Ten Steps to a Results-Based Monitoring and Evaluation System
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Jody Zall Kusek
Ray C. Rist

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An effective state is essential to achieving sustainable socioeconomic development. With the advent of globalization, there are growing pressures on governments and organizations around the world to be more responsive to the demands of internal and external stakeholders for good governance, accountability and transparency, greater development effectiveness, and delivery of tangible results. Governments, parliaments, citizens, the private sector, nongovernmental organizations (NGOs), civil society, international organizations, and donors are among the stakeholders interested in better performance. As demands for greater accountability and real results have increased, there is an attendant need for enhanced results-based monitoring and evaluation of policies, programs, and projects.

Monitoring and evaluation (M&E) is a powerful public management tool that can be used to improve the way governments and organizations achieve results. Just as governments need financial, human resource, and accountability systems, governments also need good performance feedback systems.

There has been an evolution in the field of monitoring and evaluation involving a movement away from traditional implementation-based approaches toward new results-based approaches. The latter help to answer the “so what” question. In other words, governments and organizations may successfully implement programs or policies, but have they produced the actual, intended results? Have governments and organizations truly delivered on promises made to their stakeholders? For example, it is not enough to simply implement health programs and assume that successful implementation is equivalent to actual improvements in public health. One must also examine outcomes and impacts. The introduction of a results-based M&E system takes decisionmakers one step further in assessing whether and how goals are being achieved over time. These systems help to answer the all important “so what” question, and respond to stakeholders’ growing demands for results.
This handbook is primarily targeted toward officials who are faced with the challenge of managing for results. Developing countries in particular have multiple obstacles to overcome in building M&E systems. However, as we shall see, results-based M&E systems are a continuous work in progress for both developed and developing countries. As we have learned, when implemented properly these systems provide a continuous flow of information feedback into the system, which can help guide policymakers toward achieving the desired results. Seasoned program managers in developed countries and international organizations—where results-based M&E systems are now in place—are using this approach to gain insight into the performance of their respective organizations.

This handbook can stand alone as a guide on how to design and construct a results-based M&E system in the public sector. It can also be used in conjunction with a workshop developed at the World Bank entitled “Designing and Building a Results-Based Monitoring and Evaluation System: A Tool for Public Sector Management.” The goal of the handbook is to help prepare you to plan, design, and implement a results-based M&E system within your organization. In addition, the handbook will also demonstrate how an M&E system can be a valuable tool in supporting good public management.

The focus of the handbook is on a comprehensive ten-step model that will help guide you through the process of designing and building a results-based M&E system. These steps will begin with a “Readiness Assessment” and will take you through the design, management, and, importantly, the sustainability of your M&E system. The handbook will describe these steps in detail, the tasks needed to complete them, and the tools available to help you along the way.

Please also note the additional materials available in the annexes that can be used to enhance your understanding of the strategy described here for building your own results-based M&E system.

We owe a special note of gratitude to the Policy and Operations Review Department of the Dutch Ministry of Foreign Affairs, specifically to Rob D. van den Berg and Hans Slot. Through their financial support (via a Dutch Trust Fund at the World Bank) and their intellectual encouragement, they have been prime supporters of this initiative. That this handbook has come to fruition is profoundly due to their consistency and vision.

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We would also like to acknowledge the comments and critiques from the following colleagues here in the Bank, Osvaldo Feinstein and Laura Rawlings. We also want to thank Jonathan Breaul and Frans Leeuw for their constructive reviews as well. Their efforts are most appreciated.

Building a results-based M&E system takes time. There will be many twists and turns along the road, but the journey and rewards are well worth it.

Jody Zall Kusek
Ray C. Rist
Washington, D.C.
About the Authors

**Jody Zall Kusek** is the World Bank Africa Region Results Monitoring and Evaluation Coordinator. She advises on strategies to improve the capacity of M&E in both Bank and client organizations. Previously she was a Senior Evaluation Officer at the World Bank, implementing Bankwide improvement initiatives in the area of results-based monitoring and evaluations. Before joining the World Bank, Ms. Kusek was Director of Performance Planning for the U.S. Secretary of the Interior and Principal Management Advisor to the U.S. Secretary of Energy. Previous work also includes leading the Natural Resource Management Performance Review for former U.S. President Clinton. She has worked in Albania, Egypt, the Kyrgyz Republic, Mozambique, Romania, and Zambia to support the development of national monitoring and evaluation systems. She has recently published 10 articles in the area of poverty monitoring system development and management, and serves on the editorial board of a U.S. government knowledge and learning journal.

**Ray C. Rist** is a Senior Evaluation Officer in the Operations Evaluation Department of the World Bank. His previous position in the Bank was as Evaluation Advisor and Head of the Evaluation and Scholarship Unit of the World Bank Institute. Prior to coming to the World Bank in 1996, his career included 15 years in the United States government with appointments in both the Executive and Legislative Branches. He served as a university professor with positions at Johns Hopkins University, Cornell University, and George Washington University. Dr. Rist was the Senior Fulbright Fellow at the Max Planck Institute in Berlin, Germany, in 1976 and 1977. He has authored or edited 24 books, written more than 125 articles, and lectured in more than 60 countries. Dr. Rist serves on the editorial boards of nine professional journals and also serves as chair of an international working group that collaborates on research related to evaluation and governance.
Introduction

Building a Results-Based Monitoring and Evaluation System

While the role of the state has changed and evolved during recent history, it is now readily apparent that good governance is key to achieving sustainable socioeconomic development. States are being challenged as never before by the demands of the global economy, new information and technology, and calls for greater participation and democracy.

Governments and organizations all over the world are grappling with internal and external demands and pressures for improvements and reforms in public management. These demands come from a variety of sources including multilateral development institutions, donor governments, parliaments, the private sector, NGOs, citizens’ groups and civil society, the media, and so forth.

Whether it is calls for greater accountability and transparency, enhanced effectiveness of development programs in exchange for foreign aid, or real results of political promises made, governments and organizations must be increasingly responsive to internal and external stakeholders to demonstrate tangible results. “The clamor for greater government effectiveness has reached crisis proportions in many developing countries where the state has failed to deliver even such fundamental public goods as property rights, roads, and basic health and education” (World Bank 1997, p. 2). In short, government performance has now become a global phenomenon.

Results-based monitoring and evaluation (M&E) is a powerful public management tool that can be used to help policymakers and decisionmakers track progress and demonstrate the impact of a given project, program, or policy. Results-based M&E differs from traditional implementation-focused M&E in that it moves beyond an emphasis on inputs and outputs to a greater focus on outcomes and impacts.

Building and sustaining results-based M&E systems is not easy. It

“Good government is not a luxury—it is a vital necessity for development.”

(World Bank 1997, p. 15)
requires continuous commitment, time, effort, and resources—and champions—but it is doable. Once the system is built, the challenge is to sustain it. There are many political, organizational, and technical challenges to overcome in building these systems—both for developed and developing countries. Building and sustaining such systems is primarily a political process, and less so a technical one. There is no one correct way to build such systems, and many countries and organizations will be at different stages of development with respect to good public management practices in general, and M&E in particular. It is important to recognize that results-based M&E systems are continuous works in progress.

Developed countries, particularly those of the Organisation for European Co-operation and Development (OECD), have had as many as 20 or more years of experience in M&E, while many developing countries are just beginning to use this key public management tool. The experiences of the developed countries are instructive, and can provide important lessons for developing countries. Developed countries have chosen a variety of starting points for implementing results-based M&E systems, including whole-of-government, enclave, or mixed approaches—that may also be applicable to developing countries. For their part, developing countries face a variety of unique challenges as they try to answer the “so what” question: What are the results and impacts of government actions?

This introduction is divided into three parts. First, it focuses on the new challenges in public sector management, namely the many internal and external pressures facing governments and organizations to manage for results. Second, it examines the use of M&E as a public management tool that can be utilized to track and demonstrate results. Third, it documents the M&E experience in developed countries, as well as the special challenges facing developing countries.

