability Framework (IMAF). An IMAF would be a harmonization of the various existing management frameworks, so the reporting and assessment would be much simpler.

OECD-DAC Lexicon
For the terminology, I suggest that OEDP use OECD-DAC lexicon on RBM terminology and have this published on the future RBM web-site.

As per the Assessment Matrix, and judging by the following checklist, I felt comfortable at putting WFP at stage 4.

- ☑ SP's & MP's for RBM in Strategic Plan
- ☑ RBM Working Groups at HQ and some RBx and CO's
- ☑ Prevalence of Awareness Workshops
- ☑ ED's view of RBM as a top priority
- ☑ WFP's vision and scope for RBM is holistic
- ☑ Results-based Workplans
- **?** Future role for OEDP/OEDR
- **?** IMAF

	Stage 1: Awareness	Stage 2: Exploration	Stage 3: Transition	Stage 4: Full Implemen-tation	Stage 5: Continuous Learning
Commitment to results (CSF 1)				✦	
RB Strategic Planning (CSF 2, 5, 6, 7)					
Business Planning and Operations (CSF 3, 5, 6, 7)					
Measuring Results (M&E) (CSF 4, 9)					
Reporting and Lessons Learned (CSF 2,3, 8, 9)					
Managing for Results (CSF 5)					

2. Results-based Strategic Planning

This element encompasses the notion that results should be linked to high-level organizational objectives and expressed through to operational processes. Managing for results should also be linked to risk management.

Observations

WFP has adopted a holistic model, with both external client-centric objectives (the SP's) and internal management objectives (the MP's). However within the MP's it is not clear as to the difference between enabling objectives (e.g. process improvement) and supportive objectives (e.g. capacity building).

Also regarding the Strategic Framework, it appears that WFP actually has a mix of SP and MP goals that can be categorized as either sustainment goals (e.g. Saving Lives in Crisis, HR management…) or long-term change goals (e.g. Improve Nutrition and Health Status, Implement RBM…). However they are not recognized as being distinct, and thus arises a number of issues associated with the ability to attribute project outcomes for EMOPs directly to long-term MDG's.

Although workplans are results-based and organizational units can be held accountable, specific accountability for achieving SP and MP results is not clear.

The ability to manage risk is one attribute of an effective aid and development agency. By managing risk, WFP can increase the certainty that its programs and activities will meet their objectives. To the extent that integrated risk management contributes to better management and delivery of programs and better value for money, it clearly has a role in

making Aid and Development programs more effective. At present, Risk Management has been handled as a separate initiative by the Audit group in OED.

Recommendations

New Strategic Framework
A new strategic framework should be created to separate sustainment agenda objectives from change agenda objectives. From there, a strategy map should be created to better breakdown MPs into Enabling objectives and Support objectives, with clear linkages as to how SO's contribute to EO's which in turn contribute to the SP's.

The EMOP and PRRO's would do better to be related to other International Objectives such as ACC/SCN's (Administrative Committee on Coordination (ACC), Sub-Committee on Nutrition) or Human Rights. Some suggestions include:
- Reduce human suffering and enhance recovery of communities after disaster,
- Protect lives and prevent loss of property from all hazards,
- Serve public in a timely/efficient manner.

However, if MDG attribution is still considered important to the donors, then Strategic Sub-goals could be added to the framework so as to further breakdown the SP into more practical terms that can better define the hypothesis behind the relationship.

Figure 1 below provides a conceptual illustration of the new Strategic Framework and Strategy Map.
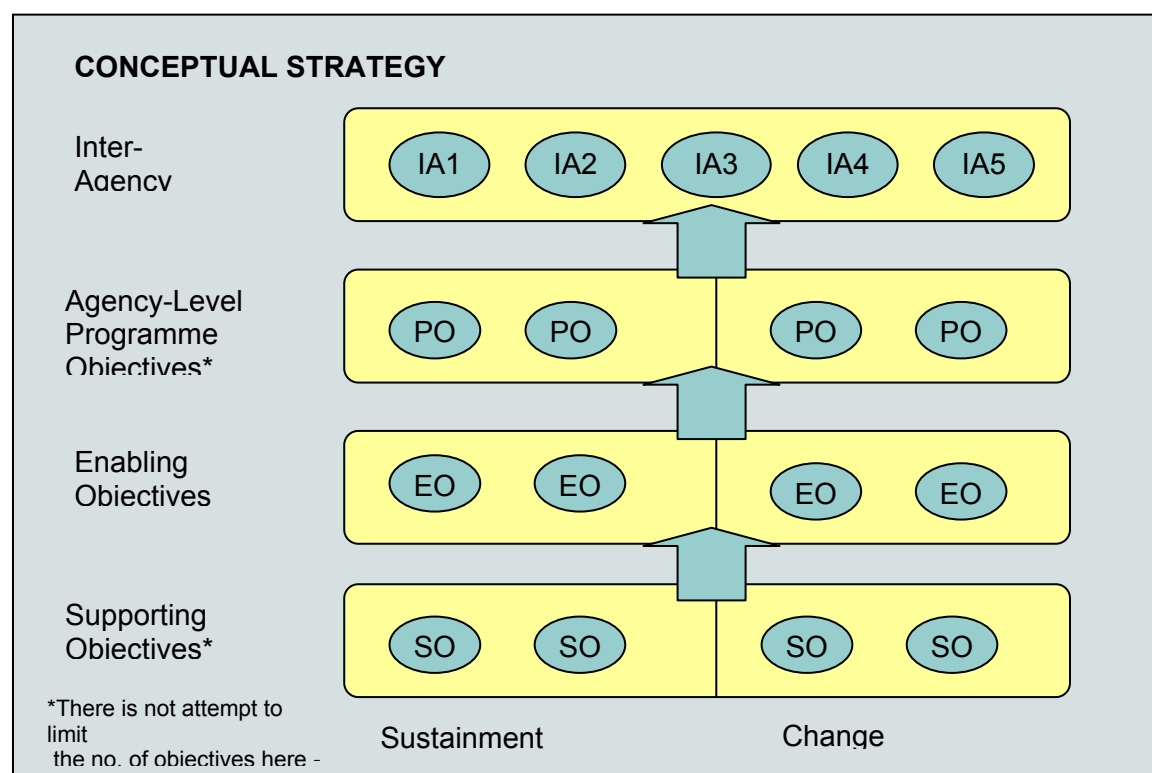

