

National Monitoring and Evaluation System in Sri Lanka: Experiences, Challenges and the Way Forward

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Background

Governments are challenged to respond to the urgency of citizens needs and to be more accountable to them. All over the world, public is putting government under growing pressure to show that they are providing good value for money and results. In the past 3 to 4 decades significant Budgetary Resources and efforts have been deployed to accelerate development, reduce poverty, ensure equality and improve social living standards and quality of life of the people. With fast tracking of public investment programmes, the country has been able to maintain its average annual economic growth rate at 5%. However, the country experienced challenges in translating this economic growth momentum into poverty reduction. The level of poverty remained at 26% to 22% in the past two decades. This situation led to the need to strengthen the Planning, Monitoring and Evaluation System of the government to focus on delivering of outcomes and impacts beyond the traditional output focus. The concept of Managing for Development Results has been adopted gradually since mid 1990s. Managing for Development Results (MfDR) is about public sector management and the concept strongly emphasizes that shared vision, clear goals and measurement of results would lead to a better future. MfDR is a change management process that emphasizes a shift in focus from inputs, activities and outputs to outcomes and impacts. It promotes the concept of “accountability for results”.

The Government of Sri Lanka (GOSL) fully recognizes the growing international consensus that Managing for Development Results¹ (MfDR) is an essential aspect of good governance to improve development efficiency and effectiveness, transparency, accountability and informed decision-making. In the recent past, Globally monitoring and evaluation expanded and diversified in many contexts with many uses such as decision-making, organizational learning, knowledge base, program improvement, policy development, impact/outcome assessment, improved service delivery, accountability,

performance audit, empowerment and even transformation. Ambitious government systems with multiple stakeholders needs tend to achieve most of these desired uses. A good Monitoring and Evaluation (M&E) system should go beyond institutional boundaries to cover national, sectoral, program and project level to ensure results orientation in government.

Further, the GOSL as a signatory to the Paris Declaration on Aid Effectiveness in March 2005 is committed to institutionalize Managing for Development Results (MfDR) government-wide. The MfDR process typically involves several phases such as articulating and agreeing on objectives; selecting Key Performance indicators (KPIs); setting targets; monitoring performance and analyzing and reporting on results as against targets and facilitating management to take timely corrective actions. Different countries will approach MfDR differently, as it is not a “one size fits for all” model. Ultimately it should lead to sustainable improvement in the country’s development outcomes. The GOSL is committed to promote the application of MfDR principles at various levels namely, the national, sectoral, agency and project level and at various stages namely, planning, implementation and post-implementation stages. At the planning stage the results oriented country owned National Development Plan and Sectoral Plans are being aligned with Medium Term Expenditure Framework (MTEF) and the use of Performance Budget instead of line item budget has been increasingly practiced. Line Ministries are required to justify their budgets with well defined output/outcome indicators. Today what counts is not so much on, how many clinics have been built, but whether citizens health has improved; Not how many schools have been constructed, but how many girls and boys are better educated.

Sectoral Plans use outcome based KPIs in setting targets and directions. The Department of National Budget and Treasury has revised their budget circulars to focus on ‘results’ to institutionalize performance budgeting systems. The Government’s three year Medium Term Expenditure Framework (MTEF) incorporates outcome based key performance indicators to justify Public

¹ The 2004 Marrakesh Roundtable on MfDR noted that the following principles as central: (1) focusing the dialogue on results at all phases of development process; (2) aligning programming, monitoring and evaluation with expected results; (3) keeping measurement and reporting simple; (4) managing for, not by, results; and (5) using results information for learning and decision making as well as for reporting and accountability.

Expenditure and this helps to allocate resources rationally on a results oriented manner. Similarly National Audits are gradually moving toward Performance Audits or Value for Money Audits (VFM) with more attention on economy, efficiency and effectiveness.

Concept of MfDR: A Whole of Government Approach.

The institutionalization of MfDR is seen as a major shift in focus in the Monitoring and Evaluation arrangements in Sri Lanka. MfDR includes a management cycle of setting directions, planning, implementation and delivering and reviewing the results which then feedback into the cycle to improve future planning and making an ongoing improvement. The following diagram represents the localized version of the MfDR process in Sri Lanka.

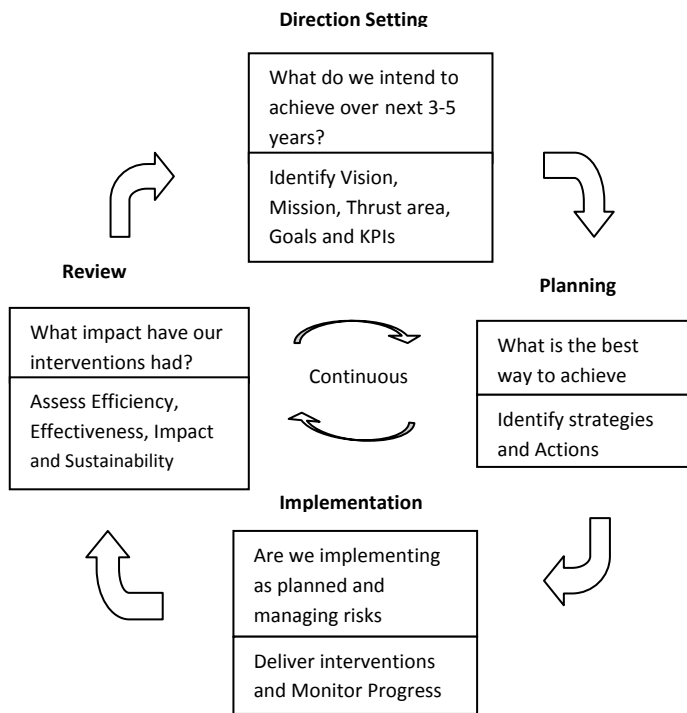


Figure 1: MfDR Cycle

In a Sri Lankan context, the organizations that are managing for results must

- Have a clear vision of what they want to achieve.

- Plan their work keeping in mind the clear vision and mission.
- Deliver what they planned in a manner consistent with public service ethics, values and standards while meeting standards such as timeliness, quality, quantity and within cost.
- Track their progress by monitoring, measuring and evaluating and learn from success and failures and making continuous improvement.

The MfDR approach adopted in Sri Lanka is more of a Whole-of-government approach covering national, sectoral, institutional and project level. Results focus is being built into National Development Strategy (NDS), sectoral plans, Ministries and projects.

