

Chapter 2

Development Effectiveness and Organizational Performance

ASSESSMENTS OF
DEVELOPMENT
EFFECTIVENESS
NEED TO FOCUS
ON DEVELOPMENT
OUTCOMES AND
GO BEYOND HOW
EFFICIENTLY
MONEY IS SPENT

The Millennium Development Goals are critical ends that every nation must attain in order to guarantee its citizens a life of security and dignity. In this context, the idea of development effectiveness assumes substantial significance.

Development effectiveness refers to a fundamental question about *how* to reach the Goals. It is about the factors and conditions that help improve people's lives. It is about processes that produce results, especially results that are pro-poor and promote equity. As a measure of development, it can contribute to the shaping of policies and programmes. It complements the analysis based on national statistics, which for some goals (poverty, education, health) tend not to vary much year to year. It explicitly recognizes that what matters is the reality for the individuals and communities. And it advances the proposition that development is effective only when it improves people's lives.

This chapter takes on the task of contributing to the understanding of development effectiveness, its conceptual underpinnings and its main determinants. This chapter also examines some conceptual issues involved when assessments are made of the contribution of agencies like UNDP to development effectiveness.

CONCEPTS RELATED TO DEVELOPMENT EFFECTIVENESS

Development effectiveness is closely linked to the concept of *human development*, articulated over the years by UNDP's *Human Development Reports*. The practice of human development and the pursuit of development effectiveness share a common motivation—

enhancing people's capabilities, enlarging choices, expanding freedoms and promoting human rights for all citizens. To these ends, ensuring an equitable expansion of opportunities and improving the well-being of the poorest and the most disadvantaged in society become critical considerations for judging development effectiveness.

Most (or all) development strategies will change people's lives one way or another, so development partners need to identify the strategies that bring about positive and sustainable changes in people's lives. Development effectiveness is about the "how" of development, the factors and conditions that need to be considered to get to the Millennium Development Goals. Country circumstances vary, and policies and institutions may or may not be adequate. Yet even when resource allocations and political systems are similar, human development outcomes may well be very different in different countries. As many have pointed out, policies and development strategies are often country specific.¹ What works in one country may not easily work in other countries. Arguing against a "one size fits all" approach makes a case for more varied, more challenging, more flexible organizational strategies than those pursued in the past.

Clearly, then, assessing development effectiveness needs to go beyond how efficiently money is spent, to the development outcomes realized. A different set of questions becomes relevant. Have policies expanded people's capabilities—to lead a healthy and creative life, to be well nourished, to be secure, to be well informed and educated? Have development programmes improved the freedoms that people enjoy?

DEVELOPMENT EFFECTIVENESS IS ABOUT THE “HOW” OF DEVELOPMENT

Have policy and programme interventions reduced the many inequalities?

With this broader perspective, assessing development effectiveness requires a dual focus—on generating growth and on meeting human development goals. It calls for closer attention to managing the structure and quality of growth—and to building in considerations of equity, participation and sustainability.

Understanding development effectiveness has been refined by the articulation of poverty as a denial of human rights (box 2.1). In the rights framework there are stakeholders in development. Each citizen is a duty-bearer with a set of responsibilities. Establishing accountability therefore has to become a central consideration for ensuring development effectiveness. It is not enough to find fault or pass the buck when some policy or programme fails. It is critical to understand why the intervention failed, who is responsible and what actions need to be taken collectively to meet the commitments. Only by identifying and establishing accountability for failures (or development ineffectiveness) can meaningful solutions be found. And a rights-based approach to development effectiveness brings out the importance not just of outcomes but also of the processes bringing these outcomes about. This calls for a close examination of ownership, participation and fair representation.

Development effectiveness is thus concerned with results—with ensuring that policies are pro-poor, gender sensitive and sustainable. The concern is with reaching excluded groups, with improving the design and implementation of development programmes, with both *means* and *ends*—with both the process and the results of development.