Figure 1.

Annex C provides an example based on a development bank. Note that mostly Change Agenda items appear on this map, since the bulk of the Bank's strategies are in the area of Strategic Development Improvements. Sustain agenda items appear in light green.

Further examples of Strategic Maps using this concept can be seen at:
Canadian Department of National Defence Strategic Plan 2020:

> "Using the policy direction from 1994 *White Paper on Defence* and the strategic change objectives presented in *Strategy 2020,* Defence developed two broad categories of work - two agendas - within DND and the CF. These are the "Sustain Agenda," which reflects the core, day-to-day business of Defence, and the "Change Agenda, " which identifies strategic priorities for change as Defence adapts to meet emerging challenges and prepare the Forces for the future"

IMAF
Risk Management should become an integral part of RBM, and this is good example of where an IMAF would be helpful.

In summary:
- ☑ WFP has adopted a holistic model,
- ☑ Strategic Information Framework has been defined, is Results-Oriented and is being implemented (e.g. compendium of indicators)
- ☑ Strategic Processes have been defined and are being implemented (e.g. 4 yr SP cycle with 2 yr update)
- **?** MP's are not clear as to the difference between enabling objectives and supportive objectives.
- **?** WFP has a mix of goals that should be categorized as either sustainment goals (e.g. Saving Lives in Crisis, HR management) or long-term change goals (e.g. Improve Nutrition and Health Status, Implement RBM).
- **?** Accountability for SP's and MP's

Thus the RB Strategic Planning should be considered as being at stage 3.

	Stage 1: Awareness	Stage 2: Exploration	Stage 3: Transition	Stage 4: Full Implemen-tation	Stage 5: Continuous Learning
Commitment to results (CSF 1)				✦	
RB Strategic Planning (CSF 2, 5, 6, 7)			✦		
Business Planning and Operations (CSF 3, 5, 6, 7)					
Measuring Results (M&E) (CSF 4, 9)					
Reporting and Lessons Learned (CSF 2,3, 8, 9)					
Managing for Results (CSF 5)					

3. Results-Based Business Planning and Operations

The focus of this element is on the business processes of programme and project lifecycles, including the process of resource allocations, also known as Results-based Budgeting. Within these processes is performance expectations and how these align with the corporate outcomes of an organization. The expectations include outputs and outcomes, wherever possible. Finally the focus also looks at how well the Resources-to-Results story is being told.

Observations

WFP has produced a project/programme logframe that includes all the key components for results-based management. It has also introduced the compendium of indicators and associated workshops to teach RBM to staff members. Results are now beginning to be reported in.

Project/Programme Design
Intervention Needs Analysis is considered weak with regards to systematically being able to design for results. Good design is a crucial foundation to the Project Objectives and Logframe, however there appears to be a number of problems with projects having their logframes revised at the time of execution. Other design problems were noted such as what role does VAM play?

Business Planning and Results-Based Budgeting
At WFP, the Biennial Management Plan is a 2-year business plan & budget, updated each year. It is results-oriented and follows the same strategic framework as that in the Strategic Plan. There is also an indication of the planned funding by MP and SP.

Aligning Resource with Results implies two things: 1) the ability to budget resources to achieve results and 2) show the costs incurred in realizing the results. For 1), a fundamental question arises as to how is it possible to reconcile programme results with budget allocation constraints? WFP has a number of budget allocation constraints, namely:
- Policy Targets for LIFDC and LDC,
- High proportion of Directed Resources,
- Non-Fungibility of Some Resources (e.g. Contributions in Kind), and
- Donor's continuing interest in Programme Categories as the primary basis of allocation (restrictions they face with their governments)

Basically, these constraints work together at severely limiting the discretionary funding available and thus would make results-based budgeting next to impossible. This could put WFP at odds with the UN's cross-agency initiative to have all organization use RBB in the future.

Resources-to-Results Story
RBM also requires the telling of Resources to Results (R-to-R) story, and at various levels such as:
- by SP and MP,
- by Programme Category,
- by Country Strategy Programme (where applicable), and
- by individual Project

This type of reporting is essential if donors are to see where their donations have gone (i.e. transparency) and see if managers are applying cost considerations into their activities and results.

