Results-Based Management and Multilateral Programming at CIDA:

A Discussion Paper

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List of Key Acronyms in this Report

AG – Auditor General of Canada

AusAID – Australian Agency for International Development

CIDA – Canadian International Development Agency

MAF – Multilateral Assessment Framework (AusAID)

MDI – Multilateral Development Institution

MPB – Multilateral Programs Branch (CIDA)

RBM – Results-Based Management

Note:

This study reflects the views of the author. It does not necessarily imply Canadian government or CIDA policy.

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Executive Summary

A.   Introduction

This paper seeks to contribute to discussion in CIDA on the use of Results-Based Management (RBM) for assessing multilateral programming. It focuses on RBM's relevance to the "Institutional Support" component of multilateral work. Though applied across CIDA, RBM was designed with *bilateral* projects/programs in mind. There is recognition within Multilateral Programs Branch (MPB) of RBM's role in strengthening multilateral work. But many staff believe that RBM's emphasis on objectively measurable results, and on direct causal links between activities and results, is unrealistic in the context multilateral work. They feel that RBM compels them to report on their work in a way that is neither as meaningful nor as complete as it could be.

B.   RBM and Multilateral - Core Issues at CIDA

(i) Fundamental differences between multilateral and bilateral programming?
CIDA's operational activities fall along a spectrum. At the "left-hand" are activities that produce clear, measurable impacts resulting from linear processes; causes are easily attributable to a narrow range of inputs and actors. At the "right-hand" are activities that lead either to: (i) intangible outcomes for which robust forms of measurement are not available, or (ii) outcomes and impacts "caused" by networks of actors operating through back-and-forth (iterative) rather than straight-line (linear) processes. Most of the time, bilateral project/program work is closer to the "left-hand" end; multilateral work, most of the time, falls closer the "right-hand" end.

Because RBM is about measuring change and attributing causality, left-hand activities fit more easily in the RBM framework. The closer you move to the right-hand side of the spectrum, the more you push notions of measurable change and identifiable causality to the limits of validity. Right-hand activities fit awkwardly into an RBM framework based on direct, demonstrable links between inputs and outcomes or impacts.

(ii) "CIDA Results" and multilateralism – contradiction in terms?
Seeking to draw direct causal links from CIDA "inputs" to MDI results may well run counter to both the *nature* and the *values* of multilateralism. Consider the process by which a bilateral donor, acting through an MDI, achieves results:

 i.   Donors pool in the MDI their resources, ideas and capacity for influence;

 ii.   The MDI is directed, day-to-day, by a Board with diverse membership;

 iii.   MDI Board members may in turn be guided by advice from one or more agencies of their home government;

iv.   The MDI's management (in line with direction from its Board) develops its own operational and administrative policies and regulations;

v.   The MDI supports projects and programs in developing countries;

vi.   The MDI relies on the involvement of governments and other actors in the developing countries to which it provides support;

vii.   The MDI's activities (eventually) have an impact in developing countries.

How is one to disentangle results attributable to individual donors – particularly relatively small ones such as Canada – from such a process? Furthermore, multilateralism values the subordination of particular national objectives to broader objectives that transcend local interests. The notion of seeking MDI results that Canada can somehow claim as "its own" is, arguably, at odds with this spirit.

(iii) Does multilateral work produce "results"?
Taken literally, CIDA's RBM policy suggests that the institutional support aspect of multilateral programming is virtually incapable, *by definition*, of producing results. This absurd conclusion implies a need to revisit notions of "results" and "causality" where multilateral activity is concerned.

The RBM Policy Statement defines "result" as a "desirable or measurable change in state that is derived from a cause and effect relationship." CIDA's Guide to RBM observes that development results "should always reflect the actual changes in the state of human development that are attributable to a CIDA investment." Multilateral work does not fit easily into this framework. Multilateral staff pursue development outcomes indirectly, working *through* MDIs. Rarely under such circumstances will one be able to produce credible evidence that a change within an MDI, or in a developing country supported by the MDI, was "derived from" something that CIDA did.

CIDA's definition of "development results" refers to a "CIDA investment in a developing country". But institutional support represents "investment" in an MDI, which in turn *makes its own decisions* about support to developing countries. The definition of "operational results" is also not helpful. While one of the central aims of multilateral work is to influence change *within* the MDIs, the formal definition of "operational results" refers only to results within CIDA.

(iv) Institutional results vs. developmental results
Multilateral development *institutions* are the *direct* beneficiaries of CIDA's multilateral programming. Working through MDIs, multilateral programming aims *indirectly* to produce developmental results in developing countries (while bilateral programming aims to have a *direct* effect on development results). Because developmental results reflect CIDA's ultimate objectives, there is a desire to make claims about the direct impact of multilateral programming on development results. This leads, however, to problems of causality and attribution. Indeed, the evidence is overwhelming against clear

attribution to CIDA of particular development outcomes resulting from MDI activities. This does not, however, impede CIDA from telling a credible story about why it believes its multilateral work is contributing to development outcomes. Indeed, doing so will become easier as MDIs begin to provide better analysis of their own development effectiveness. But the tight cause-and-effect relationships that underpin the RBM framework cannot, realistically, be a part of the story-line.

The connection between CIDA and the MDI is more immediate than the connection between CIDA and development results. Nevertheless, even attribution to CIDA of changes at the level of the MDI is difficult to establish.

(v) A bias toward "what's new"

The RBM Policy defines "result" as a measurable *change in state*. Absence of change, *by definition*, means absence of results. The emphasis on change over the course of an annual reporting period may be well suited to a bilateral project or program, which originates in a problem to be fixed (a situation to be *changed*) over a confined period of time. (All bilateral projects *end*.) The dynamics of institutional support to MDIs are different. Institutional support is meant to be continuous and so has no pre-determined end date. Its primary motivation is not to make changes at the MDI, but to support ongoing activities. There is however little or no place in the RBM framework for recognizing that a multilateral officer spends considerable time supporting an MDI's ongoing operations. "It's a big part of what we have to do ... But it's not about changing things, so it's not 'RBM-able'", said one officer.

(vi) Whose agenda?

CIDA's activity at an MDI often originates in the MDI's agenda rather than CIDA's own. The structure of RBM reporting suggests the opposite. It is designed *as if* CIDA, independently, sets its objectives and then pursues them. RBM's emphasis on change (above) tends also to ignore the fact that Canada's own motivation for participation in MDIs is double-barreled. Apart from the development-related reasons for Canada's participation in the multilateral system, there are larger foreign policy reasons. Canada participates in MDIs simply because it is felt important to have a "seat at the table" and demonstrate commitment to multilateralism. CIDA may be called upon to support a foreign policy position at an MDI. Such work may receive little "credit" within the RBM framework; nevertheless, it is seen as important from a broader perspective.

(vii) Short-term results vs. long-term results.

The RBM "machine" needs fresh evidence every 12 months of changes caused by CIDA activity. But change at an MDI is a slow and irregular process that rarely moves in neat one-year increments. It will normally take longer – perhaps three to five years – to observe meaningful change in an MDI's approaches to issues such as poverty or gender.

### E.	A Comparative Perspective: AusAID

Recent experience at the Australian Agency for International Development (AusAID) with the pilot of a "Multilateral Assessment Framework" (MAF) provides an interesting

counterpoint to the debate within CIDA on RBM and multilateral activity. The MAF is a relatively simple framework for annual assessment of the performance of each MDI to which AusAID provides core funding, and the performance of AusAID's multilateral programming. It is a "tool for management, for accountability and for reporting". At its core are three criteria for assessing the performance of MDIs: (i) relevance; (ii) efficiency; and (iii) effectiveness.

Relevance to CIDA

AusAID takes a pragmatic operational approach to implementation of the MAF, seeking to minimize its administrative burden. The annual MAF assessment report for each MDI is intended to be no more than a few pages long, and is based on a short questionnaire. Data collection relies heavily on easily available secondary sources. Similarly, the methodological approach is characterized by simplicity and pragmatism. The focus on just three assessment criteria provides a clear message both within and outside AusAID about the basis upon which the government gets involved with, and manages its relationships with, MDIs.

