



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 11 December 2013

17709/13

**DEVGEN 341
ACP 213
RELEX 1165
FIN 952**

COVER NOTE

from: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 10 December 2013

to: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European
Union

No Cion doc.: SWD(2013) 530 final

Subject: Paving the way for an EU Development and Cooperation Results Framework

Delegations will find attached Commission document SWD(2013) 530 final.

Encl.: SWD(2013) 530 final



Brussels, 10.12.2013
SWD(2013) 530 final

COMMISSION STAFF WORKING DOCUMENT

**Paving the way for an EU Development and
Cooperation Results Framework**

"In an increasingly performance-oriented society, metrics matter. What we measure affects what we do. If we have the wrong metrics, we will strive for the wrong things." – J.E. Stiglitz, A. Sen, J.P. Fitoussi, "Mis-Measuring our Lives".

1. Introduction

This Staff Working Document (SWD) sets out the processes that are currently being taken forward by the Commission services to deliver against the 'Agenda for Change'¹ commitment to strengthen the Commission's ability to monitor and report operational results achieved through the implementation of EU funded development and cooperation projects and programmes.

It presents a preliminary approach and the process to draft the overall EU development and cooperation results framework and describes how, once finalized and implemented, this framework will bring together information on results achieved with the European Union's development and cooperation assistance. To that end the SWD includes a reflection on results frameworks that have been developed by some bilateral and multilateral donors, describing important conceptual issues that have to be addressed when designing the framework.

It furthermore highlights how the introduction of a results reporting system could lead to improved management practices, accountability, transparency and visibility of Union Aid - ultimately enhancing its impact and demonstrating how funds spent contribute to the objectives set out in the Agenda for Change and achieve measurable results.

2. Context

In its Communication of June 2013 on the Synthesis of the Commission's management achievements in 2012, the Commission undertook to deepen its performance frameworks through the strengthened promotion of an internal performance-driven culture, ex-ante setting of objectives, regular monitoring, ex-post measurement and reporting of achievements. An increased focus on performance and results was also one of the main goals of the proposal "A budget for EU 2020", for the delivery of the long-term strategic objectives of the Union with the budget available for the next seven years. It was again reflected in the Commission replies to the DAS 2011 report "Getting results from the EU budget".

In this context, the proposals made by the Commission for the legal acts for the spending programmes within the 2014-2020 Multiannual Financial Framework set out the objectives to be achieved through EU financial support, requiring indicators to measure progress, and monitoring and evaluation provisions. While this sets the general framework and context for performance

¹ Increasing the Impact of EU Development Policy: an Agenda for Change. COM (2011) 637 final.

monitoring in connection with the Commission's Directorates general internal Management Plans and Annual Activity reports as well as for the Programme statements for the 2014 draft Budget, the overall development and cooperation results framework is to be a complementary tool to report more specifically both internally and externally on key results achieved with the Union's development and cooperation assistance.

Previously, specific to the development arena, the evolution towards a stronger results focus had been underlying the setting of the Millennium Development Goals (MDGs) and developed further in 2002 with the international roundtable on measuring, monitoring and managing for results convened by the World Bank. The adoption of the 2005 Paris Declaration on Aid Effectiveness, the 2008 Accra Agenda for Action and the 2011 Busan High Level Forum further strengthened and consolidated that process.

In the 2011 Agenda for Change Communication and the related Council Conclusions the EU and its Member States committed to promote common results-based approaches and strengthen their capacity for monitoring and evaluating development results. The Communication "A Decent Life for All"² provides further a long term perspective of the EU development agenda in the post-2015 Sustainable Development Framework.

At global level, the Report of the UN High Level Panel on Post-2015³ is outlining a proposal for a new set of Universal Goals and Targets preceding the negotiations to come. Once agreed, the new Universal Goals and Targets are expected to become a reference for the EU in measuring its contribution towards the global development progress.

In line with the above processes, over the last decade a consensus emerged among donors and partner countries who, amongst other things, agreed upon the following principles:

- Ownership of development priorities by developing countries, with the use of country systems as the default approach⁴;
- Focus on results through country-led results frameworks;
- The importance of transparency and mutual accountability.

The Busan High Level Forum specifically called for the promotion of results and mutual accountability agreements, stressing the importance of developing countries taking the lead in the elaboration of such frameworks, including indicators and targets, which should respond to their national needs and be grounded in their development policies. Donors agreed to work with partner countries and refrain

² A Decent Life for All: Ending poverty and giving the world a sustainable future. COM 2013 (92) final and related Council Conclusions (25 June 2013)

³ A New Global Partnership: Eradicate poverty and transform economies through sustainable development. The Report of the High Panel of Eminent Persons on the Post-2015 Development Agenda (2013).

⁴ The strengthening of national statistical capacities to meet national and international standards for data and its dissemination is a key issue underlying this principle as stated in the Busan Action Plan for Statistics.

from requesting the introduction of performance indicators that are not consistent with partner country strategies, harmonising their monitoring and reporting requirements towards countries in as far as possible⁵.

With the development community's recognition of the importance of demonstrating results and improving its own effectiveness in support of stronger development outcomes a number of donors - both multilateral and bilateral - have designed and now implement results frameworks specific to the institution concerned. In 2003, the African Development Bank was the first multilateral development bank to introduce such a results framework to manage its performance. In the following nine years other development banks (Asian Development Bank in 2008, World Bank in 2011 and Inter-American Development Bank in 2012) and at least one bilateral (UK Department for International Development in 2011) developed such agency specific results frameworks.