My observations have noted that WFP is weak on the ability to demonstrate the R-to-R story at *all* levels. To be able to do so assumes that the IT financial management system (i.e. WINGS), supports the costing of programme activities. Other than an initial promising pilot at the Panama Regional Bureau, there is no evidence that this is occurring at WFP.

Recommendations

Results-Oriented Budgeting vs. Results-Based Budgeting
Follow a Results-Oriented Approach as opposed to Results-Based, meaning:
- Budgets allocations continue to follow directed-aid obligations and policy rules,
- Fungible resources continue to be activity based, and
- Budgets are statistically allocated by SP and Project Objective (via a cost model) to still provide a Results-Oriented view.

To a certain degree, this is already what is happening at WFP, so now major changes should be needed here, other that to enhance the reporting to show planned budgets by each of the R-to-R levels. WFP could then claim to be Results-Orient, which could then satisfy the UN cross-agency RBB initiative.

Programme Activity Financial Coding & Reporting
To support R-To-R reporting, the financial system must allow for budgeting and posting by Programme Activity. WINGS will need to be configured with a Programme Activity (PA) hierarchy and include a simple cost model to allow indirect and overhead costs to be allocated to the appropriate PA level without the heavy investment into timesheet tracking or other complex allocation schemes.

Cost of Non-Intervention
There are at least two kinds of baselines that should serve as reference points for evaluation of success and failure in a result framework.
1. <u>Indicator baseline:</u> The first is the baseline for each of the indicators. This baseline shows us where we are.
2. <u>Cost of Non-Intervention (CONI) baseline:</u> The second baseline is the companion-cost baseline. In this case the cost we need to consider is the "cost of non-intervention"

The Cost Logframe
As a final recommendation to being able to complete the R-to-R story, OEDP should consider the use of a Cost Logframe as a companion to the Performance Logframe. This assumes that costs can be attributed from Programme Activities to outputs, and eventually to outcomes and impacts. The basis to this is the same hypothesis used on the performance side to demonstrate the cause and effect results chain.

To achieve this, WINGS would need the configuration of additional cost objects and processes to support these additional cost views. Once these cost objects were created, a set of cost-to-performance indicators can be created, such as
- Cost Economy,
- Cost Efficiency,
- Cost Effectiveness, and
- Cost Benefit.

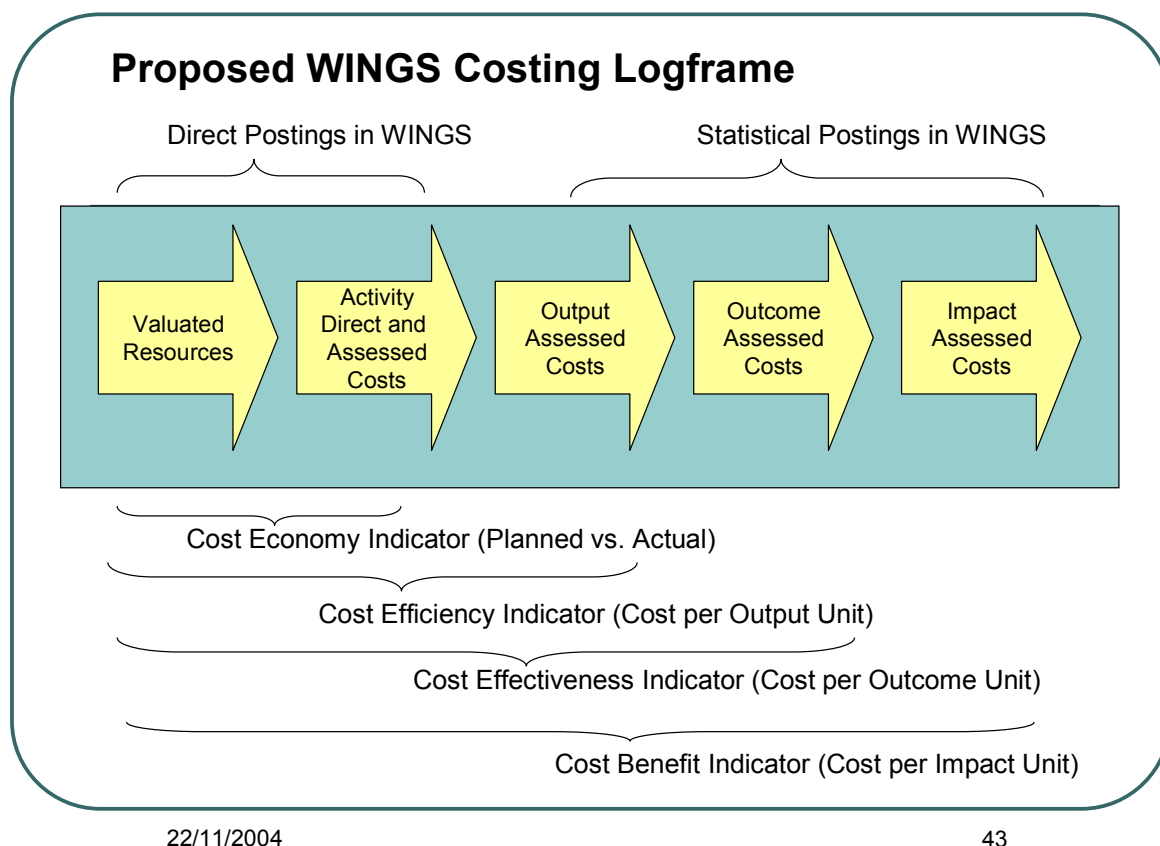Figure 2 below provides an example of how this would work.

