Summary

With public budgets being increasingly stretched and people becoming more and more sceptical about aid effectiveness, bilateral and multilateral donor organisations are under growing pressure to justify their existence. In order to provide accountability to taxpayers in donor countries, an increasing number of development organisations are now reporting not only on the inputs and resources they provide for development cooperation, but also on the results of the interventions they fund. Using standard indicators, such as the number of teachers trained, development organisations aggregate selected results in priority areas across countries and interventions in order to provide the public with an overview of their contributions to longer-term development progress in partner countries. Reporting on aggregate results can be an effective way of communicating the benefits of development cooperation to the general public and is an important means of bolstering public support for development cooperation. However, this method is not without its problems: it is one-sided in its focus on providing accountability to taxpayers in donor countries, can have a number of adverse effects and is limited in its conclusiveness. Consequently, this analysis aims to identify the limitations and risks of using standard indicators in results reporting and to provide recommendations for designing indicator systems that minimise risk.

The analysis shows that reporting on contributions using standard indicators can lead, among other things, to an excessive focus on short-term results that are easy to map using these indicators, to the detriment of longer-term, qualitative outcomes. Additionally, the standard indicators used only have limited explanatory potential, as they merely capture the easily measurable, partial aspects of the total contributions of development organisations. Moreover, the aggregated results reported are not sufficient for evaluating the effectiveness of the aid provided by donor organisations, as it is not possible to assess the influence of the measured contributions on the achievement of longer-term development goals.

Due to the limited conclusiveness of the indicators, it is advisable to additionally conduct a greater number of rigorous impact evaluations. These allow the extent of the contributions of individual actors or interventions towards longer-term development results to be assessed in an exemplary manner. Donor organisations should also promote aid transparency and make the results of all publicly financed development cooperation projects freely available at an individual intervention level (in an online database or as part of the International Aid Transparency Initiative Standard, for instance). This will help to ensure that results are recorded in a more comprehensive manner. Moreover, it will enable the public in donor and recipient countries to hold development actors accountable for achieving goals of individual projects and programmes.
Accountability and results-orientation in development cooperation

At a time of global economic crisis when tax revenue is falling in many traditional donor countries, bilateral and multilateral donor organisations are under increasing pressure to provide evidence of the positive results of their work in order to justify aid-spending. In response to this trend and the growing criticism surrounding aid effectiveness, development cooperation actors have shifted the focus of their work from inputs to results. There is a consensus in the development cooperation community that focusing to a greater extent on results is key to increasing aid effectiveness. Development cooperation actors also agree that providing greater transparency and being held accountable for the achievement of specific development results can have a positive impact on the efficiency and effectiveness of aid. However, this superficial consensus can be misleading, as the different levels of accountability within the development cooperation system (donors to taxpayers; domestic accountability of partner countries to their own populations; and mutual accountability between partners and donors) are not necessarily complementary and can even stand in conflict with one another.

The opportunities and risks associated with an increasing focus on providing accountability to taxpayers in donor countries are currently the subject of heated debate. A growing number of development organisations are using very broadly defined standard indicators (see box), such as the number of students benefiting from new and improved educational facilities, to report on selected contributions to development progress in partner countries. This kind of reporting on results aggregated at the organisational level across countries and interventions is a legitimate and significant means of maintaining public support for development cooperation activities. It can also help development organisations to focus on important areas. However, depending on how the indicator system is set up, this form of reporting can also be harmful to aid effectiveness and have a negative impact on mutual accountability and on domestic accountability in partner countries. For example, efforts by donor organisations to present measured results in partner countries as the sole product of their work can be counter-productive to greater harmonisation with other donors and to the promotion of ownership in partner countries.

Reporting on aggregate results is not yet commonplace, with the Asian Development Bank (ADB) being the first donor organisation to report on contributions to development progress in partner countries as part of its corporate results framework in 2008. Most multilateral development banks have since adopted the model of the ADB, and a number of bilateral donors (including the United Kingdom and Australia) have already followed in the footsteps of the development banks. This paper aims to identify the opportunities and risks of reporting on aggregate results, provide recommendations for designing indicator systems and highlight some complementary reporting methods.

