

Toward a Results-Based Monitoring and Evaluation System in the Ministry for Social Development¹

At the end of the 1990s, the *Ministerio de Desarrollo Social* (Ministry for Social Development; SEDESOL), won international recognition for its *Progresa/Oportunidades* program.¹ However, less attention has been paid to the Ministry's efforts to strengthen its monitoring and evaluation (M&E) capacities and tools. The Ministry has designed a sectoral system to focus social development policy on the achievement of results. This note summarizes past developments and progress made in designing this M&E system and identifies some of the main opportunities for improving its implementation.

There were two distinct phases in the development of the SEDESOL's M&E system. The initial phase—analysis, design, and implementation—covers the period from 1999 to 2006. The second phase—reform and expansion—started in 2007.

First Stage: Initial Steps toward a Results-Based M&E System (1999–2006)

In the late 1990s, a new openness in the Mexican political system was accompanied by a wave of reforms that were conducive to evaluation of government programs at the federal level. Three closely related factors are important to an understanding of the nature of the M&E reforms in SEDESOL:

- The considerable influence of the impact evaluation of the *Progresa/Oportunidades* Program, especially among technocrats and in Congress; this influence was mainly due to its careful methodology.
- The creation in 1999 of a legal mandate requiring annual evaluation of all federal programs with rules of operation³ and the reporting of quarterly indicators
- The promulgation of the 2003 *Ley de Desarrollo Social* (Social Development Law), which established the *Consejo Nacional de Evaluación de la Política de Desarrollo Social* (National Evaluation Council for Social Development Policy; CONEVAL).

SEDESOL was one of the first secretaries to realize that evaluation should play a leading role in the modernization of social policy, and this paved the way for the introduction of its M&E system.

In 2001, the Ministry had already established a special unit staffed by a team of professionals with extensive techni-

cal skills in the area of evaluation. This gave the evaluation function a formal and permanent character.

Starting in 2004, SEDESOL commissioned a series of studies regarding its M&E capacity. On the basis of the analysis, it began to design and implement its first system. The main issues are described in Table 1.

In light of this situation, SEDESOL tried to build an evaluation component that included the careful measurement of program impacts. It also sought to develop

Table 1. Diagnostic of Sedesol's M&E Capacity

Area	Analysis
Planning	<ul style="list-style-type: none"> • Insufficient linkage between strategic and operational planning • Poor definition of objectives, indicators, and goals (mainly to goods and services)
Evaluation	<ul style="list-style-type: none"> • Ad hoc arrangements based on <i>Oportunidades</i> experience
Monitoring	<ul style="list-style-type: none"> • Weak human resource capacity and lack of standards
Institutional architecture	<ul style="list-style-type: none"> • Little ownership of M&E functions at the political level • Lack of arrangements for coordination of M&E functions; unclear roles and responsibilities • Lack of incentives to measure results
Information management	<ul style="list-style-type: none"> • Multiple information systems (a total of 33) with no comprehensive approach and no rules on their interaction • Nonstrategic production of performance data, high volume, poor quality, low usage

Source: Readiness Assessment, World Bank (2004).

¹ This note is based in the "Readiness Assessment, Toward Performance-Based monitoring and Evaluation in Mexico: The Case of Sedesol", World Bank, 2004 and several presentations and documents of the General Directorate for Evaluation and Monitoring of SEDESOL Social Programs.

² The program is now called *Oportunidades* and reaches 5 million households.

³ Starting in 1999, the budget of Mexico requires annual external evaluations of all programs with rules of operation (subsidies).

a pilot results-based monitoring mechanism based on four programs (*Opciones Productivas* – Productive Options, *Hábitat*, *Coinversión Social*– Social Joint Ventures and *Apoyo Alimentario* – Food Aid) as part of a gradual implementation strategy.

