SRI LANKA: NATIONAL MONITORING AND EVALUATION SYSTEM: EXPERIENCES, CHALLENGES AND THE WAY FORWARD

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BACKGROUND

Governments are challenged to respond to the urgency of citizen needs and to be more accountable to them. In the past three to four decades, significant budgetary resources and efforts have been deployed all over the world to accelerate development, reduce poverty, ensure equality and improve social living standards and quality of life. The public is putting governments under growing pressure to show that they are providing results and good value for money.

By fast-tracking public investment programmes, Sri Lanka has been able to maintain an average annual economic growth rate of 5 percent. However, the country has faced challenges in translating this economic growth into poverty reduction. The level of poverty has remained at 22 to 26 percent of the population over the past two decades. This situation called for strengthening the government's planning, monitoring and evaluation system to focus on delivering outcomes and impacts beyond the traditional output focus.

Since the mid-1990s, the concept of managing for development results (MfDR) has been adopted gradually. The basic concept is that shared vision, clear goals and measurement of results will 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 fully recognizes the growing international consensus that MfDR is an essential aspect of good governance to improve development efficiency and effectiveness, transparency, accountability and informed decision-making. In the recent past, monitoring and evaluation have expanded globally and diversified into many contexts with many uses. These include decision-making, organizational learning, knowledge development, programme improvement, policy development, impact/outcome assessment, improved

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service delivery, accountability, performance auditing, empowerment and even transformation. Ambitious government systems with multiple stakeholder needs tend to achieve most of these desired uses. A good M&E system should go beyond institutional boundaries to cover national, sectoral, programme and project levels to ensure a results orientation in government. As a signatory to the Paris Declaration on Aid Effectiveness, the government of Sri Lanka is committed to institutionalizing MfDR throughout the government.

The process typically involves several phases: articulating and agreeing on objectives; selecting key performance indicators (KPIs); setting targets; monitoring performance; analysing and reporting on results against targets; and facilitating management to take timely corrective actions. Different countries approach MfDR differently, as it is not a 'one size fits all' model. Ultimately it should lead to sustainable improvement in the country's development outcomes. The government of Sri Lanka is committed to promoting application of MfDR principles at national, sectoral, agency and project levels and at the 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 the medium-term expenditure framework (MTEF). The use of performance budgets instead of line item budgets has been growing. Line ministries are required to justify their budgets with well-defined output/outcome indicators. Today what counts is not so much how many clinics have been built, for instance, 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 to set targets and directions. The Department of National Budget and Treasury has revised its budget circulars to focus on results in order to institutionalize performance budgeting systems. The government's three-year MTEF incorporates outcome-based key performance indicators to justify public expenditure.
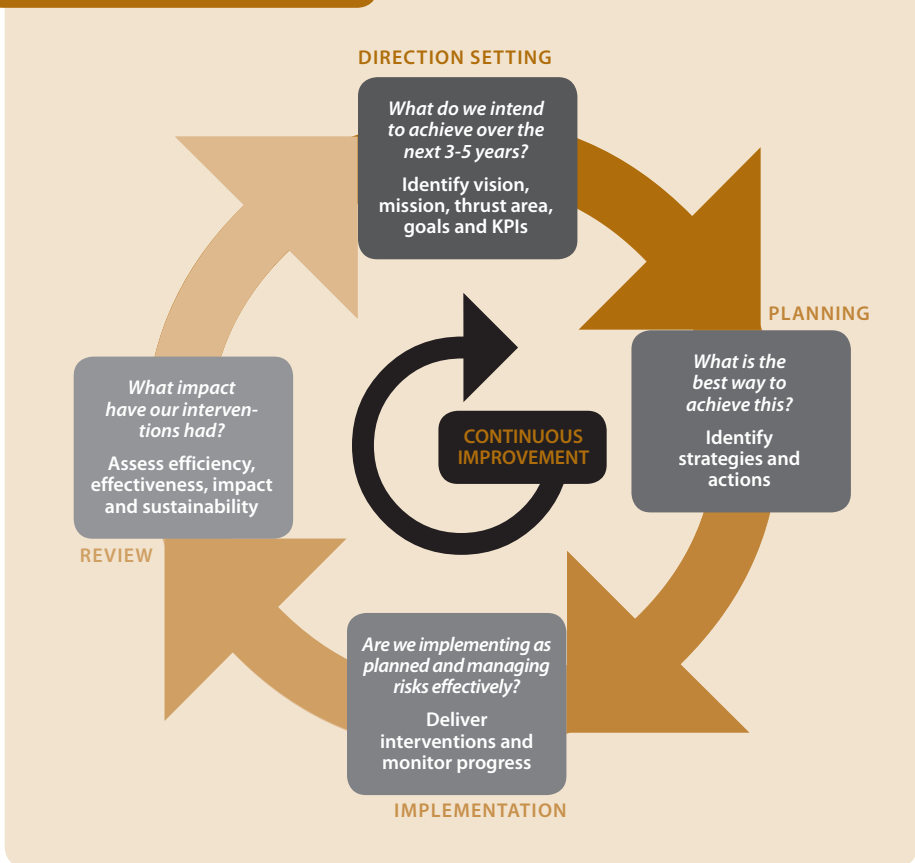
CONCEPT OF MFDR: A 'WHOLE GOVERNMENT' APPROACH