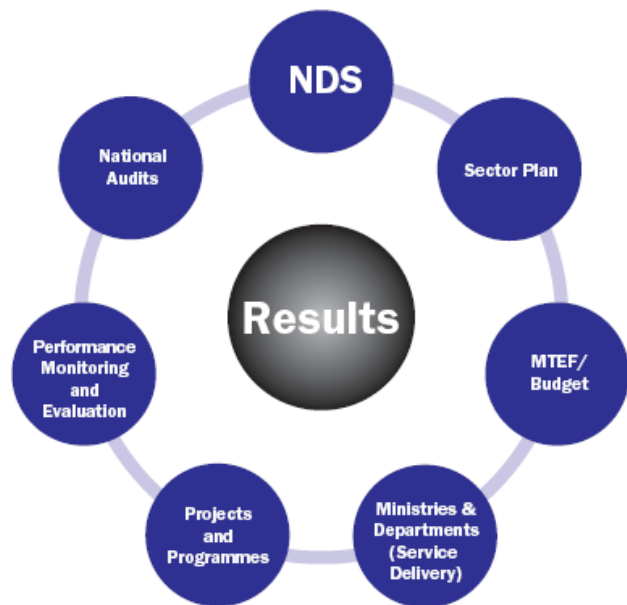


Figure 2: Results Focus: Whole of Government approach

Enabling Environment

In Sri Lanka the Monitoring and Evaluation of Projects, Programmes and development initiatives of the government is not a new phenomenon. Efforts to improve plan and project implementation have been a feature of development efforts since early 1970s. One of the special features in Sri Lanka is the functioning of a separate Ministry of Plan Implementation charged to serve “as a National Focal Point for Monitoring and Evaluation of all government development projects and programmes to ensure achievement of results and

development effectiveness". The Ministry of Plan Implementation is headed by a very senior Cabinet Minister and is mandated with the responsibility for monitoring and evaluation of all government policies, programs, projects and institutions. The Department of Foreign Aid and Budget Monitoring is the key functional arm of the Ministry of Plan Implementation to undertake the M&E functions with skills and technical knowhow. The Ministry of Plan Implementation (MPI) is technically supported by the Department of Foreign Aid and Budget Monitoring (DFABM). This dedicated institutional arrangement places Monitoring and Evaluation more strongly in the institutional setting of the Government of Sri Lanka.

One of the key features in Sri Lanka is the top level commitment for Monitoring Evaluation with a focus on Managing for Development Results. In 1990s with the technical support of Asian Development Bank (ADB) the Post Evaluation System was strengthened in the Ministry of Plan Implementation. As a result, a number of Post Evaluation of projects and programmes were conducted by the Ministry of Plan Implementation. In late 1990s, the UNDP provided technical support in a large way to strengthen the Results Based Monitoring and Evaluation System (RBME) in Sri Lanka. This enabled the government officials at the national and sub-national level to understand and recognize the importance of Results Focused Monitoring. Also many positive factors such as political will, overarching policy, coordination to collect information, flow of information from line ministries and projects to the MPI/DFABM, strengthening of electronic Information Management System in the National Operations Room (NOR) of the Ministry of Plan Implementation and demand for information for decision making had contributed to positive enabling environment. However, concerns such as capacity in government agencies, large number of ministries and the resultant coordination issues, are some of the challenges that need to be addressed.

The Ministry of Plan Implementation has introduced MfDR in government to track development results of the line ministries and their programs. Logical Framework Analysis (LFA) and Results Frameworks (RF) are being increasingly used in planning and M&E arrangements within government. All these developments clearly indicate that the concept of "Managing for Results" set-out in the Paris Declaration

is being institutionalized and gradually moving forward in Sri Lanka.

The Ministry of Plan Implementation (MPI) and its Department of Foreign Aid and Budget Monitoring championed the institutionalization of MfDR within government in the belief that the process has potential to ensure results through a shift in focus of public sector management from inputs and activities to outcomes and results. Many initiatives such as institutionalization of post-evaluations, process evaluations and impact evaluation, mainstreaming of Project Performance Management System (PPMS), Results Based Management (RBM), Performance Budgeting and Performance Auditing, Localization of Millennium Development Goals (MDGs) and results reporting through country based M&E systems have been moving forward on a gradual basis since early 1990s. There exists a strong link between Ministry of Plan Implementation (MPI), Ministry of Finance and Planning (MOFP) and President's Office and they work very closely with each other on M&E strategy. The Line Ministries, Agencies, Project Management Units, Provincial Councils, District/Divisional Secretariats very closely work with the MPI and provide progress reports in specified formats on a periodic basis. His Excellency the President chairs the progress review meetings which are held on a regular basis to assess progress of development projects, programmes, sectors, Ministries and institutions and this high level forum serves as a guiding and trouble shooting forum with top level political commitment.

The Cabinet of Ministers made a formal decision and directed the MPI to monitor all development projects over Rs 50 million executed by the line ministries and submit quarterly progress reports to the Cabinet of Ministers. The Ministry of Plan Implementation has developed an On-line, real time web-based electronic Monitoring and Reporting System (MRS) to collect, analyze and report progress of all development projects over Rs 50 million. Progress Review meetings are held by MPI with Project Management Units and officials of Line Ministries on projects that are behind schedule to address issues and ensure efficient and effective implementation.

The MfDR principles are being increasingly applied in the national M&E systems and related areas. Some of the major achievements and lessons are discussed below.

Government-wide Performance Measurement System and Score Cards

The GOSL has introduced MfDR with the technical support of the UNDP to track performance of ministries and institutions using output and outcome indicators. This new management style holds Ministries/ Departments and public officials accountable for results rather than 'efforts'. At a macro perspective, Ministries and Departments receive budget appropriation from Parliament to carry-out specific mandate. This mandate has to be translated into detailed management expectations. The Results Framework of the Ministry or Department sets out the breath, depth and meaning of the management expectations. By measuring performance against the management expectations set out in the results framework, the institution will be in a better position to objectively assess the results achievements. MfDR translates the vision and mission of public sector agencies into the practicalities of managing the organization better at every level. MfDR otherwise known as Results Based Management (RBM) involves defining expected results, monitoring and evaluation of progress towards the achievement of expected results, integrating lessons into management decisions and reporting on performance. MfDR when in operation ensures line-of sight which implies everyone in the organization understands the strategic vision and mission irrespective of their level and position in the organization.

In Sri Lanka a comprehensive Performance Measurement System has been piloted in 2006/7 with 4 key line Ministries (Education, Health, Agriculture, Highways). The selection of pilots initially was based on the interest shown in the reforms and the commitment of the leadership of the ministries to the change management initiatives. A range of activities such as awareness programmes, advocacy and sensitization to policy makers and training programmes were conducted with the technical support of the UNDP and ADB. Currently, MfDR has been expanded and is operational in 35 line Ministries. An MfDR Core Group has been established to drive this initiative with the leadership of Secretary, MPI. The experiences of the North American RBM Models operated in Oregon (Oregon Benchmarks), Minnesota (Minnesota Milestones) and Virginia States and the Canadian Models were taken into consideration in developing a localized model. The performance tracking system in Sri Lanka will be expanded to all Ministries.