**PART 1**

**New Challenges in Public Sector Management**

There has been a global sea change in public sector management as a variety of internal and external forces have converged to make governments and organizations more accountable to their stakeholders. Governments are increasingly being called upon to demonstrate results. Stakeholders are no longer solely interested in organizational activities and outputs; they are now more than ever interested in ac-
tual outcomes. Have policies, programs, and projects led to the desired results and outcomes? How do we know we are on the right track? How do we know if there are problems along the way? How can we correct them at any given point in time? How do we measure progress? How can we tell success from failure? These are the kinds of concerns and questions being raised by internal and external stakeholders, and governments everywhere are struggling with ways of addressing and answering them.

**International and External Initiatives and Forces for Change**

There are an increasing number of international initiatives and forces at work pushing and prodding governments in the direction of adopting public management systems geared toward reform and, above all, results. These include:

- Millennium Development Goals (MDGs)
- Highly Indebted Poor Country (HIPC) Initiative
- International Development Association (IDA) funding
- World Trade Organization (WTO) membership
- European Union (EU) enlargement and accession
- European Union Structural Funds
- Transparency International.

The MDGs are among the most ambitious of global initiatives to adopt a results-based approach toward poverty reduction and improvement in living standards. The eight comprehensive MDGs (box i.i) were adopted by 189 U.N. member countries and numerous international organizations in 2000. They consist of a series of goals for the international community—involving both developed and developing nations—to achieve by the year 2015.¹

This new development agenda emphasizes the need to measure the results of aid financing. Are development initiatives making a difference and having an impact? How will governments know whether they have made progress and achieved these goals? How will they be able to tell success from failure, or progress from setbacks? How will they identify obstacles and barriers? And at the most elementary level, do they even know their starting points and baselines in relation to how far they must go to reach their goals?

The MDGs contain some elements of a results-based M&E approach. For example, the MDG targets have been translated into a set of indicators that can measure progress.

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One public management lesson drawn from more than 25 years of experience in OECD and developed countries is that building greater accountability within government will improve its overall functioning. The same should also hold true for the developing world.
ample of just one of the ways in which the goals have been articulated into a series of targets and indicators.

More generally, the building and sustaining of comprehensive results-based M&E systems at the country and donor levels will be key to measuring and monitoring achievement of the MDGs.

The 2002 Monterrey, Mexico, conference specifically addressed means of achieving the MDGs. A new international consensus was forged whereby developed countries would provide increased levels of aid in conjunction with better governance, reform policies, and a greater focus on development effectiveness and results on the part of developing countries.

The MDGs are also posing special challenges to the international evaluation community. It is becoming increasingly clear that a new evaluation architecture is necessary. A foundation must be laid to build results-based M&E systems beyond the country level by harmonizing and coordinating them internationally with U.N. agencies, multilateral and bilateral donors, civil society, and the like. This will be the future challenge in expanding M&E.

Many countries, particularly the developing countries, must now vie to become a part of international initiatives, organizations, and blocs in order to reap the desired socioeconomic, political, and security benefits. Part of the bargain inevitably involves adhering to a set of specific requirements, conditions, and goals—including monitoring and evaluation. If these governments are going to become a part of these initiatives, they will have to establish results-based M&E systems by harmonizing and coordinating them internationally with U.N. agencies, multilateral and bilateral donors, civil society, and the like. This will be the future challenge in expanding M&E.

“The MDGs symbolize a focus on results. . . . The new development paradigm emphasizes results, partnership, coordination, and accountability. . . . [It] combines a results-orientation; domestic ownership of improved policies; partnerships between governments, the private sector, and the civil society; and a long-term, holistic approach that recognizes the interaction between development sectors and themes.”

(Picciotto 2002, p. 3)

**Box i.i**

**Millennium Development Goals**

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development.

Source: United Nations
of the global community, they must open themselves up to increased scrutiny and be more transparent and accountable to their stakeholders. In this context, they must learn to manage for results. Box i.iii describes the impact one external organization, Transparency International (TI), is having on the move toward accountability.

The following are examples of the kinds of international initiatives and requirements set forth for joining international organizations and blocs—and for reaping the benefits of membership and inclusion. Together they have created a global force for public accountability and proven results:

- **Highly Indebted Poor Country Initiative.** In 1996, the World Bank and the International Monetary Fund (IMF) proposed the Highly Indebted Poor Country (HIPC) Initiative, the first comprehensive approach to reduce the external debt of the world's poorest and most heavily-indebted countries. HIPC also aims at supporting poverty reduction, stimulating private sector-led growth and improvement in a country’s social indicators. As a
condition for debt relief—and similar to the MDGs—recipient governments must be able to monitor, evaluate, and report on reform efforts and progress toward poverty reduction. For instance, Uganda made progress in M&E and qualified for enhanced HIPC relief. In other cases, however, lack of capacity in building and maintaining results-based M&E systems has been a particular problem for participating HIPC countries such as Albania, Madagascar, and Tanzania.

- **International Development Association (IDA) funding.** Under the IDA 13 replenishment negotiations—which resulted in the largest donor contribution ever (about US$23 billion)—39

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**Box i.iii**

**Transparency International**

"*Transparency International is the only international organization exclusively devoted to curbing corruption*" (TI 1997).

Transparency International’s (TI’s) annual Corruption Perception Index—which ranks 102 countries by perceived levels of corruption among public officials—is cited by the world’s media as the leading index in the field. TI’s Bribe Payers Index ranks the leading exporting countries according to their propensity to bribe.

TI is politically nonpartisan, and has chapters in 88 countries that carry out the anticorruption mission at the national level, helping to spread public awareness of corruption issues and the attendant detrimental development impact. “Corruption undermines good government, fundamentally distorts public policy, leads to the misallocation of resources, harms the private sector and private sector development and particularly hurts the poor” (TI 2002).

TI is building coalitions with regional international institutions and actors to combat corruption. At the national level, TI is also working to build coalitions among all societal groups to strengthen governmental integrity systems.

TI is also having an impact in monitoring performance at the multinational corporate level. “Transparency International’s rise has coincided with many companies’ discovering that they need to improve their image for being socially responsible in many countries. That has helped bolster the organization’s fortunes and make it an important player in the global anti-corruption battle” (Crawford 2003, p. 1).

With its broad international reach and media access, TI is yet another important global force for pushing governments and multinational corporations to be more accountable, and to produce tangible results for their stakeholders.

donors based their support for 79 of the world’s poorest countries specifically on results. Explicit outcome indicators were formulated to track results toward goals, especially in health, education, and private sector development.

IDA now has in place a Performance-Based Allocation system that has helped to better target donor resources to countries with good policies and institutions—in short, good governance. Tighter links are being achieved between performance and donor resource allocations. The assessments and resulting allocations are increasingly being integrated in the country dialogue.

With IDA 13, an initiative was also launched to put into place a comprehensive system to measure, monitor, and manage for development results. The system ties into current initiatives and is aligned with measurement systems established by IDA’s borrowers under their National Poverty Reduction Strategy Papers, as well as their work toward achieving the MDGs. Efforts are also underway to ensure that this approach has wide acceptance and is coordinated with other actions being taken by the donor community (IDA 2002).

- **World Trade Organization membership.** Other pressures come from the new rules of the game that have emerged with globalization, where demands for reduction of trade barriers have increased, and where financial capital and private sector interests demand a stable investment climate, the rule of law, and protection of property and patents before investing in a given country.

  The WTO, successor to the General Agreement on Tariffs and Trade (GATT), is one such example. Created in 1995, the WTO facilitates the free flow of international trade. It has 147 members, and another 26 in the process of membership negotiations. Over three-quarters of WTO members are among the developing or least developed countries. Members must agree to comply with, and be monitored and evaluated against, a specific set of rules regarding reciprocity and equal treatment, transparency in trade and legal regimes, reduction of trade barriers, adoption of intellectual property rights legislation, and commitment to environmental protection.

- **European Union enlargement.** The European Union (EU) has experienced five separate enlargements during its history, growing from 6 to 25 member countries. The EU is and will be engaged in negotiations with additional countries on their accession applications to join the EU. Aspiring countries must meet three
basic criteria for accession: stable, democratic institutions and respect for human rights and minority protections; a functioning market economy capable of dealing with competitive pressures within the EU; and the ability to meet membership obligations associated with the political, economic, and monetary union. In this context, the EU monitors potential members’ progress with respect to adopting, implementing, and applying EU legislation. National industries must also meet EU norms and standards.