**Box: Definition of standard indicators**

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<th>Standard indicators can be characterised by uniform definition, data collection methods and interpretation. They produce data that can be aggregated and compared across interventions, countries or regions, for example. Standard indicators can be distinguished from &quot;custom indicators&quot;, which are formulated to describe specific phenomena or to measure certain changes under unique conditions.</th>
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**Designing indicator systems for reporting on aggregate results**

Donor organisations usually use between 20 and 50 standard indicators when reporting on their contributions to development progress in partner countries. These indicators map selected key results in priority sectors and meet the following requirements: (1) they are used regularly in ongoing projects and programmes, (2) they are compatible with strategic priorities, and (3) they are easy to measure and aggregate. There are many different approaches used by donor organisations to design their indicator systems. The approaches used affect the likelihood of adverse effects and can be distinguished using the following criteria:

- **Measurement of qualitative results.** As it is difficult to capture qualitative results in areas such as good governance and capacity-building using standard indicators, a number of donor organisations only report on these results in narrative form at the organisational level. Other organisations attempt to map qualitative changes using very broad standard indicators (for example, the number of recipient countries with improved national statistical systems).

- **Levels of the results chain.** Standard indicators measuring contributions to development progress in partner countries can be formulated at a number of different levels of the results chain (see table). Most donor organisations limit themselves to measuring outputs (products, capital goods and services resulting from a development measure) and short-term outcomes achieved by using these outputs (such as the number of people with access to improved health-care services). In addition, several donor organisations use indicators that measure medium-term outcomes at the country level (such as the number of malaria deaths per 1,000 citizens per year).
Performance assessment. A number of donor organisations report on results that they attribute directly to the support they provide ("We have enabled one million pupils to complete their primary education"). Others report instead on results to which they have contributed in cooperation with other partners ("By working with other partners, we have helped enable 10 million pupils to complete their primary education"). The practice of attribution should be viewed critically, particularly at the level of medium-term outcomes, as these are influenced by a whole range of factors and therefore cannot usually be attributed to one single intervention or development organisation. The clear attribution of outcomes when reporting on aggregate results would only be possible if rigorous impact evaluations were conducted for all projects that use standard indicators in their reporting. However, this is not possible for reasons related to costs.

Attribution vs. contribution. A number of donor organisations report on results that they attribute directly to the support they provide ("We have enabled one million pupils to complete their primary education"). Others report instead on results to which they have contributed in cooperation with other partners ("By working with other partners, we have helped enable 10 million pupils to complete their primary education"). The practice of attribution should be viewed critically, particularly at the level of medium-term outcomes, as these are influenced by a whole range of factors and therefore cannot usually be attributed to one single intervention or development organisation. The clear attribution of outcomes when reporting on aggregate results would only be possible if rigorous impact evaluations were conducted for all projects that use standard indicators in their reporting. However, this is not possible for reasons related to costs.

Performance assessment. It is necessary to have benchmarking values (baseline and/or target values) in order to assess a donor organisation’s performance with regard to its contribution to development progress in partner countries. Where baseline values are used, the performance assessment is carried out by comparing the outputs and outcomes achieved over two different periods of time. Targets can be set from the bottom up or from the top down. Bottom-up targets are initially set at the level of individual interventions. The achievement rate in percentage terms (results achieved / planned results) can subsequently be determined at the organisational level by averaging the achievement rate across interventions. A related target at the organisational level could be: "We aim to see interventions achieving at least 85 per cent of planned results on average." Top-down target-setting involves setting one target at the organisational level for the results to be achieved by all the interventions as a whole. A development organisation that aims to increase its activities in the water sector could, for example, set itself the following target: "We commit to providing five million households with access to clean water by 2015."

### Limitations and risks of using standard indicators in results reporting

Several limitations and risks of using standard indicators for reporting on aggregate results can be identified. These relate firstly to the limited conclusiveness of the standard indicators in question, and secondly to the potential adverse effects of using these indicators to provide accountability.

