Assessing Country Readiness for Results-Based Monitoring and Evaluation to Support Results Informed Budgeting

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One of the primary functions of government is to ensure that resources consumed by government are proportionate with the benefits they deliver to society. In recent times and in many countries, there have been significant pressures on governments to assess how budgetary resources were used to achieve desired policy results. New concepts of transparency, value for money, economy-efficiency-effectiveness models, and civil society participation have significantly transformed the role of government. The shift from inputs and compliance to outputs and outcomes is continuing to change the nature of how governments the world over set, budget for, debate and deliver policy priorities. This brief provides an overview of the role of monitoring and evaluation (M&E) in informing budgetary decisions and presents one tool: The Readiness Assessment – that can help determine the M&E capacity and demand present in a country. Case studies on the use of this assessment are included from Egypt, Romania, and a country in East Asia. This note expands upon an earlier PREM Note on “Assessing country readiness for results-based monitoring and evaluation systems,” describing in detail the connection between M&E systems and budgetary processes.

Over the last two decades, countries have considered reforms aimed at facilitating better decision making by 1) making the budgetary presentation more relevant to policy makers and 2) shifting from an input orientation to a results informed orientation. Many developing countries acknowledge that the current process for budget formulation does not serve as a useful tool for setting priorities in line with national policies. One reason is that many budget systems are not aligned with a system to measure policy and program performance. Today, after hundreds of millions of development dollars have been used to improve both budget and monitoring and evaluation (M&E) systems, governments are still challenged by technical issues to measure, monitor and report. Even more challenging is knowing what to do with information from these systems once available. As Allen Schick (2003) points out, one of the misconceptions of moving to a results-informed budgeting system is thinking that government will be transformed just by having information on how well it is doing. We now know that governments are capable of ignoring performance data and never incorporating evidence into better policies, more aligned

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budgets, and improved public management systems.

After years of rather intense international focus on results/performance- informed budgeting, there is still significant debate how to get it right for a particular country and context. Some argue that the state must first encourage a ‘culture’ where performance of a government is desired, expected and assumed. This means that actors within and outside government understand the importance of having information that reports on how effectively policies and programs are delivering services to ordinary citizens, as well as how well government programs are contributing to the economic wealth of the country, among other goals. This information would be used to support the continuation of current policies or programs or to adopt new ones. Others believe that demand for improved performance can be created by beginning to ask government to report on how the budget is being spent to deliver goods and services.

While the strategies used to introduce results–based budgeting have varied across many countries, there appears to be a number of similar elements that have contributed to a successful shift. Among these elements are seven the author concludes are catalytic in helping to make such a shift:

1. A clear mandate for making such a shift;
2. Economic pressures and other incentives for change;
3. The presence of strong leadership, usually through a strong champion or champions at the most senior level of government;
4. The availability and use of reliable information for policy and management decisions;
5. Clear linkages between decisions regarding government goals and budget allocations;
6. Involvement of civil society as an important partner with government; and
7. Pockets of innovation that can serve as beginning practices of pilot programs.

The Role of Results-Based Monitoring and Evaluation Systems to Inform Results Budgeting

Results-based monitoring and evaluation (RM&E) is different from traditional monitoring and evaluation in that traditional M&E addresses compliance questions: did they have an impact? did they complete the agreed activities? did they spend the funds as planned? Results based M&E aims to answer questions such as: what does success look like and how is it being achieved? This requires thinking about policy questions and the role of government in delivering the services that citizens care about. Thus, RM&E is both a policy and technical tool to support how governments align policy setting with the effective use of budget resources. As governments begin to address the challenges of implementing a performance or output based budgeting programs, they face the necessity of being able to document their performance with credible and trustworthy information. Creating a system that produces information on the performance of government activities and policies is a profoundly political act. Bringing results-based information into the public arena can change many dynamics within and outside government, budgeting and resource allocations, personal political agents and public perception of government’s effectiveness. Moving to a new emphasis on measuring how government is performing will not happen without strong political leadership. RM&E is inextricably linked to a
successful results-based (output or outcome) budgeting scheme and its attendant shift towards
creating a culture that cares about how policies and programs are implemented to deliver
effective services for citizens.

There is a technical component to be considered in introducing these systems as well. Designing
and building a reporting system that can produce trustworthy, timely, and relevant information
on the performance of government programs, and policies requires experience, skill and new
capacities. Some of these capacities, at a minimum, must include skills related to conducting
policy analysis on trends and issues in various sectors; working with and within ministries to
understand how the trends and issues support policy priorities and tradeoffs; the ability to
successfully construct indicators; collect, aggregate, analyse and report on performance data vis-
a-vis the indicators and their baselines, and the skill and understanding to know what to do with
the information once it arrives in the hands of the intended users.