The MPI has established a web-based MfDR platform in the National Operations Room (NOR)—the information arm of the MPI—to maintain Agency Results Framework and Score Card/Report card for each line Ministry. The centerpiece of the government's MfDR is the "agency results framework" and "agency score card". The Agency Results Framework (ARF) sets out the mission of the Ministry and its core business (thrust areas, goals, key performance indicators) with baselines and medium-term targets. The customized Score Cards/Report cards will appear in the computer screen to enable the assessment of the performance of the line ministries. The score card employs a Red-Yellow-Green grading system to track performance of government institutions. This "Dashboard" serves as an 'early warning' signal to alert when there is slippage in the achievement of targeted outcomes expressed by KPIs.

AGENCY RESULTS FRAMEWORK								
Thrust area 1 – Curative and preventive health services								
Strategic Objective - Provision of comprehensive Health service delivery and health actions								
No	Goal	Key Performance Indicators	Base line 2006	Targets				Dimension
				2007	2008	2009	2010	
1	Reduction of infant mortality	Infant mortality rate.	11.2/1000LB (2002)	11.0	10.8	10.6	10.4	Effectiveness
2	Reduction of under five mortality	Under five mortality rate/	4.4/1000 Under five population 1997 (AHB 2003)	4.0	3.8	3.6	3.4	-do-
3	Reduction of maternal mortality	Maternal mortality rate	38 / 100,000 LB (2004) (FHB)	36	35	33	31	-do-
4	Reduction of prevalence of underweight children (malnutrition) children under five years	% of underweight children (Wt/Age) under five years	29.4% (2000) DHS	25%	24.5%	24%	23%	-do-
5	Reduction of incidence of low birth weight babies	% low birth weight babies	17.6 (2005) AHB	16.5	16	15.5	15.0	-do-

Figure 3: Snapshot of the Agency Results Framework of the Ministry of Health

A snapshot of the Agency Results Framework of the Ministry of Health is presented above. Under the Thrust area of curative and preventive health services, you may see the goals and Key Performance Indicators such as Infant Mortality Rate, under-five Mortality rate,

Maternal Mortality Rate, Percentage (%) of under weight children etc. The medium term KPI target in the Agency Results Framework enables the assessment of performance of the Ministry of Health in the relevant thrust area.

The framework is not carved in stone, it will continue to evolve as Ministries/Departments strengthen their management practices. The MfDR is to be used as a means to improve Ministry/Departmental results reporting to the Cabinet and to the Parliament. The score card raises a “Red Flag” when something is wrong.

- At the “Check” stage, performance is evaluated using the Key Performance Measures (KPMs)
- Finally resources are adjusted and streamlined with the strategies and action to achieve desired results.

As in many developing countries, availability of trained M&E personnel is a key constraint in Sri Lanka. Also, incentives need to be in place to reward success. MfDR when fully operational will help government to strengthen performance accountability and improve continuous learning culture.

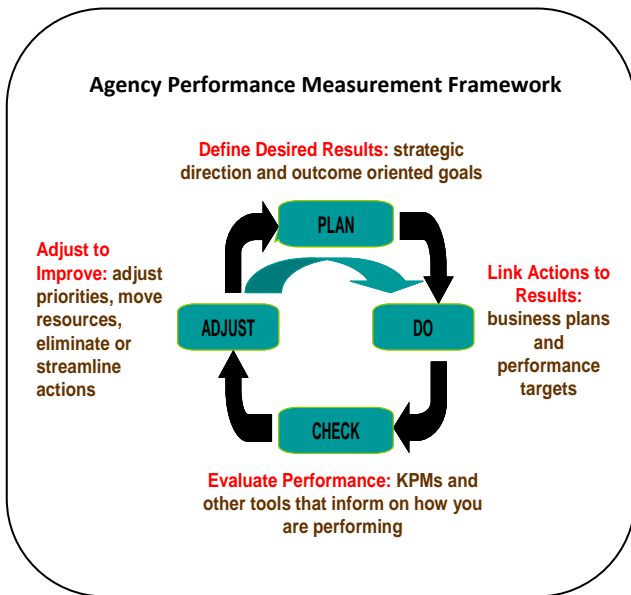


Figure 4: Agency Performance Measurement Framework

The Sri Lanka MfDR models follows the Performance Measurement Framework of North American models and are further articulated through a plan – do- check-adjust cycle, as depicted in the Agency Performance Measurement Framework

- At the planning stage, the desired results are defined. Performance expectations are defined to capture key dimensions of performance that are of interest to important stakeholders. Agreement of expectations implies a shared vision of what is to be accomplished.
- At the “Do” stage, the strategy/actions of the Ministries are linked to the desired results.

Readiness Assessment

With the support of Asian Development Bank (ADB), a Readiness Assessment on MfDR was conducted in key Ministries and Agencies to assess the capacity gaps. Based on the Readiness Assessment findings, a Capacity Development Plan has been developed to prioritize Capacity building initiatives in the selected institutions. The spiral diagram below is a representative sample which depicts the preliminary results of the Readiness Assessment in 9 core areas.

The Capacity Development Plan helps to address capacity gaps at the institutional level to enable the implementation of MfDR.

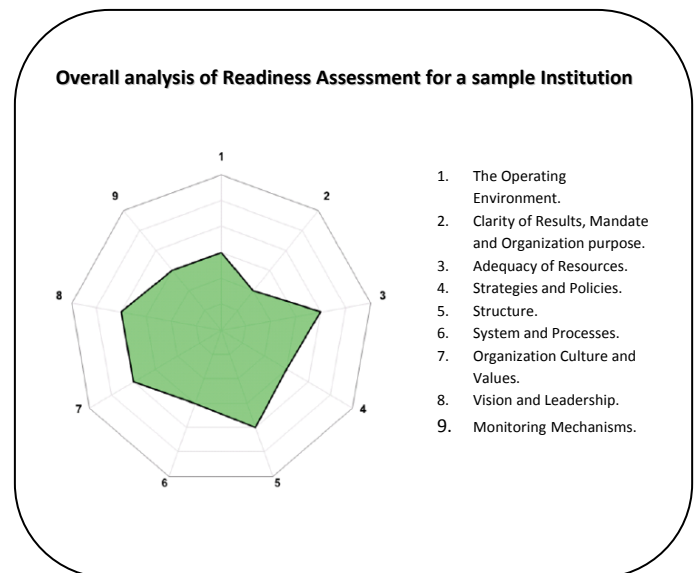


Figure 5: Readiness Assessment: Spiral Diagram

Based on the Readiness Assessment, the Capacity Development Plan included initiatives such as strengthening operating environment, clarifying the

organizational results, results being aligned to systems and processes and upgrading MIS for improved data collection, analysis and reporting.

Implementation of MfDR in Government

The Ministry of Plan Implementation, placed MfDR in the policy arena by initiating a Note to Cabinet on MfDR, by the Hon. Minister of Plan Implementation outlining the importance and the steps necessary to institutionalize MfDR on a government wide scale. The responsibilities for the institutionalization process were assigned to the Ministry of Plan Implementation. The technical backstopping of the Department of Foreign Aid and Budget Monitoring was complemented by the advisory technical support of the UNDP and ADB.