AusAID gives *strategy* priority over *attribution*. Multilateral programming is judged: (i) at the level of the overall program, on the soundness of the strategy for selecting the total portfolio of MDIs; (ii) at the level of each MDI, on the soundness of the strategy for dialogue with each MDI; (iii) at the level of each MDI, on the evidence that AusAID's strategies are being implemented as well as possible.

This approach responds to profound problems related to *both* measuring effectiveness *and* establishing causality. AusAID focuses on what can be measured, is meaningful, and can clearly be attributed to itself, i.e. the quality of its MDI strategy.

F.   Summary and Concluding Thoughts

(i) RBM is important, useful and necessary ...
There is a strong sense among staff and management responsible for multilateral institutional support that RBM provides a valuable framework for managing their work.

(ii) ... but it must be better adapted to multilateral work.
While appreciating RBM's value as a management tool, many MPB staff feel that it provides an inadequate framework for *reporting* on what they do. RBM's narrow focus on *change, causality and attribution*, all in the context of annual reporting, is seen as out of touch with the reality of multilateralism generally, and with CIDA's multilateral institutional support work in particular.

(iii) Perverse effects of performance measurement.
 Several multilateral practitioners sounded a cautionary note about the unintended negative effects of an RBM framework that is poorly adapted to the reality of multilateral work. Said one officer, "you start to think twice about getting involved in doing things that you feel are worth doing, but where you know it will be difficult to measure results. The attitude becomes 'can't measure: shouldn't do'."

(iv) Not "whether", but "how"

There is strong acceptance within MPB of the importance of focusing on results and accountability. The concerns regarding RBM are not about *whether* managing for results is important, or *whether* accountability is important. Instead, they are about finding ways to discuss results and be accountable that are well adapted to multilateral work.

The AusAID case is interesting because it is based on explicit acceptance of fundamental problems related to measuring results and attributing them to particular actors. It is a pragmatic option that focuses on something that a bilateral donor *can* measure and control (and therefore take responsibility for), i.e. the rationality of its overall strategy for multilateral cooperation, and of its strategies for individual MDIs.

A.   Introduction

The purpose of this paper is to contribute to discussion within CIDA on the use of
Results-Based Management (RBM) for assessing the performance of multilateral
programming. It attempts to illuminate some central issues regarding RBM in the context
of multilateral programming. In particular, it looks at RBM in relation to the
"Institutional Support" component of CIDA's multilateral work.[1] (*All further references
to multilateral programming should be read as referring to Institutional Support only*.)

In the spirit of a "discussion paper", this paper limits itself to providing food for thought.
The intent is that it should contribute to a useful debate on what is working, what is not
working, and what might be done differently regarding the application of RBM to
multilateral programming. The paper *does not* pretend to develop solutions to current
problems, nor does it provide an assessment of the Agency's experience with RBM
applied to multilateral programming. It concludes with some suggested directions for
future thinking, but does not make recommendations.

Methodology. The paper is based on (i) interviews in CIDA; (ii) interviews with
individuals outside of CIDA knowledgeable about matters related to RBM and
multilateral programming, (iii) review of documentation; (iv) author's direct experience
of RBM in the context of a multilateral development agency.

At CIDA's suggestion, interviews within the Agency focused on staff and management
of International Financial Institutions (MFD), United Nations and Commonwealth
Program (MUN) and Policy Planning and Management (MPM) within Multilateral
Programs Branch (MPB).

B.   Results-Based Management at CIDA

CIDA formally introduced RBM (see Box 1) in 1996 following two major 1993 reviews
of the Agency's operations – an internal "Strategic Management Review" and a review
by the Auditor General (AG) of bilateral programming[2]. Both studies were strongly
critical of CIDA's management culture and practices, and emphasized the Agency's lack
of capacity for results management.

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[1] Institutional Support covers support provided to the core budgets of multilateral development institutions
(MDIs) of the UN system, the international financial institutions (e.g. regional development banks) and
other international organizations (e.g. Commonwealth organizations), and related CIDA personnel and
administrative resources required to manage and monitor Canada's involvement with those organizations.
Institutional Support accounted for two-thirds of Multilateral Programs Branch spending in FY98.
Compared with Program Support (6 percent of spending) and Project Support (28 percent of spending),
Institutional Support begs the most interesting and difficult questions with respect to RBM.
[2] "Canadian International Development Agency – Geographic Programs." http://www.oag-
bvg.gc.ca/domino/reports.nsf/html/9821ce.html

The AG's 1993 report surveyed performance management practices for bilateral programming at the project, country and Agency levels. Across the board, it found that CIDA focused on measuring and managing inputs. It urged the Agency to "manage for results" so that it might provide a clearer picture of "what it is trying to achieve and how well it is doing. At stake," the AG claimed, "is the credibility of the Agency, both with the people of Canada and in the developing countries with which it works."

Box 1 – RBM in a Nutshell

RBM is about defining the anticipated results of CIDA projects and programs, measuring progress toward achieving those results, and ultimately, reporting on results finally achieved. As well, it incorporates the notions of identifying and managing the risks likely to affect achievement of results, of feeding back lessons learned into ongoing and new programming, and of linking results achieved with resources used.

At the core of RBM is the "results chain" which articulates the steps by which inputs (human, physical and financial resources) are transformed into activities (project and programs), which in turn produce development results (changes in the state of human development in the developing countries). Development results are in turn broken down into three categories: outputs (the immediate, visible consequences of projects and programs), outcomes (short or medium-term effects of projects/programs) and impacts (broader, longer-term effects of projects/programs).

The value of the RBM "results chain" is that it makes explicit the underlying assumption of all development programming, i.e. that no project or program should be undertaken if a reasonable case cannot be made at the outset that it will contribute to development outcomes, *and* no ongoing project or program should continue to operate as initially designed if it becomes clear that during implementation that it is unlikely to produce development outcomes.

CIDA accepted the AG's findings and began work on developing and implementing results-based approaches. The AG's follow-up report on bilateral programming last year observed that "CIDA's actions have addressed the main concerns raised in 1993", though it recommended continued work on the measurement and reporting of development results.

C.   Why a Discussion Paper?

An assumption underlying CIDA's request for this discussion paper is that getting performance reporting right within the Agency involves a process of continuous learning and feedback. There are no pre-ordained right or wrong answers when it comes to applying RBM to CIDA's activities. At the end of the day, RBM should *serve* CIDA as a tool for planning, learning, performance measurement and accountability. For this to happen, implementation of RBM must be adapted to the differing needs and circumstances of CIDA's programming areas. The alternative – a "one-size-fits-all"

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approach to RBM – is likely to lead an outcome that no one would wish for, namely that CIDA programs *serve* the RBM system.

RBM, though applied across the full range of CIDA's activities, was conceived, designed and implemented with *bilateral* project/program activities in mind. For example, the 1993 AG's report that gave the initial impetus for implementation of RBM at CIDA (see above) focused exclusively on CIDA's bilateral programming, as did the follow-up reports in 1995, 1996 and 1998. As well, the overall orientation – the vocabulary, the choice of examples, etc. – of CIDA's in-house guide to RBM, published in 1999[3], is clearly geared to program/project-style bilateral programming.[4]

While bilateral programming is indeed CIDA's largest business line, consuming 41 percent of the Agency's spending in FY98, multilateral programming is not far behind. It accounted for $650 million, or 36 percent of total spending in FY98. Given the significant presence of multilateral in CIDA's overall programming, the absence in the RBM approach of explicit attention to the unique characteristics of multilateral work is a noteworthy gap.

The gap would perhaps not be important if multilateral practitioners in CIDA generally felt comfortable with RBM as currently practiced.   In fact, discussions conducted in connection with this paper revealed general recognition within MPB of the value of RBM, and of the contribution it can make to improving the quality of multilateral work. In particular, multilateral staff appreciate RBM's value as a discipline that compels program managers and Branch management to ask fundamental questions about the underlying purpose of projects and programs. As one policy analyst in the Branch observed, "RBM is good because is it important for us to step back from our programs and ask 'Why are we doing this?' "

On the other hand, there were also consistent expressions of unease about the appropriateness of RBM, as it is now implemented, to the realities of multilateral work. Many staff feel that the perceived emphasis placed by RBM on demonstrating direct causal links between activities and outcomes or impacts is often not realistic in the context multilateral work. There is also a strong sense that RBM imposes an inappropriate level of quantitative precision on multilateral activities, which often aim for relatively "soft" (though important) outcomes.