The institutionalization of MfDR is seen as a major shift in focus in M&E arrangements in Sri Lanka. It includes a management cycle of setting directions, planning, implementation and delivering, and reviewing the results, which then feed back into the cycle to improve future planning and ongoing improvement. Figure 1 shows the localized version of the MfDR process in Sri Lanka.

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

- Have a clear vision of what they want to achieve;
- Keep in mind the vision and mission while planning their work;
- Deliver what they planned in a manner consistent with public service ethics, values and standards while meeting standards such as timeliness, quality, quantity and staying within budget;
- Track their progress by monitoring, measuring and evaluating;
- Learn from success and failure to make continuous improvement.
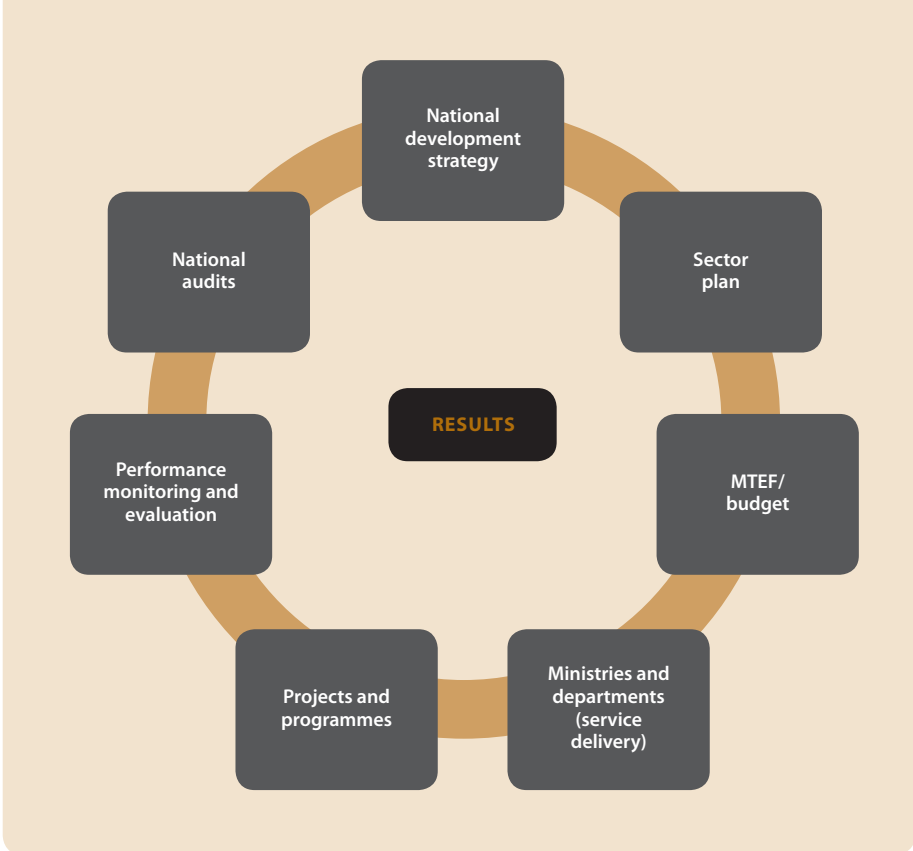
FIGURE 1. MfDR CYCLE