In this context, and following the recommendations included in the Agenda for Change, the Commission's EuropeAid Development and Cooperation Directorate-General created in November 2011 the EU Experts Working Group on Results in order to step up the dialogue with EU Member States on the development of an overall Results Framework, as well as sharing experiences and approaches with the view of developing common EU results-based approaches.

3. Development results frameworks: purpose and structure

A results framework⁶ is a tool that is used by different development partners to measure results achieved against strategic development objectives. The results framework can be seen as an articulation of the different levels, or chains, of results expected from the implementation of a particular strategy, programme or project.

The results framework as a tool can take various forms depending on its intended use. Generally speaking the conceptual structure could be described as the application of the logical framework approach⁷ across an entire organisation including its country offices. As such it requires clarity with respect to the issues to be addressed, how the programme or policy will lead to given outputs, why those outputs are likely to lead to the immediate or intermediate outcomes; and how those

⁵ In November 2012 the Commission together with France, Switzerland and Canada funded a regional seminar in Africa that gathered 14 francophone countries in Cotonou (Benin) to exchange information on country results frameworks and how donors can ensure that those are effectively used for their own results reporting purposes. In September 2012 a similar seminar was sponsored by Germany and Sweden in Lusaka (Zambia).

⁶ The term Results Framework is being used by most donor agencies, although other similar terms are also used – Results Based Management, Results Reporting Framework, Results Measurement Framework – but they are very similar in terms of content and goals.

⁷ The logical framework approach is a well-established project and programme design methodology based on a systematic analysis of the development situation, the key issues and options for addressing these and which sets out the link between objectives, activities, and results, measuring the latter through indicators. The Results Framework reflects this approach across an entire organisation or country.

outcomes are potentially linked with longer-term development outcomes or impact. (See **Annex 1** for a detailed description of the results terminology used in this document).

The following sections define key issues which are important to be considered from the outset when designing an overall results framework to ensure successful implementation. They set out how other donors already implementing such results frameworks are dealing with these issues and indicates what is envisaged for the EU Development and cooperation results framework. They take into account a Study⁸, which aimed at providing information on lessons learned from other donors already implementing such results frameworks. (A table summarising the approaches used by the five donor institutions included in the Study can be found in **Annex 2**).

Purpose - A results framework may be used to simply report on results, thus providing increased transparency and accountability. However, most commonly it will be part of an integrated management approach aimed at improving organisational performance and strengthening the effectiveness of development aid.

In the donors' results frameworks which were analysed, two main purposes can be identified: as an accountability tool the framework's key purpose is to communicate to stakeholders (e.g. tax payers, EU Institutions) the results that have been achieved. As such, monitoring and reporting the progress towards results provides increased transparency. As a management tool the framework's main purpose for those donors is to provide performance data which will inform management decisions, such as the allocation of human and financial resources.

In most instances, agency level results frameworks are designed to respond to both the above needs. The analysis of other international donors' results frameworks shows that all five agencies studied use their frameworks for the dual purpose of accountability and performance management. Information on results is used, on the one hand, to demonstrate to external stakeholders what has been achieved; and on the other hand, to guide corporate decision making.

In order to be able to fulfil both these functions the results framework needs to be composed of indicators that can be well understood by the general public and which at the same time capture policy priorities to guide internal management planning processes. Whilst a relatively limited set of indicators is likely to satisfy accountability and external communication needs, a more extensive set of indicators is required to provide a donor's management with more detailed information to ensure decisions are evidence based.

⁸ The Commission's EuropeAid Development and Cooperation Directorate-General has commissioned a **study** in the first half of 2013 to provide a detailed analysis of choices made by, and lessons learned from, those donors and development banks already implementing results frameworks. The five agencies included in the Study were: the Asian Development Bank, the African Development Bank, the World Bank, the Inter-American Development Bank and the UK Department for International Development. The study is available at: http://capacity4dev.ec.europa.eu/sites/default/files/file/05/12/2013 - 1805/results_study_2013_0.pdf

The Commission services are considering following the path set by other donors and complement internal performance monitoring mechanisms with an overall results framework. to report more specifically on key results achieved with the Union's development and cooperation assistance both internally and externally. This will enhance the quality and scope of information available to demonstrate development results achieved at Union level to external stakeholders, whilst at the same time providing relevant information for internal management decisions.

Structure - One of the main features that results frameworks used by other donors have in common is a four level structure. This structure has been adopted by several development banks and at least one bilateral donor⁹.



It is broken down so that:

- **Level one** looks at high level global development progress, i.e. long term development outcomes/ impact which result from the collective action of the partner countries with support from donors and other development actors and towards which the donor interventions contribute. Progress at this level is slow moving and it will take a minimum of three to five years to observe aggregate changes.

Indicators at this level will be generally internationally agreed (for example the ones agreed in relation to the Millennium Development Goals and their post 2015 successors) and mainly draw on data from international statistical systems. Examples include: Proportion of population living on less than USD 1 per day, Under 5 mortality rate, Proportion of population with access to improved water sources, Literacy rate.

Other donors studied use between 20-30 indicators for this level.

⁹ Asian Development Bank, African Development Bank, World Bank Group, Inter-American Development Bank, (multilaterals) and UK Department for International Development (bilateral).

- **Level two** focuses on development outputs and intermediate outcomes which can be more directly linked to the donor's assistance. It is at this level that results from across funded operations would need to be aggregated to demonstrate the donor's specific contribution to development in partner countries.