**Limited conclusiveness.** Standard indicators that measure contributions to development progress in partner countries cannot provide any information about the effectiveness of the support provided by a donor organisation. The majority of standard indicators used to measure contributions are formulated at the output level or at the level of short-term outcomes, and it cannot be assessed to what extent these contribute to longer-term development progress. Additionally, not every result can be measured using standard indicators. Consequently, donor organisations can only ever report on certain aspects of their contributions. Furthermore, standard indicators tend to be very broad in scope with little specificity in order to map as much of an organisation’s project portfolio as possible. This means that standard indicators can only ever provide a very crude and simplified picture of the development results that have actually been achieved. Because they are not very conclusive, standard indicators used to report on aggregate results are of very limited usefulness outside of public relations work. They are especially unsuitable for comparing the effectiveness of individual projects and, by extension, for managing portfolios.

**Adverse effects.** Using standard indicators to provide accountability can contribute to inefficient resource allocation and lower aid effectiveness. Reporting on aggregate results increases pressure on donor organisations to prove that they are providing value for money. At one level, this can help to bring about a greater focus on results and to increase efficiency in development cooperation. At the same time, by focusing on selected results that can be measured using standard indicators, donor organisations run the risk of neglecting outputs and outcomes that are not reported on at the organisational level. It is also possible that donor organisations end up prioritising activities that deliver a particularly high volume of results with the fewest resources or that reach an especially high number of beneficiaries (low-hanging fruit). However, a high volume of measured outputs and outcomes does not necessarily equate to a high level of aid effectiveness, as the quality, cost and adverse effects of the results are not taken into account. Efforts to deliver value for money may also play a role in reducing the use of partner country systems if results can be achieved more efficiently through projects implemented by donors. Additionally, the practice of attributing aggregated development results, which is followed by several organisations, clashes with the

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Source: Own illustration
Presenting results in development cooperation: risks and limitations

principle of ownership by partner countries, as attribution does not recognise the contribution and sovereignty of these countries. The experience of donor organisations has also shown that formulating targets for standard indicators from the top down at the organisational level can conflict with efforts to align support with partner countries’ priorities. If demand for support in one of a donor organisation’s priority areas is lower than expected, then it will either be impossible to achieve the target or it will be necessary to invest more resources in order to do so, even though these resources might be deployed more effectively in other areas.

Lessons learnt and complementary reporting methods

Reporting by donor organisations on contributions to overarching development goals in partner countries is particularly suited to underlining the positive contributions of development cooperation and to securing support for the latter. Reporting on aggregate results can also contribute towards donor organisations focusing on priority areas. However, as the aforementioned analysis has shown, this can have a number of adverse effects. It is therefore important for donor organisations to heed the following recommendations when designing their indicator systems:

- Include qualitative results. This can help to prevent too strong a focus being put on quantitative and short-term results; it also takes account of the realities faced by development cooperation actors, who are seeking to establish lasting institutions and capacity in partner countries.

- Contribution instead of attribution. Owing to the methodical difficulties of attributing results to individual actors, and with a view to promoting ownership by partner countries and harmonisation between donors, donor agencies should follow the principle of contribution when reporting on aggregate results at the organisational level.

- Formulate targets from the bottom up rather than from the top down. Targets for the number of outputs and outcomes formulated at the organisational level can conflict with efforts to align support with partner countries’ development priorities and strategies. It is therefore preferable to formulate targets at the intervention level (from the bottom up) and subsequently check the average target achievement level at the organisational level.

It should also be noted that reporting on aggregate outputs and outcomes is not sufficient for assessing the effectiveness of contributions by a development organisation. Additionally, this form of reporting is focused on providing accountability to taxpayers in donor countries and neglects other levels of accountability within development cooperation. Consequently, reporting on aggregate results should always be complemented by rigorous impact evaluations and by reporting on outputs and outcomes at the level of individual interventions. Conducting rigorous impact evaluations for selected interventions can help actors to learn from successes and failures in order to increase aid effectiveness. Moreover, these evaluations allow longer-term impacts to be attributed to an intervention, facilitating a model presentation of the contribution of one or more donor organisations to longer-term development results. Greater aid transparency at the intervention level is a prerequisite for providing mutual accountability and for improving accountability in partner countries. Reporting on outputs and outcomes of individual interventions (for example, in an online database or as part of the International Aid Transparency Initiative Standard) allows the public in donor and recipient countries to hold development actors accountable for achieving project and programme targets. Although development actors already made a commitment to doing so at the Fourth High Level Forum on Aid Effectiveness in Busan in 2011, barely any progress has been made in implementing this commitment to date.

Literature


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