- **EU Structural Funds.** EU Structural Funds have been used to support and assist the socioeconomic development of the less-developed regions of EU member states. In an attempt to achieve greater socioeconomic cohesion within the EU, Structural Funds have been used to redistribute funds to the poorer regions. Beneficiary regions have been required to establish a monitoring and evaluation process. As the EU enlarges, the Structural Funds will also be extended to include the lesser-developed regions of new members, thereby drawing them into the evaluation system as well.

**National Poverty Reduction Strategy Approach**

The Multilateral Development Banks (MDBs) have established strategies and approaches for sustainable development and poverty reduction. These initiatives also involve setting goals, choosing indicators, and monitoring and evaluating for progress against these goals.

- **National Poverty Reduction Strategies.** The HIPC initiative is also tied to National Poverty Reduction Strategies. In 1999, the international development community agreed that National Poverty Reduction Strategies should be the basis for concessional lending and debt relief.

  “Poverty Reduction Strategy Papers describe a country’s macroeconomic, structural and social policies and programs to promote growth and reduce poverty, as well as associated external financing needs. PRSPs are prepared by governments through a participatory process involving civil society and development partners . . .” (World Bank 2003b).

  National Poverty Reduction Strategies must in turn be linked to agreed-upon development goals over a three year period—with a policy matrix and attendant sets of measurable indicators, and a monitoring and evaluation system by which to measure
progress. Specifically, “a PRSP will define medium and long-term goals for poverty reduction outcomes (monetary and nonmonetary), establish indicators of progress, and set annual and medium-term targets. The indicators and targets must be appropriate given the assessment of poverty and the institutional capacity to monitor. . . . a PRSP would [also] have an assessment of the country’s monitoring and evaluation systems . . . ” (World Bank 2003b).

Thus, countries vying to become part of HIPC must commit to a process that involves accountability and transparency through monitoring, evaluation, and achievement of measurable results.

• Comprehensive Development Framework. The Comprehensive Development Framework (CDF) consists of four basic principles: a long-term, holistic development framework; results orientation; country ownership; and country-led partnership. The CDF and National Poverty Reduction Strategies are mutually reinforcing; both also stress accountability for results.

The adoption and application of the CDF—a systemic, long-term (generally 10 year) approach to development involving all stakeholders—has also resulted in pressures for the monitoring and evaluation of stakeholder participation and of economic development progress. The CDF includes in a country’s national development strategy a clear delineation of medium- and long-term poverty reduction goals, with indicators to measure progress, thereby ensuring that policies are well designed, effectively implemented, and duly monitored.

For example, stakeholders such as NGOs that have become involved in the process are looking for ways to monitor their own performance in terms of the National Poverty Reduction Strategy and the National Development Plan. The National Development Plan is now being implemented in a number of countries, and it is hoped that the approach will yield valuable information on setting baselines and measuring development outcomes. For example, the National Development Plan is a major force for developing results-based M&E in the Kyrgyz Republic.

A recent assessment of the CDF found that “Further research and exchange of experience among recipient countries are needed on how to build up country-owned monitoring and evaluation systems . . . ” (World Bank 2003a, p. 4).
Internal Initiatives and Forces for Change

Governments are also facing increasing calls for reform from internal stakeholders, for example, to demonstrate accountability and transparency, devise fair and equitable public policies, and deliver tangible goods and services in a timely and efficient manner. Pressures may come from government officials, parliament, opposition parties, program managers and staff, citizens, businesses, NGOs, civil society, and the media.

- Decentralization, deregulation, commercialization and privatization. The move toward various reforms, such as decentralization, deregulation, commercialization, or privatization, in many countries has increased the need for monitoring and evaluation at regional and local levels of government. The need for monitoring also has increased as new nongovernmental service providers (such as NGOs, the private sector, and civil society groups) have begun taking over some of the public sector functions that were normally provided by governments in the past.

As such initiatives are undertaken, there will be a continuing need to monitor and evaluate performance at different governmental and nongovernmental levels, as well as among new groups of stakeholders. For example, Colombia, Chile, and Indonesia are all undergoing fiscal decentralization, and are looking to build and extend evaluation responsibilities down to the local level.

Although some governments may be diminishing their roles in providing public goods and services, they will still have a need to monitor and evaluate the impact of their policies and programs—regardless of who implements them.

- Changes in government size and resources. There are many internal pressures on governments to downsize and reform themselves. Governments are experiencing budgetary constraints that force them to make difficult choices and tradeoffs in deciding on the best use of limited resources. The pressures to do more with less—and still demonstrate results—have grown. Governments are increasingly recognizing the need to build and sustain results-based M&E systems to demonstrate performance.

There is a vast array of national, multilateral, and international forces, initiatives, and stakeholders calling on governments to be
more accountable and transparent, and to demonstrate results. If developing countries in particular are to join the globalization caravan and reap the benefits, they will need to meet specific requirements, standards, and goals. Results-based M&E systems can be a powerful public management instrument in helping them measure performance and track progress in achieving desired goals.

**PART 2**

**Results-Based M&E—A Powerful Public Management Tool**

This section examines the power of measuring performance (box i.iv), the history and definitions of M&E, the differences between traditional implementation-based M&E and the newer results-based M&E systems, and the complementary roles of monitoring and evaluation. This section also explores the many applications of results-based M&E. The technical, organizational—and especially political—challenges involved in building a results-based M&E system are also addressed. Finally, the ten-step model to designing, building, and sustaining such systems, with some comments about how to approach ensuring sustainability of such systems in a given country, is introduced.

There is tremendous power in measuring performance. The ancient Egyptians regularly monitored their country’s outputs in grain and livestock production more than 5,000 years ago. In this sense, monitoring and evaluation is certainly not a new phenomenon. Modern governments, too, have engaged in some form of traditional monitoring and evaluation over the past decades. They have sought to

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**Box i.iv**

**The Power of Measuring Results**

- If you do not measure results, you cannot tell success from failure.
- If you cannot see success, you cannot reward it.
- If you cannot reward success, you are probably rewarding failure.
- If you cannot see success, you cannot learn from it.
- If you cannot recognize failure, you cannot correct it.
- If you can demonstrate results, you can win public support.

Source: Adapted from Osborne & Gaebler 1992.
track over time their expenditures, revenues, staffing levels, resources, program and project activities, goods and services produced, and so forth.

Governments have many different kinds of tracking systems as part of their management toolkits. Every government needs the three-legged stool of good human resource systems, financial systems, and accountability systems. But they also need good feedback systems. A results-based M&E system is essentially a special public management tool governments can use to measure and evaluate outcomes, and then feed this information back into the ongoing processes of governing and decisionmaking.

**Monitoring and Evaluation: What Is It All About?**

Credible answers to the “so what” question address the accountability concerns of stakeholders, give public sector managers information on progress toward achieving stated targets and goals, and provide substantial evidence as the basis for any necessary mid-course corrections in policies, programs, or projects.

Building an M&E system essentially adds that fourth leg to the governance chair. What typically has been missing from government systems has been the feedback component with respect to outcomes and consequences of governmental actions. This is why building an M&E system gives decisionmakers an additional public sector management tool.

The OECD (2002a) defines monitoring and evaluation as follows:

*Monitoring* is a continuous function that uses the systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds (p. 27).

*Evaluation* is the systematic and objective assessment of an ongoing or completed project, program, or policy, including its design, implementation, and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact, and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decisionmaking process of both recipients and donors (p. 21).
In juxtaposing these two definitions, it is immediately evident that they are distinct yet complementary. Monitoring gives information on where a policy, program, or project is at any given time (and over time) relative to respective targets and outcomes. It is descriptive in intent. Evaluation gives evidence of why targets and outcomes are or are not being achieved. It seeks to address issues of causality. Of particular emphasis here is the expansion of the traditional M&E function to focus explicitly on outcomes and impacts.