The Ministry of Plan Implementation took the following steps to institutionalize MfDR Government-wide.

1. Launching of the Process

The launching of the process involved many key sequential initiatives which includes the establishment of a Core-Group to drive the initiative, endorsement of Government Policy on MfDR, formulation of a Government-wide Strategy, formulation of a “Change Agent” concept to establish ownership and leadership in line ministries and agencies to take the initiative forward, supported by advocacy and capacity development and sustaining the initiative.

The approach adopted by MPI in launching the institutionalization of the MfDR is discussed below.

1.1. Champion the Initiative

The Ministry of Plan Implementation (MPI) as an apex Ministry responsible for M&E championed the institutionalization of MfDR government wide. A Core Group was headed by Secretary, Ministry of Plan Implementation and comprised of representatives of the Ministry of Finance and Planning, Department of National Planning, Department of National Budget, the Auditor General’s Department, the President Office, Prime Ministers Office, Department of Census and Statistics and selected Secretaries of the Line

Ministries. The Core-Group was to provide guidance, direction and leadership to the initiative of mainstreaming the MfDR in government and to function as a Think Tank to formulate strategy and Action Plan. The concept of Core-Group helped to establish government-wide commitment and ownership to the process. Core-Group formulated the strategy and Action Plan to institutionalize MfDR with the technical inputs of the Department of Foreign Aid and Budget Monitoring of the MPI.

1.2. MfDR as a Government Policy

The Cabinet of Ministers approved the MfDR initiative and empowered the Ministry of Plan Implementation as a lead organization to lead this initiative government-wide. The top-level political support which comes through the endorsement by Cabinet of Ministers indicates the political will and policy commitment to take this initiative forward. The MPI initiated a planned programme of advocacy and sensitization at policy level. Dr. Ray Rist, Advisor to the World Bank was invited to conduct an initial orientation and sensitization programme which helped to share international experience and facilitated to raise the importance of RBM/MfDR at the policy level in government. At policy level a number of programmes were conducted to sensitize the policy makers and senior Government officials on the importance of the MfDR initiative.

1.3. MfDR Strategy and Action Plan

The strategy provided phased approaches with a pilot phase involving 4 Line Ministries and the MPI. Based on the lessons of the pilot phase, the MfDR institutionalization was expanded to cover 35 Line Ministries. A comprehensive strategy and Plan of Action was developed which included capacity development, staff training, advocacy, strengthening information systems, methodology and reporting arrangements.

1.4. Change Agent Concept – Leadership at all levels of Government

The Ministry of Plan Implementation provided the technical support for introducing the MfDR methodology and approach. Each Ministry was encouraged to establish a Steering Committee of senior officers who were expected to function as “Change Agents” to take this change management initiative forward. The “Change Agents” functioned as drivers of change and helped to facilitate the MfDR initiative at the Ministry Level. The Change Agent Concept clearly shows the importance of leadership at all levels of government to take this effort forward.

1.5. Adoption of a Process Approach–Consensus building

It is important to note that in each case, the Agency Results Framework (ARF) of each Ministry was developed by that Ministry through a participatory process with the MPI technical guidance. Each Ministry assumed ownership and the process approach helped to create this ownership as against a product approach. Workshops were held in the Line Ministries by involving all key players and the consultations gave a sound basis for ensuring wider ownership. They also helped to tap the expertise, skills and experience on one side and the trust, support and network on the other side.

1.6. Buy-in

The process approach and the involvement of senior government officials and other relevant stakeholders created wider ownership which contributed as a positive factor for the Buy-in ensuring sustainability of the initiative.

The Ministry level MfDR formulation workshops involved active participation of the top, middle and lower level staff of the institutions and this enabled the operationalization of the concept of “line of sight”. Moreover, the other stakeholders were also consulted in this process.

As the ARF of the line ministry is to be closely integrating into the National Budget to make it a “Performance Budget” - the initiative has built in factors of sustainability. Moreover, the link with Auditor General to measure performance through “Performance Audit” arrangements further strengthens the MfDR initiative as a National process. Expected results are mutually defined and agreed upon through a consensus building process involving all major stakeholders. This enhances the stakeholder’s sense of ownership.

1.7. Linking Resources to Results - Budget Call 2010

In order to strengthen the result based budgeting in the public sector, the Managing for Development Results (MfDR) initiative taken by the Ministry of Plan Implementation has been linked to the annual national budgeting process starting from 2010. The Budget Call requires all Secretaries of Line Ministries to submit Agency Result Framework for their Ministries to the Department of National Budget along with the 2010 budget estimates. The Key Performance Indicators (KPIs) should be identified at output as well as outcome levels by the respective Line Ministries to justify the annual budgetary provisions requested. The Agency Results Frameworks for Budget were developed by the line Ministries in close consultation with the Ministry of Plan Implementation and Department of National Budget. The MfDR initiatives in the budgeting process facilitated the linking of resources to results.

1.8. Country Level Community of Practice (CoP) to facilitate Peer to Peer Dialogues

The core officials of the Ministries to which MfDR was introduced formed into a Community of Practice (CoP) and shared their experiences and expertise through a face-to-face and peer dialogue. This in a way helped to establish connection among the “Islands of best Practices” and helped to learn from successes and challenges. Moreover a quarterly News Letter on “Results Focus” helped to compliment and supplement the face to face CoP dialogue.

1.9. Capacity Building/ Readiness Assessment

Capacity Building is fundamental to institutionalize MfDR in government. The Readiness Assessment Tool developed by the Asian Development Bank (ADB) has been used to identify capacity gaps in Line Ministries and to formulate Capacity Development Plan. The UNDP and ADB support assisted to formulate capacity development plan as a complementary activity to institutionalize MfDR.

Awareness Creation, Staff Capacity Building and on the job training on MfDR methodologies, tools and techniques and practices were given much emphasis in the implementation of capacity development plan.

Strategy to Action

The MfDR approach encourages Ministries and Departments to understand the 'results chain' and establish logical linkages between planned inputs, expected activities/outputs and envisaged outcomes based on the "theory of change". The Ministry of Plan Implementation of the Government of Sri Lanka took the following Key steps to operationalize MfDR in Line Ministries.

- i. Articulating and Agreeing on objectives:**
Identifying clear and measurable objectives (Results) aided by results chain/ logic model. This basically involves preparation of a Vision statement, Mission statement, Thrust areas and Goals. The Government's 10 year National Development Framework, Sector Plans and localized Millennium Development Goals and Mandate of the Ministries are considered as a fundamental basis to articulate and agree on line ministry objectives.
- ii. Selecting Indicators:**
Output and Outcome based Key Performance Indicators (KPIs) were identified to measure progress towards each objective. Key Performance Indicators for each expectation in the framework is meant to convey the breadth and meaning of the expectation.
- iii. Setting targets:**
The main aspect of the process is the setting of explicit medium term targets for each indicator, to

provide medium term directions and to judge performance.