Indicators at this level would be linked to a donor's projects and programmes and (expected) results and indicators outlined in multi-annual programming documents. While these documents build on partner country strategies and plans and use domestic data to the extent possible, specific data collection might also be required at this level. Each indicator is accompanied by a detailed methodological note in order to allow for meaningful aggregation of results across the portfolio. Examples of indicators used at this level may include: Number of people with access to a basic package of health services, Number of children vaccinated, Number of kilometres of roads built or upgraded.

The donors studied use between 20 and 30 indicators at this level.

- **Level three** captures organisational effectiveness, i.e. monitors whether an institution is managing its operations effectively in order to achieve results. This level includes information on areas such as quality of design, performance of on-going projects, disbursement rates and compliance with aid effectiveness commitments. For this level, data are derived from the donor's internal information systems.

- **Level four** covers organisational efficiency and other aspects of internal management, i.e. monitors whether the organisation is managing its resources, skills and processes efficiently. This level includes information on budget efficiency (e.g. cost per amount disbursed), human resources (e.g. staff vacancy rates, staff training), alignment with internal reforms and public access to information. Again, data are collected through the donor's internal information systems.

The fact that none of the development agencies included in the Results Study have so far adjusted the multi-level set up during any of the internal reviews of their frameworks can be taken as evidence that the four level approach functions as intended. Therefore, the Commission services consider the use of a similar structure for the envisaged EU Development and cooperation results framework; where level 1 describes the global operating context, level 2 the results towards which the EU has directly contributed by means of EU financed the projects and programmes, level 3 to measure operational effectiveness and level 4 organisational efficiency.

In line with the recommendations set out in this section, **Annex 3** presents the structure envisaged for the EU Development and cooperation results framework in the format of a simplified diagram.

4. Key issues for measuring global development progress and the EU contribution to development

In order to be able to measure performance and to report results achieved in the field a set of indicators will need to be selected. The selection of indicators needs to take the issues listed below into consideration.

Logic chain - Results identified at level 1 (longer term development outcome/ impact) of the type of results framework described above should show a link to level 2 (intermediate outcomes/ outputs) in order to be able to tell a coherent story of how the specific donor's interventions contribute to sustainable progress at the higher level¹⁰. For example, should one of the selected level 1 indicators be the under-five mortality rate, the linked level 2 indicator could be the number of children fully immunized (the logic being that increased immunisation of children should contribute to a drop in death rates). However, the link should not necessarily be of a direct and causal nature. Care should be taken that level 2 of the results framework includes not only output indicators (for example, number of kilometres of road built) but also outcome indicators (such as access by beneficiaries to basic services or to markets) as otherwise the link between level 1 and 2 of the results framework would become too tenuous.

Most of the results frameworks analysed draw an implicit line between levels 1 and 2 (World Bank, DFID, Inter-American Development Bank), albeit without claiming a direct causal link. The African Development Bank goes further and explicitly includes evidence, in the form of case studies, in support of a link between level 1 and 2 in its results report. The Asian Development Bank, on the other hand, in the most recent revision of its results framework (2013) decided to de-link level 1 and 2; stating that level 1 provides the operational context and monitors regional progress, rather than providing a reflection on the Bank's performance.

Thus, to ensure that the future EU Development and cooperation results framework includes a clear logical chain between the global development progress and EU contributions, it should be considered how to present evidence in support of this link between level 1 and level 2 of the results framework; i.e. between outputs as well as intermediate outcomes of EU funded actions and the longer term development impact. Where causal links between the two levels of the framework are more difficult to capture and appropriate indicators are not available, providing a qualitative narrative alongside quantitative results reporting is an option being considered by Commission services for this purpose.

Coverage - The consensus amongst donors already implementing a results framework is that it is important to keep the number of indicators¹¹ manageable (particularly at level 2 where the agency has to specifically collect the data); thus safeguarding that the data being collected is of adequate quality.

¹⁰ See pp 68-70 in the Project Cycle Management Guidelines (2004) which describe these links in more detail.

¹¹ The number of indicators used by the five agencies that were studied varies at level 1 from between 18 (Asian Development Bank) to 29 (World Bank and African Development Bank); and at level 2 from between 24 (World Bank) to 48 (African Development Bank). On average a total of 100 indicators are used for all four levels of the frameworks analysed.

In order to ensure adequate coverage¹² the selected indicators need to be aligned to priority areas and key sectors identified in EU legal bases for the development and cooperation assistance and in main policy documents. Furthermore, when selecting indicators for level 1 and 2 it is important to ensure that longer term objectives, such as improved governance, capacity development and other hard-to-measure issues, are not side-lined.

In order to expand coverage without compromising the manageability of the framework some donors monitor additional indicators outside the framework (e.g. the World Bank "Core sector indicators"; the Asian Development Bank's "Standard explanatory data") for which the data collected is used primarily for internal management purposes. For the EU development and cooperation results framework a balance needs to be struck between the ambition to cover the highest possible proportion of the Union's development and cooperation assistance and the number of indicators to be included in the results framework, so to ensure that data collection is manageable. This includes consideration to be given to the difficulties in identifying indicators for *hard to measure* issues.

Aggregation of results - As a general rule, any indicator to be included in the results framework needs to be able to be aggregated across projects and programmes. Most, if not all of the indicators at level 1 of the results frameworks analysed are internationally agreed (e.g. MDGs) and, as such, sourcing data and aggregating country results to the regional or global level should rely on global data collection. For example, in the case of the Millennium Development Goals these are already being reported by the international community as aggregated regional and global progress.

