



# KEY CONCEPTS, TERMINOLOGY AND ISSUES IN IMPLEMENTING RESULTS BASED MONITORING AND EVALUATION

PEMPAL BCOP PLENARY MEETING

ANTALYA, TURKEY

3-6 MARCH 2014

DAVID SHAND

PFM CONSULTANT

DAVIDSHAND@XTRA.CO.NZ

# Opening Messages

- ▶ The concepts are simple
- ▶ Implementation is more difficult
- ▶ We overcomplicate things by jargon
- ▶ And by focusing too much on processes and not enough on the substance of RBME
- ▶ RBME must make a difference in government performance
- ▶ There is no single concept of RBME – no “one size fits all”
- ▶ Rather there is a range of potential components and approaches
- ▶ Different countries may focus on different components and use different approaches
- ▶ But there are certain basic principles
- ▶ We need to keep a “clear head” and focus on these principles

# Principles of Results Based Management

- ▶ Managers at all levels know what results are expected of them
- ▶ They understand how their results contribute to higher level objectives
- ▶ They have appropriate and predictable funding to achieve these results
- ▶ They have reliable and timely performance information
- ▶ They have adequate management flexibility to achieve desired results
- ▶ There must be consequences (incentives) from the results – including learning and performance improvement not simply punishment or reward
- ▶ This can be summarized as “make the managers manage” and “let the managers manage”

# Principles of Result Based Management (2)

- ▶ All aspects of management must support RBME
- ▶ The budgeting system must support a results based approach – see OECD-PEMPAL survey of budget practices
- ▶ Personnel management requires clear job descriptions and tasks which articulate with organizational objectives and thus support RBME
- ▶ But there is a difference between organizational /program performance and individual performance – e.g. we should not mix performance pay with RBME
- ▶ Monitoring and evaluation are a “normal part of management life” – not a “threat”
- ▶ Well performing RBME systems focus on self monitoring and evaluation, as well as external monitoring and evaluation

# Different Components of Results

- ▶ **Impacts** (Social Indicators)

Comparisons with the past or with other countries on high level results such as life expectancy, mortality rates, educational achievement etc may suggest sectors requiring greater policy attention. Millennium Development Goals are relevant here.

- ▶ **Effectiveness** (Outcomes)

achieving the objectives of programs. Focus is on resource allocation in line with government priorities

- ▶ **Efficiency** (Outputs)

Measured by unit costs. Labor and capital productivity are common measures

# Different Components of Results (2)

- ▶ Service Quality
  - e.g. accessibility, timeliness, continuity, accuracy, courtesy
  - etc. Some will relate to outcomes.
- ▶ User satisfaction surveys may be a useful “cross check” on performance information produced by suppliers of services
- ▶ Financial Performance
  - e.g. achieving profitability, revenue targets, maintaining expenditure control
- ▶ Process Measures - e.g. evaluation of organizational structures, management systems and processes etc
- ▶ Balanced score card approach - maintaining organizational capacity
- ▶ Survey results show wide range of components used but less emphasis on service quality

# Understanding Results

- ▶ There is no single “bottom line” in the public sector
- ▶ Need to prioritize and to understand hierarchical inter-relationships between different components of results
- ▶ For example how do particular outputs contribute to particular outcomes
- ▶ It is possible to efficiently produce outputs which have limited or no contribution to outcomes (effectiveness)
- ▶ The different components are not mutually exclusive – all are needed, depending on the level of management at which the decisions are made
- ▶ Different levels of management have responsibility for different components of results

# Understanding “Results” (2)

- ▶ E.g. whether a new highway project achieves its objectives (effectiveness) is the result of the decision to build the highway – made at the political level (?)
- ▶ Whether it has been constructed within budget and appropriate unit costs and appropriate quality is the responsibility of the engineering project team
- ▶ Outcomes are more important but more difficult to measure
- ▶ Outputs are easier to measure but may be too narrow for high level budget dialogue with MOF and legislature
- ▶ Results is by definition a medium/long-term concept
- ▶ Different countries may emphasize different dimensions in their RBME system



# Monitoring and Performance Indicators

- ▶ A continuing function that uses systematic collection of data on specified indicators to provide ..indications of the extent of progress and achievement of objectives
- ▶ Developing performance indicators needs to be done carefully – what is measured is what counts
- ▶ But indicators are just indicators, not the total picture
- ▶ “Not everything that counts can be counted and not everything that can be counted counts”
- ▶ But don't rush into performance indicators until objectives have been determined
- ▶ This requires a strategic planning process- to legitimize the indicators

# Issues with performance indicators

10

- ▶ Some countries have extensive performance indicators(perhaps thousands) as part of budget documents )
- ▶ Displayed in budget documentation produced by MOF but may be limited linkage to program management in sector ministries
- ▶ Simplicity versus comprehensiveness - not too few indicators and not too many
- ▶ At what level to set any targets -realistic or motivational
- ▶ Interpreting the level of results (a relative concept).
  - Comparison with last year
  - Comparable organizations (benchmarking)
  - Budgeted (but realistic or motivational level?)