"One of my frustrations with RBM is having to quantify the level of influence we have over a multilateral organization," said one officer. "I can't always give examples, with documentary evidence, of where we have had influence. We're not the only people setting the agenda."

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[3] "Results-Based Management in CIDA: An Introductory Guide to the Concepts and Principles."
[4] For example, a performance framework is described in the Guide as an "RBM tool that is used to conceptualize *projects*" (emphasis added). The example of a public sector management *project* is used to explain the concept of "reach". Discussions about the project/program cycle and stakeholder consultation are in language appropriate to bilateral programs and projects.

"RBM favors the neat, quantifiable result," said another officer. "But much of what we do is about influencing the agenda or direction of organizations. That's inherently qualitative."

In short, staff perceive fundamental differences between multilateral activity and bilateral project/program activity – differences significant enough to suggest a need for new ways of thinking about RBM to make it more relevant to multilateral work. There are good reasons, therefore, to ask questions about the "fit" between multilateral programming and RBM. There is broad acceptance within CIDA, MPB included, that RBM is a powerful and useful tool for managing and reporting on performance. But room for discussion remains around how RBM might be used in a way that better reflects the unique nature of multilateral programming. This paper was seen as a useful way to feed such a discussion.

D.   RBM and Multilateral - Core Issues at CIDA

(i) Fundamental differences between multilateral and bilateral programming?

The differences perceived by multilateral staff between much of their work and much of what is done in bilateral programming are a question of degree rather than absolutes. To appreciate how this is so, it is helpful to visualize the gamut of CIDA's operational activities as being arranged on a continuum. At one end – call it the "left-hand" -- are activities that:

- are largely self-contained, involving a relatively limited and identifiable range of actors (e.g. CIDA, executing agency, country counterparts), each of whom has relatively clearly defined, complementary roles and interests;

- produce tangible outputs;

- deal with a discrete and well-defined development problems that have a defined physical location;

- progress from inputs to outputs to outcomes to impacts in a way that is relatively easy to observe and quantify;

- progress from inputs to outcomes or from inputs to impacts over a relatively confined period of time;

- have immediate cause and effect relationships that are relatively easy to observe and validate; there is a direct link with development outcomes and impacts.

- have a design and direction over which CIDA has had a high degree of control or influence.

At the other end – the "right-hand"– are activities which:

- are not self contained, involving a wide network of actors who may have overlapping or conflicting roles and interests;

- produce intangible outputs (e.g. influence, persuasion, new ways of thinking);

- deal with systemic development issues not confined to a country, region or sector;

- do not always progress in a linear fashion from inputs to outputs to outcomes to impacts (often, the process is iterative and out of sequence, e.g. from inputs to outputs, back to inputs, then outcomes, etc.);

- progress from inputs to outcomes or inputs to impacts over a relatively long period of time;

- involve cause and effect relationships that are difficult to observe and validate; the link with development outcomes and impacts is indirect;

- have a direction over which CIDA, on its own, has a low degree of control or influence.

The extreme left-hand and right-hand ends of the continuum are of course caricatures. There are probably no particular activities that fit either description exactly. Most of what CIDA does falls somewhere between the two extremes. But most of the time, bilateral project/program work is likely to be closer to the "left-hand" end; conversely, multilateral work, most of the time, will fall closer the "right-hand" end.

Viewing the difference between bilateral and multilateral work in this way helps explain the unease felt in MPB over the appropriateness of RBM. At its core, RBM is about measuring change and attributing causality. Extreme "left-hand" activities therefore fit easily in the RBM framework. They produce clear, measurable impacts[5] (changes) that result from linear processes; the causes of the impacts are easily attributable to a narrow range of inputs and actors.

On the other hand, the closer you move to the right-hand side of the spectrum, the more you push notions of measurable change and identifiable causality to the limits of their validity. MPB tends to spend a lot of its time operating on the "right-hand" side of the continuum, being involved frequently in activities that lead either to:

- intangible outcomes for which objective and relevant forms of measurement are not available, or

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[5] CIDA does not have an Agency-wide set of indicators for measuring the impact of its bilateral projects, but efforts are made to quantify results at the project level.

- outcomes and impacts which may be tangible but which are "caused" by networks of diverse actors operating through back-and-forth (iterative) rather than straight-line (linear) processes.

These kinds of activities are often perceived as fitting awkwardly into a results measurement framework built around the concept of direct, demonstrable links between inputs and outcomes or impacts.[6]

The perception of multilateral and bilateral programming falling (for the most part) at opposite ends of the spectrum of CIDA programming, combined with the sense that RBM as currently understood and practiced is more suitable to the end of the spectrum least often occupied by multilateral programming, underlie all of the other discussion issues presented in this section.

(ii) "CIDA Results" and multilateralism – contradiction in terms?

The notion of identifying certain CIDA "inputs" and then drawing a direct causal link to results either within a multilateral development institution (MDI) or related to field activities supported by an MDI, may well run counter to both the *nature* and the *values* of multilateralism.

The nature of multilateral development activity in which CIDA participates through "Institutional Support" is such that a group of bilateral donors agree to pool their resources. The pooled resources are managed by the MDI. The MDI uses the resources to design and implement programs/projects contributing to achievement of high-level objectives agreed upon by the contributing donors. From the MDI's perspective, what counts are, ultimately, the impact of its efforts on development outcomes. Attribution of the impacts of an MDI's work to the funding or influences of a particular donor is irrelevant to the MDI's mission and operational objectives.

Of course, the fact that attribution of MDI results to particular donors is irrelevant from the MDI's perspective is not in itself an argument against bilateral donors, for their own purposes, seeking to lay claim to MDI results. But there are legitimate questions about the degree to which it is even possible for bilateral donors to extract "their own" results out of the results of MDI activity. To see why this is so, consider the process by which a bilateral donor, acting through an MDI, achieves results:

i.   Bilateral donors pool in the MDI their respective resources, ideas and capacity for influence;

ii. The MDI's overall policy and program directions are guided by a board made up of representatives of the member countries, as well as the head of the MDI itself;

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[6] CIDA's RBM Guide states that "development results should always reflect the actual changes in the state of human development that are attributable to a CIDA investment."

iii.   Country representatives on the MDI's board may in turn be guided by advice from one or more agencies of their home government;

iv.   The MDI's management, in line with overall direction from its board, develops its own operational and administrative policies and regulations, guiding, among other things, recruitment and management of staff, and the design, approval and implementation of projects and programs, and management of the MDI's resources;

v.   The MDI supports the design and implementation of development projects and programs in many developing countries.

vi.   In conducting its operational work, the MDI relies to a considerable extent on the advice and involvement of governments and other actors (e.g. NGOs) in the developing countries to which it is providing support;

vii.   The projects and programs of the MDI (eventually) have an impact in developing countries.

How is one to disentangle results attributable to individual donors from such a process? This is clearly a case of the whole being more than the sum of its parts. The components (inputs from the donors, the MDI itself, actors in the developing countries), once pooled and transformed into outcomes and impacts, lose their original identity. They are no longer visible in their initial form. The process is rather like baking a cake. Once the flour, eggs, sugar, salt and butter are combined and cooked, the final product bears no resemblance to any of the initial ingredients. You cannot "see" the eggs, the flour, etc. in the finished product, nor is it possible to assess the "amount" of the contribution of each ingredient.

All of this begs profound questions about causality and attribution. If I contributed the eggs, do I take credit for all of the cake? For part of it? (And if so, how much?) What if no one likes the cake? Do I take part of the blame? Are these even the right questions to be asking?

Another characteristic of multilateral action which again calls into question the notion of "causality" at the heart of RBM is that the individual contributions of bilateral donors are, in most cases, relatively small parts of the whole. Canada often accounts for only a very small fraction of the core budget of the MDIs to which it contributes, and is just one among many countries having a seat at the board. Returning to the metaphor of baking a cake, if the recipe calls for two cups of flour, Canada, (in terms of its financial contribution to an MDI's core budget) contributes on the order of an ounce or less. Canada is also just one among many "bakers" participating in discussions about the size, shape, flavor, cost and recipients of the "cake". The same questions as were raised in the preceding paragraph about the relevance, or even the possibility, of identifying "our" results are even more applicable under these conditions.