The MfDR approach adopted in Sri Lanka is more of a whole-government approach, covering national, sectoral, institutional and project level. A results focus is being built into the national development strategy, sectoral plans, ministries and projects (figure 2).

ENABLING ENVIRONMENT

In Sri Lanka the monitoring and evaluation of projects, programmes and development initiatives is not a new phenomenon. Efforts to improve plan and project implementation have been a feature of development efforts since the early 1970s. One of the special features here is the separate Ministry of Plan Implementation (MPI), 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 MPI, headed by a very senior cabinet minister, is mandated with responsibility for monitoring and evaluation of all government policies, programmes, projects and institutions.

FIGURE 2. RESULTS FOCUS: WHOLE GOVERNMENT APPROACH

National
development
strategy

National
audits

Sector
plan

RESULTS

Performance
monitoring and
evaluation

MTEF/
budget

Projects and
programmes

Ministries and
departments
(service
delivery)

The Department of Foreign Aid and Budget Monitoring (DFABM), with skills and technical know-how in monitoring and evaluation, is the key functional arm of the MPI. This dedicated institutional arrangement strengthens the role of M&E.

Another key feature is the top-level commitment to M&E, with a focus on MfDR. In the 1990s, with technical support from the Asian Development Bank, the post-evaluation system was strengthened in the MPI, which conducted a number of post-evaluations of projects and programmes. In the late 1990s, UNDP provided extensive technical support to strengthen the results-based monitoring and evaluation system. This enabled officials at national and sub-national levels to understand and recognize the importance of results-focused monitoring. Other factors contributed to the positive enabling environment, such as political will, an overarching policy, coordination for information collection, efficient flow of information from line ministries and projects to the MPI/DFABM, strengthening of electronic information management systems in the MPI and demand for information for

decision-making. Yet challenges remain, such as capacity in government agencies and the large number of ministries, which led to coordination issues.

The MPI has introduced MfDR to track development results of line ministries and their programmes. Logical framework analysis and results frameworks are being increasingly used in planning and M&E. All these developments clearly indicate that the concept of managing for results set out in the Paris Declaration on Aid Effectiveness is being institutionalized in Sri Lanka.

The Cabinet of Ministers 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. The MPI has developed an online, real-time Internet-based electronic monitoring and reporting system to collect, analyse and report progress of all development projects over Rs 50 million. Progress review meetings are held by the 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 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 government has introduced MfDR with technical support from 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. Ministries and departments receive budget appropriation from Parliament to carry out a specific mandate, which must be translated into detailed management expectations. The results framework of the ministry or department sets out the breadth, depth and meaning of management expectations. By measuring performance against the expectations set out in the results framework, the institution is in a better position to objectively assess its achievements. MfDR translates the vision and mission of public sector agencies into the practicalities of managing the organization better at every level. MfDR implies that everyone in the organization understands the strategic vision and mission, irrespective of their level or position.

A comprehensive performance measurement system was piloted in 2006/2007 with 4 key line ministries (Education, Health, Agriculture, Highways), and it is now operational in 35 line ministries. An MfDR Core Group has been established to drive this initiative, led by the Secretary of the MPI. The performance tracking system will be expanded to all ministries.