Countries that do not have time or funds to build the necessary data skills within sectors or
ministries can begin to make better use of data produced by other sources such as the private
sector, international donors or other governments. Governments with limited analytical and/or
administrative capacity may also wish to employ only a few performance indicators for each key
ministry. As recommended by Schick, these should ideally measure the things that citizens can
see and feel for themselves. This has the benefit of providing government authorities with an
alternative channel for verifying outcomes and a way to certify the value of government to the
general population.

What is the Readiness Assessment Tool and how can it help make the shift to RM&E?

Readiness Assessments can help countries diagnose their M&E capacity and determine the
resources available to support such systems, where in government to begin, what incentives are
in place, and what demand exists for such information. This note describes an approach for
conducting Readiness Assessments that follows experience and guidance articulated in Ten Steps
to a Results-Based Monitoring and Evaluation System: A Handbook for Development
Practitioners, by Jody Kusek and Ray Rist. This approach recognizes that building a
monitoring and evaluation system presents political and managerial challenges that are at least as
significant as the many technical issues inherent in the task.

Lessons from extensive country experience show that new monitoring, and evaluation systems,
must be designed to fit and complement current strategic, political and capacity conditions. To
do so, it is important to assess where a country stands in terms of two broad issues. First, what is
the demand for information on how well government policies and programs are being
implemented? If there is little demand for this type of information, it may be first necessary to

3 Jody Zall Kusek and Ray C. Rist 2004.Ten steps to a results-based monitoring and evaluation system : a hand-
4 Conventional practice tends to conflate monitoring and evaluation into a single category, when in fact they are
quite distinct, though of course related.
develop a culture where performers are rewarded and/or citizen groups feel comfortable asking questions about what government is doing to deliver on its promises made during elections.

A key issue is to understand the strategic environment- what stakeholders are involved and what are the stakes in the inevitably political process of specifying and reporting on results? How visible and credible is political and leadership commitment to the exercise? Experience across developed and developing countries, centralized and decentralized systems confirm that incentives and demand for information on results is the single greatest factor determining the degree to which these systems genuinely add value to the reach and impact of public programs and policies.

Encouraging a focus on results in public management can easily become a bureaucratic, meaningless exercise if the interest of leadership is not frequently and effectively expressed. A major focus of a Readiness Assessment is thus to identify the current status of demand for monitoring from a variety of stakeholders, and to identify ways to strengthen stakeholder engagement in the process of improving accountability, transparency and learning.

Second, a readiness assessment needs to identify strengths and gaps in country capacity to develop and use monitoring and evaluation tools over the long run -- the supply side of the issue. How can a results based monitoring and evaluation system enhance and amplify the effectiveness of current monitoring and decision making processes? What are the risks of duplication or fragmentation of effort? What are the human resource, time and financial resource implications of the proposed effort, and do the champions for the system have the authority and flexibility to make the resources necessary for success available in a timely manner? Are the managerial and technical skills to lead and guide the work required to build and learn from a pilot experience in place? 5

This assessment tool focuses on collecting baseline information on how well positioned a government is to design, build and sustain a results-based M&E system. It is divided into three sections: incentives; roles and responsibilities; and capacity building. There are 40 questions in the instrument that cluster into eight areas, as presented in Box 1. These questions identify issues at the national, sub-national, or sector-wide levels of government, rather than at the program or project level.

The readiness assessment tool seeks to assist individual governments, the donor community, and their multiple development partners also involved in public sector reform to systematically address the requisites (present or not) for a results-based M&E system. With the information garnered from this effort, development partners can help address the challenges inherent in improving on the current system used to track progress towards achieving the results from government action. The challenges, among others, will be to ascertain what political

5 For key managerial and technical tasks such as (but not limited to !) preparation and effective dissemination and training in the guidance materials, understanding and preparation of results chains and logical frameworks, specification of indicators and associated communication and software support systems, and design and operation of control mechanisms to assure system reliability, transparency and most critically, client satisfaction.
Box 1: Eight Question Areas for Assessment

Incentives
1) Are there champions for results-based M&E evident within the country?
2) What proposed/existing government reforms are underway or planned to which a results-based M&E initiative might be linked?