Proposed WINGS Costing Logframe

Direct Postings in WINGS			Statistical Postings in WINGS		
Valuated Resources	Activity Direct and Assessed Costs	Output Assessed Costs	Outcome Assessed Costs	Impact Assessed Costs	

Cost Economy Indicator (Planned vs. Actual)

Cost Efficiency Indicator (Cost per Output Unit)

Cost Effectiveness Indicator (Cost per Outcome Unit)

Cost Benefit Indicator (Cost per Impact Unit)

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Figure 2

The creation of the cost logframe should be considered as the last step in the creation of the Resources-to-Results story, once all the other pieces are in place.
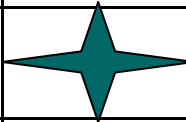
IT tools for more Systematic Project and Programme Design
Consider integrated tools to strengthen the problem analysis and project design at the early phase. This includes IT tools such as Project Design Wizards and KM systems. These tools should focus on consistency and quality of design, and provide a closed-loop of lessons-learned for new designs.

In summary,

- ☑ Project Programme Performance Information Framework
- ☑ Results-based Project/Programme business processes
- ☑ Results-Oriented Budgeting (as opposed to RBB)
- ? Project-Programme Design is Systematic
- ? Telling the full Resources-to-Results Story
- ? Cost-of-Non-intervention

From the above findings, I would rate this element at the transition phase.

	Stage 1: Awareness	Stage 2: Exploration	Stage 3: Transition	Stage 4: Full Implemen-tation	Stage 5: Continuous Learning
Commitment to results (CSF 1)				✦	
RB Strategic Planning (CSF 2, 5, 6, 7)			✦		
Business Planning and Operations (CSF 3, 5, 6, 7)			✦		
Measuring Results (M&E) (CSF 4, 9)					
Reporting and Lessons Learned (CSF 2,3, 8, 9)					
Managing for Results (CSF 5)					

4. Measuring Results

This element examines how data collection is being undertaken (i.e. Monitoring and Evaluation) and whether data collection includes outcomes in addition to the measurement of inputs, activities and outputs. It further describes how measurement is linked to planning and reporting, and how it integrates cost with results measurement. The evaluation role is also a key part of the development of a measurement strategy.

Observations

WFP is very much a decentralized organization from a project implementation perspective. Country offices have the role of being the project managers and supervisors, with final aid distribution or development project execution being performed by various implementation agencies, be they beneficiary government bodies or NGOs. The down-side of this is that M&E is not always consistent from both a methodology and quality perspective. There is also a wide range of tools in use at each location. The net result from this is the difficulty in trying to report results information back to HQ and in trying to aggregate information to see the strategic picture.

CMEA Initiative
OEDP is fully aware of this issue, and in fact have launched a new project within the RBM initiative, known as the Common M&E Approach. The terms of reference are well laid-out to deal with most aspects of M&E. Also defining a common M&E IT system is a useful undertaking.

Typically problems that arise with M&E usually have to do with its perceived "step-child" priority and lack of staff skills in planning and execution. The priority problem stems from the fact that M&E is seen as a discretionary rather than a mandatory expense. When

budgets are tight, M&E is the first thing to go. Subsequently, staff skill levels drop-off when M&E is not being performed on a regular basis.

Another problem arises with regard to corporate M&E manuals. In many organizations that I have visited, the M&E manuals are typically unused documents gathering dust on bookshelves or propping up computer screens! The problems lie with the "preaching" tone of this document, as opposed to providing actual coaching and examples. Project and field staff usually find that the biggest challenge is in trying to *apply* the concepts in real life.

In reviewing the CMEA documentation, it was apparent to me that the above two problems could fundamentally undo the benefits gained from this project.

Two other problems can also spell trouble for M&E down the road, 1) lack of capacity and 2) quality issues. Capacity is fundamentally an issue of cost. From what I could see, there was no overall capacity assessment as to the ability to deliver on the extra M&E that RBM requires. I also had a concern regarding any detail spelling out how the QA functional will be handled. There should be evidence of understanding and willingness to undertake data analysis and interpretation, before it is forwarded on for corporate-wide dissemination. Consistency of quality across all levels of M&E is important if any hope to achieve meaningful benchmarking and deriving lessons-learned

Recommendations

Reinforcing M&E budgets
The issue of M&E being a discretionary budget line-time must be tackled first. Project definition policies must reflect the argument that if a project cannot afford the "luxury" of determining if it is effective or relevant, then it should not be approved in the first place.

Making M&E Guidelines and Training Relevant
Guidelines and training are essential, but need to be backed-up with "coaching". The CMEA does target this as one of it's tasks to address, but it is short on specifics such as the physical location of "coaches" (HQ or RBx), will they be dedicated specialists or just existing multi-tasked focal points, and would a help desk format prove useful?

