

INDEPENDENT EVALUATION: SDC'S RESULTS-BASED MANAGEMENT RBM SYSTEM WITH A FOCUS ON POVERTY REDUCTION

The evaluation examined the degree to which processes and instruments adopted by SDC since 2008 have fostered a results culture within the organization, enhanced competencies and capacities to make results-based management decisions, effectiveness and efficiency, promoted organisational learning, and, enhanced communication on results. It also analysed how SDC's contribution to deliver development results, with focus on poverty reduction, was strengthened.

In 2008, SDC initiated a comprehensive organisational reform (Reo) with the aim of increasing the effectiveness and efficiency of its work in partner countries, decentralising decision-making, and strengthening its results-based management (RBM) system. In 2015, the SDC Directorate decided to conduct an independent evaluation to assess the performance of the RBM system.

MAIN FINDINGS & CONCLUSIONS

- The evaluation concludes that the **RBM system reform is a success, both in conception and execution**. This good result is illustrated by a broad understanding of staff and top management that strategic thinking based on RBM is critical to effective and pro-poor development cooperation.
- SDC is applying an overall RBM approach in line with the global Development Effectiveness Agenda. Its RBM system is **outcome-oriented** and **promotes flexibility and contextualisation**. It favours an analytical and strategic approach to development cooperation.
- The evaluation identifies a central **system shortcoming** between the supply of results information and its use for **strategic learning and decision-making purposes** on different levels of SDC.

- SDC's management culture over-emphasises RBM for **domestic accountability purposes** to a point where it has a negative effect on strategic thinking and effective pro-poor targeting.

Overlooking the period from 2008 until now, the following additional conclusions were identified:

1. The RBM system is coherent and comprehensive, but it but requires improvement.
2. SDC's understanding of RBM is still developing.
3. Strategies and annual reports show continued improvement but uneven strategic coherence.
4. Guidelines provide valuable direction in terms of operations (the 'how-to') but are less helpful on management implications and expectations.
5. SDC's analytical perspective on using results information is improving but not yet sufficient.
6. The administrative burden of overworked results management (mainly for domestic purposes) is high.

Guidelines and instructions are well adapted for the RBM purposes of *learning, decision-making* and *partner accountability*. This is considered an asset and a strong foundation for a

nanced and effective results-oriented management system. It also has the necessary flexibility to accommodate the differences between programming modalities and Cooperation Strategies in Humanitarian Aid, Global, South and East Cooperation. This aspect of flexibility, which reinforces SDC's commitment to pursue context-based programming, is a key asset of the RBM system.

WHAT IS RESULTS-BASED MANAGEMENT OR RBM?

RBM is a management strategy by which all actors seek to ensure that their processes, products and services contribute to the achievement of desired results (outputs, outcomes and impact). The actors in turn use the information and evidence on actual results to inform decision-making on the design, resourcing and delivery of programmes and projects, as well as for learning, accountability and reporting.

(Following the definition of the United Nations Development Group)

The system has enjoyed top management support and a competent oversight function that has continuously updated guidelines and instructions.

However, there are shortcomings in the use of these guidelines for developing results frameworks and analyses. The evaluation finds that Cooperation and Global Programme strategies show a significant degree of variation in the quality of analyses and their use of results frameworks. This is mirrored across SDC departments and divisions, suggesting the need for management scrutiny and action.

SPECIFIC FINDINGS

System impact on poverty reduction

The evaluation identified improvements to the poverty analyses in SDC strategic documents over time, although the progression has been uneven. Improvements have been driven by a developed information base, stronger monitoring capacities, and strategic priorities being increasingly based on results.

Survey results also suggest that the RBM system has had a positive effect on this change. In the in-depth survey for this evaluation, respondents were asked to what extent the RBM system had had an impact on SDC performance on poverty reduction. One third claimed not to be able to tell. Of those with an opinion, 75% said SDC performance had improved or significantly improved, whereas 25% said there was no detectable impact. No one identified a negative effect on poverty reduction (see Figure 1).

Nonetheless, the uneven extent of improvement in documentation and the on-going need for SDC to better articulate and frame poverty-related results in Cooperation Strategies and Annual Reports, suggests that more needs to be done. The report therefore recommends that expert capacity be made available, especially for enhanced impact hypotheses skills to link the results of SDC interventions to poverty reduction. Such capacity should seek to work in close collaboration with SDC's internal thematic competences.