Data aggregated from projects and programmes to report against level 2 indicators should, to the extent possible, make use of data produced by national statistics authorities. However, data may also have to be specifically collected from projects and programmes monitoring mechanisms. In both cases, in order to be able to meaningfully aggregate results at this level, indicators have to be of a quantitative nature and accompanied by methodological specifications. (An example of a methodological note from DFID can be found in **Annex 4**). This will ensure that those tasked with reporting results have a clear understanding of what should and what should not be included in their calculations in order to allow for meaningful aggregation across all projects and programmes as well as countries and regions.

For example, to ensure that the "number of people with sustainable access to clean drinking water" can be aggregated across all interventions and that the result reported in any particular year is robust, the accompanying methodology note needs, at a minimum, to define improved drinking water sources and sustainable access. Considering that much of the reporting will rely on data from potentially weak country statistical systems, it will be important that the methodology notes also

¹² Information on coverage is not generally reported. Yet, several agencies included text in their annual reports which clearly states that the results reported at level 2 are not exhaustive but provide an overview of key achievements in priority areas. Including project and programme quality assessments at level 3 of the result framework is an alternative way to indirectly cover parts of a donor's portfolio that are not directly related to indicators at level 2.

provide guidance on acceptable and comparable data sources which can be defended as basis of results computed.

For the EU Development and cooperation results framework this means that in order to ensure that project and programme results information from across EU funded projects and programmes is comparable and can be aggregated, all indicators included in the results framework at level 2 will need to be accompanied with clearly defined methodological notes.

Attribution versus contribution – When monitoring and reporting results a methodological distinction is normally made: should the observed development result specifically be attributed to the donor agency's efforts or should the donor agency state that its efforts contributed to development results obtained by partner countries?

By its nature, this question does not apply to level 1 of the above described results framework. However, the question is relevant for level 2 of the results framework which aims to capture results delivered by the agency funded projects and programmes.

The study carried out at the request of the Commission reviewed approaches taken by other development agencies and found that at level 2 the majority of the Multilateral Banks' results frameworks¹³ report results they have "directly contributed to" through operations they financed. This means that in cases where projects or programmes have been co-financed jointly with others¹⁴, the results reported cover the whole project/ programme, rather than a potentially lower number of results purely reflecting the share of funding that has been provided by that Bank. DFID, on the other hand, reports results that are directly attributable to its interventions at level 2 of its results framework. For jointly funded projects/ programmes the results DFID reports are calculated as a pro rata share equal to the level of financial inputs provided.

Seen from a technical perspective, neither of these approaches is right or wrong; and the choice of approach appears to be linked to the nature of the organisation itself: the stronger the demand to account for the use of tax payers' money, the greater the agency's inclination to attribute development results to its efforts. From an aid effectiveness perspective, with its focus on country ownership, it could be argued that the contribution approach may be generally more desirable.

At level 2 of its framework the Commission services envisage to report results as "country results supported" thus opting for a contribution approach. The EU will consider attribution where it is possible to identify results directly linked to EU support. When reporting to external audiences, additional information about the percentage of financial input provided by the EU to the total cost of the projects or programmes that generated the results may be provided - an approach used for instance by the Asian Development Bank.

¹³ Asian Development Bank, World Bank and African Development Bank

¹⁴ In instances where aid is disbursed through sector budget support or other pooled funding mechanisms, including blending, results from these programmes is to be captured at the relevant sector level (e.g. health, education, public finance management, etc).

Baselines and targets – To allow an agency’s contributions to results achieved to be assessed and reported, it is vital to make sure that baseline information (including the reference year) is available. Without information about the starting point it is not possible to measure results.

The reason for setting targets is to establish the level of ambition. The decision of whether or not to set targets varies from donor to donor, as well as across the different levels of the framework. At level 1 of the results framework two donors (DFID, Asian Development Bank) have specifically set targets linked to the MDGs. At level 2 the majority of donors (four out of five) have set targets for most of their indicators. The World Bank is the only institution not to have done so (but introducing future targets for some indicators is under discussion).

Setting targets for level 2 of the EU Development and cooperation results framework is more challenging. Logically, targets should be built using a bottom up approach as interventions will be driven by demand from partner countries. Thus, in order to set targets, EU Delegations and Headquarter services would have to provide quantitative and qualitative data on expected results linked to EU funded projects and programmes in the years ahead which would then be aggregated, where possible, to produce targets at institutional level. These targets would then serve to monitor progress at the institutional level. In order to achieve reliable estimates and meaningful aggregation, systems and tools for data collection and measurement at both EU Delegations and Headquarter levels will have to be improved and strengthened.

The setting of targets for indicators to be included in the EU Development and cooperation results framework will have to take into account the issues described above.

At level 1, indicators deriving from international commitments (e.g. MDGs) frequently include targets and they could also be considered as guiding the results framework. An alternative option would be to measure progress compared to baselines without specifying forward looking targets - following the approach taken by the World Bank for instance. When setting baselines for level 1 the latest available international data at the time of finalising the results framework will be drawn on.

For level 2 baselines for the results framework will have to be constructed. Should targets be set, expected results need to be aggregated from EU funded projects and programmes.