Building Capacity
An appraisal should be made of the capacity needed to handle extra supervision/monitoring and evaluation to meet RBM requirements and an overall cost estimated. Based on this "benchmark", cost efficiency measures should be pursued such as investment in IT systems and a renewed effort to participate in multi-partner cost-sharing M&E effort such as SMART[4], and other efforts such as PARIS21[5].
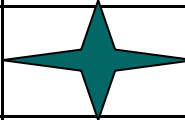
Building Quality
Once the other issues have been tackled, the quality of data will become more visible. Self-evaluation and auditing can help here, but in the case of the implementing agencies, an external body would be helpful that can provide some form of standards of evaluation. Support for national evaluation societies would be useful, as well as investigating the various services offered by ISO-DEVCO[6].

In summary

- ☑ Compendium of Indicators
- ☑ Common M&E Approach Project
- **?** Mandatory M&E budgets
- **?** Appraisal of Capacity and Cost-efficiency

- **?** Relevance of Guidelines and Training
- **?** On-going Quality Improvement

Based on the above findings, I would rate this element at the Exploration Phase.

	Stage 1: Awareness	Stage 2: Exploration	Stage 3: Transition	Stage 4: Full Implemen-tation	Stage 5: Continuous Learning
Commitment to results (CSF 1)				✦	
RB Strategic Planning (CSF 2, 5, 6, 7)			✦		
Business Planning and Operations (CSF 3, 5, 6, 7)			✦		
Measuring Results (M&E) (CSF 4, 9)		✦			
Reporting and Lessons Learned (CSF 2,3, 8, 9)					
Managing for Results (CSF 5)					

5. Reporting and Lessons-Learned

This element highlights the integration of external reporting with the actual MFR practices and results within an organization and the application of lessons-learned into future initiatives.

Observations

Project Reports are now beginning to reflecting results, which is a good sign of progress, although the quality of the results is mixed. Nonetheless, this information is being applied to this year's Annual Performance Report, which will be a first for WFP. It was noted that the results reporting was in need of much interpretation from the SPRs that were received, for reasons already mentioned earlier in the M&E section.

Part of the interpretation dilemma is knowing how to deal with the complexities of output, outcome and impact aggregation/rollup. It requires the use of a consistent methodology that assumes all data has been normalized to the extent possible so that aggregation is feasible.

I was made aware that a new KM initiative is under way at WFP, with team members assigned and a system specification under development However there was the lack of a knowledge management strategy as to how results and associated information will be captured (design documents, evaluation reports, project logframes, results data, activity logs..??) and used for future intervention design.

At this early juncture into RBM at WFP, it can only be expected that reporting and lessons-learned are still in their infancy, given that the planning and execution phases still have work to be done. As these reports are being formulated, some recommendations are offered below to help strengthen the results story.

Recommendations:

Demand Driving the Supply of Information
It is critical to ensure that demand drives the supply of data and that strategies to strengthen statistical systems are part of a broader reform agenda. Incentives to produce and use information for policy improvement and accountability cannot be taken for granted, but need to be strategically considered and weighed. If no one appears to be using the data, why bother collecting it?

Top Down vs. Bottom Up
Top-down information demand (e.g. the SP/MP indicators) with its inherent perception of being detached from locally realities can lead to "what's-in-it-for me?" at the field level, and the risk of Garbage-in Garbage-out. Thus the top-down demands must still allow flexibility for bottom-up interpretation.

Credible and Balanced Results
Performance information should be credible and balanced. First, it focuses on the quality of performance information and the reliability of information sources as the basis for judging the credibility of the data. Second, it focuses on whether there is balanced reporting of good results and shortcomings, and whether the level of detail for key results is appropriate. This criterion is fundamental to good performance reporting. If all the elements of good reporting are in place, but the information provided is not credible or balanced, then the report will not be useful for WFP Stakeholders.

The Balanced Report Challenge
A common problem is *trying to get* people to provide a balanced story of what didn't work as well as what did. Managers are typically reluctant to present failure, for fear of criticism and ridicule. To overcome this problem, encourage manager to first express the lessons-learned aspect in their reports, and how new improvements will be made in the future. Then use both good and poor results to support the lessons-learned. This applies to the APR as well.

The Reporting Synchronization Challenge
The nature of RBM involves the reporting of outcomes and impacts as they are realized, however this may not always be "in-sync" with the reporting cycles of the organization. Outcomes and Impacts have time lags that extend well beyond the project life-span. Other hierarchical cycles such as the country programme cycle, biennial management planning cycle, the strategic planning cycle and the donor's own internal reporting cycles complicate this further. The problem that can arise is when strategic results are finally reported, it can be difficult to determine what activity at what time lead to this success, and what changes this needs to translate into at the strategic level. This situation can best be described as trying to navigate a battleship up the Tiber River with only a rear-view mirror and a loose rudder.

Since WFP is still in the early stages of RBM reporting, it can not be ascertained as to how significant this issue is. At this point, the only suggestions that can be made are to consider lead-indicators (as mentioned earlier) and perhaps a study in the near future to better determine exactly the extent of reporting lag and results-back-to-activity attribution.

The Aggregation Challenge
There is a variety of aggregation techniques available, but each with its own limitations:
- Requires the use of consistent methodologies
- Compliance Indicators: % of SPRs reporting Results
- Composite Index: Human Development Index
- Derivative Indicators: Rate of Change, and
- Proxy Indicators: National Statistics.