Interestingly, the AG's 1998 report on CIDA bilateral programming made a similar point:

> Because donors are acting more in concert, [development] results will likely not be attributable directly to any one donor, but CIDA could show how its projects have contributed to the overall results. *What is important is that lasting development results be achieved, not that they be attributed directly to the intervention of any particular donor.* This type of reporting would reinforce CIDA's move to focus more on development results, and would improve accountability for the effective use of ODA funds.[7]

The AG's distinction between *attributing* results to CIDA's actions and *describing CIDA's "contribution" to results* is an important one. The AG's view[8] was that once one looks beyond the project level to higher-level development impacts, CIDA would often have little or no credible basis for claiming to have "caused" results. The point of this observation was not to question the value of CIDA's work. The point, rather, was simply to indicate that claims about causality are unrealistic in a context where CIDA is just one among many development actors in any particular country, and its bilateral financial contribution is a very small fraction of the total resources applied to a particular sector. However, the AG did believe that CIDA could tell a meaningful story about how it was a *participant in a broader, multi-actor process* that led to development impacts. Although the AG was evaluating CIDA's bilateral programming, the point is equally relevant – indeed, perhaps more relevant – to multilateral work.

There is also the question of RBM's fit with the *values* that underpin multilateralism. At the core of multilateralism is the notion that individual states agree to act together to achieve goals in which all, collectively, believe. Multilateralism values the subordination of particular national objectives to broader objectives that transcend local interests. The notion of looking for MDI results that we can somehow claim as "our own" is, arguably, at odds with this spirit. True, we are interested in using multilateral institutions and approaches to achieve results that are valued by us and our multilateral partners. But attribution of results to particular members of an MDI is irrelevant from a multilateral perspective.

As one multilateral officer put it, "we risk getting so caught up with attribution, that we lose the bigger picture and forget about why we get involved in multilateral organizations in the first place."

(iii) Does multilateral work produce "results"?

The RBM Policy Statement[9] defines "result" as a "desirable or measurable change in state that is derived from a cause and effect relationship."

The policy goes on to define two types of "results":

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[7] Chapter 21, para. 53. Emphasis added.
[8] Confirmed in a conversation with one of the authors of the AG's report.
[9] See "Results-Based Management in CIDA. Policy Statement. Annex A. Key RBM Definitions"

A "developmental result" is "the output, outcome and impact of a CIDA investment in a developing country."

An "operational result" is "the administrative and management product achieved within the Agency."

As well, the "Introductory Guide" to RBM produced by Performance Review Branch observes that development results "should always reflect the actual changes in the state of human development that are attributable to a CIDA investment."[10] (The Introductory Guide provides no elaboration on the concept of an "operational result".)

How might multilateral programming fit within the framework of these definitions?

Consider first the question of causality, which has to some degree already been addressed above. A "result", the RBM definition states, is a "change in state that is derived from a cause and effect relationship". This language is ambiguous, but a reasonable interpretation is that a "change in state" only counts as a "result" if one can clearly demonstrate a link between it and something that CIDA did. This is reinforced by the remark in the Guide that development results should be "attributable to a CIDA investment."

Clearly, much of the work undertaken by multilateral staff does not fit easily into this analytical framework. Multilateral staff pursue development outcomes indirectly, by working *through* MDIs that have their own independent management and personnel structures, as well as a diverse range of bilateral donors and other stakeholders. How often, under these circumstances, would one be able to produce credible, verifiable evidence that a change within an MDI, or in a developing country supported by the MDI, was "derived from" something that CIDA did? If we accept that *most of the time*, a clear causal link cannot be established given the nature of multilateral relationships, then the logic of the formal definition of "result" leads us to conclude that multilateral work produces no development results most of the time! Common sense tells us that this is absurd, and suggests a need to revisit notions of "results" and "causality" where multilateral activity is concerned.[11]

Questions of causality aside, the formal RBM definitions pose other problems. The definition of "development results" refers to a "CIDA investment in a developing country". But in the case of institutional support delivered through multilateral programming, CIDA does not "invest" in developing countries. Instead, CIDA "invests"[12] in the MDI, which in turn *makes its own decisions* about how, when and

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[10] Page 7.

[11] The logic of RBM raises similar problems with so-called "soft" sectors of bilateral programming, such as governance and capacity development. They share important features with multilateral programming: they produce few, or no, physical outputs; as well, outcomes and impacts develop slowly, and causality is difficult to attribute.

[12] There is a strong argument to be made the term "invest" is inappropriate in relation to CIDA's contribution to MDIs. This line of argument will not be pursued here.

where to provide support to developing countries. So if we were to take the definition literally, we would have to conclude that multilateral work is not linked to development results. Again, this is a conclusion that defies common sense.

The definition of "operational results" is also not helpful to multilateral practitioners. While one of the central aims of multilateral work is to influence change *within* the MDIs, the formal definition of "operational results" refers only to results within CIDA ("the Agency").

CIDA's RBM policy, if taken at face value, suggests therefore that the institutional support aspect of multilateral programming is virtually incapable, *by definition*, of producing results of any sort! This is worth noting for two reasons:

First, it validates the uneasy sense among multilateral staff that the RBM policy reflects a perspective on development assistance activity that is out of touch with the realities of multilateral work. It helps one to understand why multilateral staff may feel that RBM, as currently conceived, is not well adapted for telling people within and outside CIDA about multilateral activities and achievements.

Second, it leads to the conclusion that a liberal interpretation of standard RBM concepts is required if RBM is to be at all useful to multilateral work and a valid tool for monitoring the performance of multilateral programs.

(iv) Institutional results vs. developmental results

MPB's institutional support of MDI's aims for two kinds of results.

By virtue of Canada's membership in an MDI, MPB seeks to affect the MDI's policies, operational practices, administrative practices and governance. The rationale for pursuing these *institutional results* is that they will strengthen the MDI's capacity to be an efficient and effective development institution.

Through its involvement in an MDI, MPB seeks to have a lasting impact on the lives of people in developing countries. The pursuit of these *developmental results* is the ultimate aim of everything that CIDA does.

It is in the approach to development results that one finds the most significant difference between bilateral and multilateral programming. Multilateral programming takes an *indirect* approach to developmental results, pursuing them *through* support to MDIs, while bilateral programming aims to have a *direct* effect on development results. Developing countries, in other words, are the *indirect* beneficiaries of CIDA's multilateral programming, and the *direct* beneficiaries of its bilateral programming.

Developmental Results

Because developmental results reflect CIDA's mission and ultimate objectives, there is a natural desire, in the context of performance reporting, to make claims about the direct impact of multilateral programming on development results. This leads, however, to problems of causality and attribution on several levels. To see how this is so, consider the following sequence of questions:

1) Can we measure development outcomes?

1a) If so, can we measure them in ways that are meaningful in the context of the annual RBM reporting cycle?

2) If we can measure development outcomes, can we attribute them to MDI activities?

3) If we can measure development outcomes, and if we can attribute them to MDIs, can we in turn make a causal link between what the MDI did to cause the development outcome, and something that CIDA did?

Can we measure development outcomes? The answer, of course, is yes. Countries, MDIs and other sources regularly gather and publish data covering a wide variety of socio-economic outcomes in the developing world.

Can we meaningfully monitor development outcomes in the context of annual RBM reporting? The answer, in most cases, is no. A time period of longer than a year is needed to see evidence of meaningful movement of "Shaping the 21st Century" indicators such as GDP per capita, primary school enrolment, gender gap in primary and secondary education, infant and child mortality, etc.

Can we attribute development outcomes directly to the actions of individual MDIs? More often than not, the answer is no. A study prepared by the Inter-American Development Bank's Evaluation Office, under the leadership of CIDA's Jean Quesnel, stated the problem well. It observed that

> The question of attribution, separating out an institution's role or contribution from that of other factors or players and attaching cause and effect relationships, raises some doubt whether it is really possible to measure and evaluate an institution's assistance to a country in isolation of all of the other influences on the country.[13]

It is also useful to recall the AG's observation, noted above, that developmental results "will likely not be attributable directly to any one donor." The AG was drawing this conclusion in the context of bilateral programming, where CIDA is directly involved in the developing country. It is all the more compelling in the case of multilateral programming, where CIDA's involvement is indirect.