WHAT DETERMINES DEVELOPMENT EFFECTIVENESS: CAPACITY, OWNERSHIP, POLICIES

In most countries, it is common to find “successful” projects. But they do not always make a substantial difference for national development outcomes. Why? Because of the difficulty of scaling up success—a key concern of development effectiveness. There is much discussion of the importance of macro and micro linkages. Sound macroeconomic policies do contribute to economic stability and even growth, but by themselves do not guarantee that development interventions will be more efficient or sustainable.

One way of assessing development effectiveness is by understanding key factors that influence favourable changes. How individual development partners promote these changes becomes a measure of their contribution to development effectiveness.

Box 2.1 Poverty and human rights

Everyone has the right to a standard of living adequate for the health and well being of himself and of his family, including food, clothing, housing, and medical care and necessary social services....

—Universal Declaration of Human Rights

Human poverty is a violation of human rights and a denial of basic entitlements—to education, health, nutrition and other constituents of decent living. Poverty reflects a systematic denial of many freedoms as well as the opportunity to participate in decision-making in political and social arenas. Rights-based approaches to development have thus steadily gained ground. The 2000 *Human Development Report* looked at how human rights approaches to development bring accountability and social justice to development. Several UN agencies, notably UNICEF, are pursuing rights-based approaches to development planning. The UN is preparing a human rights training for UN Country Teams linked to the Common Country Assessment/United Nations Development Assistance Framework. And the Netherlands, Norway and the United Kingdom have explicitly recognized the value of rights-based approaches in development programming.

Source: UNDP, 2003, “Poverty Reduction and Human Right: A Practice Note,” June, New York.

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Drawing on the evaluation literature, development experience and the operational policies of UNDP, it is possible to identify at least three determinants fundamental to ensuring development effectiveness: capacity, ownership and policy environment.² These three may not be the only determinants that matter for development effectiveness. But for policymakers and development practitioners these three make up a critical set (figure 2.1).

CAPACITY

“Successful development ...must come from within the country itself, and to accomplish this, it must have institutions and leadership to catalyse, absorb, and manage the process of change, and the changed society.”

—Joseph E. Stiglitz (1998c)

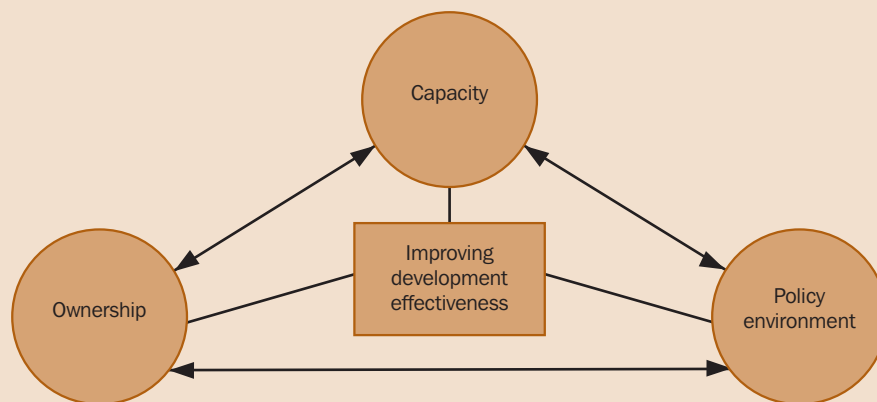
The Development Effectiveness Report defines capacity as the ability of individuals, institutions and societies to identify their development needs, set objectives and solve problems to achieve their goals in a sustainable manner. This broad view of capacity differs from some of the narrower perceptions that have dominated evaluation. It goes beyond the quantity and quality of human resources available within a country, beyond the administrative, statistical and evaluation capacity, beyond the capacity for policy analysis or fund raising.