Note that in all cases, qualitative data is still essential, since no amount of data can explain the complete aggregation picture. For OEDP, what would be helpful is a guideline as part of the Compendium to further assist those responsible for project design, M&E planning and reporting to consider how best to define indicators that can compliment roll-ups.

Lesson-Learned
Here a strategy is needed to better define the capturing of results & lessons-learned and reapplying these to new project/programme/policy design. Also of use would be a definition of what role KM could play from operations to support management decision making in the field.

IT RBM Blueprint
Given the broad range of business areas that RBM affects, ITC will need to play a pivotal role in helping to realize the solution. The difficulty lies in being able to translate the business needs into meaningful instructions to the ITC staff in what needs to be created. Thus a "Blueprint" should be prepared that can act as the bridge between OEDP and ICT in defining the role of IT. A sample IT RBM Blueprint is inclued in Annex B.

In summary, for Reporting and Lessons-Learned

☑ Reporting of results is now happening
? Quality and Consistency of results information
? Aggregation of results
? Interpretation of results
? On-going analysis of the attribution of results to activities (vertically and horizontally)
? Knowledge Management strategy and application
? RBM IT Blueprint

Based on the above findings, I would rate this element at the Exploration Phase.

	Stage 1: Awareness	Stage 2: Exploration	Stage 3: Transition	Stage 4: Full ImplEmentation	Stage 5: Continuous Learning
Commitment to results (CSF 1)				✦	
RB Strategic Planning (CSF 2, 5, 6, 7)			✦		
Business Planning and Operations (CSF 3, 5, 6, 7)			✦		
Measuring Results (M&E) (CSF 4, 9)		✦			
Reporting and Lessons Learned (CSF 2,3, 8, 9)		✦			
Managing for Results (CSF 5)					

6. Managing for Results

M4R expects that performance reports will **show the ways in which performance information will be used**, including how it will be used to forecast future performance expectations. It assumes that performance information is not simply collected to create reports. Rather, it will be used to help departments, RBx and CO to make strategic decisions, highlight lessons learned, and identify how weak performance will be corrected. The performance information should also provide a credible discussion about the capacity of a department to produce sustainable results by continuing to perform well in the future.

Observations

With the high degree of commitment seen, and the advances made with strategic planning, performance frameworks and process becoming more results-focused, attention will need to focus on ensuring that Managing for Results (M for R) is taking place.   From the presentations that OEDP has conducted to-date, M for R is being acknowledged as the key criteria to judge the value of RBM. Awareness of M for R is definitely strong.

Devolution of central authority to match the ability to make decisions at the project activity level is an essential prerequisite. The new Business Process Re-engineering initiative to decentralize key roles and responsibilities to the RBx and COs is a step in the right direction, assuming that it includes the ability to modify activities as deemed appropriate.

The SPR's are a good step in this direction because they do provide a means of verifying if project design is including these, and it provides a barometer of overall acceptance. However, it does not indicate if managers are truly using this information to achieve better results. In WFP's RBM plan, the approach to achieve M for R is somewhat weak, since no strategy is apparent on how this will be accomplished.

<u>Recommendations</u>

The popular saying "you can lead a horse to water, but you can't make him drink " is very applicable here, and this is a common problem in all organizations. There are nonetheless a few useful techniques and pieces of advice worth mentioning that could contribute to WFP's own strategy.

Planning
Project Designs should focus extra attention on the Risk Management component, and in particular the mitigation plans. Risks are defined as assumptions that were perhaps shaky or invalid, and thus become the number one reason why results were not achieved. Thus mitigation plans should emphasize in advance what actions will be taken to bring the project back on course with the corresponding results targets.

Collaborative Target Setting
Many targets are defined as wishful intentions by senior managers as opposed to being based on a realistic assessment of achievement. When the project manager has not felt part of the process to define the target, then there is little incentive to achieve it.

Reporting
Performance Reports (SPR, APR, WP) should include a section for not only reporting of results, but what notable actions were taken during the course of events to keep the project on track (including planned and unplanned risk mitigation actions). Action logs that track management changes as part of project Monitoring would be helpful here.

Accountability
OEDP has indicated that it supports the idea of linking M-for-R into manager performance assessments. This should be followed up on in concert with HR, to include a component in a manager's annual performance appraisal.

Pitfalls to Managing for Results
Watch out for Goodhart's Law in Economics which for public services can be stated as, 'when a measure becomes a target, it ceases to be a good measure'.
This can happen when too much attention is focused on the measure itself as opposed to the objective to be achieved. Examples of this include:
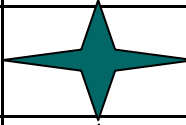- Favouring Quantitative over Qualitative Information,
- Manipulation of indicators rather than managing to achieve results, and
- Cost of Measuring vs. Benefit is greatly exceeded.
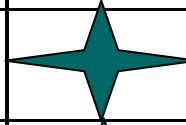
This problem can arise when managers are held too closely accountable for M-for R, and personnel pay or career aspirations are at stake.

