

# COSTA RICA: MONITORING, FOLLOW-UP AND EVALUATION OF STRATEGIC ACTIONS

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## INTRODUCTION

The modernization of the state is a central concern for democratic systems. It translates into permanent action focused on strengthening the management of public affairs and efficiently operating planning, budgeting and evaluation systems to assess the impact of public policies on the quality of people's lives.

Costa Rica's Ministry of National Planning and Economic Policy (MIDEPLAN) is responsible for strategic planning, monitoring and evaluation of public management strategic actions. It also provides advice at the highest level to promote corrective policies necessary for the different sectors to achieve the targets set by each administration.

MIDEPLAN's functions are established by the following legal instruments: Act 5525 of 1974 (*Ley 5525*), which created the Ministry and the National Planning System; Decree of 1994 (*Decreto*), creating the National Evaluation System; and Act 8131 of 2001 (*Ley 8131*), on Financial Administration and Public Budgeting and its corresponding regulations. These instruments, in conjunction with institutional planning units, service comptrollers and internal auditors, create the supporting institutional framework for the ministry's planning, monitoring and evaluation activities.

## NATIONAL PLANNING SYSTEM

The National Planning System, led by MIDEPLAN, is comprised of the institutional or sectoral planning units of ministries and other public agencies, as well as the coordinating and advising instruments, such as advisory councils and commissions and inter-institutional committees. Besides elaborating current and prospective diagnostics of the national development process to assess potentially significant internal and external events (such as

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15. Deputy Minister of National Planning and Economic Policy.

16. Deputy Minister of Social Development.

policy proposals in the government agenda), MIDEPLAN must design a national development plan (NDP) for each administration. In a participatory process, all sectors, leaders and new authorities present their strategic proposals for each thematic or sectoral area.

The current administration decided to organize all the executive branch institutions, both central and decentralized, and the autonomous institutions into 16 sectors encompassing close to 94 institutions. This complies with the strategic orientation of the NDP and enables implementation of its strategic actions. The NDP establishes mandatory regional and sectoral policies and objectives for public agencies, ministries and other institutions. The current NDP (2006-2010) includes eight national targets<sup>17</sup> linked to economic growth, employment and poverty, among other issues; 84 sectoral targets; 141 strategic actions; and 492 targets associated with 16 sectors;<sup>18</sup> as well as 730 targets associated with 95 public institutions. In addition, the 'Contract with the People' reflects the authorities' commitment to achieving the established targets.

The NDP also provides a guiding framework for institutions to formulate their annual operational plans and budgets. It supports the president's constitutional mandate to lead, plan, coordinate, organize, manage and evaluate the objectives, policies, programmes and strategic projects for the comprehensive development of the country.

However, the State's strategic planning is only a cog in the wheel, allowing it to define targets and ways to achieve them; this is what defines institutional activity. The other basic piece is monitoring and evaluation of public affairs management, which in the case of Costa Rica focuses on the strategic actions outlined in the NDP.

## NATIONAL EVALUATION SYSTEM

The National Evaluation System (SINE) is limited to the executive branch. Since its inception, it has been viewed as a 'self-assessment' follow-up and monitoring tool for the government's strategic activities. Its purpose is to aid the executive branch (ministers, executive directors, departments and even the president) by providing information that helps in decision-making on issues pertaining to advancement of the NDP.

SINE also ensures application of an evaluation module to other strategic government programmes through assessment and monitoring of specific policies, plans, programmes and projects. Starting in 2009, public investment projects related to NDP goals have been incorporated into the monitoring and evaluation system.

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17. National targets: (1) Combating corruption in the entire public sector. (2) Poverty and inequality reduction. (3) Promoting economic growth and employment. (4) Improving the quality and expanding coverage of the education system. (5) Stopping crime growth rates, drug trafficking and addiction, and reversing the growing sense of insecurity among the population. (6) Strengthening public institutions and systematizing government priorities. (7) Recovering and expanding transportation infrastructures. (8) Enhancing foreign policy and reclaiming Costa Rica's prominent international role.