The distinguishing feature of this Report’s definition of capacity is to link it to

useful *ends*: to problem-solving and development outcomes. To understand development effectiveness, then, it is important to focus on both the *acquisition* of capacities and on their effective *application* to advance human development. Capacity development is one of the core aims of UNDP, and issues of national capacity need to be addressed at the levels of individuals, institutions and societies.³

Individual capacities. Having individuals contribute to policy formulation and programme implementation calls for more effective ways of enhancing the capabilities of all citizens, particularly the neglected and disadvantaged groups in society. Important in this is the effectiveness of the state’s provision of a range of public goods and services. Many commentators have pointed to the early emphasis of the East Asian states on universal education.⁴ Cross-country analysis suggests that low investment in female education has been a barrier to growth in South Asia, Sub-Saharan Africa, and the Arab States, but not in East Asia, where the gender gap was closed more quickly.⁵ Better schools, easily accessible health services, nutritious food, clean drinking water, decent shelter and other basic social services all contribute directly to enhancing people’s capabilities. Beyond physical provisioning, it is important to focus on the quality, reach and access of services in society.

Figure 2.1 Three determinants of development effectiveness



Source: UNDP Evaluation Office.

Capacity development also requires individuals to continually explore new ways of tapping the human potential. Only then can capable individuals realize their full potential and contribute meaningfully to human development.

Institutional capacities. Development effectiveness has much to do with the organizational and managerial capacities of various institutions—agencies of the state, enterprises in the private sector, nongovernmental and civil society organizations, media, academia and other social and political bodies—to address development concerns. Their quality is not just about appropriate capacities—it is about accountable capacities. There has been a greater development of equity markets in Poland than in the Czech Republic, thanks to stronger regulations in Poland reducing fraud and protecting the rights of minority shareholders.⁶

Administrative, judicial and other capacities have to be strengthened to plan, design and implement policies and programmes. The state has to sustain efficient markets, prevent (or redress) market failures, avoid (or compensate for) negative externalities and make the most of public goods, national and global.

Well-functioning markets require an elaborate institutional scaffolding. That includes legal, regulatory and political institutions that safeguard property rights and enforce contracts, ensure competition, stabilize macroeconomic fundamentals, provide social insurance (through safety nets) and ensure stable financial systems. For instance, hasty privatization in Russia, without institutional mechanisms to foster and sustain competitive markets, was a contributing factor in the prolonged downturn of the country's economy.⁷

The quality and strength of public institutions is critical to long-term development.⁸ Indeed, some have argued that institutional quality and governance drive all other growth-enhancing factors.⁹ Efficient, accountable and transparent public institutions need to coexist with effective institutions in the private sector and judiciary. As many have pointed out, the lack of transparency in financial institutions contributed to the vulnerability of the financial

system in East Asia and its downturn in the late 1990s.¹⁰

But legal, political and regulatory institutions do more than regulate the functioning of economic markets. They also include rules, procedures and mechanisms of the state to serve other ends of social and political life. A well-organized public sector is vital to the delivery of basic services such as health, education and employment safeguards that are important determinants of individual capabilities and social capital.

Societal capacities. In many ways development is a transformation of society that calls for major changes in mindsets.¹¹ While individual and institutional capacities are important, tapping these capacities has much to do with the social and cultural arrangements that dominate thinking in society. For instance, ensuring that all children, particularly all girls, go to school requires not just school buildings, teachers, teaching materials and financial support. What is also essential is a change in mindsets for society to recognize and respect the right of every child, boy and girl alike, to go to school. Only when society accepts such a practice as an indisputable right and a social norm can primary education genuinely become universal.

Societal capacity also refers to the ability of groups to engage in collective action to secure important goals, including development goals (box 2.2). Social networks improve the quality of life by generating vital information flows, engendering a sense of trust and strengthening norms of reciprocity between—and sometimes beyond—their constituents. Examples of such networks include trade unions bargaining over wages and benefits, farmers' movements seeking remunerative prices for agricultural outputs, women's organizations fighting for gender parity in the public sector, and neighborhood associations campaigning to improve security.

Societal capacities are not merely the summation of individual and institutional capacities. They go beyond the technical aspects of capacity and point to dimensions of social and cultural relations among members of society that promote—or hinder—human development. Conditioned by cultural

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practices and deep-rooted beliefs, these relationships reflect the collective mindsets and expectations of individuals. In many instances, the detrimental consequences of these practices are not even noticed by society. This is true of the discrimination against women and girls that often goes unrecognized—and even begins to appear legitimate.