- iv. Monitoring Performance:**
This involves developing Performance Monitoring System to regularly collect data on actual results.
 - v. Analyzing and Reporting:**
The process also involves Reviewing, Analyzing and Reporting actual results as against the targets.
 - vi. Integrating Evaluation:**
Evaluation is an integral part of the process to provide in-depth analysis of Why? Question and to provide complementary performance information not readily available from Performance Monitoring system.
 - vii. Performance Reporting and Feedback:**
Using performance information for internal management accountability, learning and decision making process and for performance reporting to stakeholders.
- The first three steps generally relate to a results-oriented planning approach, sometimes referred to as "Strategic Planning". The first five steps together, are usually included in the concept of performance measurement. All seven steps combined are essential to an effective "Results Based Management System".
- National Operations Room (NOR) is the information platform of the Ministry of Plan Implementation to support evidence based decisions. The MfDR web-platform was established in the National Operations Room to facilitate and track results and performance of line ministries.
- In the past, the progress monitoring of ministries were focused heavily on financial progress (budget utilization) and physical progress (activity monitoring) with very little emphasis on achievement of outcomes, results and policy objectives. However, implementation issues and inter-agency coordination issues were addressed through the High level monitoring meetings held by the President. MPI, on a quarterly basis, submits to the Cabinet of Ministers the progress on capital budget of all line Ministries and development projects over Rs 50 million. In the recent past, the emphasis was more on

‘synthesis type reporting’ rather than the traditional way of producing large volume of reports that resulted in ‘information overload’. The institutionalization initiative of MfDR is a major shift in focus in the M&E System in the government.

The MfDR initiative is to be complemented with Performance Agreements to ensure ministries and institutions manage priorities by establish strong links between agency plans and employee performance. While MPI is introducing MfDR to Ministries and Departments, the Department of Public Enterprises of the MOFP has introduced MfDR as part of its corporate plan initiative to State Owned Enterprises (SOEs) and Statutory Bodies. Advocacy and awareness-building efforts on MfDR are in progress. Spending money was no longer sufficient evidence for results. Ministries and Agencies are asked to demonstrate how their programmes and strategies were effective in producing the intended results. As stated by Osborne and Gaebler in Reinventing Government “Perfectly executed process is a waste of time and money if it fails to achieve the outcomes desired”. Performance Management redirects our efforts away from “busyness” towards “effectiveness”. Being busy is not the same as producing results.

Electronic Project Monitoring System (ePMS): A Distinctive Feature in Sri Lanka. One of the noteworthy and significant aspect is that a home-grown, user-friendly, national, Web-based electronic on-line Project Monitoring System (ePMS) has been established in the Department of Foreign Aid and Budget Monitoring of the Ministry of Plan Implementation (MPI) to track the implementation progress (financial/physical) and results of all development projects and programs. National ePMS is a pro-active, web based Project Monitoring System that helps to track whether development projects and programmes are implemented according to agreed work plan in a results oriented manner. The system provides access to project information on a donor-wise, sector-wise and ministry-wise basis.

The system uses early warning (traffic lights) signals that enables ‘problems projects’ to be separated from others. The system helps to identify bottlenecks, delays, issues and constraints in the implementation of projects and any additional needs of the executing agency. It includes results monitoring using Logical Framework Analysis (LFA), monitoring compliance of loan covenants, tracking cash flow, Reimbursable Foreign Aid Claims, Procurement progress and major issues with

pictorial proof. Flash Reports on problem projects help in troubleshooting exercise and is also submitted to Cabinet of Ministers on a quarterly basis to fulfill the reporting requirements. The ePMS also captures feedback from beneficiaries and citizens. Notable features of the system are:

- Keep track of the development project progress electronically covering financial and physical progress.
- Harmonization around results reporting through the use of results frameworks. National ePMS is a home-grown, country owned, country driven system that provides public sector with paperless monitoring capability.
- Facilitates pictorial proof to demonstrate progress and results at ground level.
- Data is captured at source, reducing transaction costs.
- Provides alerts and early warnings on shortfalls and Gaps, including time-overruns and cost-overruns. Provides red alerts on problem projects and projects behind schedule.
- It also escalates to the higher authorities the problems, issues and constraints faced in the implementation of development projects and facilitate to help trouble shooting of problem projects and projects behind schedule.

A recently completed Donor evaluation mission rated the ePMS as a success story in terms of its comprehensive coverage, periodical updating, and use of information for troubleshooting. However, the current low level utilization of the system by sector Ministries indicates an unexploited opportunity. This is being addressed. The Ministry of Finance and Planning is using the system as part of its efforts to, strengthen project management capacities. Ministry of Plan Implementation uses the system for trouble shooting. Also, it is necessary to enhance ‘data capture at source’. The system allows for better overall coordination and helps to address execution problems.

IPDET/IDEAS Study Visit on M&E to Sri Lanka in February 2009.



From left Mrs. Linda G. Morra Co-Director/IPDET, Dr. Ray C. Rist Co-Director/IPDET, Mrs. Dhara Wijayatilake Secretary MPI and Mr. V. Sivagnanasothy Director General D/FABM of MPI with a group of participants.

The National ePMS was based on the Malaysian National Operations Room Model used by Dr. Mahathir Mohamed the then Prime Minister of Malaysia to track implementation progress of all development programmes. The Sri Lankan ePMS was a home grown model with user friendly facility to track development project progress. It is not intended to be used as a “Policing function” but as a system that helps to identify projects behind schedule or sick projects. The system depicts on-schedule, behind schedule and sick projects using a traffic light colour code by sector and ministry classification of projects and facilitates troubleshooting. Currently there are over 120 large and mega projects in the National ePMS.

Key Elements

The National ePMS captures many Key elements that are fundamental and essential to track the progress of development projects. The key elements are:

- **Project Profile:** The profile provides the basic information of the project, Its Name, source of funding, implementing arrangements, objectives, purpose and outputs, location, cost, timelines and officer responsible including other basic information.
- **Financial Progress:** Tracks the cumulative financial progress as well as the monthly financial progress as against total funds available and the annual budgetary targets. Also it monitors actual

disbursements against targeted disbursements on a project wise basis.

- **Activity Monitoring:** The Projects outputs are broken down into components, sub components, activities and sub activities using Work Breakdown Structures (WBS). All activities have planned timelines and targets and progress is monitored against such timelines.
- **Logical Framework Analysis:** The Results Framework of the projects shows the ‘programme theory’ with results chain, measurement system including Key Performance Indicators and risks. The system helps to track results and major risks.
- **Monitoring compliance of Loan covenants:** This helps to track the compliance of Loan covenants of all donor funded projects.
- **Procurement Monitoring:** Project management mainly involves managing contracts. Hence, procurement management is an important aspect. Procurement Monitoring helps to Keep track of the procurement progress which is a core area in all development projects.
- **Monitoring Major Issues:** The next core area in the ePMS is the major issues. The system helps to keep track of the major issues affecting the implementation of projects and action taken on such issues. This facilitates troubleshooting.

