



# en breve



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## INSTITUTIONALIZING MONITORING & EVALUATION SYSTEMS: FIVE EXPERIENCES FROM LATIN AMERICA

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### Background

Many governments in the Latin America and Caribbean region (LAC) have gained an increased understanding of the value of M&E to help both governments and donors alike better understand what public investments and interventions work well, which do not, and the reasons why. Monitoring the performance of public programs and institutions helps increase their effectiveness, provides increased accountability and transparency in how public monies are used, and can inform the budgetary process and the allocation of public resources, thus improving their effectiveness to improve welfare and, consequently, reduce poverty and increase the equality of opportunities.

To further promote the institutionalization of M&E systems, the World Bank, in partnership with the Inter-American Development Bank (IDB), organized a regional conference on June 6-7, 2005 to take stock of the lessons learned. The participants represented finance and sector ministries from eleven countries, as well as experts from academia, bilateral donor agencies, consulting firms, and various sectors of the host institutions. Experiences from five countries, namely Chile, Colombia, Mexico, Brazil and Peru, were shared during the conference, and served as input to determine lessons learned in institutionalizing systems of monitoring and evaluation. The conference also served as a springboard to launch an informal network of policymakers and M&E practitioners to allow such national experiences to be shared much more widely and systematically throughout the LAC region.

### The Chilean Experience<sup>1</sup>

The Chilean system of management controls and results-based budgeting consists of the following tools: performance indicators; program and agency evaluations (including Comprehensive Spending Reviews); a Bidding Fund for public programs; Management Improvement Programs linked to performance bonuses for central government employees; and Comprehensive Management Reports. These tools are all integrated into the budget process, and create synergies from the conceptual elements in their design and implementation. Care has been taken to maintain consistency in the methodology, and to emphasize feedback.<sup>2</sup>

*“Chile’s system is one of the strongest government M&E systems in the world. In achieving this success, the single most important success factor is probably the location of the M&E system - where the system was designed, progressively developed, and is still managed - in the Ministerio de Hacienda [Ministry of Finance], specifically its Budget Directorate (DIPRES). Hacienda has succeeded in creating an “evaluation factory”, which includes a well-developed process for planning, commissioning, managing, reporting and using a range of types of evaluation.”*

-Keith Mackay, Senior Evaluation Officer, Operations Evaluation Department, The World Bank

Other notable features of Chile's M&E system include that:

- DIPRES contracts out all evaluations to academia and consulting firms. The Ministry of Finance manages this process very well, using standardized terms of reference for the evaluations, an open and transparent process of selecting consultants, and making all evaluation reports publicly available via the DIPRES website. The reliance on external evaluators, managed by a central ministry, provides a model for other governments to consider. The approach encourages the independence and objectivity of evaluators. A World Bank study<sup>3</sup> found the evaluations to have a high level of credibility among key stakeholders in the executive and legislative arms of the Government, and in academia.
- Evaluation results are strongly integrated into decision making and impact the budget via confirmation of program effectiveness, major program redesign, or even program abolition. The World Bank review found that the Ministry of Finance also uses the evaluation findings intensively in other ways, including changes in program management that it requires sector ministries to implement, and in its budget reports to the Congress. Indeed, the Ministry of Finance collects regular information on the extent and manner in which the evaluation findings are used.
- Intensive training is provided to the evaluation community.

## Colombia's SINERGIA

Since 1994, the National System for Evaluation of Management and Results (SINERGIA for its acronym in Spanish), has been in operation to track and measure public sector performance. In particular, the government seeks to use the results obtained through the M&E system to improve resource allocation, assist in the formulation of the National Development Plan, and provide information for debate on public policies. SINERGIA consists of three principal components: 1) results monitoring, 2) strategic evaluations, and 3) reporting for accountability or social control. The system also includes a web-based information tool, the System of Programming and Management by Objectives and Results (SIGOB) that provides performance information in real time. Given the strong emphasis on accountability to civil society, the website serves as an effective resource to disseminate information to the public.

There is a need to further strengthen the relationship between evaluation results, and planning and budget preparation. An Inter-Sectoral Committee for Evaluation

and Results-Based Management was created in 2002 specifically to respond to this concern. Indicator overload has also resulted in efforts to simplify performance indicators, limiting their number and enhancing their specificity. This process of simplification will assist officials in analyzing the relationship between policies/priorities and expenditures. Finally, the M&E system has been concentrated at the central level thus far. But replication of the model is planned at the sub-national level, and pilot programs are already underway for municipal governments.

## M&E of Social Programs in Mexico

The monitoring and evaluation of social programs in Mexico is administered through the National Council of Evaluation of Social Policy. A series of rigorous impact evaluations of large social programs, such as the Progres/Oportunidades program, have strengthened the process of M&E in the country.<sup>4</sup> These evaluations have proved highly influential, by persuading the government to retain these programs and to expand their scope considerably. Congress also has assumed an active role in the process, mandating program evaluation of social programs, as well as auditing reports of performance indicators.



Mexico has faced similar challenges as other countries in the region in the implementation of its M&E system. The extensive process of developing and maintaining performance indicators needs further simplification. Not only that, the linkages between evaluation results and budgetary decision-making require strengthening in order to achieve a more systemic influence. The national M&E system is also seeking to identify synergies with evalua-

tion initiatives at the state and municipal levels to expand its reach. The Ministry of Finance and the sector ministries are in the process of developing a stronger framework for a results-based M&E system.