# Issues with performance indicators (2)

- ▶ Don't overlook the input (cost) side – this is part of performance.
- ▶ Note possible dysfunctional indicators and game playing with indicators e.g crime rates, hospital waiting lists
- ▶ Need for homogeneous indicators – not “apples and oranges”
- ▶ Must be collectable at reasonable cost
- ▶ And must be objective and reliable
- ▶ And understood and accepted by those whose results are being measured
- ▶ Survey results indicate poor quality of indicators is a key issue in many countries

# Evaluation

- ▶ The systematic and objective assessment of an ongoing or completed project or program, its design, implementation and results .. In terms of efficiency, effectiveness, impact and sustainability
- ▶ Survey results suggest evaluation is generally understood but in a significant number of countries is not used
- ▶ Monitoring *indicates* whether there is a problem
- ▶ Evaluation *attempts* to determine what any problem is
- ▶ The evaluation may not be conclusive
- ▶ Is the problem with program design, implementation, under-funding, lack of public understanding – or some or all of these ?

# Evaluation (2)

- ▶ Program evaluation may require detailed information which is difficult/costly to obtain
- ▶ Therefore it is done selectively
- ▶ But decisions must generally be made with imperfect information (avoid “paralysis by analysis”)
- ▶ Reviews are less comprehensive and in-depth than evaluations
- ▶ Ex ante versus ex post evaluation – what should be the balance?
- ▶ Internal (self) evaluation versus external evaluation – what should be the balance?
- ▶ Good evaluation requires professional skills and training – and an objective, ethical approach
- ▶ Survey results suggest lack of skills and training is an issue

# Moving from Measurement to Decision Making

- ▶ A change in thinking may be required
- ▶ Reporting results is not an end in itself
- ▶ The linkage between results (whether from monitoring or evaluation) is not an direct one
- ▶ Performance indicators have limitations
- ▶ Evaluations may not be conclusive
- ▶ Therefore a dialogue is need to interpret the monitoring and evaluation information
- ▶ Thus decision making is “informed” by this information
- ▶ Survey results suggest limited impact of performance information on budgetary allocations
- ▶ And lack of political interest in results information and political will as a limitation

# Developing Appropriate Institutional Arrangements

15

- ▶ MOF takes the lead on budget reforms – e.g. results based budgeting
- ▶ Other central ministries (Presidency, Economy, Civil Service) may have their own RBME initiatives
- ▶ For example national planning systems and the strategic plans required from sector ministries
- ▶ A single RBME initiative is preferable
- ▶ But if there are separate systems they must be linked – e.g. national planning and budget systems
- ▶ External audit will usually have its own evaluation powers
- ▶ Survey results indicate more than one initiative in some countries

# Moving Beyond Monitoring to Evaluation

16

- ▶ A change in thinking may be required
- ▶ Comparison of actual results with targets (monitoring) does not explain the reason for the results
- ▶ Evaluation goes behind or beyond the indicators to attempt to do this
- ▶ But given information and resource costs and skills limitation not everything can be evaluated
- ▶ But evaluation is not just of projects or special initiatives
- ▶ All regular on-going government expenditure belongs to a program
- ▶ Including civil service salaries, even if staff cannot be removed or reassigned
- ▶ Programs are not just those activities receiving “helicopter” funding from the government



# Developing Ministry owned strategic and work plans

17

- ▶ The building blocks of RBME – from the “bottom up”
- ▶ Whereas high level government objectives e.g. from the National Planning system are from the “top down”
- ▶ But *implementation* occurs at the sector ministry level
- ▶ Developing the link between the “bottom up” and the “top down” is key in RBME
- ▶ Sector ministries and central ministries must both understand this linkage
- ▶ Sector ministry ownership of strategic and work plans is key
- ▶ As is central ministry oversight or sector ministry strategic and work plans
- ▶ Survey results indicate widespread strategic and work plans

# Closing messages

- ▶ The concepts are simple
- ▶ Implementation is more difficult
- ▶ We overcomplicate things by jargon
- ▶ And by focusing too much on processes and not enough on the substance of RBME
- ▶ RBME must make a difference in government performance
- ▶ There is no single concept of RBME – no “one size fits all”
- ▶ Rather there is a range of potential components and approaches
- ▶ Different countries may focus on different components and use different approaches
- ▶ But there are certain basic principles
- ▶ We need to keep a “clear head” and focus on these principles