Evaluation is a complement to monitoring in that when a monitoring system sends signals that the efforts are going off track (for example, that the target population is not making use of the services, that costs are accelerating, that there is real resistance to adopting an innovation, and so forth), then good evaluative information can help clarify the realities and trends noted with the monitoring system. For example, “If annual performance information is presented by itself (in isolation) without the context and benefit of program evaluation, there is a danger of program managers, legislators . . . and others drawing incorrect conclusions regarding the cause of improvements or declines in certain measures . . . Simply looking at trend data usually cannot tell us how effective our government program interventions were” (Channah Sorah 2003, p. 7). We stress the need for good evaluative information throughout the life cycle of an initiative—not just at the end—to try and determine causality.

Table i.i highlights the different—yet complementary—roles that monitoring and evaluation play in M&E systems.

Monitoring can be done at the project, program, or policy levels. For example, in looking at infant health, one could monitor the project level by monitoring the awareness of good prenatal care in six targeted villages. At the program level, one could monitor to ensure that information on prenatal care is being targeted to pregnant women in a whole region of the country. At the policy monitoring level, the concern could be to monitor the overall infant morbidity and mortality rates for that same region.

Evaluation, like monitoring, may be conducted at the project, program, or policy level. To take an example of privatizing water systems, a project evaluation might involve the assessment of the improvement in water fee collection rates in two provinces. At the program level, one might consider assessing the fiscal management
of the government’s systems, while at the policy level, one might evaluate different model approaches to privatizing public water supplies.

When we refer to evaluation in the context of an M&E system, we are not solely referring to the classical approach of determining attribution as embodied in the after-the-fact assessment of projects, programs, or policies. Impact evaluations do (or at least try to) address attribution. But we are viewing evaluation in a much broader context as a continuously available mode of analysis that helps program managers gain a better understanding of all aspects of their work—from design through implementation and on to completion and subsequent consequences. We will also discuss later in this handbook the notion that what managers increasingly need are streams of evaluation information, not additional discrete and episodic evaluation studies.

**Table i.i**

**Complementary Roles of Results-Based Monitoring and Evaluation**

<table>
<thead>
<tr>
<th>Monitoring</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Clarifies program objectives</td>
<td>• Analyzes why intended results were or were not achieved</td>
</tr>
<tr>
<td>• Links activities and their resources to objectives</td>
<td>• Assesses specific causal contributions of activities to results</td>
</tr>
<tr>
<td>• Translates objectives into performance indicators and sets targets</td>
<td>• Examines implementation process</td>
</tr>
<tr>
<td>• Routinely collects data on these indicators, compares actual results</td>
<td>• Explores unintended results</td>
</tr>
<tr>
<td>with targets</td>
<td>• Provides lessons, highlights significant accomplishment or program</td>
</tr>
<tr>
<td>• Reports progress to managers and alerts them to problems</td>
<td>potential, and offers recommendations for improvement</td>
</tr>
</tbody>
</table>
Evaluation has also been used for different purposes over the years. In the OECD countries, for example, early evaluations in the 1960s and 1970s studied ways of improving social programs. Later in the 1980s and 1990s, governments used evaluation to conduct budgetary management, for example, by examining ways to reduce expenditures and cut public programs. As noted earlier, efforts to develop M&E systems have spread to developing countries—many having been driven by the desire to meet specific donor requirements, international development goals, or, in some cases, both external and internal social and economic pressures.

Again, evaluation can be defined as an assessment, as systematic and objective as possible, of a planned, ongoing, or completed intervention. The aim is to determine the relevance of objectives, efficiency, effectiveness, impact, and sustainability so as to incorporate lessons learned into the decisionmaking process. Specifically, this kind of evaluation addresses: “why” questions, that is, what caused the changes being monitored; “how” questions, or what was the sequence or process that led to successful (or unsuccessful) outcomes; and “compliance and accountability” questions, that is, did the promised activities actually take place and as planned?

**Key Features of Traditional Implementation-Focused and Results-Based M&E Systems**

Traditional implementation-focused M&E systems are designed to address compliance—the “did they do it” question. Did they mobilize the needed inputs? Did they undertake and complete the agreed activities? Did they deliver the intended outputs (the products or services to be produced)? The implementation approach focuses on monitoring and assessing how well a project, program, or policy is being executed, and it often links the implementation to a particular unit of responsibility. However, this approach does not provide policymakers, managers, and stakeholders with an understanding of the success or failure of that project, program, or policy.

Results-based M&E systems are designed to address the “so what” question. So what about the fact that outputs have been generated? So what that activities have taken place? So what that the outputs from these activities have been counted? A results-based system provides feedback on the actual outcomes and goals of government actions.

Results-based systems help answer the following questions:
• What are the goals of the organization?
• Are they being achieved?
• How can achievement be proven?

Box i.v illustrates some of the key differences between traditional implementation-based M&E systems and results-based M&E systems. Results-based monitoring is a continuous process of collecting and analyzing information to compare how well a project, program, or policy is being implemented against expected results.

Figure i.i illustrates the manner in which the monitoring and evaluation of national development goals will have to include not only the traditional implementation focus, but also a results focus. It also shows how results-based systems build upon and add to traditional implementation-focused systems.

We would note in figure i.i that by leaving the generation of outputs as an implementation effort rather than as a result, we are at some variance from the OECD glossary, which defines results as including outputs together with outcomes and impacts. We do this to stress the focus on answering the “so what” question. Building a school, paving a road, or training rural clinic workers does not, in our view, answer the “so what” question. These are outputs—and now one goes on to say “so what.” What are the results of having this school building, this paved road, or these trained clinic workers?

As can be seen in figure i.i, monitoring progress toward national goals requires that information be derived in the logic model from all results levels, at different time frames, and for different stakeholder needs. A common strategy is to measure outputs (number of health professionals trained) but not improvements in performance (improved use of oral rehydration therapy [ORT] for managing childhood diarrhea). Improved institutional performance is assumed, but seldom documented. Without measured results, there is no way to document whether the effort is actually achieving the expected outcomes (improved use of ORT), and ultimately the associated national goal (reduction in child mortality).

So what does this mean in a governmental results-based M&E context? As governments seek to align the expenditure framework with policy outcomes, measuring the organization’s performance in support of achieving outcomes is important. The efficiency of service delivery, the quality of program and policy implementation, and the effective management of resources are just a few examples. In the
The Philippines, for instance, the government is at the early stages of defining organizational level indicators for major outcomes against which expenditure decisions can be made (World Bank 2001e).

Many Applications for Results-Based M&E

There are many and growing applications for results-based M&E. As the needs for accountability and demonstrable results have grown, so have the uses and applications for results-based M&E systems.

### Project, Program, and Policy Applications

Results-based M&E systems have been successfully designed and used to monitor and evaluate at all levels—project, program, and policy. Information and data
Figure i.i
Illustrative Logic Model for One National Development Goal

Goal
Reduce mortality rates for children under 5 years old

Outcome
Improved use of ORT for managing childhood diarrhea

Outputs
- 15 media campaigns completed
- 100 health professionals trained
- Increased maternal knowledge of ORT services
- Increased access to ORT

Activities
- Launch media campaign to educate mothers
- Train health professionals in ORT

Inputs
- Trainers
- ORT supplies
- Funds
- Participants

Source: Binnendijk 2000.
Note: ORT = Oral Rehydration Therapy.
can be collected and analyzed at any and all levels to provide feedback at many points in time. In this way, the information can be used to better inform key decisionmakers, the general public, and other stakeholders.

Monitoring and evaluation can and should be evident throughout the life cycle of a project, program, or policy, as well as after completion. M&E—with its continuing streams of data and feedback—has added value at every stage from design through implementation and impact. “The specific information will also be different at each level, the complexity of collecting data will be different, the political sensitivity on collecting the data may change, and the uses of the information may change from one level to another” (Kusek and Rist 2001, p. 17).

**Internal and External Applications** M&E can also be conducted at local, regional, and national levels of government. So whether one thinks of M&E in relation to levels of administrative complexity (project to program to policy) or geographically, the applications are evident—though they need not be identical. Again, the specific indicators may necessarily be different, as the stakeholders’ needs for information will also be different for each level of government.