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[13] Evaluation Office, Inter-American Development Bank, "Country Assistance Evaluation in the Multilateral Development Banks: Approaches, Instruments and Best Practices." Draft, 1998.

As the preceding quotation from the Inter-American Development Bank's Evaluation Office indicates, there are fundamental reasons why the attribution problem at the level of the MDI can never be completely addressed. But it is important to note that some MDI's have begun paying more serious attention to gathering better information and doing more analysis about their development impact. The World Bank is perhaps the leading example. Since the mid-1990s, the Bank has made a concerted effort to raise the focus of its internal evaluation activity above the project level, and to examine the overall impact of the "portfolio" of its activities in a given country.[14]

Can we attribute the actions of individual MDIs directly to actions taken by CIDA? Again, the answer will most often be no. The argument is conceptually identical to the case against attributing development outcomes to individual MDIs (see the preceding paragraph). The multiplicity of influences on an MDI, and CIDA's relatively minor role in most of them, renders the effort to establish direct causality dubious in most cases.[15]

In summary, e*ven if* key development indicators changed in a meaningful way over a 12 month period, there would still be difficult questions around linking such changes directly to MDI activities. And *even if* one could overcome attribution problems at the level of the MDI, one would be left with similar challenges about linking MDI activities directly to CIDA activities or influence. The evidence is therefore overwhelming against the possibility of making credible attribution to CIDA multilateral programming of development outcomes resulting from MDI activities.

None of this necessary gets in the way of CIDA telling a credible story about why it believes its multilateral work is contributing to development outcomes. Indeed, doing so will become easier as MDIs begin to provide better analysis of their own development effectiveness (see above). But the tight cause-and-effect relationships that underpin the RBM framework cannot, realistically, be a part of the story-line. There are simply too many poorly understood links in the chain between CIDA and the ultimate beneficiaries of its multilateral work.

Institutional Results
Problems of attribution related to institutional results are less acute than those surrounding developmental results, but the attribution question looms large nevertheless.

Just as there are ways to measure development outcomes, there are also ways to measure or monitor development-related outcomes at the level of the MDI itself. The focus here will be on changes in policy, structure or practices that are seen as contributing to making a MDI a more efficient and/or effective development institution. Institutional factors that have emerged as being especially important to CIDA revolve around MDIs' poverty-focus and results-orientation. These have been monitored by indicators related to, for

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[14] See, for example, World Bank Operations Evaluation Department, "1998 Annual Review of Development Effectiveness."

[15] See also the discussion under the sub-heading, "(ii) CIDA Results" and multilateralism – contradiction in terms?", above, p.7.

example, the proportion of MDI program resources devoted to "basic human needs", and the level of implementation of results-based management practices.

The connection between CIDA and the MDI is more immediate than the connection between CIDA and development impacts (that may have been) caused by the MDI. The degree of difficulty in attributing institutional results to CIDA's actions is therefore lower than in the case of developmental results. Nevertheless, attribution remains very difficult to establish. CIDA is one among many actors influencing the overall policy, operational and administrative direction of the MDIs in which it participates. There will from time to time be exceptional cases where CIDA can clearly be identified as having played a leading role as an agent of change at an MDI. In the typical case, however, Canada will exercise influence through subtle and unmeasurable means, e.g. by entering into alliances with other bilateral donors, by exerting influence through informal "corridor" conferences, by gently using the influence of Canadians on the staff of the MDI, etc. Most of the time, therefore, the same fundamental problems of attribution that were described as applying to developmental results will apply also to institutional results.[16]

(v) A bias toward "what's new".

The RBM Policy defines a result as a desirable or measurable *change in state*. RBM thus values change over "more of the same"; an absence of change, *by definition*, means an absence of "results".

RBM's emphasis on evidence of change over the course of an annual reporting period may be suited to a bilateral project or program, because projects/programs always take their origin in a problem that needs to be fixed (i.e. a situation that needs to be changed) in a developing country over a relatively short period of time. The very *raison d'être* of a bilateral project/program is to solve a problem, i.e. *to change something*.

Similarly, a bilateral project/program has a distinct beginning, middle and end, a structure consistent with the underlying purpose of bringing about change through solving a problem. The RBM logical framework is built around the beginning-middle-end structure that comprises the classic project cycle:

- The beginning phase of the project cycle is characterized by identification of the problem to be solved. (*Project objectives are defined*.)

- The "middle", the implementation phase, is where resources and people are deployed in order to solve the problem. (*Inputs are allocated to the project, and the process of transforming the inputs into outputs is launched*.)

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[16] The exception that proves this rule is the very small number of MDIs where Canada is a dominant donor. Recent changes in approach taken by the Commonwealth Fund for Technical Cooperation (CFTC), for example, can reasonably be attributed directly to Canadian influence – though even in this case, Canada acted in concert with other lead donors. Canada provides approximately 30% of the CFTC's core budget.

- At the "end" of the project, the problem identified at the beginning has either been solved and/or capacity has been transferred to local counterparts so that they can now deal with similar problems on their own. (*Outputs have been transformed into outcomes and impacts. The change desired at the beginning of the project has now occurred.*)

The dynamics of institutional support in multilateral work are not at all like this.

A key difference is found in the observation that all bilateral projects *end*. That is the very essence of being a "project". But institutional support to MDIs normally has no pre-determined end date. It is meant to be continuous. The primary motivation for CIDA's involvement in an MDI is normally not to solve problems or to make changes at the MDI, but rather to provide ongoing support to its various activities.

To be sure, no MDI is perfect. Bilateral donors, Canada included, therefore devote some of their attention to pushing for changes in the way that MDIs operate. And there will occasionally be cases, as noted above, where Canada has obviously been in the lead in pushing for significant improvement in MDI policies and practices. In such cases, Canada can clearly claim "results" of the sort valued by RBM.

But a substantial amount – perhaps most – of a multilateral officer's time is spent not pushing for change at an MDI, but supporting an MDIs ongoing operations. As one officer explained, "we spend a lot of our time helping make sure that what is already working well [at the MDI] stays that way, or doesn't slip back.. We should get points for that."

There is little or no place in the RBM framework for recognizing the kind of day-to-day work (e.g. reviewing MDI project documentation) that consumes much of an officer's day. "It's a big part of what we have to do. It's part of what it means to be a member of the organization. It's an important part of exercising our fiduciary duty on behalf of Canadian taxpayers. But it's not about changing things, so it's not 'RBM-able'", said one officer.

Another officer made the ironic observation that the more effective an MDI appears to be as a development agency, the more CIDA's involvement in it appears "boring" from the perspective of RBM because "there aren't a lot of things that need to be changed."

(vi) Whose agenda?

CIDA's agenda as opposed to the MDI's
The point was made in the preceding section that much of CIDA's activity at an MDI necessarily originates in the MDI's agenda, not CIDA's. However, the structure of RBM reporting suggests the opposite. It is designed *as if* CIDA was in the "driver's seat", controlling the agenda.

The assumption built in to RBM is that CIDA, independently, sets its objectives, pursues them, and then reports on how well it has done. This makes some sense in the context of bilateral projects/programs, where the issues and interventions are relatively self-contained, the number of actors relatively limited, and CIDA has a relatively high degree of control over design and implementation issues (see above). However, the notion of CIDA being in the driver's seat – setting the objectives, having a high degree of influence over the design and implementation of problem-solving approaches – is clearly not in tune with the way in which the Agency interacts with MDIs.

The reality of multilateral work, as observed above, is that CIDA is often *responding* to processes originating within the MDI, rather than attempting to reshape the way the organization works. Although CIDA does occasionally bring its own agenda to bear at an MDI, pushing for reforms of policies or practices, this type of activity is the exception, rather than the rule. Factors explaining this include: (i) limitations on time and personnel that can be devoted to MDIs; (ii) CIDA's limited "clout" at most MDIs; and (iii) the demands of membership in an MDI simply require that CIDA devote a significant amount of its time and resources to acting in a responsive rather than a proactive way.