Reporting and data collection - The five institutions studied use differing approaches as regards to the frequency and the stage in the project cycle at which projects and programmes are required to report results against level 2 of their results framework. The majority (World Bank, Inter-American Development Bank, DFID and from 2014 onwards also African Development Bank) report results from projects and programmes during the implementation phase. Two institutions (Asian Development Bank and currently also African Development Bank) report results achieved once projects and programmes have been completed.

The frequency of internal data collection against level 2 indicators varies from donor to donor: some ask projects and programmes to report results every six months, others every twelve months. For certain types of projects (e.g. infrastructure), indicators can only be collected at completion. All donors analysed publish results achieved on an annual basis.

Held back by the ineffectiveness and resource intensiveness of manual data computation several donors implementing results frameworks (World Bank, Asian Development Bank) have invested in

the development (or, in the case of the African Development Bank and DFID, are in the process of developing) IT-results reporting systems. These collect results information on a regular basis into a single database; thus allowing managers to break down data by regions, countries and sectors, providing a real time view of the portfolio and results that have been achieved.

For the EU to be able to report results against level 2 indicators it requires collecting and reporting information from projects and programmes, which will make use of data provided by national statistics authorities to the extent possible. This implies further rationalisation and development of data collection systems and tools. The establishment of the Project Cycle Management IT-platform presently under development within EuropeAid should serve this purpose, amongst others¹⁵.

In relation to the question at what stage of the project cycle reporting for the EU Development and cooperation results framework should take place (during implementation or at completion), further analysis will be necessary. Manageability during the initial implementation period is an important consideration that will need to be taken into account.

The information on results collected through the framework will feed into the internal Annual Activity Report and the external Annual Report on the EU's development and external assistance policies.

Cross-cutting issues – Most donors are still in the process of developing appropriate indicators to fully capture cross cutting issues such as gender or climate change in their results frameworks.

On gender, all donors analysed included in the Results Study report level 2 indicators (where appropriate) as sex disaggregated, whilst also looking to include one or two indicators specifically on women's empowerment at level 1 and 2 of their results frameworks¹⁶. Some of these donors furthermore provide some of the level 1 data disaggregated by sex.

For cross cutting issues the Commission services consider following an approach similar to the donors analysed in the Results Study. That is, the EU could (a) report on the number of countries where it provides support to these issues; (b) track financial resource levels allocated to these issues; and (c) provide case studies in order to complement quantitative information.

For gender the aspiration is to get to a relevant level of sex disaggregation for indicators where this is relevant.

Timeframe and Review – The Results Study has brought out the fact that the introduction of donor level results frameworks is still relatively recent and that they continue to evolve. Most such results frameworks have been defined for a specific timeframe, corresponding to the implementation of a

¹⁵ The Project Cycle Management Platform is to be a common IT platform that aims to offer IT support to Headquarters services and EU Delegations in project and programme cycle management across the project and programme cycle, integrating also the quality assurance systems being used in EuropeAid.

¹⁶ The World Bank, for example, uses an indicator which tracks the project with gender design at level 3 of its results framework (% of projects and programmes with gender informed design). The Asian Development Bank measures its contribution to climate change and gender equality by tracking the resource levels allocated to these cross cutting issues.

particular corporate strategy, business plan or to a defined budgetary period. At the same time, they build a certain amount of flexibility into the structure so that it can be adjusted, for example, to respond to emerging policy priorities. As mentioned, a very relevant change that will impact on all the existing frameworks will be the 'expiry' of the Millennium Development Goals in 2015 and the agreement of the post-2015 framework currently under discussion. Most donors analysed schedule regular reviews of their results frameworks to take place on average every two years.

Following this approach the EU Development and cooperation results framework should be linked to the 2014-20 programming cycle, whilst reflecting the priorities set in key Communications such as the Agenda for Change and Decent Life for All. The results framework may need to be subject to reviews in order to ensure adequate quality of the information collected and to allow the necessary flexibility towards inclusion of emerging policy priorities.

As also foreseen in the draft legal instruments for the EU's external assistance for the period 2014-2020, the first revision will be needed to align the results framework to the Post-2015 framework. Ahead of 2015, the international community, with input from European Union, is working on a new set of results and indicators to measure global development goals. The Report of the High Panel of Eminent Persons on the Post-2015 Development Agenda identified five core areas of transformation, matching them with 12 new goals and 54 possible targets. Once agreed, these will need to be reflected in the EU Development and cooperation results framework.

5. Selection of indicators to measure global development progress and EU contribution to development

This section sets out a methodology for the selection of indicators to be included in the EU Development and cooperation results framework for its levels 1 and 2. It proceeds on the basis of a set of criteria (presented below) that have to be met by any indicator in order to ensure adequate robustness.

On the basis of these criteria, initial lists of indicators will be developed and further refined following the finalization of the multi-annual programming exercise 2014-20 during the first half of 2014 and taking into account comments received on the present document.

The main **criteria** considered are the following:

- i. Indicators should cover EU's main sectors of intervention defined in the Agenda for Change and reconfirmed in the more recent Communication "Decent Life for All". Also, indicators should be in line with goals set within the draft external assistance legal instruments (EDF, DCI, ENI).
- ii. EU sector strategies and policy documents as well as international commitments – including the EU position on the Post 2015 framework - should also be taken into account in the selection process. The sequence of indicators chosen at level 1 and 2 should reflect the logical chain of EU funded interventions (Impact- Outcome- Output) to the extent possible.