Purposes of the RBM System

From an efficiency perspective, the evaluation finds there are differences between the purposes of learning, decision-making, and partner accountability on the one hand, and domestic accountability purposes on the other hand (see Table 1). It concludes that **domestic accountability** concerns are a dominant feature of SDC corporate culture. This has a tendency to negatively influence the **strategic country- and global programme processes**; i.e. swaying focus away from strategic thinking based on performance and contextual information (see Illustration 1).

The evaluation proposes that SDC widens the concept of domestic accountability from merely results reporting. Specifically, the report suggest that it should include a demonstration of **SDC's strategic capacity** to be responsive to needs

and requirements in the face of changing conditions.

Illustration 1: Results reporting dilemma

SDC staff see a tension between the need to report strategically on the one hand, while meeting domestic accountability needs on the other. While the two need not be diametrically opposed, there is an actual or perceived tension between a nuanced and critical analysis of performance, strategy and direction, and the perceived institutional requirement to downplay risk and underperformance.

The pressure to suggest that all is well goes contrary to the complexity, the strategic challenges and the informed risk-management associated with development cooperation.

SDC could gain from making more use of its **thematic networks** to sharpen analytical content of Cooperation Strategies and Annual Reports, not least insofar as the development of theories of change and results logics are concerned.

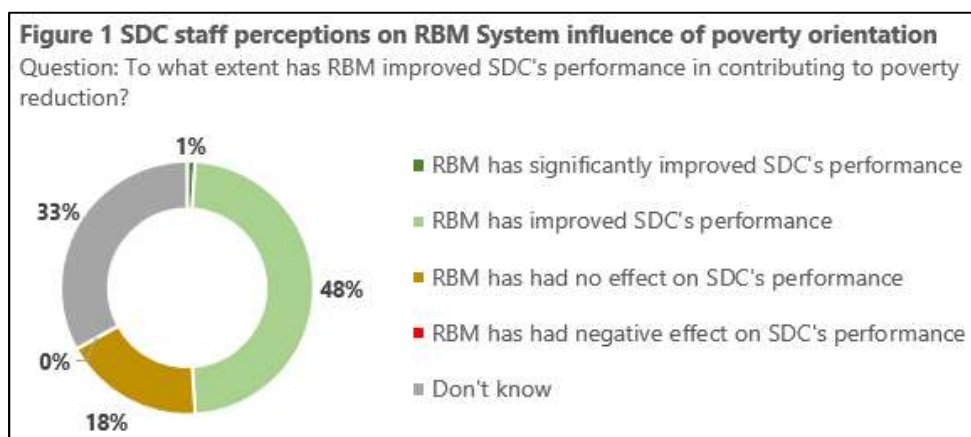


Table 1: The rationale for RBM

Purposes	What is the purpose of RBM?	How does it contribute to development cooperation?
Decision-making	Management and results information is used to inform internal decision-making processes. Decision-making covers strategic and operational decisions about projects, programmes and policy.	Better decision-making is assumed to improve SDC's performance and strategic capacity in contributing to development results.
Learning	Management and results information is used for personal and organisational (incl. development partners) learning.	Stronger personal and organizational skills and capacity are assumed to increase programme contributions to development results.
Domestic accountability	Accountability to domestic stakeholders. It relates to all forms of communication on SDC performance in achieving results to the Swiss taxpaying public, elected representatives, and oversight and auditing agencies.	Legitimacy and trust in SDC's ability to deliver development results effectively and efficiently is assumed to secure future financial and political support to SDC, and to support Swiss policy coherence for development.
Partner accountability	Accountability by and to development partners means all forms of support and communication on management and results information between SDC and its development partners (final beneficiaries, national governments, implementing partners).	Communication from SDC to partners is assumed to ensure legitimacy, support, harmonization and international recognition of SDC's work in developing countries. Communication from partners to SDC serves SDC's information requirements for other RBM purposes. Overall, cooperation should strengthen national capacities for planning and performance assessment.

SDC's thematic experts are well equipped to conduct contextual analyses based on national data, existing literature and analyses in the development community, and include research evidence (where applicable) to support stronger SDC results frameworks.

With regards to its partner relationships, SDC could improve **partner accountability** by engaging more directly in strengthening government planning and performance assessment frameworks in line with the development effectiveness agenda.

RBM System development

The evaluation argues that the main challenge for SDC is to make space for the strategic thinking necessary to improve internal **learning, decision-making** and **partner accountability**. It suggests that the RBM system and its guidelines work well for these three purposes but only if properly

managed. More specifically, the evaluation found that instances of strong results orientation and strategic planning were closely associated with strong management competencies.