It should also be noted that a functioning M&E system provides a continuous flow of information that is useful both internally and externally. The internal uses come into play as the information from the M&E system is used as a crucial management tool for the public sector manager in achieving results and meeting specific targets. Information on progress, problems, and performance are all key to a public manager striving to achieve results. Likewise, the information from an M&E system is important to those outside the public sector who are expecting results, wanting to see demonstrable impacts from government action (and tax monies), and hoping to build trust in a government that is striving to better the life of its citizens.

Fundamentally, the M&E system aids in thinking about and clarifying goals and objectives. Governments and stakeholders can also use M&E systems for formulating and justifying budgetary requests. In contrast to the earlier implementation-based approach, results-based M&E focuses attention on achieving outcomes important to the organization and its internal and external stakeholders.

M&E systems can help identify potentially promising programs or practices. They can also identify unintended—but perhaps useful—
project, program, and policy results. Conversely, M&E systems can help managers identify program weaknesses and take action to correct them. An M&E strategy can be used to diminish fear within organizations and governments, and can instead devise ways of instilling an open atmosphere in which people can learn from mistakes, make improvements, and create knowledge along the way.

**Knowledge Capital** Good M&E systems are also a source of knowledge capital. They enable governments and organizations to develop a knowledge base of the types of projects, programs, and policies that are successful, and, more generally, what works, what does not, and why. M&E systems can also provide continuous feedback in the management process of monitoring and evaluating progress toward a given goal. In this context, they promote organizational learning.

Broad public access to information derived from results-based M&E systems is also important in aiding economic development both within and between countries. “Access to information is an essential component of a successful development strategy. If we are serious about reducing global poverty, we must liberate the access to information and improve its quality” (Stiglitz and Islam 2003, p. 10).

**Transparency and Accountability** M&E systems can also aid in promoting greater transparency and accountability within organizations and governments. Beneficial spillover effects may also occur from shining a light on results. External and internal stakeholders will have a clearer sense of the status of projects, programs, and policies. The ability to demonstrate positive results can also help garner greater political and popular support.

There are organizational and political costs and risks associated with implementing results-based M&E systems. However, there are also crucial costs and risks involved in not implementing such systems.

**Political and Technical Challenges to Building a Results-Based M&E System**

There are a variety of political and technical challenges involved in building results-based systems. The political are often the most difficult to overcome.

**The Political Side of M&E** Implementing results-based M&E systems poses many political challenges in OECD and developing countries alike. Above all, it takes strong and consistent political leadership
and will—usually in the form of a political champion—to institute such a system. Bringing results-based information into the public arena can change the dynamics of institutional relations, budgeting and resource allocations, personal political agendas, and public perceptions of governmental effectiveness. Strong, vested interests may also perceive themselves to be under attack. There may be counter-reformers within and outside the government who actively oppose such efforts. Thus, the role of a political champion is key to ensuring the institutionalization and sustainability of results-based M&E systems.

Results-based M&E systems are essential components of the governance structure—and are thus fundamentally related to the political and power systems of government. M&E systems provide critical information and empower policymakers to make better-informed decisions. At the same time, providing such information may lessen or otherwise constrain the number of options available to politicians—leaving them less room to maneuver in their policies.

In democracies, information on project, program, and policy results is increasingly essential and is expected in the normal course of government operations. It is assumed that such information can help and guide policymaking. However, M&E systems may pose special challenges for countries that have been previously ruled by centralized, authoritarian political regimes. Instituting M&E systems that will highlight outcomes—both successes and failures—and provide greater transparency and accountability may be especially challenging and even alien to such countries. It may require a longer time for the political class, citizenry, and culture to adapt and change.

Finally, one cannot build strong economies on weak governments. Results-based M&E systems can help strengthen governments by reinforcing the emphasis on demonstrable outcomes. Getting a better handle on the workings and outcomes of economic and governmental programs and policies can contribute to poverty reduction, higher economic growth, and the achievement of a wide range of development goals.

The Technical Side of M&E—Building Institutional Capacity
Designing and building a reporting system that can produce trustworthy, timely, and relevant information on the performance of government projects, programs, and policies requires experience, skill, and real institutional capacity. This capacity for a results-based

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Many organizations would prefer to operate in the shadows. They do not want to publish data about their performance and outcomes. Instituting a results-based M&E system sheds light on issues of organizational performance. Not all stakeholders will be pleased to have such public exposure. This is just one of the ways in which M&E systems pose a political—more than a technical—challenge.

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By comparison with the politics of instituting results-based M&E systems, technical issues are relatively less complex to address and solve.
reporting system has to include, at a minimum, the ability to successfully construct indicators; the means to collect, aggregate, analyze, and report on the performance data in relation to the indicators and their baselines; and managers with the skill and understanding to know what to do with the information once it arrives. Building such capacity in governments for these systems is a long-term effort.

Some developing countries currently lack the basic capacity to successfully measure inputs, activities, and outputs. But all countries will eventually need to be able to technically monitor and track at each level of the results-based M&E system—at the input, activity, output (implementation), outcome, and impact (goal) levels.

Statistical capacity is an essential component of building results-based M&E systems. Information and data should be valid, verifiable, transparent, and widely available to the government and interested stakeholders—including the general public. This may be difficult for some governments that would prefer not to disclose and share data for political reasons or to hide corruption.

Technically trained staff and managers, and at least basic information technology, are also a must. In some cases, donor-supported technical assistance and training will first be necessary for the country to produce a minimum of information and data, and start to build an M&E system. For example, a recent assessment found that capacity building for key national officials in results-based M&E and performance-based budgeting will be needed in the Arab Republic of Egypt (World Bank 2001c). In the case of Colombia, government officials have commissioned an external evaluation of major projects while simultaneously building internal evaluation capacity.

Sometimes a great deal of data are collected in a country, but there may not be much understanding of how to use the data. Collecting and dumping large amounts of data on managers is not helpful. Providing mounds of data and no analysis will not generate the information needed to improve programs.

How much information and data are enough? Obviously, decision-makers seldom have all the information they need when they need it. This is a common dilemma with respect to managing in any organization. Even without perfect data, though, if the M&E system can provide some analytic feedback, it will help policymakers make more well-informed decisions.
Introducing the 10-Step Model for Building a Results-Based M&E System

Although experts vary on the specific sequence of steps in building a results-based M&E system, all agree on the overall intent. For example, different experts propose four- or seven-step models. Regardless of the number of steps, the essential actions involved in building an M&E system are to:

- Formulate outcomes and goals
- Select outcome indicators to monitor
- Gather baseline information on the current condition
- Set specific targets to reach and dates for reaching them
- Regularly collect data to assess whether the targets are being met
- Analyze and report the results.

Given the agreement on what a good system should contain, why are these systems not part of the normal business practices of government agencies, stakeholders, lenders, and borrowers? One evident reason is that those designing M&E systems often miss the complexities and subtleties of the country, government, or sector context. Moreover, the needs of end users are often only vaguely understood by those ready to start the M&E building process. Too little emphasis is placed on organizational, political, and cultural factors.

In this context, the 10-step model presented here (Figure i.ii) differs from others because it provides extensive details on how to build, maintain—and perhaps most importantly—sustain a results-based M&E system. It also differs from other approaches in that it contains a unique readiness assessment. Such an assessment must be conducted before the actual establishment of a system. The readiness assessment is, in essence, the foundation of the M&E system. Just as a building must begin with a foundation, constructing an M&E system must begin with the foundation of a readiness assessment. Without an understanding of the foundation, moving forward may be fraught with difficulties and, ultimately, failure. It is Step 1.

Throughout, the model highlights the political, participatory, and partnership processes involved in building and sustaining M&E systems, that is, the need for key internal and external stakeholders to be consulted and engaged in setting outcomes, indicators, targets, and so forth. Step 2 of the model involves choosing outcomes to monitor and evaluate. Outcomes show the road ahead.
Step 3 involves setting key performance indicators to monitor progress with respect to inputs, activities, outputs, outcomes, and impacts. Indicators can provide continuous feedback and a wealth of performance information. There are various guidelines for choosing indicators that can aid in the process. Ultimately, constructing good indicators will be an iterative process.