There are 9 knowledge management areas identified by the International Project Management Institute. They are scope management, time management, cost management, quality management, human resources management, procurement management, risks management, communication management and integration management. The current National ePMS of the MPI integrates all 9 knowledge management areas in the system.

The major functions of ePMS are as follows

- It serves as an Executive Information for Central Agencies such as Presidents office, Ministry of Plan Implementation, Ministry of Finance and Planning and other Line Ministries.
- Provides information to Project Managers to manage projects effectively. Hence, the ePMS supports managerial functions.

- Access of information to citizens helps to create transparency and accountability. Hence ePMS helps to support the governance functions.

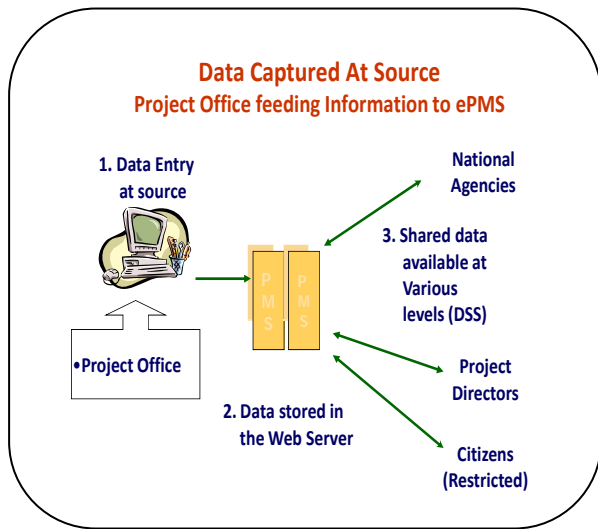


Figure 6: Electronic Project Monitoring System: Data Capture at Source

The above diagram depicts the flow of capturing data from its source to its end use. The project information is captured at source from project office and stored in the web servers and finally shared with potential users at various levels. Hence the system serves as a Decision Support System (DSS) and Executive Information System (EIS).

The ePMS has special report generating facilities. It includes

- Flash Report: Higher level Flash Report to Senior Policy Makers on overall financial progress, Physical progress, Status of projects, Major Issues and action taken in the implementation of projects.
- Summary Report: The Summary Reports on Aid Utilization and Budget Progress can be accessed Ministry-wise, Sector-wise, Donor-wise and Project-wise to various monitoring authorities.
- Tailor Made Reports: Tailor Made Reports can be generated using Crystal Report facility.

The national ePMS has many Salient Features. It helps to create an On-line information anywhere, anytime and enables Information be projected on to a large screen and used for discussions at meetings.

The Potential users of the system includes

- Apex agencies such as President Office, Presidential Secretariat, Ministry of Plan Implementation, Ministry of Finance and Planning.
- Line Ministries
- Project Directors
- Citizens (Restricted)

The National Web based Electronic Project Monitoring System can be accessed through <http://www.fabm.gov.lk/>

Outcome-based National Economic Performance

Under the traditional national economic performance reporting system, high economic growth, low inflation and unemployment were regarded as indicators for healthy economic climate and believed to result in prosperity for citizens. However, citizens are increasingly concerned about their quality of life measured in terms of quality of education, health care, safety from crimes, clean environment (safe drinking water and sanitation), etc. Hence, traditional economic based measurement systems failed to address such quality of life issues and outcomes. The GOSL has established a localized MDG results reporting system for which data collections support is extended by the Department of Census and Statistics and is being widely used within the government. Moreover, the Central Bank of Sri Lanka has developed the prosperity index to capture wider aspects of development.

Poverty Monitoring and Tracking of MDGs. The MPI also monitors the progress of national development goals. The Millennium Development Goals (MDGs) are the best known and ambitious global commitments to results based development management. The agreed MDG Goals, targets and indicators provide the basis for measuring progress. It collects performance indicators to measure achievement of localized Millennium Development Goals (MDGs) and poverty with focus on "big picture" with the support of national statistics and surveys (such as Household Income and Expenditure Survey (HIES) and Demographic Health Survey (DHS)) of the Department of Census and Statistics. MDG Country report is prepared annually by the government identifying the gaps, poverty pockets and regional

disparities. This M&E information helps government to allocate budgetary resources for needy areas.

National Evaluation Arrangements.

- **On-going, Ex-post and Impact Evaluation.** The Department of Foreign Aid and Budget Monitoring of the Ministry of Plan Implementation undertakes on-going, ex-post and impact evaluation of selected mega projects and disseminates evaluation findings to concerned stakeholders. The evaluation function of the MPI was strengthened through a Technical Assistance support of the Asian Development Bank. The OECD/DAC Evaluation criteria such as the relevance of the strategy, efficiency of implementation, effectiveness, impact and sustainability are given due consideration in undertaking the evaluation. The OECD/DAC Evaluation Quality Standards are also considered to maintain the quality of evaluations. On invitation by donors, the Department of Foreign Aid and Budget Monitoring of the MPI participates in Joint Evaluations with Donors which helps to create national ownership and build local capacity in evaluation. The Department also undertakes diagnostic rapid assessment through field visits of problem projects and submits Flash Reports to the Secretary MPI to facilitate troubleshooting of projects behind schedule. Given the human resource constraint in the MPI, it was decided to outsource the evaluation of priority mega projects. The MPI in close consultation with relevant line ministry decides areas to be covered in the Terms of Reference for evaluation. Also MPI identifies the information needs of the President, Cabinet and other stakeholders in designing the TOR. The findings of such evaluations are disseminated to the line Ministries and Project Offices for necessary follow-up action.

A Key problem in many countries has been the inability to access the evaluation information available on various development projects and programme either already completed or currently being implemented by Government. Such evaluation lessons and findings are important and useful to improve the quality of new projects and programmes, especially as, it helps to avoid past mistakes and build on best practices in the formulation and designs of new projects.

Evaluation Information System. Having recognized the importance of a systematic use of evaluation and feedback arrangements, the MPI has taken action to

establish a web-based Post-Evaluation Information System (PEIS) to ensure effective dissemination of evaluation findings, lessons learnt and synthesis of such findings. Such evaluation information will provide sector-wise synthesis to ensure more effective feedback and assist in integrating evaluation findings into the planning, budgeting and policy making process. Also public availability of the evaluation reports through EIS is expected to improve public accountability and transparency.

Evaluation answers the questions of What works? What does not work and Why? And in What context it works? The responses are important for planning and programming and contribute to development effectiveness. Evaluation Information System (EIS) enables development practitioners to access Evaluation Information anywhere, anytime-thus empowering them to make evidence based decisions in development. The establishment of as EIS is considered as a critical milestone in the MfDR initiative in Sri Lanka as it is expected not only to improve aid effectiveness but also to promote a learning culture. The support towards the development of EIS was extended by the UNDP.