CIDA's agenda as opposed to the Government of Canada's
RBM's emphasis on change (see above) tends also to ignore the fact that Canada's own motivation for participation in MDIs is double-barreled.

On the one hand, there are of course development-related reasons for Canada's participation in the multilateral system. The government sees MDIs as a way to complement and extend the reach of its bilateral development programming objectives[17]. But simultaneously, the motivation for participation in MDIs goes beyond development to broader questions of foreign policy. To a significant extent, Canada participates in MDIs simply because it is felt important for Canada to have a "seat at the table" and to demonstrate Canada's commitment to multilateralism. MDIs become a vehicle for maintaining Canadian credibility and a Canadian voice on matters of international concern.

From the broader foreign policy perspective, the RBM focus on "change" (which is rooted, as noted, in the project-based approach to development) is less important than the fact that Canada simply be present in certain multilateral fora. CIDA, through its involvement in MDIs, will sometimes be called upon, directly or indirectly, to support a foreign policy agenda at various MDIs. Such work may not be intended to lead to changes at the MDI, and so gets no "credit" within CIDA's RBM framework; nevertheless, such work is seen as important and necessary from a broader perspective.

(vii) Short-term results vs. long-term results.

RBM operates on an annual cycle. The RBM "machine" needs to be fed every 12 months with fresh evidence of changes caused by CIDA activity. Setting aside for a

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[17] CIDA *Performance Report*, for the period ending March 31, 1998, p. 45.

moment the profound problems of causality discussed above, the fact remains that even in cases where CIDA does focus its efforts on producing change at an MDI, *and* where causal links can reasonably be made between CIDA's efforts and institutional changes, a significant issue remains: the question of time.

Bringing about change at an MDI can be a slow process. It does not occur in RBM's neat, one-year increments. Meaningful change in areas where CIDA has been active in attempting to influence the agenda of MDIs – such as poverty or gender orientation – can normally not be observed over a one-year period. Time horizons of three to ten years are more in tune with the pace of change at multilateral institutions. (One officer observed that "to be honest, you could have the same results table for five years at some organizations. That wouldn't mean that we're not doing anything. It's just the reality of working with a big multilateral agency.")

As well, shifts in MDIs' institutional culture and practices also do not always occur in a step-by-step, straight-line fashion. Progress may be followed by setback, and then more progress, etc. – sometimes it is a question of "two steps forward, one step back.".

The net result is that annual results reporting is often out of tune with the natural rhythm of change at an MDI. It is also out of tune with the pace of social and economic change in the developing world. Evidence of meaningful change in the development indicators that CIDA and other development agencies care about will not show up in annual reporting.

E.   A Comparative Perspective: AusAID

The Australian Agency for International Development (AusAID) is in the process of revamping its approach to measuring the performance of its multilateral programming. It recently completed a pilot of a "Multilateral Assessment Framework" (MAF), which is used in connection with its provision of core funding to MDIs[18]. Because AusAID's mission and circumstances are similar to CIDA's, its recent experience provides an interesting comparison to the debate within CIDA on RBM and multilateral activity.

The "1997 Independent Review of the Australian Aid Program" recommended, among other things, that

> Support for multilateral agencies be based on a clear strategy giving careful
> consideration, on a case-by-case basis, to the importance of the agency mandate
> to Australia's development cooperation objective, the effectiveness and

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[18] AusAID provides annual core-budget contributions equivalent to approximately $(Cdn) 340 million to MDIs. As is the case for CIDA, most of AusAID's institutional support goes to UN agencies, Commonwealth agencies and multilateral development banks. AusAID's overall focus, like CIDA's, is on poverty reduction and sustainable development.

efficiency of the agency and Australia's share of the international financial
burden of maintaining those agencies[19]

As part of its response to the Independent Review's recommendations, AusAID
developed the MAF as a relatively simple framework for assessing the performance of
each MDI to which AusAID provides core funding. AusAID describes the MAF as a
"tool for management, for accountability and for reporting". Its immediate function is to
build a better knowledge-base on the operations and achievements of multilateral
organizations. AusAID intends to use the data and analysis resulting from the MAF as a
basis for:

- improved reporting on achievements related to core support for MDIs;

- improved accountability to citizens and Parliament;

- development of AusAID strategies with respect to individual MDIs;

- dialogue with MDIs;

- strengthening Australia's contribution to the governance of MDIs;

- adjustment of Australia's core budget allocations to MDIs.

The MAF is to be implemented annually, and completed by desk officers, using easily
available sources of data. At the core of the MAF are three criteria for assessing the
performance of MDIs: (i) relevance; (ii) efficiency; and (iii) effectiveness.[20]

Relevance is defined as the degree to which support for an MDI helps AusAID achieve the
government's primary objectives for the Australian aid program: poverty reduction and
sustainable development. Relevance assessments draw a comparison between AusAID's
priorities and the multilateral organization's objectives, the focus of its aid programs, and its
ability to meet recipient needs.

The relevance assessment is based on the assumption that, if the MDI's objectives are
consistent with AusAID objectives, and if the MDI is effective in producing the outcomes it
desires, the MDI has, by definition, contributed to furthering AusAID's goals and objectives.
(The difficulty, AusAID observes, lies in assessing whether the MDI is able to achieve its
goals and objectives, deliver appropriate programs and projects, and produce the desired
outcomes. As discussed below, AusAID resorts to proxy measures for *effectiveness*.)

Efficiency measures the output achieved by an MDI using given inputs. Recognizing the
methodological difficulties inherent in attributing costs to outputs, and in the interest of
minimizing the administrative burden of the MAF, AusAID uses proxies to measure

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[19] "Multilateral Assessment Framework." International Programs Branch, AusAID. February, 1999.
[20] There are some similarities between the MAF and the Annual Institutional Reports (AIRs) prepared by
CIDA multilateral officers on the MDIs with which they work.

efficiency. First, it looks at the ratio of administrative costs to overall expenditure as a rough indicator of efficiency. [21] It also asks the desk officer to assess briefly various factors that are regarded as being closely linked to organizational efficiency, e.g. the MDI's programming, administrative and financial systems, and the MDI's governance structure.

The MAF treats *effectiveness* as the degree to which an organization is able to achieve AusAID's objective of poverty reduction and sustainable development. Two key aspects of effectiveness are included in the framework: (i) whether the organization's activities and programs have produced the desired outputs (for example, X new schools in region Y); and (ii) whether these outputs have had the desired impact[22] on poverty and sustainable development (for example, an increase in the average level of education in region Y).

AusAID is currently conducting a review of the MAF's pilot year. The terms of reference of the MAF review may be found in Annex 1.

Relevance to CIDA
There are two features of AusAID's initial experience with the MAF that appear especially relevant to CIDA's own internal discussion about RBM and multilateral programming. The first relates to the operational approach to data gathering and performance assessment. The second relates to the methodological approach to the difficult issues of outcomes, impacts and attribution.

Operational Approach. AusAID takes a pragmatic approach to implementation of the MAF.[23] AusAID aims, first of all, to minimize the administrative burden of the MAF. The annual MAF assessment report prepared for each MDI is intended to be no more than "a few pages" in length, and is based on a three-page, standardized questionnaire. Officers provide a combination of numerical scores and open-ended comments on various aspects of MDI performance. Data collection relies heavily on easily available secondary sources, such as: (i) reports already produced by the MDIs themselves; (ii) Australian diplomatic posts and Australian representatives on MDI governing bodies; (iii) AusAID bilateral country desks (for information on MDI involvement in bilateral projects).

AusAID also holds the view that a "one-size-fits-all" approach to institutional assessment is not appropriate to the diversity of mandates and operational challenges found across the range of MDIs it supports. It therefore encourages officers to be guided by the MAF questionnaire, but not to use it "mechanistically." Rather, they are urged to exercise judgement and discretion, based on their own understanding of the MDI, in gathering and interpreting MAF data. They are expected, for example, to base their assessment, in part, on their knowledge of the constraints facing the MDI, the special features of its mandate and operations, and the "range of demands" placed on it by its various donors and recipients. AusAID also

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[21] But see footnote 24.