In summary for Managing for Results
☑ Awareness of the need, and in particular rewarding the ability to M for R as opposed to the actual results
☑ Authorities Devolution in progress with the BPR initiative
☑ Reporting has started to monitor compliance (e.g. SPR)
? Accountability needs to be better formalized
? An overall strategy needs to be created to define what does M for R really mean in WFP'S environment
? How to ensure M for R will happen

The last two items above is considered a major task to fully explore what M-for-R means and how to ensure it will happen. Thus I would rate this criterion as being at the exploration stage.

	Stage 1: Awareness	Stage 2: Exploration	Stage 3: Transition	Stage 4: Full Implemen-tation	Stage 5: Continuous Learning
Commitment to results (CSF 1)				✦	
RB Strategic Planning (CSF 2, 5, 6, 7)			✦		
Business Planning and Operations (CSF 3, 5, 6, 7)			✦		
Measuring Results (M&E) (CSF 4, 9)		✦			
Reporting and Lessons Learned (CSF 2,3, 8, 9)		✦			
Managing for Results (CSF 5)		✦			

Methods for Corporate Performance Measurement and Cost Management

Other Performance Measurement Methodologies

In general, the performance measurement industry has been dominated by methodologies that have focused on quality improvement, and in particular quality in the private industries sector. The most common of these are Six Sigma, Baldridge and Total Quality Management. Although these may be of use for some internal business process improvement, in general they are very broad in nature and do not reflect a "results" orientation to not-for-profit programming. These are not considered applicable for OEDP.

Another popular methodology that has its origins in the private sector is the Balanced Scorecard (BSC). BSC is both a management methodology as well as a system tool. It has a strategy-centric orientation where it defines objectives, indicators and associated activities that help to focus the implementation of a corporate strategy.
It is a top-down approach to strategy and performance measurement, using cascading "scorecards" at each level of management. It provides a "balanced view" meaning that it recognizes that there are multiple other corporate objectives that are either complimentary or at opposing purposes.

The Balanced Scorecard as a management methodology will pose a number of problems for WFP. BSC's were conceived as a way to improve internal business processes by aligning

them with corporate strategy and with monitoring the performance in achieving that strategy. It is further broken down into objectives and activities. There is no concept of a logic model that maps out how one is expected to achieve an objective associated with a strategy.

BSC methodology also delves extensively into **internal** business processes. It does not acknowledge the need for **external** performance management of programmes, which is the fundamental nature of non-profit humanitarian aid and development agencies.

Finally, BSC methodology says very little about the issue of M&E. The assumption is that the workforce must appreciate the top-down nature of the performance objectives and indicators, and adapt activities accordingly. Thus the conclusion is that at the very least BSC methodology would do be of little benefit for WFP, and at it worst, could conflict with the current RBM implementation and cause both initiatives to drift.

However BSC as a system technology may still be of some benefit, depending on the specific vendor products that are available. SAP markets a component to their Business Warehouse called Strategic Enterprise Management (SEM). Some features of intest include:

- BSC's provide a "balanced" perspective of multiple objectives within a strategy. This would be good for making trade-off decisions such as resource allocations.
- BSC's provide a dashboard view of Performance Information. Colour-coded statuses and drill-down assists in easy navigation of project portfolios and internal business operations .
- BSC's support Strategy Maps
- Usually includes a performance data warehouse with many features to support RBM information

This tool could provide the basis of an RBM system, but would need additional customization to incorporate all the missing functions. Further details are explained in the RBM IT Business Blueprint section.

Activity-Based Costing vs. Costing-of-Activities

Activity-based Costing (ABC) also originated in the private sector as a means to fully understand what drives costs in an organization. The technique is useful when there is a strong need to know what the true cost for a product or service is, so as to either reduce these costs, and/or to accurately determine the selling price to a customer. The concept is based on measuring activities that are known to be valid indicators of the effort going into a process/product/service and absorbing indirect and overhead costs based on these "cost drivers". Costs are then better aligned to actual effort consumed. The down-side is that this heavy dependence on defining and tracking activity measures can be a major undertaking unto itself. The effort in trying to measure staff time by activity, in counting of business transactions and in tracking other similar measures can far outweigh any meaningful benefit, particularly with Public Sector/Not-For-Profit programmes. Where ABC has been attempted to be implemented in these sectors, many organizations have had to abandon or scale back their efforts.

A much simpler approach that I would recommend is to consider Costing of Activities (C of A). In C of A, activities are described in a hierarchical arrangement, going from Strategic Activities associated with a Strategic Objective (i.e. Strategic Priority), to Programme Activity to sub-Programme Activity. Direct costs are then posted as they occur at the appropriate level, depending on the nature of the expenditure. Indirect costs are

allocated to the same activities depending on a simple pre-defined cost model. If in doubt as to which activity a cost should be posted to, it is instead allocated to a higher-level activity. The result is not as exact a representation of programme costs that ABC could deliver, but it does represent a better balance between effort and benefit. At WFP, it appears that an initial pilot, very much similar to this approach, has been tried at the Panama CO with much success. My recommendation here would be to consider expanding on this pilot to incorporate projects, programmes, and other CO's.

Suggested Next Step Recommendations

A list of suggested next steps is compiled here, based on the recommendations noted above.