- **Evaluation of the implementation of Paris Declaration on Aid Effectiveness.** The Ministry of Plan Implementation and the Department of Foreign Aid and Budget Monitoring undertook an Evaluation of the Implementation of the Paris Declaration (PD) on Aid Effectiveness. The GOSL strongly believes that the five principles of Paris Declaration on Aid Effectiveness such as national ownership, alignment, harmonization, managing for development results and mutual accountability are fundamental to improve 'aid effectiveness' and development effectiveness.

Hence, with UNDP's support, the MPI undertook an independent evaluation to assess the implementation progress and results of Paris declaration commitments. An evaluation 'reference group' was formed to advise whereas the 'management group' coordinated the evaluation.

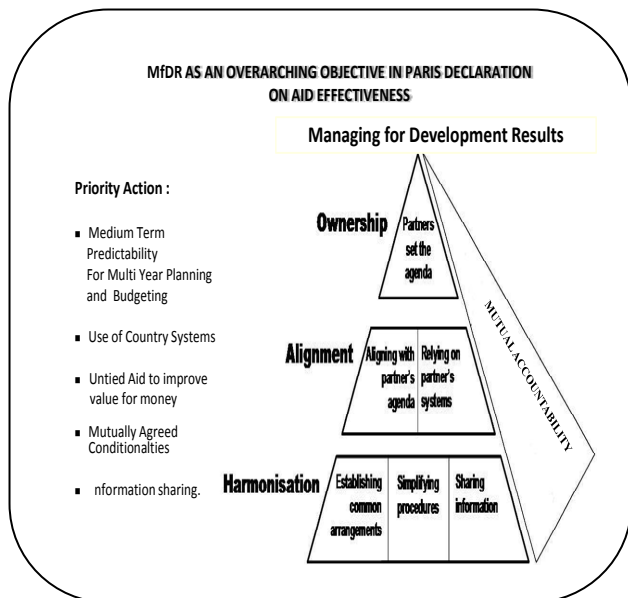


Figure 7: Paris Declaration on Aid Effectiveness

This evaluation has identified the impediments for the implementation of PD and helped the GOSL to take suitable action to ensure effective implementation of Paris Declaration principles. Moreover, the evaluation findings have fed into the global evaluation process, enabling the OECD/DAC Development Evaluation Network to undertake a synthesis of the Paris Declaration evaluation in 8 countries and 11 donors. These findings were useful in the formulation of Accra Agenda for Action (AAA) at the High level forum on Aid Effectiveness held in September 2008 in Ghana.

The Accra High Level Forum has endorsed the need for aid predictability, use of country systems by donors, untying of aid, and mutually agreed conditionalities instead of imposed conditionalities as fundamental action required to accelerate Aid Effectiveness. This implies that Aid Effectiveness require radical change in behaviours of donors and development partners. Implementation of Paris Declaration Principles and Accra Agenda for Action are fundamental to the change management process and improve development effectiveness.

- **Sri Lanka Evaluation Association (SLEVA).** SLEVA as a civil society also plays a catalyst role in advocacy, awareness creation, training and helping in developing standards, ethics, methodologies and best practices to improve evaluation culture. Its membership comprises of academia, researchers, private sector consultants, government officials and NGO representatives who are interested in evaluation. SLEVA works closely with MPI in building

M&E capacity and culture. SLEVA works with MPI in areas such as evaluation training, sharing evaluation best practices, support the organization of evaluation forums to discuss evaluation topics, international and national conferences on evaluation and promoting community of evaluation practitioners in the country.

Strategies to strengthen the National Evaluation System

The following strategies have been identified to strengthen the National M&E System of the MPI. Currently the UNDP TA project has provided assistance to support selected Key Strategies.

Policy Commitment and Support

- Advocate and sensitize at political and policy level on the importance of results-based monitoring and evaluation and ensure its acceptance and placement of monitoring and evaluation in key decision-making centers of the government to create local demand for monitoring and evaluation.
- Ensure monitoring and evaluation institutions are linked to the planning, budgeting, resource allocation and policy functions of the government and MfDR concepts are integrated in all areas of the development cycle.

Legal and Budgetary Support

- Develop a legal foundation to make M&E and MfDR mandatory. Use law, decree, cabinet decision or other high level pronouncement to legitimize MfDR concepts and results-based M&E systems.
- Provide sufficient financial allocation for MfDR and M&E strengthening in the line ministries.
- Ensure that there is a right balance between “monitoring” and “evaluation.” Preferably separate evaluation from monitoring to ensure balanced resource allocation for evaluation.

Sound Institutional Arrangement

- Strengthen institutional arrangements to place M&E and MfDR in a strategic context.

- Establish links between Evaluation exercise and Performance Audit exercise by encouraging partnerships between evaluation institutions and performance audit institutions (i.e. Auditor General's Department) with regard to accountability oriented evaluations.

Standards, Ethics and Guidelines (Quality of Evaluations)

- Develop evaluation standards, guidelines and ethics to ensure good quality evaluations. Ensure scoping sessions are conducted to clarify the evaluative questions and to ensure needs of the potential users are taken into consideration and timing of evaluation is appropriate.
- Encourage National Evaluation Association to actively promote evaluation culture and MfDR concepts.
- Develop standards and criteria for good evaluation in collaboration with civil society such as SLEVA and undertake meta evaluations to ensure quality evaluations.

Strengthen Evaluation Guidelines and Systems

- Localized guidelines are being strengthened for systematic evaluations.

Strengthen Methodologies and Practices

- Make evaluation as a process within the development policy and project cycle. Expand evaluation to cover projects, programs, sectors, policies and institutions. Encourage synthesis of project evaluations to provide sector wide learning. Promote cost-effective rapid assessment methods under time, budget and resource constraints. Also, consistent, localized evaluation methodology and terminology are essential.
- Reexamine the approaches and tools for evaluating the multiple dimensions of development. Encourage the use of diverse or multiple methods, as well as participatory methods for lessons learning (utilization)-oriented evaluations.
- Encourage more joint evaluations instead of donor-driven evaluations.

Evaluation Capacity Development

- Strengthen the professional evaluation capacity within the government through continuous staff training.
- Promote in-country evaluation faculty development programs in Sri Lanka Institute of Development Administration (SLIDA) - the government arm for training and in other Universities at graduate and post-graduate level. The Postgraduate Institute of Management (PIM) of the University of Sri Jayewardenepura has introduced a Master of Public Administration Program which includes MfDR, Project Monitoring and Development Evaluation in the curriculum.
- Strengthen the documentation centre on evaluations, promote exchange of experiences and access to best practices and sharing of databases.

Strengthen the Feedback arrangements

- Improve disseminations of evaluation reports through in-house Workshops/seminars, customized reports, evaluation summary Reports, press briefings, Post- Evaluation Information System (PEIS).
- Establish strong feedback arrangements among evaluation, planning, decision making, policy formulation, project appraisal, program management, budgeting and resource allocation functions.
- Ensure action is taken on the recommendations in evaluation reports. Wider dissemination of evaluation information should preferably include Parliamentary Public Accounts Committee (PAC), Parliament Library and Media. User friendly evaluation synthesis or summary reports should be widely circulated.
- Stimulate the evaluation issues in the country's development dialogue and sector program assistance. Monitoring and Evaluation Units must have active involvement in the planning of new programs.
- Incorporate evaluation lessons into the new project concept documents or project submission formats so that past mistakes are not repeated. Revise project submission formats to incorporate evaluations lessons of past projects.