18. Sectors: Social and poverty reduction, education, health, public safety and crime prevention, culture, finance, productive, foreign trade, tourism, infrastructure and transportation, science and technology, work and social security, financial oversight and monetary policy, environment, energy and telecommunications, government coordination and foreign policy.

## EVALUATION TOOLS AND PROCEDURES

Considering the three target levels described by the NDP—national, sectoral and strategic actions—that have to be annually reviewed to measure progress, MIDEPLAN developed a series of methodological instruments to facilitate the work of institutions and directing ministries (*rectorías*). The sectoral and institutional programming, monitoring and evaluation annual matrix was formulated along these lines. This tool was designed to programme and evaluate progress towards the targets defined by the NDP, identifying each sector, the institutions that are part of it, planned activities for the year and budget allocation for that sector. Figure 1 shows features related to each year’s evaluation, noting progress or delays with respect to the previous year, as well as progress by sector. It includes a box for institutions and/or directing ministries to introduce justification or corrective actions for each target.

Each minister must provide this information for each sector. After systematizing the data, the ministers send to MIDEPLAN consolidated, semi-annual sectoral reports in January and June. The January report covers the entire year and is used to assess progress on NDP targets during that period. It is also sent to the national comptroller general (oversight body), the cabinet and institutional leaders. The mid-year report monitors progress on the targets during the first six months and is meant primarily to help orient ministers in their decision-making or corrective actions. The report is also sent to institutional leaders, the cabinet and especially the president.

To implement all these prescriptions, every year MIDEPLAN issues the technical and methodological guidelines for sectoral and institutional strategic programming and sectoral monitoring and evaluation. The guidelines “aim at improving the quality of sectoral and institutional strategic programming, sectoral monitoring and evaluation of NDP targets, PNIP’s<sup>19</sup> public investment projects and institutional budgets, generating strategic information for the public management, results and accountability evaluation processes.”<sup>20</sup>

**FIGURE 1. SAMPLE ANNUAL PLANNING MATRIX**

Matriz de Programación, Seguimiento y Evaluación Sectorial e Institucional de las metas de las Acciones Estratégicas 2008 y del periodo PND 2006 – 2010.

Sector:  
Instituciones:

Nivel: Sector/ Institucional	Planeación Sectorial CCC-PND 2006–2010 e Institucional			Programación Anual 2008		Evaluación 2008 Resultado de las metas anuales al 31 de Diciembre 2008			Seguimiento Sectorial Avance Acumulado de la meta del periodo CCC			13 Institución Responsable	14 Justificación y Medida Correctiva	
	1 Acción estratégica	2 Meta	3 Indicador	4 Meta anual Programada	5 Presupuesto Estimado (en Millones de C)	6 Resultado	7 Presupuesto Ejecutado (en millones de C)	8 % de cumplimiento de la meta	9 Clasificación del resultado	10 Avance acumulado	11 % acumulado			12 Clasificación del avance de la meta del período
Sectorial														
Institucional														
Sectorial														
Institucional														
Sector/ Institucional														

19. PNIP is the National Public Investment Plan.

20. MIDEPLAN, Methodological Guidelines, available at [www.mideplan.go.cr/content/view/87/438/](http://www.mideplan.go.cr/content/view/87/438/); visited 1 October 2009.

MIDEPLAN formed a three-party commission that includes MIDEPLAN (planning), Ministry of Finance (budget) and the National Comptroller General (budget and oversight) to discuss issues such as the guidelines. This has helped to create consensus and establish the evaluation process not only as an auditing or sanctioning tool but also as an instrument for transparency and decision-making aimed at achieving better results in public policy.