The MPI has established an Internet-based MfDR platform in the national operations room—the information arm of the MPI—to maintain an agency results framework and a score card/report card for each line ministry. These are the centrepieces of the MfDR. The agency results framework (figure 3) sets out the ministry's mission and its core business (thrust areas, goals, KPIs) with baselines and medium-term targets. The customized score cards/report cards appear on the computer screen to enable assessment of ministry performance. The score card employs a red-yellow-green grading system to track performance. This 'dashboard'

FIGURE 3. SNAPSHOT OF THE AGENCY RESULTS FRAMEWORK, MINISTRY OF HEALTH

Thrust area 1 – Curative and preventive health services
Strategic objective – Provision of comprehensive Heath service delivery and health actions

NO	GOAL	KEY PERFORMANCE INDICATORS	BASELINE 2006	TARGETS				
				2007	2008	2009	2010	DIMENSIONS
1	Reduction of infant mortality	Infant mortality rate	11.2/1,000 live births (2002)	11.0	10.8	10.6	10.4	Effectiveness
2	Reduction of under-five mortality	Under-five mortality rate	4.4/1,000 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 live births (2004) (FHB)	36	35	33	31	-do-
4	Reduction of prevalence of underweight (malnutrition) children under five years	Percent of underweight children (weight/age) under five years	29.4% (2000) DHS	25%	24.5%	24%	23%	-do-
5	Reduction of incidence of low birth weight babies	Percent low birth weight babies	17.6 (2005) AHB	16.5	16	15.5	15.0	-do-

serves as an early warning signal, providing alerts about slippage in achievement of targeted outcomes, expressed by KPIs. The framework is not carved in stone; it will continue to evolve as ministries/departments strengthen their management practices.

IMPLEMENTATION OF MFDR

Champion of the initiative

The MPI, responsible for M&E, championed the institutionalization of MfDR throughout the government. A core group was headed by the MPI Secretary and consisted of representatives of the Ministry of Finance and Planning, Department of National Planning, Department of National Budget, Auditor General, President's Office, Prime Minister's Office, Department of Census and Statistics, and selected line ministries. The core group was to provide guidance, direction and leadership for mainstreaming the MfDR in government and to function as a 'think tank' to formulate strategy and an action plan. The core group helped to establish government-wide commitment and ownership. It formulated the strategy and action plan with the technical inputs from the DFABM.

Approval as government policy

The Cabinet of Ministers approved the MfDR initiative and empowered the MPI to lead this initiative throughout the government. The top-level political support that comes with endorsement by the Cabinet of Ministers indicates the political will and policy commitment

to take the initiative forward. The MPI initiated a programme of advocacy and sensitization at policy level.

Strategy and action plan

A comprehensive strategy and plan of action was developed that included capacity development, staff training, advocacy, strengthened information systems, methodology and reporting arrangements. The MPI provided technical support to introduce 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 the initiative forward.

Participatory approach and sustainability

Each ministry developed its own agency results framework through a participatory process with MPI technical guidance, helping to create ownership. Workshops held in the line ministries involved all key players, tapping the expertise, skills and experience on one side and the trust, support and networks on the other. This approach aided sustainability of the initiative. The link with the auditor general to measure performance through a performance audit further strengthens the MfDR initiative as a national process.

Linking resources to results

To strengthen results-based budgeting in the public sector, the MfDR has been linked to the annual national budgeting process, starting in 2010. The budget call requires all line ministry secretaries to submit their agency results framework to the Department of National Budget along with 2010 budget estimates. The KPIs should be identified at output as well as outcome levels by the line ministries to justify the annual budget request. Each line ministry developed its agency results framework in close consultation with the MPI and Department of National Budget. The MfDR initiatives in the budgeting process facilitated linkage between resources and results.

Community of practice

Core ministry officials were formed into a community of practice to share their experiences. This helped to establish connections among 'islands' of best practice and facilitated learning from successes and challenges. A quarterly newsletter was prepared focusing on results.

Capacity building

Capacity building is fundamental to institutionalizing MfDR in government. The readiness assessment tool developed by the Asian Development Bank has been used to identify capacity gaps in line ministries and to formulate capacity development plans. Staff received on-the-job training on MfDR methodologies, tools, techniques and practices.