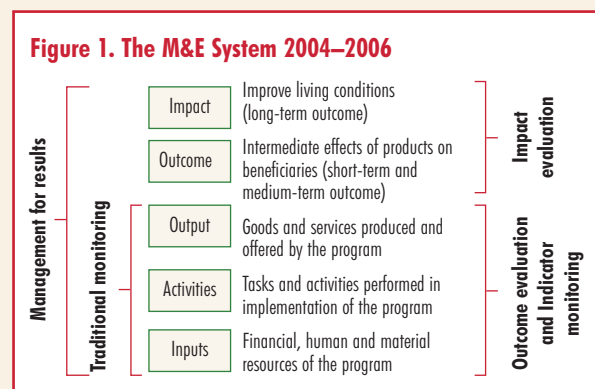
In addition, annual external evaluations of all social programs were conducted- for example, the *Abasto Social de Leche* (Milk Social Supply Program; LICONSA), the *Abasto Rural* (Rural Supply Program, DICONSA), *Opciones Productivas* (Production Options), the *Instituto Nacional de Desarrollo Social* (National Social Development Institute; INDESOL), the *Fondo Nacional para el Fomento de las Artesanías* (National Fund for the Promotion of Handicrafts; FONART), *Microregiones* (Microregions). Although little use was made of the findings in decision-making processes within the Ministry, the practice had a significant influence on other ministries and on the federal authorities. Together with M&E activities, several other initiatives had begun to be conducted in administrative units to improve program planning and information systems.

One of the limitations of this phase was that it emphasized evaluation and the individual management of programs and was not concerned with the system at the broader, sectoral level. In addition, problems of internal coordination and harmonization between the planning and budgeting exercises remained unsolved during this period. However, although limited, the progress achieved led the Ministry to adopt systematic M&E practices.

Initial Version of the Results-Based Monitoring and Evaluation System

The initial system had three components: annual outcome evaluations, impact evaluations, and a system of monitoring indicators (Figure 1). Incorporating the three components in a single system shifted the emphasis from traditional input-based management to achievement of results.

Annual outcome evaluation. This evaluation focused on accountability, with an emphasis on physical and financial goals. Implementation of the resulting recommendations was promoted by a follow-up system.



Source: Adapted by Gonzalo Hernandez-Licona from J. Kusek and R. Rist, "Ten Steps to a Results-Based Monitoring and Evaluation System", World Bank, 2001.

Impact evaluation. The aim was to quantify the causal relationships between actions under the programs and changes in the well-being of the beneficiaries. The evaluation also provided reliable evidence of the effectiveness of various measures. Because these evaluations were more costly and time consuming and required considerable specialization, they were conducted selectively for strategic programs and activities.

Indicator monitoring. The pilot phase included the conceptual design of the system, development of a platform, and creation of logical framework matrices. The matrices were developed at participatory workshops involving the people responsible for program design, execution, and evaluation, resulting in the incorporation of a common results-oriented language.

Second Phase: Consolidation and Expansion of the Monitoring and Evaluation System (2007–Present)

The Ministry has now embarked on a second phase, using a new and more far-reaching model for the system. The changes were made in response to the need to reflect a new and favorable institutional context. It oriented programs and public spending toward the achievement of objectives and goals and tried to measure results objectively by using indicators of efficiency, economy, effectiveness, and quality.

This context was strongly influenced by the reforms of government budgeting adopted in the *Ley Federal de Presupuesto y Responsabilidad Hacendaria* of 2006 (Federal Budget and Finscal Responsibility Law). This law promoted federal initiatives that are currently being developed, such as the *Sistema de Evaluación del Desempeño* (Performance Evaluation System; SED)⁴ and results-based budgeting (RBB). The redesign of the system was also greatly influenced by the *Lineamientos Generales para la Evaluación de los Programas Federales de la Administración Pública Federal* of 2007 (General Guidelines for the Evaluation of Federal Programs of the Federal Public Administration), which were issued by the *Secretaría de Hacienda y Crédito Público* (Ministry of Finance; SHCP), la *Secretaría de la Función Pública* (Ministry of Public Administration; SFP) and the Consejo Nacional de Evaluación de la Política de Desarrollo Social (CONEVAL), Ministry of Finance and Public Credit, the Civil Service Ministry, and CONEVAL. The goal of the guidelines was to regulate the M&E of federal programs. These reforms traced a clear new path toward linking (national and sectoral) planning, budgeting and execution of federal programs, using M&E tools.