Ignoring the nurturing of societal capacities in development can have profound consequences, particularly in crisis and post-conflict countries.¹² Preventing or overcoming conflict requires a clear understanding of its causes and the design of policies and programmes to strengthen societal capacities. Repairing institutions alone, without concomitantly developing societal capacities, is unlikely to be lasting. “Good” policies become insufficient if the government is not broadly based and constituent groups do not feel appropriately represented.

An obvious arena for the state to step in is in instances of discriminatory and exclusionary practices linked to race, gender and religion. Mindsets and trust, though seemingly vague and nebulous, can have a decisive impact on development prospects. Social mindsets are transformed through strong evidence-based public advocacy and sustained campaigning with the support of opinion makers in society.

OWNERSHIP

Why is progress in human development slow and uneven, even in countries with adequate capacities? Much of the explanation has to do with the second determinant of development

effectiveness: ownership. Development policies and interventions promoting human development must be nationally owned. Ownership has to do with the degree of people’s involvement in the policy formulation and implementation process. Only if people view a policy as their own will they act to ensure that it is implemented well.

Research and evaluation findings confirm that initiatives that have commanded a sense of ownership by beneficiaries and stakeholders have clearly performed better than those that did not.¹³ Policy practices of UNDP recognize this need for domestic ownership through the National Execution of the administration of its projects and programmes.¹⁴

Achieving the Millennium Development Goals and accelerating human development are impossible without the active participation and engagement of the state and civil society. The state is primarily responsible for delivering on many of the goods and services needed to eliminate poverty. Government commitment is critical for promoting “national ownership”. But *government ownership* by itself is insufficient. *National ownership* requires broad-based engagement and participation of civil society. In promoting such ownership, many considerations become significant for ensuring development effectiveness.

Strengthening stakeholder commitment. A strong sense of involvement and participation by stakeholders is fundamental to promoting

Box 2.2 Societal capacity in Bangladesh

Bangladesh’s economic indicators are cause for concern and frustration. Poverty persists. But the country has achieved some impressive gains in social indicators, such as declining population growth and rising female literacy rates.

Why? In part because Bangladesh has one of the largest concentrations of nongovernmental organizations in South Asia. Its strong societal capacities go some way towards filling the void left by the state’s inability to address the needs of the poor and marginal. Grassroots initiatives have created strong social networks, probably one of the reasons for the most *spatially-even* distributions of GDP in South Asia. Several microfinance initiatives targeting poor women have gone beyond “micro” in the number of beneficiaries covered. A notable example is the Grameen Bank, now the largest microcredit bank in the world.

The informal networks among poor women engender better information on public health and maternal and child health, leading to a higher quality of life despite low income.

Source: UNDP, 2003, *Bangladesh Country Case Study*, Evaluation Office, New York.

effective national ownership (box 2.3). In most cases, pro-poor policies are framed by the rich and well-to-do or by the politically more powerful groups in society. Will they have an interest in actively ensuring and promoting the success of pro-poor policies? The failure of many top-down interventions by state bureaucracies or funding agencies is unfortunately all too common.

Participatory development increases the possibility that projects and programmes will be relevant to their targeted recipients and sensitive to the context in which they are implemented. It generates consensus on the goals and strategies of human development, enables disadvantaged groups to monitor interventions and gives key stakeholders an incentive to contribute to the success and sustainability of initiatives. Participation, if properly managed, enables people typically treated as “objects” of development to become “agents” of development.

Of course, an extremely participatory process can produce few or no results. Nurturing the “process” should not become an end in itself. Tradeoffs and compromises in consensus building can dilute the effectiveness of the intervention.

Governments are under increasing pressure to include nongovernmental organizations (NGOs) in policy formulation. But a key challenge in promoting civil society engagement is to determine *who* can represent civil society interests and how to reach them. Many sensitive and hard issues of political economy come into play. It is common for the poorest and the marginalized groups to get left out of critical fora of public discussion.