[22] The terms "output" and "impact" may not have precisely the same meaning at AusAID as they do at CIDA.

[23] This observation is based on a review of MAF documentation provided by AusAID, and discussion with an AusAID official involved in the MAF pilot. A more in-depth examination would be required to validate the observation.

recognizes that judgement will have to be exercised in cases where certain kinds of data are not easily comparable across MDIs.[24]

AusAID leaves it to desk officers to decide whether special performance indicators ought to be introduced for a particular MDI, if it has unique features that are not captured by the MAF template. Similarly, desk officers are not expected in all cases to be able to report on all the criteria contained in the MAF questionnaire.[25]

Methodological Approach. The two most noteworthy features of AusAID's methodological approach to multilateral assessment are the simplicity of its design and the pragmatic way in which it is applied.

The simplicity of the approach is seen in the focus on just three assessment criteria. This provides a clear, easily understood message both within and outside AusAID about the basis upon which the government gets involved with, and manages its relationships with, MDIs.

Having stated its three assessment criteria, AusAID acknowledges the current difficulty of obtaining meaningful and reliable data on two of the three criteria: efficiency and, especially, effectiveness. This problem will, over time, become less significant as more MDIs develop their capacity for some form of RBM and for evaluation of development effectiveness. In the meantime, however, AusAID takes the pragmatic approach, where circumstances require it, of focusing its assessment efforts on relatively easily observable proxies for effectiveness and efficiency. It emphasizes indicators that provide information about the *institutional quality* of the MDI, looking at questions such as:

- how does its governing body function?

- how does it make policy and program decisions?

- how does it set priorities?

- how does it monitor implementation of policies and programs?

- how does it learn from experience?

- how does it manage its finances?

- how does it select and manage its personnel?

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[24] For example, AusAID reminds desk officers that a relatively high ratio of administrative costs to total expenditure is often, but not always, a sign of organizational inefficiency. An MDI whose mandate is primarily of a policy advisory or advocacy nature is likely, because of its cost structure, to have a higher ratio of administrative costs than an MDI that concentrates on financing and program delivery.

[25] For example, many MDIs continue to provide little or no data on development effectiveness. In these cases, the officer might be expected to make his own informed judgement about development effectiveness, but would not provide precise answers to the questions contained in the MAF.

The assumption is that information on institutional quality gives AusAID a good basis for assessing whether a particular MDI is likely to be operating efficiently and effectively. (In other words, an MDI that scores well on most of the questions in the list would be regarded as likely to be operating efficiently and effectively. The opposite would be assumed for an organization that scored poorly on most questions.) It also gives AusAID a basis for formulating its strategy for interacting with an MDI – it would concentrate on pushing for reforms in areas where institutional quality was found to be low.

The focus on institutional quality is obviously a second-best solution. The ideal would be to have data, robust and readily available, on efficiency and development effectiveness. But in the absence of it – and such data will indeed be in short supply for most MDIs – the focus on institutional quality is seen as a pragmatic, interim solution.

The second noteworthy point concerns AusAID's treatment of causality in its assessment of multilateral programming. Neither the MAF questionnaire, nor any of the internal background materials produced on the MAF, attach any importance to demonstrating that changes at an MDI, or in a developing country served by the MDI, were caused by AusAID.

The logic of AusAID's approach is to give *strategy* priority over *attribution*. The approach implies that assessment of AusAID's performance related to core support for MDIs should not emphasize attribution of outcomes and impacts to AusAID inputs.[26] Instead, AusAID's perspective is that it should be judged:

- at the level of its overall MDI program, on the soundness of its strategy for selecting the total portfolio of MDIs that it supports;

- at the level of each MDI, on the soundness of its strategy for choosing the issues that it will emphasize in its dialogue with each multilateral institution;

- at the level of each MDI, on the evidence that its strategies are being implemented as well as possible.

The basis for judging AusAID's MDI strategy, drawn from data gathered by the MAF, would be analysis of the relevance and institutional quality of the MDIs it supports. Information on MDIs' efficiency and effectiveness would also be cited, whenever possible, as evidence that MDIs are moving in the direction sought by AusAID.

The AusAID approach is a pragmatic response to profound problems related to *both* measuring effectiveness *and* establishing causality. Rather than attempting the

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[26] It is interesting to review the section covering AusAID's multilateral programs in the Australian budget document that is the rough equivalent of Part III of the Government of Canada Estimates. The text briefly describes the key objectives, activities and achievements of MDIs supported by Australia, as well as Australia's interests and strategies with respect to those organizations. But no attempt is made to describe how Australia itself has "caused" outcomes at the MDIs or in the countries in which they operate.

impossible – simultaneously making claims about outcomes and impacts *and* attributing them to AusAID – AusAID focuses on something that can be measured, is meaningful, and which can clearly be attributed to itself, i.e. the quality of its MDI strategy.

F.   Summary and Concluding Thoughts

(i) RBM is important, useful and necessary ...

There is a strong sense among staff and management responsible for multilateral institutional support that RBM provides a valuable framework for planning, managing and describing their work. In particular, it is seen as providing a firm basis for:

- seeing and understanding the "big picture" within which individual programs fit;

- prioritizing tasks and organizing a work program;

- identifying and managing program risks;

- explaining to Canadians why CIDA is involved in multilateral work, and what such work can accomplish.

In short, the general concepts and broad principles of RBM are appreciated by multilateral staff. They welcome the opportunity it provides, within the annual cycle of program activity, to step back and take stock of their work, to reflect on the "fit" of what they are doing with higher-level objectives, to evaluate policy and operational strategies and to learn lessons relevant to future work.

(ii) ... but it must be better adapted to multilateral work.

While multilateral staff appreciate RBM's contribution to planning, managing and thinking about their work, most feel that it provides a seriously inadequate framework for *reporting* on what they do. RBM's narrow focus on *change, causality and attribution*, all in the context of annual reporting, is seen as out of touch with the reality of multilateralism generally, and with CIDA's multilateral institutional support work in particular.

As discussed, RBM seeks to report annually on two kinds of questions: (i) What has changed? and (ii) Who has caused the change?

The second question is the most problematic from the perspective of multilateral work. Apart from being at odds with fundamental values of multilateralism, it is also, more often than not, unanswerable in the context of multilateral activity.

The relevance of the first question is accepted without hesitation. Everyone agrees that the ultimate objective of working with MDIs is to bring about positive changes "on the ground" in developing countries. Similarly, bringing about change at MDIs is accepted as an important intermediate objective leading to desired changes in developing countries. But RBM's emphasis on change ignores a large part of the important and necessary work that multilateral practitioners do. As well, RBM's demand for annual evidence of change is at odds with the pace of multilateral institutions and the pace of social and economic change in developing countries.

These problems are compounded by RBM's need to answer *both questions, simultaneously, every year.* It leaves many multilateral officers feeling that there is simply no place in the RBM framework for describing much of what they have done over the preceding year. A substantial proportion of their work, though meaningful and important, is in principle[27] filtered out of the reporting process by RBM's combined emphasis on annual reporting, measurable change, and verifiable causality.

(iii) Perverse effects of performance measurement.

"What gets measured gets done," is an old saying rooted in the study of performance measurement in organizations. Several multilateral practitioners sounded a similar cautionary note about the unintended negative effects of an RBM framework that isn't well adapted to the reality of CIDA's multilateral work.

"The last thing we'd want," said one officer, "would be for people to stop focusing on things that are important to us but that can't be measured."

Said another, "you start to think twice about getting involved in doing things that you feel are worth doing, but where you know it will be difficult to measure results. The attitude becomes 'can't measure: shouldn't do'."

Such concerns are well founded. There is a substantial body of research literature concerning the unintended, harmful effects on an organization of performance measurement that is out of tune with things that the organization values. One recent academic study concluded:

> The goal of bringing market-like incentives to government or private
> bureaucracies has much rhetorical appeal, especially in an era of tight budgets.
> In assessing the case for a performance-standards system, however, it is
> important not to confuse a focused effort with a productive one. When the output
> is difficult to measure, as is true in most government bureaucracies and in many

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[27] Staff sometimes respond to the perceived inadequacies of RBM by describing their work in ways that fit its demands. One officer observed that he/she will sometimes portray the routine (but necessary and important) work that he/she does with an MDI as "looking like a breakthrough" so that it will meet the criterion of having generated a "change".