### **The Plan Plurianual and M&E in Brazil**

The centerpiece of the Brazilian system is the national *Plan Plurianual* (PPA), a four-year development agenda that is enshrined in the Constitution. The PPA serves as a key vehicle for addressing strategic government programs. The M&E system influences the PPA by linking the evaluation results with the development plan, and it endeavors to support the creation of an evaluation culture to enhance policy formulation and program implementation and management. The M&E system focuses on assessing program objectives and performance across organizational boundaries, and covers all public expenditures, integrating capital and current accounts. At the same time, few programs have adequate performance indicators.

However, the links between evaluation results and the development of the executive budget are not clear, and even less so with the Congressional budget, although the law requires that the annual budgets reflect the priorities defined by the PPA. A centralized information system, known as SIGPlan, disseminates data and information from the Ministry of Finance to the public. And efforts are underway to integrate the sector ministries' information systems (INFRASIG) with SIGPlan to provide a more unified source of information to facilitate the use of M&E in public decision-making.

### **M&E of Public Expenditures in Peru**

The Ministry of Economy and Finance of Peru launched the National System of Monitoring and Evaluation of Public Expenditures (SSEGP) in 2004 as part of a wider effort to promote results-based management. SSEGP currently is in the design and development phase. Its objectives are to improve public management by providing more information on the results achieved through public expenditures. The performance indicators that are being developed at different levels of the national government (sectors, agencies, organizational units, etc.)

are linked to strategic products. Indicators are also being developed for the sub-national government, where much of the responsibility for basic service delivery lies. Yet as the system is still in the initial stages of development, an evaluation framework, including evaluation tools and criteria to define which programs will be evaluated, remains to be determined.

### **Lessons Learned**

It was evident from the country experiences presented that there is no single “destination” for countries in terms of what a well-performing M&E system looks like. Some countries stress a system of performance indicators, while others focus on carrying out evaluations (program reviews or rigorous impact evaluations). And while some countries have created a whole-of-government approach driven by finance or planning ministries, others are more focused on sector M&E systems. One key characteristic of most of the systems that are now at different stages of implementation in LAC, is that they reflect country-led, rather than donor-driven, efforts to institutionalize M&E.



Yet the shared experience of these countries has led to some collective wisdom about the development of solid M&E systems:

- There is a need to clearly define the roles and responsibilities of the main actors, namely the Planning and Finance ministries, the Office of the President, sector ministries, and Congress. It is also critical to create the right incentives to encourage these stakeholders to assume a greater role in M&E.
- Strengthening M&E systems is not only, nor even principally, a supply-side issue requiring a “technical fix”. For

an M&E system to be considered successful and sustainable, the information and findings of M&E have to be utilized intensively by all stakeholders, including sector ministries and, depending on how the system has been devised, civil society.

- Conservative ministries and staff may resist efforts to implement M&E systems and to use M&E as a management and budget tool. It is essential to have a high-level of commitment and on-going support from powerful champions at the ministerial and senior official levels.
- There is an implicit debate on how to prioritize evaluations – to focus on “problem” programs, pilot projects, high-expenditure or high-visibility programs, or on systematic research to respond to questions of program effectiveness.

### Informal M&E Network for the LAC Region

It was evident from the June conference that a growing number of LAC countries are initiating efforts to strengthen and systematize their M&E functions. Senior officials from the eleven countries represented at the conference found highly valuable the sharing of their country experiences in institutionalizing M&E. They were impressed by the substantive progress achieved in several LAC countries in this field.

*“Truly the stars and the planets have aligned in terms of the interest in this subject [institutionalizing M&E systems], both within countries and in the international community. This is an exceptional window of opportunity.”*

- Manuel Fernando Castro, Head of Evaluation, National Planning Department of Colombia

The proposal was, therefore, made at the conference to create an informal network of key stakeholders, to focus on the institutionalization of M&E and to facilitate South-South learning throughout the region. It was proposed that the network, which will be the first of its kind in the developing world, will be open and flexible, attracting decision-makers, practitioners, experts in and outside the government; high-level officials from sector ministries, finance ministries, and planning departments; parliamentarians and their advisors; academics; consultants and allow them to share their own country experiences with each other, and to provide them with additional regional and some global experience. The World Bank and IDB

are envisioned only as facilitators, so that country ownership is preserved and assured.

*“Country efforts to strengthen their M&E systems can be a catalyst for broader public sector reform. The Bank acknowledges a clear demand for a region-wide M&E network.”*

-Ernesto May, Sector Director, LAC Poverty Reduction & Economic Management, The World Bank

The conference proceedings will be published and disseminated in both Spanish and English, and will be available from the network’s planned website: [www.worldbank.org/evaluation/LACMandE](http://www.worldbank.org/evaluation/LACMandE).

### Notes

<sup>1</sup> *Chile: Study of Evaluation Program Impact Evaluation and Evaluations of Government Programs*, The World Bank, 2005

<sup>2</sup> Guzmán, Marcela, *Systems of Management Control and Results-based Budgeting. The Chilean Experience*, Ministry of Finance, National Budget Office, Management Controls Division, (available at [www.dipres.cl/fr\\_control.html](http://www.dipres.cl/fr_control.html))

<sup>3</sup> The World Bank Report (an evaluation of the Chilean evaluation system) has been commissioned as part of advisory services provided by the World Bank in Chile (Task Manager Fernando Rojas, LCSPS). For full reference, see footnote 1.

<sup>4</sup> Oportunidades, previously known as Progresá, is a conditional cash transfer program that provides monthly cash assistance to poor families if they give their children access to specific educational and health services.

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