Promoting meaningful decentralization. Decentralization can enhance participation by moving the centres of decision-making closer to stakeholders. Meaningful decentralization empowers people and communities. Defective decentralization could lead to a further strengthening of the local elite—dislodging, in the process, efforts to expand opportunities for the poor (box 2.4).

Devolution implies the transfer of authority and resources to lower levels of territorial units within the formal political structure. Deconcentration or administrative decentralization implies the relocation of duties of public officials—which remain accountable to the center—to lower territorial

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Box 2.3 National ownership and the PRSP process

Broad-based participation facilitates transforming government ownership to national ownership. It involves participation by civil society in formulating development initiatives so that the views of the marginalized reach the decision-makers.

There is no general formula for determining whether a process is participatory. It depends on the history and circumstances of each country. For evaluative purposes, it is necessary to identify progress, not just the form or extent of participation at a moment in time.

According to the UNDP evaluation of the PRSP process, each country had a different starting point in the PRSP process. As a result, what constitutes genuine progress in one country might appear to be quite limited progress in another.

In Azerbaijan there was less participation than in countries with a tradition of formal democratic institutions, but it was a considerable advance over the previous situation. Participation was limited in the Interim PRSP, but it broadened substantially for the full PRSP process. Civil society groups enjoyed unprecedented involvement, though the nascent private sector’s role was slight.

In Vietnam the initial process of consultation with stakeholders gradually led to further participation. In the absence of nongovernmental organizations and in view of the elaborate political structure that characterizes the system in Vietnam, the consultation process directly reached the rural communities, including the poor, and this was the country’s first significant independent consultation process. It thus represented substantial progress.

Source: UNDP, 2003, *Evaluation of UNDP’s Role in the PRSP Process*, Evaluation Office, New York.

POLICY ENVIRONMENTS CAN CREATE THE INCENTIVES NEEDED TO DRIVE DEVELOPMENT

levels within public administrative structures without a concomitant transfer of authority or resources. Fiscal decentralization involves the decision of the center to cede influence and command over financial decisions and resources to lower territorial levels.

For the most part, effective decentralization calls for genuine political devolution combined with fiscal decentralization. As the joint UNDP–Government of Germany evaluation on decentralization points out, effective decentralization also requires the absence of serious social fragmentation, the presence of coherent political authority, adequate financial resources and the requisite administrative capacity to implement.¹⁵

Ensuring accountability. Fundamental to promoting national ownership is accountability based on a common understanding of shared responsibilities. The involvement of many stakeholders brings with it the inherent danger of diluting responsibilities and accountabilities. There have also been several instances where decentralization has meant

the virtual abdication of responsibilities by the federal or central government. This imposes severe burdens on local governments and communities, with adverse consequences. Effective participation thus requires carefully articulating a well-defined role for each stakeholder and putting in place a system of monitoring and evaluation.

Traditionally, proponents of accountability have championed horizontal lines of accountability, with the separation of formal powers of the state and checks and balances between them, and vertical lines of accountability, with the sanction of the ballot, for instance. But all formal accountability mechanisms must ensure continual vigilance about two forms of failure: capture (when public office is used for private gain or undue influence) and bias (when institutions either lack will or suffer from built-in mechanisms that prejudice outcomes).

POLICY ENVIRONMENT

Strong capacity and a high sense of ownership still may not yield results. The third crucial

Box 2.4 Decentralization in Mali and Uganda

Decentralization can enhance stakeholder ownership. Transferring authority and responsibility to lower territorial or functional units generally enables decision-makers to overcome the physical distance and social gap between overcentralized states and marginalized and disadvantaged groups. But without the necessary capacity at all levels and without the political will, decentralization may achieve less than it set out to, as the joint UNDP and Government of Germany evaluative study of decentralization and local government observed.