This reasoning drives **the central operational conclusion** that future system effectiveness is strongly correlated with **management actions and processes**. Without these the effectiveness of the instrument/guidelines will necessarily be compromised (example Illustration 2). If the RBM system could be oriented to produce a more coherent and systematic management approach to enhance central strategic processes (including Cooperation and Global Programme Strategies, Annual Reports and Results Frameworks). Existing guidelines and instruction can therefore be improved in favour of strategic planning and pro-poor development results.

This would mean fostering more clarity on management implications and objectives to all concerned.

Illustration 2: Strategy formulation challenges

When a new cooperation strategy is developed, the responsible Country Director faces a number of challenges, all of which might have bearing on the efficiency and purposefulness of the process. These include weak results reporting and incoherent results frameworks (i.e. unable to provide key planning information), many people involved in the process with sometimes unclear roles.

RECOMMENDATIONS

The evaluators conclude that the development of SDC's RBM System is primarily a **RBM governance issue**. The main thrust of its recommendations is therefore aiming to support a management environment that is conducive to strategic thinking and pro-poor orientation in SDC programming. The evaluation suggests the following adjustments:

1. Introduce a senior guardian to promote the RBM system's applicability for management purposes and ensure that its instruments fulfil their intended combination of purposes.

2. Make more explicit use of SDC thematic networks and analytical capacities when identifying key strategic objectives and for the development of impact hypotheses, theories of change and results logic.

3. Improve strategic process management by strengthening management capacities; strengthening planning and reporting processes by using thematic competences; and separating strategic processes from domestic accountability considerations by increasing analytical content.

4. Review instrument development by replacing effectiveness reports with thematic evaluations; clarifying differences between Entry and Credit proposals; conducting an external evaluation of the Aggregated Reference Indicators (ARI) after two years; and making quality improvements in decentralised evaluations.

5. Further strengthening results orientation by supporting partner country alignment through programmes using government plans and results frameworks; and highlighting management implications and purposes in SDC's Field Handbook.

SENIOR MANAGEMENT RESPONSE

SDC appreciates the quality of the evaluation report and finds that it

provides a timely and useful assessment of SDC's RBM system. The link between RBM and improved poverty impact, which was requested, could not be satisfactorily concluded, although the evaluation regards this as highly likely. SDC acknowledges with satisfaction that the **RBM system is a success** due to its flexibility in implementation, its contextual approach, and its orientation on outcomes.

All **recommendations** were either **fully or partly agreed**. Some of the follow up measures are sharpened by underlining the linkages between RBM and poverty reduction, which SDC feels is particularly important in the context of the Agenda 2030 on Sustainable Development and its principle of "Leave No One Behind". Furthermore, the increased use of research evidence – if available – will complement SDC's well-established RBM system.

SDC shares the evaluation's assessment that:

- The responsibility of the directorate has to be reinforced to focus future RBM System development on strengthened strategic management.
- Results-based learning, strategic decision-making and steering purposes have to be enhanced. In contrast, domestic accountability should not be overemphasized. In this regard, information needs by different stakeholders have to be identified in order to better target communication.

- Propose a results system in view of the next Dispatch to improve efficiency in reporting.
- Updating and simplifying SDC's poverty reduction tool and sharing good practices enhance results in Leaving No One Behind.
- The Development Effectiveness Agenda is to be enhanced by systematically referring to country development results – possibly SDG based - and by conducting joint programming.
- Emphasize the differences between entry and credit proposal.
- The role and involvement of thematic networks and focal points has to be reinforced, especially in elaborating theories of change and by making full use of End of Phase and Project Reports, thematic evaluations and, if available, of research evidence.
- RBM guidelines are relevant, and clear on 'how-to', but can be improved on management implications.
- Continue implementation of RBM as a flexible and contextual approach and implement RBM advanced training. Identify a critical mass of field staff with responsibilities for quality assurance and local training.
- Update the SDC guidance on decentralized evaluations and invest in a limited number of high quality impact evaluations.

EVALUATION METHODS AND PROCESS

The evaluation was conducted by SPM Consultants, Stockholm with an international team consisting of Martin Schmidt (Team Leader), Dr Janet Vähämäki, and Dr Markus Palenberg.

The evaluation included two staff surveys (> 400 respondents in total), three field visits (Ukraine, Rwanda and Bangladesh) and over 150 interviews with SDC staff and partners. Three RBM guidelines and practises were examined from the point of view of four key RBM purposes: decision-making, learning, domestic accountability and partner accountability using a participatory, semi-structured interview framework. The evaluation process was conducted in close coordination with the Core Learning Partnership (CLP) from both Head and Field Offices.