The ultimate success of evaluation depends on how well the planners and decisions makers utilize the valuable monitoring and evaluation findings and lessons to improve future program, projects, policies and institutions.

Success Factors

Sri Lanka's MfDR and M&E systems and practices have been internationally recognized as best practice approaches worthy of scaling up. Senior Government officials from Yemen, India, Afghanistan, Uganda, Asia Pacific Community of Practice on Managing for Development Results and International Programme for Development Evaluation Training (Sponsored by World Bank in partnership with Carlton University of Canada) visited Sri Lanka to study the emerging good practices of MfDR and M&E initiatives.

The OECD Sourcebook (2008 Third Edition) on emerging Good Practice in MfDR highlights the Sri Lankan case study on MfDR. The Asia Pacific Community of Practice on MfDR has identified the following factors for successful institutionalization of MfDR in Sri Lanka.

- Strong support from the top and strong and sustained leadership for results oriented reforms and buy-in. Government policy on MfDR endorsed by Cabinet of Ministers and Champions at national level and Change Agents at different levels of government to drive the initiative has been instrumental to take this change process forward.
- MfDR approach adopted in Sri Lanka is a Whole-of-government approach covering national, sectoral, institutional and project level. It is not just viewed as a technical tool but as a comprehensive way of thinking to achieve outcomes and impacts.
- Cascading approach which combines a mix of top-down and bottom-up approaches and sequenced approach beginning with pilots and then expanded and mainstreamed in government, is a more pragmatic strategy.
- The MfDR reforms as complimenting the existing initiatives, strategies, general reform agenda and is part of the country systems. But "perfect" should not become the enemy of the "good" in the MfDR area as most developed countries are still struggling to achieve satisfactory solution.

Issues and Challenges

In many countries including Sri Lanka, the wider dissemination of M&E findings continues to remain a problem. M&E institutions and the planning institutions seem to function in isolation and do not have an effective formalized feedback arrangement to integrate lessons into the planning and design of new projects. These institutional gaps defeat the very purpose of monitoring and evaluation. Therefore it is necessary to establish strong links between M&E on the one hand, and on the other hand, policy formulation, reforms, planning, budgeting and resource allocation functions. The GOSL has identified the need to establish strong feedback mechanism. Feedback is the weakest link in the project cycle. If one takes the project cycle as results chain, "A chain being only as strong as its weakest link". This issue is now being seriously addressed.

In many cases, donors and partner countries still continue to be disbursement oriented. Moreover, donors tend to be using their own donor systems rather than country systems to maintain visibility and attribution. The lack of demand for MfDR, shortage of professionals, multiple results frameworks, too many indicators, lack of aid predictability, weak statistical capacity have been identified as constraints in many developing countries. Also, it is necessary to keep in mind that MfDR, as a change management process, takes time.

While recognizing the demand side of the equation for creating local demand for evaluation with utilization focus, the supply side of the equation that includes skills, procedures, methodology, data systems, manuals etc has to be addressed as well. The need to focus on national Evaluation Capacity Development (ECD) is equally important. However, making M&E information available does not necessarily mean effective utilization. It is hard to justify the existence of an M&E system which is not utilized effectively. However, the GOSL was able to address some of these issues with the TA support of UNDP and ADB.

Attribution is a challenge for measuring performance in ministries and departments. In selecting the key performance indicators care should be given to the attribution issues. Unlike private sector, public sector does not have a single "bottom line". Many areas of government activities are characterized by multiple stakeholders and divergent interest. Target setting itself is a challenging process. It is difficult to get consensus on goals/values and difficult to agree on KPIs. Specifying

and agreeing on expected results is not easy. The results chain is not always logical as expected. Indicators are missing for some results areas. Targets and baselines are not given. Setting achievable targets is not possible in the absence of baseline. The greatest problem associated with performance management is unrealistic expectations. Also information overload is also a problem. Policy makers were unable to absorb the vast amount of information provided to them. Outputs are manageable to institutions, but outcomes are the results of collaborative efforts of other institutions. Agencies can more easily be held accountable to output targets but not necessarily for outcome targets.

MfDR systems in some countries did not fully achieve its expectation as there is “stick” but no “carrot”. Also, performance level slipped partly due to lack of resources and unrealistic expectations such as for example “No child left behind”. To ensure successful operation of RBM systems there should be ‘incentives’ for achievements and some form of ‘penalty’ (punishment) for slippage. Also, weak link between “Agency Performance” and “Individual Performance” is a concern. MfDR Systems often create ‘information Overload’ which decision makers find difficult to absorb. It is also necessary to understand who needs what information, for what purpose, and when. It should not be overly supply-driven information. Moreover, in some cases, MfDR creates fear of being held accountable for performance when cooperation and assistance from outside the organization are necessary for success.

It is necessary to look at the balance between learning and accountability. While independent evaluation is important for ensuring objectivity, too much emphasis on accountability focused donor-driven independent evaluation function can be a potential constraint for lessons learning and feedback. Hence, the importance of lessons learning and ownership has been recognized in the GOSL Evaluation System.

For too long, many countries have not adequately responded to the criticisms that ex-post evaluations are done late and viewed as ‘post-mortem’ exercises that do not contribute much to strategic decision making. It is necessary to recognize the importance of lessons learning and performance accountability. Increasingly, concurrent evaluations are encouraged for mid course corrections. Also, the GOSL encourages donors to undertake more Joint Evaluations to ensure national ownership, lessons learning and capacity building.

Despite the enormous methodological and technical challenges such as attribution problems, it is recognized that institutionalization of evaluation is the way forward to ensure results orientation in development work. Moreover, development policy and aid tend to shift from projects and programs to sector-wide approach and as such M&E approach need to cover policies, sectors and thematic areas on a country wide basis. Policy evaluations, sector evaluations and thematic evaluations are becoming equally important and the GOSL has given much emphasis to such evaluations.

There has been a general tendency to monitor rather than to evaluate. It is necessary to give equal importance to evaluations by finding a right balance between the two activities. GOSL is mindful of these aspects and M&E is viewed from a wider country based context.

Conclusion

Institutionalization of MfDR has been instrumental in creating a shift in focus in Monitoring and Evaluation Systems and practices by expanding the focus of “results” in development.

The Governments ambitious institutionalizations of MfDR in Sri Lanka have laid the foundation for emergence of the thriving results focused M&E community in the Government of Sri Lanka. Although there is long way to go before MfDR will be completely assimilated into the public sector culture, the initiatives achieved a significant progress towards a government wide shift to results based M&E practices.