> private ones, installation of specific goals may focus effort but may send the bureaucrats marching in the wrong direction.[28]

The message is clear. Performance management systems can be remarkably effective at focusing the efforts of individuals within organizations. The accompanying risk, however, is that a performance management system can cause people to focus on the wrong things, or not to focus on things to which they *should* be devoting attention.

Multilateral practitioners in CIDA are conscious of this risk. They understand the harmful impact on their work of the "can't measure: shouldn't do" mentality.

(iv) Closing thoughts

RBM is a recent innovation at CIDA. Management recognizes that there are still "bugs" to be worked out, and is open to making changes that will allow RBM to serve CIDA's needs as well as possible. This paper, based on interviews within and outside CIDA, and a review of documentation, has aimed to provide a basis for discussion on improving the usefulness of RBM to CIDA's multilateral work in the area of Institutional Support.

Multilateral practitioners in CIDA involved in institutional support recognize the value of RBM as a management and accountability tool. However, many staff in MPB feel that RBM, as currently interpreted and used within CIDA, compels them to report on their work in a way that is neither as complete nor as meaningful as it could be. RBM is seen as being implemented in a way that is often out of touch with the realities of multilateral work, and with the very values that underpin the idea of "multilateralism". The problem lies in the simultaneous interaction of (i) RBM's annual cycle, (ii) its requirement for evidence of outcomes and impacts, and (iii) its requirement for clear attribution of outcomes and impacts to CIDA inputs. The nature of multilateral work is such that outcomes and impacts often emerge slowly, and result from the interplay of a variety of actors and factors. Evidence of fresh outcomes and impacts is therefore not often produced on an "RBM timetable"; furthermore, attribution of outcomes and impacts to particular actors is often impossible to establish (or can only be established at considerable time and expense).

Despite the concerns about CIDA's current approach to RBM, there is widespread acceptance within MPB of the importance of focusing on the ultimate developmental results of the Agency's work. As well, there is acceptance of the need for accountability. No one questions MPB's responsibility to explain to Canadians and to Parliament what it is doing, and why it is doing it. The discussion about RBM within MPB is therefore not about *whether* managing for results is important, or about *whether* accountability is important. Instead, it is about *how* to talk about results and be accountable in ways that are appropriate to the nature of the work.

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[28] "Assessing the Performance of Performance Standards in Public Bureaucracies," by James Heckman, Carolyn Heinrich and Jeffrey Smith. *American Economics Association Papers and Proceedings*. May 1997.

The example of AusAID's experience with the MAF provides an example of an approach to performance assessment of multilateral programming taken by a bilateral donor with a mission and circumstances similar to CIDA's. The AusAID case is interesting because it is based on explicit acceptance of fundamental problems related to measuring results and attributing them to particular actors. AusAID acknowledges that there are no immediate solutions to these problems. It is pursuing a pragmatic option that focuses on something that it *can* clearly measure and control (and therefore take responsibility for), i.e. the rationality of its overall strategy for multilateral cooperation, and of its individual strategies for MDIs.

This approach still allows it to answer questions about results and accountability. AusAID can explain to Australians:

- what its multilateral strategy is;

- the reasons behind its strategy;

- the activities it is undertaking to implement its strategy;

- the reasons why AusAID believes its strategy will contribute to development outcomes.

To the extent possible, AusAID will also provide information on its own development impact and the impact of the agencies it supports. But this is not at the center of its assessment framework. (This may change over time, however, as better information about outcomes and impacts becomes available.) The general message to Australians from the AusAID assessment framework might be stated as follows: "Judge us on the quality of our strategy for supporting multilateral institutions. Judge us on the quality of the institutions to which we provide support. Judge us on the actions we take to try to improve the quality of those institutions."

Such an approach would address many of the concerns now felt within CIDA about RBM. There are no guarantees, of course, that it will be successful within AusAID, or that the public and Parliament will be satisfied. Experimentation with the MAF is still at an early stage; the pilot phase was only recently completed. An evaluation of the pilot is due to be submitted in a matter of weeks.

At the very least, CIDA may wish to discuss and debate the applicability of the Australian approach to its own work. If it has not already done so, it may also wish to communicate with AusAID's International Programs Branch of about the MAF, in order to profit from the lessons learned during the pilot.

Annex 1

MAF: REVIEW OF PILOT YEAR: TERMS OF REFERENCE

[Note: This is an AusAID document.]

The objective of the review is to determine the quality, consistency and completeness of information provided in the 1998-99 annual assessments. The review will provide feedback to desks on their own MAFs, and will develop training for desk officers who will complete the 1999-2000 assessments.   The training should guide staff in how best to approach the assessment task, what sort of information should be included and how to make more effective use of the MAF assessment as a program management tool.

Review should also consider:

- Options for validating data in the assessments – how can we test the reliability of information provided through agency HQ about field level performance?   Is there a way to gather information through our field posts more systematically? Is the in-depth review the only option? Will indepth reviews happen often enough to validate annual assessment data?

- Improving linkages between bilateral desks systems (eg AMBs for multi-bi activities) and the MAF system.

A. Reviewing the individual assessments: Key issues
(We will need to provide feedback on each MAF to desk officers – probably by-Section)

1. Does the assessment address the questions asked?
2. What are the main strengths in the information provided?
3. What are the main gaps/weaknesses in the information?
4. Is there too much detail about extraneous issues to performance (ie too descriptive?)
5. Is there sufficient evidence provided to justify the ranking?
6. Is there consistency between the ranking given, and the evidence provided in the narrative?
7. Is there consistency between the overall agency ranking and the individual scores against relevance, efficiency and effectiveness?
8. Judgement question: how reliable is the performance information in the MAF?

B. Big picture: Across the board findings on quality, consistency and completeness of information in assessments
1. Which assessments (1 or 2) represent very good examples, to use as models in training?
2. Is there a pattern in terms of strengths and weaknesses of input?

- Which bit of the MAF schedule has been well covered by everyone?

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- Which bit seems to present the greatest challenge (in terms of weak input from desks)?

3. Are there obvious problems with the questions we are asking – ie – too hard for desks; too obscure a question, etc? (Only consider this for the new, post-April format).

4. Is there much difference in terms of quality of information provided between MAFs using the old format, and those using the post-April format?

5. **Rankings** – what is the overall distribution for:
   - Agency
   - Relevance
   - Efficiency
   - Effectiveness?

6. **Consistency** – do there appear to be considerable differences between desks in ranking agencies – eg. Does it seem that any particular desk officers/sections are ranking a lot easier/harder than others?

C. Desk strategies used in 1998-99

1. Why were the really good MAFs so good? Level of consultation with posts? Quality of information in Canberra? Level/depth of historical engagement between AusAID and the agency?

2. What role did posts HQ or field - play in assisting to complete assessments? Any correlation between post involvement and quality of MAF assessment?

D. Contestability of the information from Agency HQ

1. What is the best strategy to test the reliability of the data in the MAF, which is, after all, largely provided through agency HQ (particularly problematic where agencies are global with wide ranging mandates and a decentralised structure)?

- Will in-depth assessments (eg. the UNICEF review) be enough? How often should an agency be subject to in-depth assessment, in order to information in annual assessments?
- Other options – field missions to gather information required for the annual assessment each year (how is this different to an in-depth assessment)?
- Can a more systematic role be developed for AusAID field posts? Anyway to make largely anecdotal information from posts more systematic?

2. Key problem - **measuring agency effectiveness** – how do we cover what appear to be significant gaps in agency information on their effectiveness?

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3. MAF desks/bilateral desks linkages: how can we improve the flow of information –
both to improve the quality of MAFs (ie bilaterals to MAF desks) and of the AMBs
(MAF desks to bilateral desks)?

E. Desk officer capacity building

1. Feedback to desks: key messages we need to give desks about the 1998-99 round
2. Key areas for improvement in the 1999-2000 assessment exercise.
3. Training/workshops – what should be the focus for a series, of say, five two hour
    workshops between November and Feb on the MAF process?