Roles and responsibilities
3) Where and by whom is results-based M&E information used to assess government’s performance?
4) What management framework exists within the government to oversee the introduction and continuation of a results-based M&E system?
5) Are there any evident links between budget/resource allocation procedures and M&E information?
6) Who regularly collects and analyzes results-based M&E information to assess government’s performance? (inside or outside the government)

Capacity building
7) Where does capacity exist to support a results-based M&E in such fields as social science, evaluation, data management, public management?
8) Are there proposed or existing public sector reforms to which a results-based M&E initiative might be linked?

support does or does not exist, what technical training, organizational capacity building, and sequencing of efforts will be needed to design and construct the necessary infrastructure to produce, collect, analyze, and report relevant information.

As is evident from the eight categories of questions listed in Box 1, this approach attaches great importance to understanding the institutional and political dimensions of creating a results-based M&E system. As noted above, the underlying logic presumes that building such a system is first and foremost a political process – with, of course, multiple technical considerations and components. But it is not the reverse. Creating within a government a new information system that brings more transparency, accountability, and visibility can alter political power bases in organizations, challenge conventional wisdom on program and policy performance, drive new resource allocation decisions, and call into question the leadership of those responsible. Such an action is highly political from any vantage!

In short, undertaking a readiness assessment provides the basis for an action plan to move forward within the government on the multiple fronts (political and technical) necessary to create such an information system.

What follows is a brief overview of the application of the readiness assessment instrument in three countries: One East Asian Country, Egypt, and Romania.
Case Study: East Asian Country

Assessment Summary: This assessment was conducted in July 2010. At this time, the government is discussing a plan and timetable for a number of management and budget improvements. The following key findings were made over the course of this assessment that identifies issues that will need to be addressed prior to making a shift to a culture that cares about government performance and a willingness to be held accountable for actual deliverables and other results of government action.

The Assessment did not identify a ‘Champion’ at the highest level of government to support a shift toward a performance culture or to RM&E. In all countries that have been moderately or even slightly successful this is a requirement for moving forward. Other East Asian countries have such champions including Malaysia, Thailand and China.

There is a general lack of accountability for results in Government. A symptom of this is the lack of alignment between the national planning and budgeting processes. Ministries are also asked to prepare an annual or operational plan for each year of the corporate plan. These plans lay out in more detail, what will be achieved from the implementation of each activity. The annual national budget, however, is not organized by goals or activities. Instead, it is arranged by ministry, division, and inputs to be procured. In most cases, the budget division codes are not well aligned with the activities, outputs, or programs found in the corporate or national plans. Due to this lack of alignment, it is quite difficult to detect any link between the annual plans and the annual budgets.

Since budget decisions are not transparent to national and local officials, there is little incentive to keep good records on how money was spent. An example of this is in a regional rural clinic. The registered nurse kept records on patients seen, drugs dispensed, etc. However, she reported to have never been visited by anyone from the Ministry of Health, nor did she receive any summary reports related to the reports she submitted monthly to the Provincial Hospital. It is also noted that during a visit to a local clinic we observed the facility to be in shambles. Records were thrown in boxes left outside, pharmaceutical products were found in open cartons and not recorded and stored appropriately and the facility was, overall, filthy. It would seem unlikely that there was any accountability over care provided for in that facility. There is no effective mechanism for different parts of the government to come together to discuss policy priorities and resource deployment. International experience has shown that this is necessary to develop an “esprit de accord” across ministries about practices used to measure the results of their programs. While, in many countries, these efforts are not directly linked to budget resources, they do provide opportunities to build a performance culture within ministries and across the government. There appears to be a generalized feeling that policies set centrally do not incorporate the views and priorities of local level actors. This has resulted in a lack of ownership for government priorities expected to be successfully delivered on the ground.

Capacity issues will affect success in moving to results based monitoring and evaluation. There is the almost complete absence of good data in many areas. Surveys that do exist are not reliable, and not routinely done. There is no incentive to collect or use data for decision making and thus a lack of attention to upgrading skills in this area.

The Assessment noted several “Pockets of Innovation” where there are laudable efforts underway to link the implementation of programs and activities to the achievement of results. The team noted such pockets in three sectors and recommended that these three become performance pilots to test whether a shift towards RM&E would be successful.
Case Study: Egypt

Assessment Summary: After 9/11 Egypt experienced a number of economic problems, including a significant reduction in revenues from tourism. There was interest across the government, especially from the Ministry of Finance, to develop new systems to assess how effectively the government is using its resources to achieve its goals. A readiness diagnostic was conducted in Egypt to assess preconditions for designing and implementing a results-based M&E system.