Decentralization has been not very successful in Mali. The process there has been more akin to deconcentration than decentralization—there was relocation of public officials and duties to lower territorial levels without a concomitant transfer of authority or resources. The administrative capacity at the local level is not sufficiently developed to cope with the requirements of decentralization. Recruiting secretaries-general for the communes, for example, is proving to be a bottleneck. Low levels of training and limited social cohesion of new municipalities have resulted in weak local development plans and weak implementation of decentralized state services. There have also been problems resulting from resistance by certain ministries and other state structures in ceding power, and there has been limited integration of civil society into the process.

A legitimacy crisis in the mid-1980s in Uganda created a divide between the government and the population at large, preventing effective administration of development initiatives. Decentralization policies were seen as a means to address the problem and move part of the decision-making and administering away from the center. UNDP assisted with implementing decentralization by partnering not only with the states but also with civil society and the private sector. The level of institutional capacity was enhanced to allow decentralization to translate to broader ownership of development initiatives.

Source: UNDP and Germany Federal Ministry for Economic Cooperation and Development, 2000, *The UNDP Role in*

determinant needed to make it all happen is a conducive policy environment and what might be perceived as “good” policies.

A favourable policy environment is critical for promoting development effectiveness. More than anything, such a policy environment provides the context for capacity and ownership to interact to yield results. Indeed, the role of policies in influencing developing countries to absorb “new ideas, norms and techniques” is well documented.¹⁶ Policy environments create much needed incentive systems and provide frameworks for development that can facilitate economic production and distribution, improve access to markets and resources and enhance people’s capabilities. As China and Vietnam show, a policy environment encouraging well-designed reforms that suit the country development context can lead to significant strides in the fight against poverty.¹⁷

It is increasingly difficult to sustain the view that a single path to development exists for every country. Debates in certain policy arenas persist about the roles of trade integration, foreign direct investment and privatization. Discovering the right set of policies is context-specific, influenced by history, geography and culture, among other things (box 2.5). There is no one-size-fits-all *policy set*.

Economic decisions on whether to invest, for instance, are influenced as much by the efficacy of the legal system, the stability of social and cultural environments and the quality of the political environment in a country as by macroeconomic conditions. Also affecting development effectiveness in any country is the external environment (chapter 5).

With growing international integration many countries find that their development path and fortunes are closely tied to what happens in other countries. For a small country like the Maldives, reliant on tourism and fish exports, economic prosperity depends heavily on the smooth flow of international trade and foreign tourists. War and terrorism in any part of the world affect the economic fortunes of other countries. External events are difficult to control, and their impact is difficult to avoid.

At a broad conceptual level a good policy set is one that capitalizes on the synergies among policy interventions in different sectors. The education and health sectors are a good case in point. For instance, providing primary education to girls leads to substantial reduction in infant mortality, as seen from the experience of Japan in the early 20th century. And investments in primary education reduce family size, enhancing the nutritional status of mothers and children.¹⁸

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Box 2.5 “Good” policies: Context matters

Vietnam is a low-income country with a GDP per capita of \$1,998 (in purchasing power parity terms) in 2000. Nearly a third of its 78 million inhabitants live in poverty. Over the last decade poverty was halved and literacy rates were increased from 80% to 90%. Growth averaged 7.6% a year over the last decade.

A contributing factor to these achievements was that Vietnam introduced context-specific policies that recognized the needs of the country at a particular time.

A key to the significant poverty reduction during the past decade was the government’s policy focus on agriculture. For instance, the Doi Moi reform introduced in the mid-1980s gave farmers the freedom to cultivate the crops of their choice and to set up nonfarm enterprises. This reform undid the prior restrictions on land use rights and led to substantial increases in agricultural outputs and faster growth in industries associated with agriculture, reducing poverty at a rapid pace.

The current Social Economic Development Strategy II (covering 2001–10) recognizes new priorities and the country’s need to diversify the economy and enhance exports. Its primary focus is fostering manufacturing in small and medium-size enterprises. The Enterprise Law of 1999 removed restrictions on securing licenses for small and medium-size enterprises, paving the way for 60,000 new businesses to register, with total investment of more than \$5.3 billion.

Source: UNDP, 2003, *Assessment of Development Results: Nigeria 2003*, Evaluation Office, New York.

