EVALUATION AND THE POLICY CYCLE

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POVERTY REDUCTION AND EQUITY
These 12 minutes....

The use of the array of monitoring and evaluation tools along the policy cycle.

...of which ex-ante analysis is only one aspect

And some of the challenges ahead in the use of this tools
The whole policy cycle needs to be accompanied by Monitoring and Evaluation tools so decisions can be based on evidence

- Define what you want → set goals and targets
- Analyze what might work to reach targets → design programs and evaluate ex-ante
- Implement → set performance indicators, a monitoring system, and implement evaluations
But we are far from there...

- 4 years ago, more than half of programs in Mexico had no logic frames.
  - No explicit objectives, no definition of target population
- Countries seldom set targets using scientific methods:
  - Reduce violent crimes from $x$ to $y$ in 5 yrs... is that a meager performance or a great performance?
- Countries rarely define the outcome (say, nutrition), and then decide in which sector is the correct intervention.
- Countries seldom analyze ex ante who are the winners and losers of a policy
Definition of Objectives and Targets

Policy and Program Design

Inputs $\rightarrow$ Activities $\rightarrow$ Outputs

Implementation

Outcomes $\rightarrow$ Impacts

Results
Planning Stage

Definition of Objectives and Targets

Policy and Program Design

Implementation

Results

- Benchmarking
- Logic Framework
- Poverty Analysis
- Ex-Ante Distributional and Poverty analysis

Planning Stage

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Results

- Benchmarking
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Definition of Objectives and Targets

- Logic Framework
- Performance Indicators
- Dashboards

Monitoring Stage

Implementation
- Inputs → Activities → Outputs

Results
- Outcomes → Impacts

Policy and Program Design
Definition of Objectives and Targets → Policy and Program Design → Implementation → Results

- Design Evaluation
- Process Evaluation
- Consistency Evaluation
- Impact Evaluation
- Economic Analysis/Modelling

Evaluation Stage
Bank teams are using a huge array of tools to supporting the planning, monitoring and evaluation stages
Challenges

- Use Benchmarking more intensively.

- Focus on what is the best intervention given the outcome that one wants to change.

- Use all the array of evaluation methods. Answer the question does the intervention worked? (impact evaluation) Why it didn’t? (process evaluation, monitoring system).
There is a lot of evaluation pending of existing programs, and economy wide prams with far from ideal evaluation setting... bulk of public budgets is there.

MX: of 195 evaluations this year, only 5 are IE.

Be sure to use the array of evaluation, ex-ante, impact, process evaluations, as part of a permanent exercise.

Improve the quality and quantity of ex-ante evaluation.
Ex ante poverty and distributional analysis - PSIA

- Tools to analyze impact along the income distribution, including the poor...
  - of specific programs
  - of national or sector wide reforms, or a set of programs embedded in a sector wide reform

- Qualitative, social and political economy analysis, incidence analysis, micro-simulation methods, behavioral models, rapid assessments, general equilibrium models.

- Should be linked to monitoring systems, going beyond averages...focusing on the heterogeneous impact of reforms and programs.
Challenges

- Not just a bureaucratic requirement. Emphasize: “who wins and who loses in a reform?” “what are the distributional impact of this program?” “Is it pro-poor?”
- Use economic and social and political economy theory to tackle the hard questions to evaluate
- Cannot and should not be done always.
- Be patient and be ready. Timing and shape of reforms depend on politics.
- Be pragmatic in terms of methods. Combine quick analysis with more comprehensive methods.
- Work in providing technical assistance and in capacity building at the same time.