- iii. The number of indicators per sector should reflect the relative importance of the sector within EU's financing portfolio for the programming period 2014-2020. The total number of indicators to be considered should remain manageable. The indicators being considered in the on-going programming for the period 2014-2020 will be at the core of the EU Development and cooperation monitoring and evaluation for the next seven years. It will be important to ensure a sufficient convergence between the indicators to be selected for the framework and those included in the programming documents so to allow aggregation of results across a meaningful number of projects and programmes. The importance of adequate quality and convergence of indicators in the Multi-annual Indicative Programming documents (MIPs) were also the reasons for the Commission Services to issue a Sector Indicator Guidance in August 2013.
- iv. Quite clearly MIPs will include more indicators than the EU Development and cooperation results framework at level 2. In order to ensure appropriate coverage without compromising the manageability of the framework, the EU, like other donors, may need to look into the question whether to monitor additional indicators outside the framework for internal management purposes.
- v. All indicators have to be fit for meaningful aggregation through the development of methodological notes highlighting the details of their calculation and data collection.

Using this approach, the Commission services aim to benefit as much as possible from methodological work already carried out by other donors. This would be possible where thematic areas relevant to EU overlap with those of existing frameworks.

The Results study carried out at the request of the Commission presents a series of indicators being used by existing results frameworks¹⁷ part of which would also appear relevant for the EU framework. Indeed, for most of the Union priority sectors it is possible to identify several indicators used in other donors' frameworks. They will be considered as a basis for the indicators to be included in the EU Development and cooperation results framework.

6. Measuring Organisational effectiveness and efficiency

Level 3 and 4 indicators of the results framework aim to measure the dimensions of effectiveness and efficiency of the management of EU aid at the organisational level. Being effective in the management of its operations at both headquarters and field level will contribute to the achievement of development results (levels 1 and 2) , while achieving efficiency in the use of its resources –human and financial – will ensure value for money spent.

As mentioned above, level 3 focuses on tracking issues such as quality of design of operations (quality at entry), disbursement rates, portfolio performance (e.g. quality assessment of on-going

¹⁷ The lists of indicators are available at http://capacity4dev.ec.europa.eu/sites/default/files/file/15/11/2013_-_1157/lists.doc

operations), quality at completion, knowledge management, monitoring and evaluation, and degree of implementation of strategic agendas - including aid effectiveness commitments.

Level 4 mainly covers organisational efficiency and includes information on budget efficiency (e.g. costs per amount disbursed), human resources (e.g. staff diversity, skills distribution, training), compliance with audit principles, alignment with internal reforms, public access to information, accountability to partners or other EU institutions.

It is possible to identify substantial convergence towards a few aspects that other donors' results frameworks share within these two levels¹⁸.

All multilateral banks have set targets for levels 3 and 4 of their results framework although not all of these have been made publically available. The fact that targets have been set indicates that it may be easier to set targets at these two levels compared with levels 1 and 2 as what is being measured is the progress towards improved organisational effectiveness and efficiency; i.e. aspects more likely to be under the control of the organisation.

Following the same line of argument used in the previous section, the common aspects identified in other donors' results frameworks could form the basis for level 3 and 4 within the EU Development and cooperation results framework.

The Commission's services are already monitoring similar types of indicators, integrating them in the internal Management Plans and Annual Activity Reports. Data to report against such indicators are collected on a regular basis by both Headquarters and EU Delegations. Defining a set of indicators for levels 3 and 4 should potentially be easier than for levels 1 and 2 since it would be possible to rely on existing performance monitoring mechanisms.

Indicators capturing project and programme quality across EU's Development and cooperation portfolio should be included at level 3 of the results framework. Level 3 will also contribute to assess the implementation of the principles of the Agenda for Change such as the concentration of EU activities, the use of innovative financial tools and increased aid effectiveness through improved EU coordination, including joint programming and possible other actions.

The inclusion of indicators attempting to capture economy (minimizing the cost of resources for a specified quality of outcome) should be considered at level 4.

¹⁸ An overview of the main aspects measured in the donors' results frameworks analysed by the EuropeAid Results study is available at http://capacity4dev.ec.europa.eu/sites/default/files/file/15/11/2013_-_1205/aspects.doc

7. Conclusions and next steps

This Staff Working Document responds to the demand to strengthen the EU's capacity to monitor and evaluate development results as articulated in the Agenda for Change. It sets out approaches taken by other donors already implementing donor level results frameworks and, drawing from this evidence, it presents first orientations and the further approach and process to draft the overall EU Development and cooperation results framework.

This evidence has also been shared with the EU Expert Group on Results and views have been exchanged on methodological approaches. In this regard the Staff Working Document also aims to offer an informed contribution to the process of establishing common approaches amongst EU Member States for measuring results in line with the Council Conclusion on the Agenda for Change.

Over the coming months (see timetable below) the Commission services will, on the one hand, further develop and then finalise the EU Development and cooperation results framework, including the selection of a definite set of indicators. On the other hand, it will continue discussions with Member States on common results-based approaches the Council called for.

During the first few years of implementation, the results framework will be confronted with the difficulty that reporting will relate to projects and programmes which were launched and implemented without a link to the framework. As these interventions were not necessarily designed to include reporting against such indicators, information may have to be re-constructed retrospectively in as far as possible.

This forms part of the reasons why an initial pilot to test the data availability and the data collection process is planned. The pilot test will inform the finalisation of the results framework before rolling out the reporting across the whole Directorate General Development and cooperation EuropeAid. The first review is foreseen in order to reflect the new set of goals, related indicators and targets to be agreed within the Post-2015 framework.