Step 4 of the model relates to establishing performance baselines—qualitative or quantitative—that can be used at the beginning of the monitoring period. The performance baselines establish a starting point from which to later monitor and evaluate results. Step 5 builds on the previous steps and involves the selection of results targets, that is, interim steps on the way to a longer-term outcome. Targets can be selected by examining baseline indicator levels and desired levels of improvement.

Monitoring for results, Step 6 of the model, includes both implementation and results monitoring. Monitoring for results entails collecting quality performance data, for which guidelines are given. Step 7 deals with the uses, types, and timing of evaluation.

Reporting findings, Step 8, looks at ways of analyzing and reporting data to help decisionmakers make the necessary improvements in projects, policies, and programs. Step 9, using findings, is also important in generating and sharing knowledge and learning within governments and organizations.

Finally, Step 10 covers the challenges in sustaining results-based M&E systems including demand, clear roles and responsibilities, trustworthy and credible information, accountability, capacity, and appropriate incentives.

The 10-step system can be used for projects, programs, and policies. Though visually it appears as a linear process, in reality it is not. One will inevitably move back and forth along the steps, or work on several simultaneously.

The use of such results-based M&E systems can help bring about major cultural changes in the ways that organizations and governments operate. When built and sustained properly, such systems can lead to greater accountability and transparency, improved performance, and generation of knowledge.

Where to Begin: Whole-of-Government, Enclave, or Mixed Approach

Governments around the world differ in their approaches to adopting results-based M&E systems. There are essentially three ap-
approaches. The first is the whole-of-government approach that was adopted in some of the early M&E pioneer countries. The whole-of-government approach involves a broad, comprehensive establishment of M&E across the government.

With the adoption of the MDGs, many developing countries are looking to design and implement comprehensive results-based M&E systems across many sectors and policies. Also, with the growing emphasis on results in international aid lending, more donor governments and institutions will likely provide support to developing countries to build broad M&E systems. There are trends among some donor agencies and governments to perform joint evaluations involving the recipient country as an active participant.

Often, different ministries are at different stages in their ability to take on the establishment of an M&E system. The whole-of-government strategy may not be able to move all ministries in tandem; there may be a need for sequencing among ministries in developing these systems. Many times innovations at one level will filter horizontally and vertically to other levels in the government.

Thus, the second approach is a more limited or enclave-focused one. Many countries—especially developing countries—may not yet be in a position to adopt such sweeping change in a comprehensive fashion. Other, more targeted approaches are available, such as be-
beginning with the local, state, or regional governmental levels, or piloting M&E systems in a few key ministries or agencies.

Interestingly, some countries, such as Ireland, have adopted a third, blended approach to M&E. While some areas are comprehensively monitored and evaluated (projects financed by the EU Structural Funds, for example), other areas receive more sporadic attention. The government of Ireland has moved in the direction of a more comprehensive evaluation approach with respect to government expenditure programs (Lee 1999). The blended approach may also be a plausible alternative for some developing countries.

Piloting of M&E systems is often recommended, regardless of which approach is adopted. The best strategy to introduce an M&E system into a country is to first test a program in two or more pilot ministries. Albania, for example, is aligning a results-based M&E program with a newly implemented, medium-term expenditure framework, and pilot testing the effort in four key ministries. Egypt has selected six performance pilots to explore how performance-oriented budgeting could work before applying the approach to the government as a whole.

Yet a third strategy for applying a results-oriented program is a focus on a particular customer group. The government of Egypt wanted to improve its programs and services to advance women’s issues. Each line ministry was expected to identify its current programs related to gender issues and assess the performance of the programs. In addition, the National Council for Women, a recently established government organization aimed at improving government support to women, was to identify a set of key performance indicators that the government could then track and monitor to achieve the established gender-related goals. It is the responsibility of the related ministries to track and monitor indicators for programs within their ministerial control, and to closely monitor and evaluate related government programs to achieve results (World Bank 2001c).

There is power in measuring performance. Results-based M&E systems are a powerful public management tool in helping governments and organizations demonstrate impacts and outcomes to their respective stakeholders, and to gain public support. Results-based systems are similar to traditional M&E systems, but move beyond them in their focus on outcomes and impacts—rather than simply ending with a focus on implementation, that is, inputs, activities, and outputs.
In sum, these systems have many applications, and can be used at the project, program, or policy level. There are many political, institutional, and technical challenges in building results-based M&E systems. Furthermore, countries should choose whether to adopt a whole-of-government approach in instituting such systems, or to begin by implementing an enclave approach at only one level in a government, or within a single ministry or small cluster of ministries. Experiences differ between developed and developing countries in how they have chosen to approach the design and construction of results-based M&E systems.

PART 3

M&E Experience in Developed and Developing Countries

This section provides some background information on experiences with results-based M&E systems in developed and developing countries. There is no one correct way to go about building such systems. Different countries—developed and developing alike—will be at different stages with respect to constructing M&E systems. Within countries, different ministries or levels of government may be at different stages of development in their M&E capacity. We will look at some of the special challenges facing developing countries as they try to build, operate, and sustain results-based M&E systems.

M&E Experience in Developed and OECD Countries

A large majority of the 30 OECD countries now have results-based M&E systems. Arriving there was neither an easy nor a linear process for them. They differ—often substantially—in their paths, approach, style, and level of development. According to a recent survey, Australia, Canada, the Netherlands, Sweden, and the United States have the highest evaluation culture rankings among OECD countries (Furubo, Rist, and Sandahl 2002).

The OECD countries have developed evaluation cultures and M&E systems in response to varying degrees of internal and external pressures. For example, France, Germany, and the Netherlands developed such a culture in response to both strong internal and external (mostly EU-related) pressures, while countries such as Australia, Canada, the Republic of Korea, and the United States were motivated mostly by strong internal pressures.

Interestingly, the pioneering OECD countries were motivated to building an effective M&E system is easier said than done. There are a number of systems that function well in developed countries, and fewer in developing countries. It is not that governments are not trying—many of them are. But creating such a system takes time, resources, and a stable political environment—and strong champions who do not become faint of heart.
adopt evaluation cultures mostly because of strong internal pressures. These countries were also instrumental in spreading the evaluation culture to other countries by disseminating evaluation ideas and information, and launching evaluation organizations, training institutes, networks, and consulting firms.

By contrast, many of the latecomer countries (for example, Italy, Ireland, and Spain) tended to respond to evaluation issues primarily because of strong external pressures. They were also heavily influenced by the evaluation culture of the pioneers, as well as the evaluation culture that has taken root in the international organizations with which their countries interact.

Boxes i.vi, i.vii, and i.viii give a brief overview of results-based M&E experiences in three OECD countries—Australia, France, and Korea. The motivations, approaches, and strategies differed in each case. Important conclusions and lessons can be drawn from these experiences.

**Indications of Progress to Date in OECD Countries** A recent OECD survey provides a useful overview of the extent to which a results-based focus has permeated and taken root in OECD country budgetary and management systems and practices. For example, “most governments today include performance information in their budget documentation and that information is subject to some form of audit in half of the countries. Though the current debate in the international public management and budgeting community on the distinction between outcomes and outputs is relatively new, the distinction between the two categories of results is used in most or all organizations in 11 out of 27 countries” (OECD 2002b, p. 12).

While substantial progress has been made in OECD countries on a number of fronts, there is still room for improvement. The OECD survey found “Only a limited number of countries link performance targets to expenditures for all government programs though around half of them have established links for some of their programs. A limited number of countries use performance targets without any linking to expenditure at all” (OECD 2002b, p. 12). Another weakness in OECD countries is that only “half of the countries reported that performance information is used for allocation purposes during the budget procedure but also that the use is confined to allocation within ministries and programs” (OECD 2002b, p. 12). Thus, while
progress has been made in instituting results-based M&E systems and procedures in many OECD countries, much remains to be done.