1) ICT RBM Blueprint
   - Gap/fit to WINGS
   - ICT RBM Implementation Plan

2) GYST Prototype Evaluation

3) Strategy Papers ➜ New or Changes to existing Guidelines and Policies
   - Performance Information Aggregation Approach

   - Performance Information Synchronization Approach

   - Intervention Needs Analysis and Project Design
     - Systematic Approach
     - Role of Knowledge Management

   - Monitoring and Managing for Results Approach

4) Reengineering of the Strategic Framework
   - Introduce Strategy Mapping
   - Attribution of Projects to MDG's

5) Appraisal of the Capacity for RBx , COs and IA's to meet additional M&E Volume and Quality expectations

6) Renewal of efforts to pursue multilateral M&E with partners
   - Short-term sharing of resources
   - Long-term efforts to improve Capacity and Quality at IAs

7) Costing and Budgeting Model for RBM, based on the 'Costing of Activities" approach
   - Define an Programme Activity hierarchy that maps with the Strategic Framework (SP and MP), workplanning, as well as the Project/Programme logframes.
   - Investigate means by which direct costs can be captured at source and collected via SAP (CO, FM and PS modules)
   - Assist with proposing a simplified cost allocation model for overall RBM costing.

- This should be not be an ABC or Zero-based budgeting approach, but something more simpler.
- Investigate the viability of a Costing Logframe for reporting purposes
- Investigate whether this work could be incorporated into the scope of the upcoming SAP upgrade.

8) Knowledge Management
- Investigate participating with the new Corporate KM initiative to ensure that RBM concepts and requirements can be in included in the scope

9) Investigate an approach to initiating an IMAF

Reference Notes

1) "What is a Balanced Scorecard?" – The Balanced Scorecard Collaborative
http://www.bscol.com

2) "Managing for Results Self-Assessment Tool" – The Canadian Treasury Board Secretariat and Office of the Auditor General
http://www.tbs-sct.gc.ca/rma/account/transmod/tm_e.asp

3) This section draws on Beverly A. Parsons, "Finding Transformative Themes Across Multiple System Change Evaluations," paper presented to the November 1998 Annual Meeting of the American Evaluation Association. Ms. Parsons is Executive Director of InSites, a Colorado-based organization that conducts research and evaluation, and provides technical assistance in support of change in the field of education.Beverly A. Parsons, "Finding Transformative Themes Across Multiple System Change Evaluations," paper presented to the November 1998 Annual Meeting of the American Evaluation Association. Ms. Parsons is Executive Director of InSites, a Colorado-based organization that conducts research and evaluation, and provides technical assistance in support of change in the field of education.

4) SMART – Standardized Monitoring and Assessment of Relief and Transitions
http://www.smartindicators.org

5) PARIS 21 – Partnership in Statistics for development in the 21st Century
http://www.paris21.org

6) ISO – DEVCO – ISO and Developing Countries
http://www.iso.org/iso/en/comms-markets/developingcountries/iso+developingcountries.html

ANNEX A – List of Staff Interviewees

Date	Name	Division	Time	Room
02/11	Mr. B. Oberle	OEDP	9.00	3S26
02/11	Mr. G. Fedha	HR	15.00	4B06
03/11	Mr. M. Usnick	OEDR	9.00	3S13
03/11	Mr. K. Tuinenberg	OEDE	10.00	4S27
08/11	Mr. C. Finbarr	ICT	9.00	3Y60
08/11	Mr. A Samkange	PSP	Cancelled	
08/11	Mr. G. Jerger	OD	Cancelled	
09/11	Mr. E. Whiting	FS	11.00	3B66
10/11	Ms. H. Hall-Chintedza	OED	10.00	7B70
11/11	Mr. A. Abdulla	OEDB	Cancelled	2S13
15/11	Mr. M. Stayton	OED	14.00	
19/11	Mr. M. Jensen	OEDB	10h00	
	Informal Meetings:			
	Kofi Owusu-Tieku	OEDP		
	Marian Read	OEDP		
	Jennifer Nyberg	OEDP		
	Katrin VonderMosel	OEDP		

ANNEX B – Sample IT RBM BLUEPRINT

One of the key recommendations being made in this report is to undertake the creation of an IT RBM Blueprint. ITC can play a key role in defining and implementing a costing logframe.

(DRAFT IT BLUE PRINT AVAILABLE IN OEDP)

ANNEX C – Sample of a Strategy Map

STRATEGIC DEV & HUMAN ASSTNCE GOALS

- Strategic Development: Reduce Poverty
- Strategic Development: Agriculture & Rural Development
- Strategic Human Asstnce: Emergency Aid
- Increase the Franchise value of the Bank
- Strategic Development: Human Capital
- Strategic Development: Private Sector
- Build an active constituency & enhance strategic partnerships

ENABLING GOALS

- Improve the efficiency of disbursements & loan
- Make manager's more accountable for results and increase
- Provide more client-focused, cost-effective and efficient
- Improve the Bank's competitiveness
- Strengthen Projects & Programs with M&E Improvements
- Introduce Results-Based Management
- Decentralize for greater client focus, business continuity & staff
- Realign admin resource allocation with strategic

SUPPORTING GOALS

- Expand learning and introduce Knowledge Management
- Enhance Staff Competencies and Diversity Mix
- Promote Staff Career Growth and Development
- Improve IT to support RBM
- Improve IT to streamline processes
- Lower client interest rates & increase Investment
- Expand and make available new loan products
- Achieve optimal utilisation of the Bank's risk-bearing capacity