Last but not least, it is expected that the establishment of the framework will entail the need for further investments in terms of related capacity building and in changing mind sets of staff towards a strengthened results-oriented working culture.

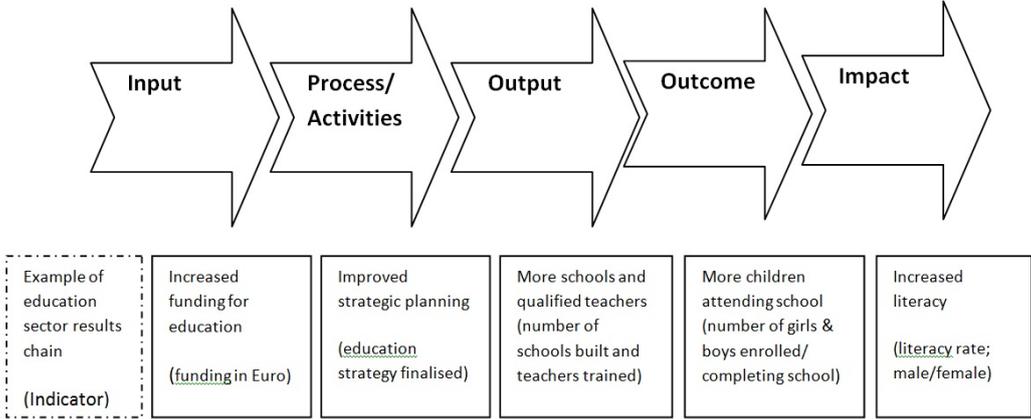
Timetable for next steps

Assessment of results indicators included in the Multi-annual Indicative Programming Documents and preliminary identification of indicators for the results framework	December 2013 – February 2014
Finalisation of the indicators for testing the EU Development and cooperation results framework	March - April 2014
Pilot results reporting (and assessment of findings)	May - July 2014
Finalisation of Results Framework and associated documentation	August - September 2014
First publication of results achieved over 2014 (Annual Development and Cooperation Report)	1 st semester 2015

Annex 1 - Results Terminology used

In this Document, the OECD input-output-outcome-impact terminology is used to set a coherent approach for the terminology to be used throughout the elaboration and use of the EU Development and cooperation results framework.

The term “results” in this Staff Working Document can be interpreted as meaning either an output or outcome.



Inputs refer to the resources provided. Examples of inputs: expenditure, staff.

Processes refer to the activities which turn inputs into outputs. Examples of process indicators: training conducted, legislation drafted, strategy completed.

Outputs describe the infrastructure, goods and services delivered by donor funded interventions. These can be controlled directly and as such linked to the donor funded assistance. Examples of output indicators: number of teachers trained, proportion of citizens who know how to access the legal system, number of health clinics equipped, number of people assisted by emergency food programmes.

Outcomes refer to the medium term effects of the intervention and tend to focus on the changes in behaviour resulting from programme outputs. EU funded interventions will contribute to these changes. Examples of outcome indicators: percentage of births attended by skilled health personnel, number of human rights violations reported in local media, including some MDG indicators, e.g. prevalence of under-weight children under 5 years of age.

Impact is the broader, longer term change, which will stem from a number of interventions by the partner government and development partners, which the EU funded intervention will (indirectly) influence. Examples of impact indicators: proportion of population living below the poverty line, including some MDG indicators, e.g. under-five mortality rate.

Indicators only describe what is to be measured. They can be either qualitative or quantitative.

Examples from the health sector are: under-five mortality rate; number of health professionals trained

Targets and milestones specify the planned direction for progress. They should be specific, measurable, achievable, realistic and time-bound (SMART).

An example from the health sector is: 80% of under-one year old children in Kenya are fully immunized by December 2015

Baselines give the starting point (current value of indicator) and are required to set meaningful targets.

Annex 2 – Summary table: corporate results frameworks analysed in the Results Study

SUMMARY TABLE	World Bank	Asian Development Bank	African Development Bank	Inter-American Development Bank	UK Department for International Development
Purpose	management and accountability	management and accountability	management and accountability	management and accountability	management and accountability
Structure	4 tiers	4 tiers	4 tiers	just moved to 4 tiers	4 tiers
First Year of implementation	2011	2008	2003	2012	2011
Review	2 years	2 years (small changes); 4 years (full review)	2 years	annual	4 years
Frequency of external reporting	annual	annual	annual	annual	annual
Targets	targets set at level III and IV; progress is measured compared to baseline (direction of travel) for levels I and II; targets set at level I only for MDGs	targets set for levels II, III and IV; targets set at level I only for MDGs and progress is measured compared to baseline (direction of travel)	targets ¹⁹ set at levels II, III and IV; for level I progress is measured compared to baseline (direction of travel) and peer set of countries	targets set at levels II, III and IV; for level I progress is measured compared to baseline (direction of travel)	targets set for level I and II (at level I targets correspond to MDGs)
Level 2: Coverage	currently around 45 % of operations funded report against at least one core sector indicator; the aim is to reach 75% coverage	around 2/3 of operations funded are covered	no clear data available	unclear - intention to achieve 100% coverage but no system to compute coverage has been developed yet	around 45% of DFID's bilateral spending (which is around 65% of its overall portfolio)
Level 2: Attribution/Contribution	contribution	contribution	contribution/attribution (mixed)	intends to attribute	attribution ²⁰
Level 2: Stage in Project Cycle when results information is reported	implementation + completion	completion	completion; moving to include implementation from 2014 onwards	implementation + completion	implementation + completion