**Conclusions and Lessons from OECD Countries** A number of factors contributed to the adoption of an evaluation culture in the pioneering countries in particular. Many of the earliest adopters of M&E systems were predisposed to do so because they had democratic
France: Lagging Behind but Now Speeding Ahead in Governmental Reform

In contrast to other OECD countries, France was among the group that was slowest to move toward a results-based M&E system. Indeed, France even lagged behind many transition and developing economies. Various incremental reform efforts were attempted during the late 1980s and throughout the 1990s.

However, in 2001 the French government passed sweeping legislation—replacing the 1959 financial constitutional bylaw eliminating line-item budgeting, and instituting a new program approach. The new constitutional bylaw, which will be phased in over a five-year period (2001–2006), has two primary aims: reform the public management framework to make it results and performance-oriented; and strengthen parliamentary supervision. As former Prime Minister Lionel Jospin noted: “The budget’s presentation in the form of programs grouping together expenditure by major public policy should give both members of Parliament and citizens a clear picture of the government’s priorities and the cost and results of its action.”

Approximately 100 to 150 programs were identified, and financial resources were budgeted against them. Every program budget that is submitted to parliament must have a statement of precise objectives and performance indicators. Public managers have greater freedom and autonomy with respect to the allocation of resources, but in return are held more accountable for results. Thus, the new budget process is completely results driven.

Future budget bills will include annual performance plans, detailing the expected versus actual results for each program. Annual performance reports are also included in budgetary reviews. Consequently, members of parliament have the ability to evaluate the performance of these governmental programs.

In line with the earlier observations about the political nature of M&E, this reform initiative altered some of the political and institutional relationships within the French government. In this context, parliament has been given increased budgetary powers. “Article 40 of the Constitution previously prohibited members of Parliament from tabling amendments that would increase spending and reduce revenue. They will now be able to change the distribution of appropriations among programs in a give mission.” Parliament is able to vote on revenue estimates, appropriations for each mission, the limits on the number of state jobs created, and special accounts and specific budgets. In addition, the parliamentary finance committees have monitoring and supervisory responsibilities regarding the budget.

Introduction: Building a Results-Based Monitoring and Evaluation System

Box i.viii
Republic of Korea: Well on the Road to M&E

In terms of public policy evaluation, the Korean government uses two approaches: a performance evaluation system introduced in 1962, and an audit and inspection system established in 1948. Performance evaluation has been carried out by organizations within or under the prime minister’s office. Auditing and inspection are carried out by the Board of Audit, the supreme audit institution, and encompass auditing of public accounts and inspection of government agencies. The Board of Audit has grown and become stronger in recent years, and is now focusing on improvements in efficiency and transparency of audits and inspections.

The Asian economic crisis of the late 1990s brought about new changes in evaluation practices in the executive branch. “The new government in Korea asserted that the national economic crisis, caused by foreign exchange reserves, resulted from lack of efficiency of the public sector management. This assessment became an opportunity for reinventing government in Korea, which brought forth unprecedented restructuring of government organization as well as nongovernmental organization . . . ” (Lee 2002, p. 194).

With respect to public sector evaluation in Korea, there are now eight different approaches in place:

- Institution evaluation, including evaluation of major policy measures, policy implementation capacity, and public satisfaction surveys of government services
- Evaluation of major programs and projects, including a select number of key projects, chosen according to importance to the ministry, consistency with government policies, and importance to the public
- Policy implementation capability evaluation, involving self-evaluation in the ministries, as well as an evaluation of an institution’s ability to reform, innovate, and improve services
- Survey of public satisfaction with major policy measures and administrative services, polling public satisfaction with major government policies, programs, and services
- Special project evaluation, including, for example, state tasks and deregulation projects
- Ministries’ internal evaluation or self-evaluation, including evaluations of major target policy measures and programs, and government innovation efforts by each ministry
- Evaluation of major policy measures and programs
- Evaluation of government innovation efforts by every ministry.

While Korea has made much progress in monitoring and evaluation, challenges remain. Cooperation and coordination between M&E institutions need strengthening. There has been excessive centralization of policy analysis and evaluation as well as audit and inspection. Korea still lacks sufficient numbers of professional and skilled personnel trained in M&E. Finally, more could be done to improve the effectiveness of post-evaluation proposals, which currently are not legally binding.

Source: Lee 2002.
political systems, strong empirical traditions, civil servants trained in the social sciences (as opposed to strict legal training), and efficient administrative systems and institutions. Indeed, building results-based M&E systems is primarily a political activity with some associated technical dimensions.

Countries with high levels of expenditure on education, health, and social welfare also adopted evaluation mechanisms that then spilled over into other areas of public policy. Evaluation must satisfy a need. “What is involved is a complex mixture of institutional pre-conditions, political culture, exposure to intellectual traditions, as well as sectoral concerns dominating the political discussion . . .” (Furubo, Rist, and Sandahl 2002, p.16).

Special M&E Challenges Facing Developing Countries

The challenge of designing and building a results-based M&E system in a developing country is difficult and not to be underestimated. The construction of such a system is a serious undertaking, and will not happen overnight. However, it is also not to be dismissed as being too complicated, too demanding, or too sophisticated for a developing country to undertake. All countries need good information systems so they can monitor their own performance—developing countries no less than others.

Developing countries building their own results-based M&E systems face challenges both similar to and different from those of developed countries. Demand for and ownership of such a system—the most basic requirement—may be more difficult to establish in developing countries. For example, a recent World Bank and African Development Bank study found that “. . . the key constraint to successful monitoring and evaluation capacity development in Sub-Saharan Africa is lack of demand. Lack of demand is rooted in the absence of a strong evaluation culture, which stems from the absence of performance orientation in the public sector” (Schacter 2000, p. 15). With respect to demand, then, a minimum of interested stakeholders and commitment is necessary for such a system to be established and take hold in any country—whether developed or developing.

In contrast to developed countries, developing countries may find it more challenging to do longer-term strategic economic, investment, and policy planning. Weak political will and institutional capacity may slow progress. Difficulties in interministerial cooperation and
coordination can impede progress toward strategic planning, too. Indeed, lack of sufficient governmental cooperation and coordination can be a factor in both developed and developing countries.

Highly placed champions who are willing to assume the political risks in advocating results-based M&E are also needed—again emphasizing the political nature of building such systems. Sometimes they are present, as in the case of Egypt (Minister of Finance), Zambia (Secretary to the Cabinet), and the Kyrgyz Republic (Minister of Health), while in other instances, such as Bangladesh, they are lacking. The presence of a national champion can go a long way toward helping a country develop and sustain M&E systems.

Many developing countries are still struggling to put together strong, effective institutions. Some may require civil service reform, or reform of legal and regulatory frameworks. They are being supported by the international development community in improving many of these basic building blocks. Trying to build institutions, undertake administrative and civil service reforms, and revamp legal and regulatory codes—while at the same time establishing M&E systems—can be quite a challenge. However, it should be remembered that instituting M&E systems can help better inform and guide the government in undertaking needed reforms in all of these areas.

Developing countries must first have, or establish, a basic foundation—a traditional implementation-focused M&E system. Some developing countries are moving in this direction. Establishing a foundation requires basic statistical systems and data, as well as key budgetary systems. Data and information must be of appropriate quality and quantity. Developing countries—like developed ones—need to know their baseline conditions, that is, where they currently stand in relation to a given program or policy.

Capacity in the workforce is needed to develop, support, and sustain these systems. Officials need to be trained in modern data collection, monitoring methods, and analysis. This can be difficult for many developing countries. For example, there is a severe shortage of local capacity in Sub-Saharan African countries, compounded by the emigration of well-qualified people out of the region (Schacter 2000, p. 8).

Technical assistance and training for capacity and institutional development may be required. Donors are often willing to finance and support such activities, and share lessons of best practice. At the
same time, donors should try to harmonize their evaluation requirements relative to recipient countries.

As part of the donor effort to support local capacity in developing countries, donors are also moving to create development networks—new computer on-line networks and participatory communities that share expertise and information. “... It can still be argued that circumstances in Bangladesh, China, Costa Rica or Mali are unique and distinct, and that the experience of one country will not necessarily translate to another. But once it is accepted that there is very little generic development knowledge—that all knowledge has to be gathered and then analyzed, modified, disassembled and recombined to fit local needs—the source is immaterial. The new motto is: ‘Scan globally, reinvent locally’” (Fukuda-Parr, Lopes, and Malik 2002, p. 18).