Conducting the readiness assessment uncovered significant interest in Egypt for moving towards a climate of assessing performance on the part of many other senior government officials. The President himself has called for better information to support economic decision-making. The Minister of Finance was found to be a key champion for the Government of Egypt’s move to a results focus. A number of other senior officials identified who could play important roles in serving as champions. Indeed, the First Lady of Egypt who chairs the National Council for Women is developing a system to monitor and evaluation efforts across many ministries to enhance the status and condition of women in Egypt. However, for an M&E effort to be successful and sustainable, there must be “buy-in” from line ministers who are responsible for resource expenditures and overseeing the implementation of specific programs. The team found interest in monitoring and evaluation for results on the part of several line ministers, including the minister of Electricity and Energy and the Minister of Health.

The readiness assessment also revealed a high level of capacity within Egypt to support the move towards a results-based strategy. A number of individuals with evaluation training were identified at the University of Cairo, the American University of Cairo, and private research organizations. In addition, the Central Agency for Public Mobilization and Statistics (CAP-MAS), and the Cabinet Information Decision Support Center have key roles in collecting, analyzing, and disseminating data to be used by both government and non-government researchers and policy makers.

The diagnostic identified a fragmented strategy for moving the effort forward. A set of pilots had tentatively been identified, yet there was little if any criteria for establishing these as performance pilots, nor was there a management structure set up within the government to effectively manage the overall effort. The Minister of Finance, however, had begun to define an approach that if implemented would provide the necessary leadership to move the effort forward. He was definite in his desire to move slowly and to nurture the pilots, learning along the way.

Conclusion: The results of this readiness assessment suggests that the Government of Egypt is prepared to take ownership of the effort and to systematically and slowly begin to introduce the concepts of results management. Visible capacity exists that can be drawn upon to sustain the effort and, of most significance, is the obvious political support to provide the necessary leadership.

Source: Adapted From World Bank Report: Readiness Assessment- Toward Results- Based Monitoring and Evaluation in Egypt
Case Study: Romania

Assessment Summary: The Government of Romania had already undertaken budget performance pilots whereby pilot agencies were asked to submit a set of performance measures as an annex to the annual budget. The pilot program began in 1998 with five agencies participating, moving to eight the following year, then to thirteen, and then in 2001 to the remainder of the government. At the time of the readiness assessment, the government was still in its pilot phase, with a new budget year to include thirteen pilots. These pilots were largely ignored by government managers and not taken seriously by parliament with regard to allocating funds to agencies based on performance indicators. However, the pilots did represent a focus for learning how to develop appropriate performance indicators to monitor the effectiveness of the annual budget.

The Minister of Finance appeared to be a strong champion of the effort and could be seen as someone who could provide the political leadership necessary to seed and sustain a larger results-based management effort. Two additional potential champions were also identified: the Minister of Justice and a Counselor to the Prime Minister. Both were leading efforts to improve management of the Government and both recognized the importance of being able to report on the success of the strategy in meeting goals of the programs.

In terms of understanding of data management principles and a workforce skilled in this area, Romania seemed far ahead of many other developing and transitioning economies. In addition, underlying the Government of Romania’s commitment to move to a performance management system are a number of key drivers. These include a framework of new laws, working towards EU accession, and the expectations of civil society. One change in the legal framework includes a set of laws making easier a drive towards e-administration.

While a number of potential promising opportunities were identified during this assessment, a number of barriers were also seen to prohibit a serious adoption of results-based M&E. These include the lack of understanding within Romania’s public sector of what is entailed in developing a performance-oriented management culture; conflicts with other overall government priorities; and the remnants of the old central planning mentality in some areas of the Government.

Conclusion: The results of this readiness assessment for Romania suggest that there may be a number of opportunities at this time to support the introduction of results-based monitoring and evaluation. The ongoing performance budgeting effort and other government reforms could provide significant focus for a focus on results. Moreover, there appears to be high level political leadership to give the effort a jump-start within at least three pilot areas: budget, anticorruption and poverty reform.

Source: Adapted From World Bank Report: Readiness Assessment- Toward Results- Based Monitoring and Evaluation in Romania
Lessons Learned

A number of lessons are emerging from conducting these assessments. We have found that first and foremost, it is important to understand the situation within a given country before investing new or additional funding for monitoring and evaluation improvements. In our review of the East Asian country, there were political pressures to restructure and revise the current budget presentation to include performance information in the next budget submission. The assessment provided the Ministry of Finance with some of the real risks in (i) moving too quickly; (ii) not ensuring the necessary buy-in from the rest of the government and; (iii) not understanding the current lack of alignment between planning and finance. Likewise in both Egypt and Romania, the readiness assessment provided vital information regarding likely entry points for designing and building a results-based M&E system that had the benefit of strong champions and were in support of reforms already underway in the country.