**ALIGNING
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These determinants of development effectiveness could be tracked with a set of indicators. A comprehensive set of indicators of development effectiveness is beyond the scope of this Report, but annex 4 presents a selected set.

PROMOTING SYNERGIES

In understanding development effectiveness, it is important to focus on the synergies among capacity, ownership and the policy environment, which typically explain degrees of development effectiveness.

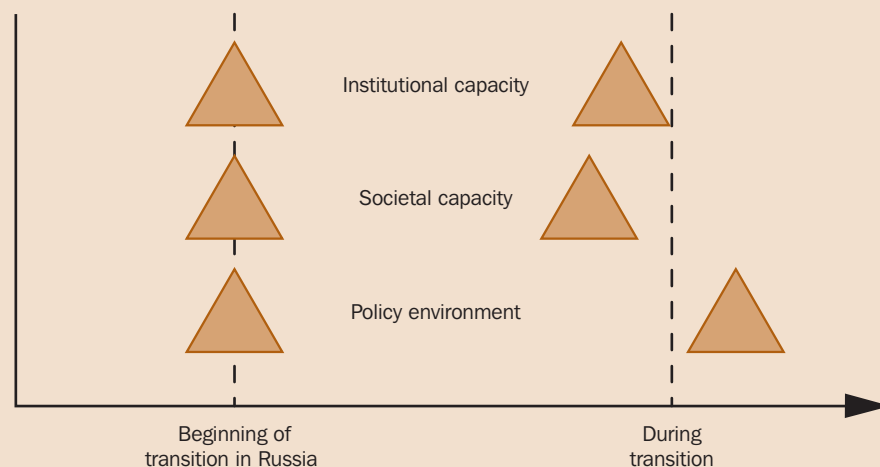
Capacities at all three levels—individual, institutional and societal—are closely interdependent, each shaping the others as much as others influence it. Only when all three are pursued in concert can the outcomes of development interventions be most effective. For example, a strong state can easily subvert the growth of NGOs and violate human rights. There are several instances of communities being forcibly evicted to execute a government project without fair compensation or even proper notification. The project may have been “successfully” implemented from a narrow perspective of inputs and deadlines, but the outcomes certainly are not satisfactory. Government capacity may well require civil society capacity. Indeed, enhancing all three capacities is a way of strengthening the role and contribution of each of them in attaining the Millennium Development Goals.

Development agencies can have surprisingly large influence, positive or otherwise, on development outcomes. Consider Russia and its well-known collapse of income, huge rise in inequality and shortened life spans. Dramatic new policies were introduced (with support from the international community) without sufficiently thinking through the implications for the new institutional capacities needed—and even more fundamentally, without understanding the implications of the new social norms and networks needed to make the policies work. In short, changes in policy environment were not followed by changes in the institutional or societal capacity necessary for successful implementation of the policies (figure 2.2). Experts and agencies charged with assisting in the transition saw a conventional problem of weak markets and democratic institutions requiring standard solutions in the form of more financial and human resources—that is, more loans and technical cooperation.¹⁹

DEVELOPMENT EFFECTIVENESS AND AGENCY PERFORMANCE

At the institutional level Results-Based Management in many aid agencies reflects a growing concern with seeing visible improvements, especially in the lives of people. Though very much still a work in progress, its influence in UNDP has been significant. It has focused attention on results and on partnerships. It has

Figure 2.2 Alignment of factors and conditions for development effectiveness



Source: UNDP Evaluation Office.

underscored the notion that “good” projects do not necessarily approximate good development. (Chapters 4 and 5 examine these issues in more detail.)

Two different but connected sets of questions can be asked to assess the performance of agencies:

- Are they doing things right?
- Are they doing the right things?

The first question addresses organizational effectiveness, which typically relates to what has worked and why regarding an agency’s ability to attain its immediate objectives. Rating systems try to rank the performance of overall projects and programmes and assess whether different organizational units are doing better than others and why (annex 1).