⁴ The Performance Evaluation System is a set of methodological elements allowing an objective evaluation of program performance using principles of verification of the extent to which goals and objectives are met, based on strategic and management indicators.

These reforms demonstrated the need for a broader reference framework for management, incorporating the strategic objectives of the country and of the sectors, as well as alignment and dovetailing between them. They involved the challenge of transitioning from a model essentially based on program execution to a broader approach that focused on the aggregate performance of the social development sector.

The objective of the redesign of the system, then, was to put these initiatives into effect in the Ministry. The new design also sought to consolidate the progress made in the previous phase, to take advantage of the experience acquired in the implementation of pilots, and to correct the problems encountered. Another goal was to increase the coverage of the system by incorporating other areas of management evaluation, including the budget.

Second Version of the Results-Based Monitoring and Evaluation System

The new system was conceived as a public management tool designed to (i) provide comprehensive follow-up to the physical and financial progress of programs; (ii) establish a unified framework, based on priority criteria, for annual and impact evaluations, with the goal of verifying whether programs actually improved beneficiaries' quality of life; (iii) to provide feedback on decision making with respect to program execution, funding, and design; and (iv) to facilitate and stimulate management of the Ministry's sectoral and national planning.

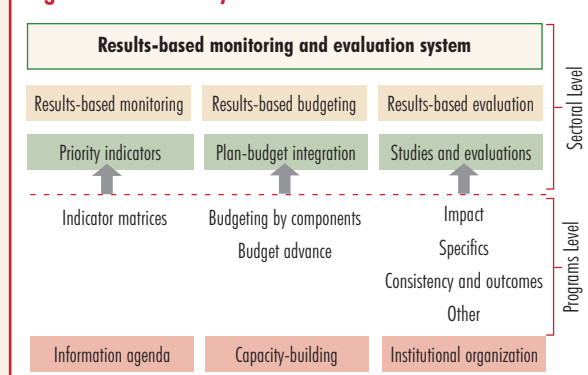
The repositioning of the system had three main pillars: results-based monitoring, results-based evaluation, and RBB (Figure 2). As part of the lessons learned during the first phase, the need for action in cross-cutting areas was also identified: information agenda, institutional organization, and institutional capacity building.

Results-based monitoring: A set of strategic indicators were selected to measure the achievements of the Ministry, with various levels of information (monthly, quarterly, annual, five-yearly) and objectives (results, components and budget). The main user of the indicator report at this level is the Office of the President, and the principal consumer of the monitoring information is the SHCP.

Results-based evaluation. The Ministry bases its evaluations on criteria such as the amount of public resources used for the program or policy, its importance for the sector, the characteristics of the target population, its innovative character, and the potential for the lessons to be applied and replicated. The types of evaluation conducted are described in the General Guidelines for the Evaluation of Federal Programs. They are evaluations of consistency and outcome or design; specific performance evaluations; impact evaluations for strategic programs; process evaluations; and additional evaluations of relevant issues.

RBB. Mechanisms are adopted to ensure appropriate planning and feedback into budget decisions, with performance information obtained from the monitoring and evaluations. The goal is to identify where SEDESOL funds are going and,

Figure 2. The M&E System 2008–Present



on the basis of the M&E, to ascertain whether the desired results are being obtained with the budget. The system is seen as a tool that supports decision making but does not determine decisions, as the budget-outcome relationship is not direct or automatic⁵.