Second, conducting the readiness assessment in Egypt also showed us the value of having the country drive the process. The Minister of Finance supported the move to results-based management with leadership and continued direction of the process. He was in a position to bring in his ministerial counterparts across government and form key performance partnerships. He also led the discussion with the Minister of Planning to ensure necessary alignment in the setting and execution of policy priorities.

Third, having a mandate to move towards a results climate prior to introducing results-based M&E programs is important. This mandate might, for example, be a law to reform the budget management of the country; as part of a larger program for public management reform; pressure from a concerned citizenry; or the desire to make good on political promises.

Fourth, a successful results-based M&E system must have sustained leadership. While it is important to have good program managers overseeing the implementation of government programs, there must also be strong political support at the very highest levels of government. The country, through its government, must be in the driver’s seat in developing these systems. We have found consistently that without a strong champion who is willing to take on the ownership of a results-based M&E system, it will not be built, nor used.

Fifth, similar to number two above, there must be the capacity within the country to design, implement, and use a results-based M&E system. It is not enough to acquire such skills as social research, public management, statistics, or data management from international donors. The skills need to reside within the country and be available to contribute to a program of regularly assessing the performance of government. If the skills are not present and available in sufficient qualities then a concerted capacity building program is a necessity.
In sum, all countries need good information systems through which they can monitor their own performance. Consequently, assisting developing countries to achieve this capacity merits the time and attention of the global development community.

References

Kusek, J.Z. and Ray C. Rist,  Ten Steps to a Results –Based Monitoring and Evaluation System  2004
Annex A

Terms of Reference for a Readiness Assessment

The Objective: The objective of the readiness assessment study is to understand the existing political, organizational, institutional, legislative, and cultural factors and contexts that will shape the design and creation of the results based M&E system for the developments plans and program in a country.

Specifically, the study will explore where the Government stands in relation to a number of critical factors including organizational roles, responsibilities, and capabilities; incentives and demands for such a system; ability of the organizations involved to sustain the system; and so forth. It will highlight whether the involved organizations are actually ready and able to move forward in building, using, and sustaining the system.

The Content: It is expected that the readiness assessment study will deliver the readiness assessment report that contains the following subject headings:

1. Introduction
2. Methodology
3. Assessment Findings
4. Pathway to Performance- Possible next steps
5. Annexes

Incentives and Demands for Designing and Building a Results-Based M&E System

- What is driving the need for building an M&E system (What potential pressures are encouraging the need for the M&E System for the Development Plans and Programs and why?)
- What is motivating the Government or key ministries towards building an M&E system?
- Who will own the system?
- Who will benefit from the system?
- How much information do they really want?
- Who will not benefit from building an M&E system?
- How will the M&E System link project, program, sector, and national goals?
- How will the system directly support better resource allocation and the achievement of program goals?
- How will the organization, the champions, and the staff react to negative information generated by the M&E System?

Roles and Responsibilities and Existing Structures for Assessing Performance of the Development Plans and Programs

- What are the roles of key organizations in assessing performance?
• What is the role of parliament?
• What is the role of the Chart of Accounts?
• Do key agencies share information with one another?
• Is there a political agenda behind the data produced?
• What is the role of civil society?
• Who produces data?
  - At the national government level, including central agencies, line ministries, etc.
  - At the sub-national or regional government level, including local government, NGOs, donors, and others
• Where in the government are data used?
  - Budget preparation
  - Resource allocation
  - Program policymaking
  - Legislation and accountability to parliament
  - Planning
  - Fiscal management
  - Evaluation and oversight.
• Is there a legislative basis that regulates the existing monitoring and evaluation activities (including the roles and responsibilities of the institutions involved) around the development plans and programs? Strengths and weaknesses of it. In what ways can it be improved / redesigned to better suit the objectives?

Capacity Building Requirements for a Results-Based M&E System

Capacity building requirements with respect technical skills; managerial skills; existence and quality of data systems; available technology; available fiscal resources; and institutional experience. Analysis of existing or possible barriers to building an M&E system, including a lack of fiscal resources, political will, political champion, expertise, strategy, or prior experience.

• What skills exist in the government ministries or key agencies in each of the following five areas:
  - Project and program management
  - Data analysis
  - Project and program goal establishment
  - Budget management
  - Performance monitoring and evaluation
• Is there any technical assistance, capacity building, or training in M&E now underway or that was done in the past two years? Who provided this help and under what framework or reform process?
• Are there any institutes, research centers, private organizations, or universities in the country that have some capacity to provide technical assistance and training for civil servants and others in performance-based M&E?