The movement towards a goal-oriented public administration is a very positive sign, although challenges and obstacles certainly persist. One of them is long-term planning that enables impact assessments and extracts commitments from those in power. Long-term planning aims not to impose solutions but to set goals for those entrusted to govern on behalf of the people while allowing officials to choose their own ways to achieve the goals.

### ADVANTAGES AND DISADVANTAGES OF SINE

Based on the evaluation process defined by SINE and the financial administration and public budgets legislation, here are some of the advantages and disadvantages faced by the executive branch.

#### Advantages

- The monitoring and evaluation process allows the government to control official, first-hand data on public policies, programmes and projects.
- An effective communication system supports reporting of progress and delays, allowing for short-term correction of original plans at strategic and operational or programme levels.
- The regulations force the institutions and the system as a whole to periodically monitor and evaluate, ensuring proper data follow-up and production.
- Applying a more systematic approach to monitoring and evaluating government targets could facilitate implementation of policy impact evaluations in the long term. This would aid the design of public policies based on identified needs and previous implementation experiences, successful or not.

#### Disadvantages

- In certain situations, even merely programming changes to the NDP can have unexpected results, thus collaterally affecting its strategic targets.
- Political activity at executive level could impede appropriate implementation of corrective actions.
- Public information on the NDP could be minimized.

The current institutional framework separates the design of the NDP from its budgeting and evaluation system and approach from the final expenditure reports (despite efforts to correct this problem). This has had several practical consequences, such as:

- There is no clear link between government priorities and a systematic resource allocation to address them.
- Budgets have been focused on the short term, making it impossible to establish multi-year targets and budgets to implement public policies with a more strategic (rather than programmatic) focus.
- There is insufficient coordinating capacity between institutions (Finance-MIDEPLAN) and no direct link between planning and budgeting.

On the other hand, a sectoral approach for government organizations has been tested since 2006, establishing 'sectoral liaisons' in charge of planning, monitoring and evaluating each sector and all its institutions. This institutional design, however, still lacks a track record. Thus, it is important for it to develop organically and distinguish itself from the institutional planning units that are currently the more programmatic elements in the public evaluation system.

## CURRENT AND FUTURE CHALLENGES

- **Change of culture:** It is interesting that people reject evaluations because they see them as punishment. This frame of mind must be changed. It is important to stress that in the new culture evaluations are not meant to disqualify institutions or programmes but to improve them and maximize their benefits. Evaluating becomes a necessary process for the optimal use of state resources.
- **Evaluation and project cycle:** Evaluations should be part of the project cycle, not an optional element, because programmes often leave no evidence of true results and impacts, both negative and positive. In some countries, like Mexico, part of the project budget is allocated to its own evaluation. This ensures that enough money is available to assess whether the project path is correct or needs to change.
- **Planning for the short, medium and long term:** This benefits the more revealing evaluations, those that enable changes in the administration's course of action in all stages of project and policy development. A thorough analysis of the country's needs will lead to a planning and evaluation system oriented towards comprehensive development.
- **Perfecting routine planning and evaluating processes:** This is closely related to the previous items. It is important to change the mentality of managers and users, use information systems to facilitate contact between the parties interested in the evaluation and institute planning schemes across the board. This approach will bring public administration closer to its targets and goals and to using budgetary instruments for that purpose.

- **System sustainability:** The sustainability of Costa Rica's monitoring and evaluation systems can be guaranteed mainly by reinforcing the sectoral approach to planning and evaluation and their connection to SINE. This approach has benefits in terms of:
  - Maintaining the current Decree on sectoralization and ensuring it is in force in the future;
  - 'Reconstructing' the automated M&E information system by sector;
  - Naming sectoral liaisons in an organic way, distinct from institutional liaisons;
  - Reinforcing and updating SINE's monitoring and evaluation techniques and practices and aligning them towards results-based management where the budget is already determined in the plan.