Developing countries will need to establish a political and administrative culture characterized by accountability and transparency, concern for ethics, and avoidance of conflicts of interest. Reformers need to be aware, though, that any attempts to shed light on resource allocation and actual results through the adoption of an M&E system may meet with political resistance, hostility, and opposition. In addition, given the nature of many developing country governments, building an M&E system could lead to considerable reshaping of political relationships.

Creation of a more mature M&E system requires interdependency, alignment, and coordination across multiple governmental levels. This can be a challenge because, in many developing countries, governments are loosely interconnected, and are still working toward building strong administrative cultures and transparent financial systems. As a result, some governments may have only vague information about the amount and allocation of available resources, and whether resources are, in fact, used for the purposes intended. Measuring government performance in such an environment is an approximate exercise.

Developed and developing countries alike are still working toward linking performance to a public expenditure framework or strategy. If these linkages are not made, there is no way to determine if the budgetary allocations in support of programs are ultimately supporting a success or a failure. Furthermore, there would be no means of providing feedback at interim stages to determine if fiscal adjust-
ments could be made to alter projects or programs, and thereby increase the likelihood of achieving the desired results.

Some developing countries are beginning to make progress in this area. For example, in the 1990s, Indonesia started to link evaluation to the annual budgetary allocation process. “Evaluation is seen as a tool to correct policy and public expenditure programs through more direct linkages to the National Development Plan and the resource allocation process” (Guerrero 1999, p. 5).

In addition, some developing countries—Brazil, Chile, and Turkey—have made progress with respect to linking expenditures to output and outcome targets. The government of Brazil also issues separate governmental reports on outcome targets (OECD 2002b).

Many developing countries still operate with two budget systems—one for recurrent expenditures and another for capital investment expenditures. Until recently, Egypt’s Ministry of Finance oversaw the recurrent budget and the Ministry of Planning oversaw the capital budget. Consolidating these budgets within one ministry made it easier for the government to consider a results-based M&E system to ensure the country’s goals and objectives will be met.

Attempting to institute a whole-of-government approach toward M&E—as in Australia, Canada, and the United States—may be too ambitious for some developing countries. Given the particular difficulties of establishing M&E systems in developing countries, adopting an enclave or partial approach, in which a few ministries or departments first pilot and adopt M&E systems, may be preferable. For example, in the Kyrgyz Republic, a 2002 readiness assessment recommended that the Ministry of Health—where some evaluation capacity already exists—be supported as a potential model for eventual government-wide implementation of a results-based M&E system (Kusek and Rist 2003).

**M&E Experience in Developing Countries**

Many developing countries have made progress toward instituting M&E. Keeping in mind the many challenges facing developing countries, boxes i.ix and i.x consider two examples: Malaysia and Uganda. Both countries have introduced new—albeit different—measures to the budgetary process to make it more transparent, accountable, and results focused.

The challenges facing developing countries are many. The coun-
tries’ approaches may differ and it may require a considerable period of time to arrive at a results-based M&E approach. But experience around the world shows that the foundation for evaluation is being built in many developing countries. (See annexes 4 and 5 for more on developing country efforts with respect to M&E.)

**Box i.ix**  
**Malaysia: Outcome-Based Budgeting, Nation Building, and Global Competitiveness**

Among developing countries, Malaysia has been at the forefront of public administration reforms, especially in the area of budget and finance. These reforms were initiated in the 1960s as part of an effort by the government to strategically develop the country. The public sector was seen as the main vehicle of development, consequently the need to strengthen the civil service through administrative reform was emphasized.

Budgetary reform focused on greater accountability and financial discipline among the various government agencies entrusted to carry out the socioeconomic development plans for the country. In addition to greater public sector accountability and improved budgetary system performance, the government undertook a number of additional reforms including improved financial compliance, quality management, productivity, efficiency in governmental operations, and management of national development efforts.

Most recently, Malaysia’s budget reform efforts have been closely linked with the efforts at nation building and global competitiveness associated with Vision 2020—a program aimed at making Malaysia a fully developed country by the year 2020.

With respect to budgetary reform, Malaysia adopted the Program Performance Budgeting System (PPBS) in 1969 and continued to utilize it until the 1990s. The PPBS replaced line-item budgeting with an outcome based budgeting system. While agencies used the program-activity structure, in practice implementation still resembled the line item budgeting and an incremental approach.

In 1990, the government introduced the Modified Budgeting System (MBS) to replace the PPBS. Greater emphasis was placed on outputs and impact of programs and activities in government. Under PPBS, there were minimal links between outputs and inputs. Policies continued to be funded even when no results were being systematically measured.

The MBS approach was further modified in 2001, when the country embarked on another complementary reform by adopting a two-year budgeting system. The effect of this system will be known in several years time.

Although Malaysia has been at the forefront of public administration and budget reforms, these reform efforts have not been smooth or consistent over the years. Nonetheless, the MBS was a bold initiative on the part of the Malaysian government, demonstrating foresight, innovativeness, dynamism, and commitment to ensure value for money in the projects and policies being implemented.

With the growing global movement to demonstrate accountability and tangible results, many more developing countries can be expected to adopt results-based M&E systems in the future. The international donor community’s focus on development impact

Box i.x  
Uganda and Poverty Reduction—Impetus toward M&E

“The government of Uganda has committed itself to effective public service delivery in support of its poverty-reduction priorities. The recognition of service delivery effectiveness as an imperative of national development management is strong evidence of commitment to results, which is also evident in several of the public management priorities and activities that are currently ongoing” (Hauge 2001, p. 16).

Over the past decade, Uganda has undergone comprehensive economic reform and has achieved macroeconomic stabilization. Uganda developed a Poverty Eradication Action Plan (PEAP) in response to the Comprehensive Development Framework, and it is now incorporated into the Poverty Reduction Strategy Paper. The PEAP calls for a reduction in the absolute poverty rate from 44 percent (as of the late 1990s) to 10 percent by the year 2017.

Uganda was the first country to be declared eligible and to benefit from Highly Indebted Poor Country (HIPC) measures. Most recently, Uganda qualified for enhanced HIPC relief in recognition of the effectiveness of its poverty reduction strategy, consultative process involving civil society, and the government’s continuing commitment to macroeconomic stability.

Uganda has introduced new measures to make the budget process more open and transparent to internal and external stakeholders. The government is modernizing its fiscal systems, and embarking on a decentralization program of planning, resource management, and service delivery to localities. The Ministry of Finance, Economic Planning and Development (MFPED) is also introducing output-oriented budgeting. In addition, government institutions will be strengthened and made more accountable to the public.

The country is still experiencing a number of coordination and harmonization difficulties with respect to M&E and the PEAP. “The most obvious characteristic of the PEAP M&E regime is the separation of poverty monitoring and resource monitoring, albeit both coordinated by the MFPED. The two strands of M&E have separate actors, reports and use different criteria of assessment. Financial resource monitoring is associated with inputs, activities and, increasingly, outputs, whereas poverty monitoring is based on analyzing overall poverty outcomes” (Hauge 2001, p. 6). Other M&E coordination issues revolve around the creation of a new National Planning Authority, and among the sector working groups.

Regarding future challenges and M&E, Uganda faces the task of keeping track of and learning from its progress toward poverty reduction via the PEAP/National Poverty Reduction Strategy. M&E cannot be isolated from the decisionmaking practices and incentives that underpin national development systems and processes.

Sources: Hauge 2001; World Bank 2002b.
means that more donors will need to step in to ensure the necessary assistance for developing countries to implement such systems.

Instituting results-based M&E systems has been challenging for developed as well as developing countries—though developing countries face special difficulties. There is no one correct path or approach. Getting there takes commitment, effort, time, and resources. At the same time, one should continue to bear in mind that there are also costs to not instituting such systems and not responding to internal and external stakeholder calls for accountability, transparency, and results.