All well and useful, but a problem arises when it is accepted that agencies on their own cannot “produce” development. In addition, as mentioned earlier, successes at the programme level may not translate into development results. This calls for a search for different strategies to “influence” development, which is fundamentally the purview of national leaders, institutions and policies.

The second question addresses how and what should be done to make the interventions count. To identify whether a development agency is doing the right things, its interventions need to be assessed at a broader level—on the basis of its contribution to a country’s overall development results. So, a different

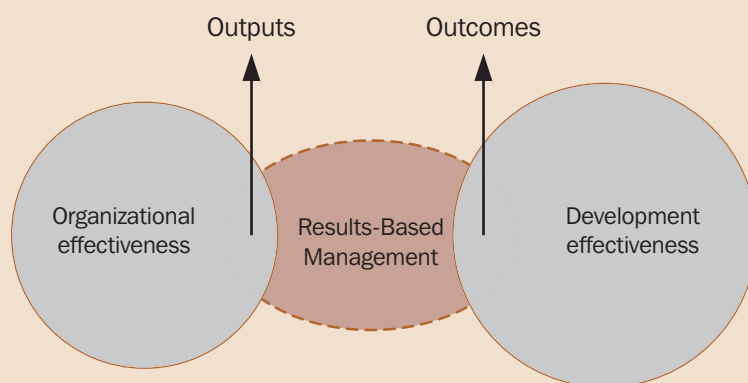
type of information is sought. For instance, is UNDP choosing its interventions strategically and utilizing its comparative advantages to the fullest to contribute to these development results? A difficult question, and it could be argued that there are strong methodological constraints in responding to it. But such questions are necessary, especially with the growing focus on results.

The answers to both these questions together provide the information necessary for assessing the overall performance of agencies. Both outputs and outcomes are prominently reflected in the results-based management system, relevant in the context of the consensus and growing commitment to achieve countrywide development goals, such as the Millennium Development Goals. Agencies are interested in linking their interventions to countrywide development results (figure 2.3).

In many situations, it may be necessary to consider development results at sub-national levels, where establishing credible connections between agency interventions and outcomes is more feasible. Unlike project outputs, which are largely self-contained and involve a relatively limited and identifiable range of actors, country outcomes involve a wide network of actors and cause and effect relationships that are difficult to observe and validate. Thus for many development organizations whose interventions are relatively small in relation to the country’s development outlay, it is difficult to

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Figure 2.3 Results-Based Management and organizational and development effectiveness



Source: UNDP Evaluation Office.

determine a specific agency's effect on national development results (box 2.6).

Country performance has traditionally been evaluated in terms of the effectiveness of aid in bringing about development outcomes, particularly growth.²⁰ Many attempts have been made to link the potential effectiveness of aid to specified countrywide development conditions. For example, the World Bank's Country Policy and Institutional Assessment looks at an inclusive policy set as well as at a country's institutions. Current research has focused on the need to incorporate other

factors, such as trade shocks and conflict. But as discussed in detail in chapter 5, a few problems with these approaches persist, both conceptual and empirical. Many of these analyses look at performance as a single development outcome—most often, growth—ignoring the multidimensional nature of development. This tendency now needs to be overcome, given the emphasis on the Millennium Development Goals.²¹ This is a significant analytical and methodological challenge for all development agencies.

Box 2.6 Attribution and contribution

When assessing performance based on outcomes, there is a tendency to focus on the attribution of results to an organization rather than on the organization's contribution to those results. Attribution is the extent to which a result is caused by an intervention and attempts to provide a measurable link between an outcome and related interventions of agencies. Organizational contribution to outcomes is about judging the credibility of linkages between interventions and results. But attempting to attribute outcomes to specific interventions is a misplaced priority since what ultimately matters is what an individual agency is contributing and how its support is being organized in collaboration with other partners. The better defined the results, the better monitored the progress and the better designed the UNDP interventions, the clearer this linkage will be.

Source: Based on John Mayne, 1999, "Addressing Attribution through Contribution Analysis: Using Performance Measures Sensibly," Canada, Office of the Auditor General, Ottawa.