Costa Rica has made an effort to move towards results-based management, strengthening its evaluation culture and its advantages. But there is still a distance to go. The path to a better public management is already laid out, but Costa Rica (and Latin America in general) needs to commit to establishing long-term planning systems, with quantifiable targets for each administration. This approach would enable evaluations aimed at improving projects, policies and programmes, and it would create appropriate accountability.

## ANNEX 1. CASE STUDY: SOCIAL AND POVERTY REDUCTION SECTOR IN COSTA RICA

Sixteen public activity sectors were created in Executive Decree 33151-MP of 8 May 2006, named 'Executive Power Organic Regulations' (amended by Executive Decree 33178-MP of 14 June 2006 and by Executive Decree 34582-MP-PLAN of 4 June 2008). Each sector was placed under the responsibility of a directing minister to improve coordination and policy management between the Executive and other public agencies.

One of the newly created sectors, Social and Poverty Reduction Sector, is currently under the direction of Dr. María Luisa Ávila Agüero, Minister of Health. When the system of sector-directing ministries was established, the Arias Sánchez Administration decided to create an instrument named 'Contract with the People.'<sup>21</sup> It is signed by each directing minister jointly with the President and the Minister of Finance. The contract requires the directing minister and the minister of MIDEPLAN to act as guarantors. It assigns them the responsibility to act in coordination to monitor the implementation of strategic initiatives, which allows assessment of progress and generates useful and timely decision-making information. The contract also calls for each directing ministry to select its sectoral and institutional liaisons, who are responsible for monitoring strategic activities.

Through its sectoral liaison, the ministry in charge of the Social and Poverty Reduction Sector has established a close relationship with MIDEPLAN, and the sectoral liaison has become the contact point for institutional liaisons. The ministry's coordination with MIDEPLAN on one side, and with sectoral institutions on the other, has facilitated direct, continuous contact with the institutional planning units. It has also enabled compliance with legal methodological requirements and helped institutions to move towards effectively achieving the 2006-2010 NDP targets. In addition, it has facilitated processes aimed at enhancing the technical capacities of the personnel operating the planning units and of the institutional liaisons in programming methodologies, monitoring and evaluation, indicator formulation and design of public investment projects.

On the other hand, the quarterly, semi-annual and annual reports created by the sectoral ministry offer quality and timely information on the 37 targets established by the Social and Poverty Reduction Sector. These are implemented by 24 public institutions, facilitating the monitoring and evaluation mechanisms of the social targets defined in the NDP, as well as the accountability of institutions and directing ministries.

The institutional information received by the directing ministry is systematized in a sectoral matrix. This has proved very valuable for political decision-making at the highest level and for supporting the allocation of additional resources to programmes that have achieved the results sought by the administration.

As for the targets showing slower progress, the directing ministry issues guidelines for institutions to implement corrective measures and double their efforts to ensure progress.

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21. See: [www.mideplan.go.cr/images/stories/mideplan/analisis\\_desarrollo/contratos/social\\_y\\_lucha\\_contra\\_la\\_pobreza.pdf](http://www.mideplan.go.cr/images/stories/mideplan/analisis_desarrollo/contratos/social_y_lucha_contra_la_pobreza.pdf).

This has allowed institutions to improve results in selected social programmes and assist specific populations (seniors, children, youth, poor women, people with disabilities and indigenous people).

The greatest satisfaction for the directing ministry has come from the improvement of national indicators in poverty, health, education, housing and employment, among others. This, in turn, improves life conditions for the population at large, but especially for the poor, the vulnerable and those who face social exclusion.

Based on the results achieved to date, the directing ministry can assure that more than 85 per cent<sup>22</sup> of the institutional targets set in the NDP will be achieved by 2010. This proves that the sectoralization system, in coordination with MIDEPLAN, has been effective at creating a technical-political dynamic with a significant impact on annually programmed institutional targets. This experience undoubtedly shows a strengthening of monitoring, follow-up and evaluation mechanisms, both at the sectoral and institutional levels.

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22. See Annex 1, 2008 NDP Target Achievement. Annual results.