The purpose of the development, strengthening, and integration of these three components is to achieve a better balance in performance information generation processes and to facilitate the use of the information in decision-making processes.

Information agenda. The information agenda should cover normative bases and standards for the generation, compilation, and processing of performance data, as well as mechanisms for monitoring their quality. Parameters of interoperability of existing technological tools and connectivity of offices, agencies, and delegations also need to be defined.

Institutional organization. The goals are improved integration of planning and budgeting processes and adoption of mechanisms to coordinate the execution of institutional monitoring tasks. One of the main objectives of this structure is to ensure that information on performance outcome feeds into decision-making processes and ensures that such efforts are sustainable in the long term.

Institutional capacity-building. This is aimed at disseminating the concepts, instruments, and tools of the system and providing ongoing training to public servants on managing for results and M&E methodologies.

As far as specific progress in this second phase is concerned, the Ministry began in 2007 to move toward the definition and use of logical framework matrices (or result indicator matrices, as they are called in Mexico). This represented another step forward in the improvement and standardization of indicator and goal formulation and in the establishment of more solid bases for measuring program outcomes.

⁵ RBB is initially defined in the form of a presentation.

These matrices have also been used as a tool for strategic planning of budget programs. The matrix indicators for all programs with rules of operation have been linked to the federal budget, and an information platform was used to centralize all the matrix indicators, from level of execution to levels of impact,⁶ and link them to the strategic objectives of the units and the National Development Plan.

These objectives were monitored regularly to verify achievement of related goals. For the purpose of strategic management of information, the SHCP, in coordination with each unit, selected a subset of the key indicators within each matrix for monitoring. The Office of the President also monitors the indicators and goals of sectoral programs.

Conclusions

SEDESOL was one of the first ministries to recognize the importance of evaluation and to establish an M&E system. It thus set an example for other ministries in Mexico, particularly in the context of the SED.

Confirming international trends, the experience of SEDESOL shows that the construction of a results-based management system is a lengthy work in progress. The Ministry built its system incrementally and, although the existing system is not finished, it includes key elements that have enabled it successfully to enhance its results focus and to promote the system's sustainability.

The aim of the development, enhancement, and integration of the system components was to provide a better balance in performance information generation processes and to facilitate its use in decision-making processes. The RBB "pillar" allows budgeting to be linked to appropriate planning of sectoral goals and observed results; monitoring is designed to be an ongoing function to strengthen execution, and evaluation is seen as a selective activity based on policy priority criteria and identification of areas for improvement.

In addition, establishing solid institutional foundations and encouraging coordination mechanisms promoted effective integration of the activities of planning, budgeting, execution, and evaluation.

Another noteworthy aspect of the Ministry's experience is the combination and balance between technical and political elements. The general political context, the political will of key stakeholders and the specific mandates relating to the evaluation of social policies, created an

In 2009, the Ministry had:

- Logical framework matrices in 21 programs with rules of operation
- 500 indicators
 - » 112 linked to results
 - » 170 referring to the quantity, efficiency, and quality of goods and services delivered by programs
 - » The remaining indicators referred to activities needed to produce them
 - » 40 of these indicators were selected as priority indicators for the preparation of the proposed 2010 expenditure budget and budget monitoring

essential incentive for evaluation activities. However, the creation of a directorate specializing in evaluation and the capacity building that it promoted were also crucial in enabling the Ministry to provide good-quality technical responses when necessary.

Now the main challenge for SEDESOL is to fully institutionalize the system and make it operational. This will require a more detailed agenda to ensure efficient production of, and broad, timely, and good-quality access to information. Above all, the Ministry needs to make greater use of the system in its decision-making processes.

⁶ The matrix of indicators includes four levels of program monitoring: activities, components, purpose, and aim. The first levels refer to operational activities and the goods and services generated by the program. The higher levels measure program outcome and impacts and the program's contribution to sectoral objectives.

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