¹⁹ The AfDB uses the term "programme results"

²⁰ For bi-lateral results framework indicators

Annex 3 – Overview: EU Development and cooperation results framework

EU Development and cooperation results framework	
<p>Level 1: Development Progress</p> <p>Provides an overview of long term development progress</p> <p>(<u>impact</u> - cannot be attributed to EU projects and programmes)</p>	<ul style="list-style-type: none"> • Poverty Eradication • Good Governance, Democracy and Human Rights • Sustainable and Inclusive Growth
<p>Level 2: Results supported by EU</p> <p>Monitors the direct contribution of EU operations towards country results</p> <p>(<u>outcomes</u> and outputs)</p>	<ul style="list-style-type: none"> • Good Governance, Democracy, Human Rights • Civil Society, Rule of Law, Public Sector Management, Development and Security Nexus • Sustainable and Inclusive Growth • Health, Education, Agriculture and Food Security, Natural Resources, Environment and Climate Change, Energy, Transport, Water and Sanitation, Telecommunication, Jobs, Private Sector development, Trade and Regional Integration
<p>Level 3: Organisational Effectiveness</p> <p>Is EU managing the performance of its operations effectively to achieve results?</p>	<ul style="list-style-type: none"> • Quality at entry and at completion • Portfolio Performance and disbursement rates • Knowledge sharing and capacity development
<p>Level 4: Organisational Efficiency</p> <p>Is EU managing skills, resources and processes efficiently?</p>	<ul style="list-style-type: none"> • Compliance with strategic agendas, Aid Effectiveness Commitments (e.g. sector concentration, joint programming) • Budget Efficiency • Human Resources • Internal Reforms

Annex 4 - Methodological Note, Example (DFID)

Number of insecticide treated bed-nets distributed with DFID support

Indicator description	Number of insecticide treated bed-nets (ITNs) distributed with DFID support
Type of Indicator	Cumulative
Methodological summary:	<p>The distribution of ITNs is an internationally recognised output indicator monitored by National Malaria Control Programmes, the World Health Organisation, UNICEF, the World Bank, Global Fund, UNITAID, G8 countries and for MDG 6c progress reviews.</p> <p>It provides detail on the quantity of ITNs distributed to a population and can be used to calculate coverage rates of ITNs if there is accurate population/denominator data available. It does not provide information on usage i.e. whether a child is sleeping under an ITN.</p> <p>The term ‘insecticide treated bed-nets’ includes long-lasting insecticidal nets, which are considered to have a useful lifespan of 3 years and other insecticide treated bednets which are considered to have an average lifespan of 1 year. Re-treatment of bednets is not included.</p> <p>The term ‘distributed’ refers to physical distribution of the bednet to an individual through routine channels like antenatal care or to households through mass distribution campaigns.</p>
Rationale	The distribution of ITNs is an internationally recognised output indicator monitored by National Malaria Control Programmes, the World Health Organisation, UNICEF, the World Bank, Global Fund, UNITAID, G8 countries and for MDG 6c progress reviews.
Country Office Role	<p>Country Offices in high burden malaria countries will document</p> <ol style="list-style-type: none"> 1. the number of ITNs procured and distributed annually through direct programme/project support ; and/or 2. the proportion of ITNs procured and distributed through the national health programmes that can be attributed to DFID Health Sector or Direct Budget Support.
Data source	<p>Through bilateral support:</p> <ol style="list-style-type: none"> 1. Routine distribution - through a variety of channels, for example antenatal care and social marketing supported by the Ministry of Health. This is monitored through National Health Information Management Systems. The UK share will be pro-rated based on the % UK contribution to health sector/general budget support. 2. Distribution campaigns- through campaign reports by a) the Ministry of Health (MoH) and % share attributed to UK funding or b) by DFID supported NGOs including annual reports by NGOs. <p>This will be done by country offices using MoH and DFID funded programme reports and will then be recorded.</p> <p>Multilateral results that are delivered through bilateral funding should be included. Multilateral results delivered through core multilateral funding will be recorded separately</p>
Reporting Organisation	DFID
Data included	in the 18 high burden malaria countries in which DFID has a bilateral programme
Data calculations	Attribution through, sector and general budget support – see data source above.
Worked example	
Most recent baseline	8.8 million in 2009/10
Good performance	No targets for ITNs.
Return format	Number of insecticide treated bed-nets distributed with DFID bilateral support per year
Data dis-aggregation	It will not be possible to provide meaningful disaggregated data by sex or age on an annual basis because the proposed indicator reflects bednets distributed rather than people sleeping under nets. To complement this indicator, the results of Demographic Health Surveys, Multiple Indicator Cluster Surveys and Malaria Indicator Surveys, which are done on a periodic basis by the MoH and partners, will

	be used to give additional commentary on the extent to which different groups are likely to be reached through DFID support.
Data availability	All sources can report on a financial year basis. Country data is collated and reported on by Ministries of Health, WHO, UNICEF, WB and GF and the G8 on an annual calendar year basis and for MDG monitoring. To ensure consistency and avoid undue workload for Ministries of Health and partners ITN data will be reported on an annual calendar year basis. Data will also be collected through Aries via annual reports and reviews. Multilateral results that are delivered through bilateral funding should be included. Multilateral results delivered through multilateral results will be recorded separately.
Time period/ lag	Approximately 6-12 months
Quality assurance measures	To be determined
Data issues	
Additional comments	