Strategy to action

The MfDR approach encourages ministries and departments to understand the 'results chain' and establish logical links between planned inputs, expected activities/outputs and envisaged outcomes. The MPI took the following key steps to operationalize MfDR in line ministries:

1. **Articulating and agreeing on objectives:** Identifying clear and measurable objectives (results) aided by the results chain/logic model. This involves preparing a vision statement, mission statement, thrust areas and goals. The government's 10-year national development framework, sector plans and localized Millennium Development Goals plus the mandate of the ministries are considered fundamental to articulating and agreeing on line ministry objectives.

2. **Selecting indicators:** Output- and outcome-based KPIs were identified to measure progress towards each objective. KPIs for each expectation in the framework are meant to convey the breadth of the expectation.

3. **Setting targets:** The main aspect of the process is setting explicit medium-term targets for each indicator, to provide direction and judge performance.

4. **Monitoring performance:** A performance monitoring system is needed to regularly collect data on results.

5. **Analysing and reporting:** Results must be reviewed, analysed and reported against targets.

6. **Integrating evaluation:** Evaluation is an integral part of the process, to provide detailed analysis of 'Why?' and complementary performance information not readily available from the performance monitoring system.

7. **Performance reporting and feedback:** Using performance information for internal management accountability, learning and decision-making processes and for performance reporting to stakeholders.

The first three steps are linked to results-oriented planning, sometimes referred to as strategic planning. The first five steps combined are usually included in the concept of performance measurement. All seven steps combined are essential to an effective results-based management system.

In the past, ministry progress monitoring focused heavily on financial progress (budget utilization) and physical progress (activity monitoring). Little emphasis was given to achievement of policy objectives. Issues of implementation and inter-agency coordination were addressed through high-level monitoring meetings held by the president. Now, the MPI submits to the Cabinet of Ministers a quarterly summary of progress on the capital budgets of all line ministries and development projects over Rs 50 million. The emphasis has been shifted to 'synthesis' reporting rather than the traditional production of many reports, which resulted in information overload. Performance agreements are also to be developed to ensure links are established between agency plans and employee performance.

ELECTRONIC PROJECT MONITORING SYSTEM

One of the noteworthy aspects of MfDR is inhouse development of a user-friendly, online project monitoring system (ePMS) in DFABM to track implementation progress, both financial and physical, and results of development projects and programmes. The system provides

access to project information by donor, sector and ministry. It uses early warning signals to identify bottlenecks, delays and other constraints. It monitors results using logical framework analysis, monitors compliance of loan covenants and tracks cash flow, reimbursable foreign aid claims and procurement progress. Flash reports on problem projects help in trouble-shooting exercises and are submitted to the Cabinet of Ministers each quarter. The ePMS also captures feedback from beneficiaries and citizens.

A recent donor evaluation rated ePMS as a success in terms of its comprehensive coverage, periodic updating and use of information for troubleshooting. However, the low level of use of the system by sector ministries indicates an unexploited opportunity, which is being addressed. The Ministry of Finance and Planning uses the system to strengthen project management, and the MPI uses it for troubleshooting.

The ePMS was based on the Malaysian national operations room model used to track progress of development programmes. The Sri Lankan ePMS is not intended for use as a 'policing' function but as a tool to identify projects that are behind schedule or not working well. The system depicts on-schedule, behind schedule and 'sick' projects using a traffic light colour code by sector and ministry classification. Currently the ePMS database holds over 120 projects. The system captures many elements that are fundamental to tracking progress of development projects, including:

- **Project profile:** Summarizes the basic information of the project, including name, source of funding, implementing arrangements, objectives, purpose and outputs, location, cost, timelines and officer responsible.

- **Financial progress:** Tracks cumulative and monthly financial progress against total funds available and annual budgetary targets, and monitors disbursements against targeted disbursements.

- **Activity monitoring:** Breaks down project outputs into components, sub-components, activities and sub-activities. All activities have planned timelines and targets against which progress is monitored.

- **Logical framework analysis:** Shows the 'programme theory' with results chain, measurement system (including KPIs) and risks, helping to track results and major risks.

- **Monitoring compliance of loan covenants:** Tracks compliance of loan covenants of all donor-funded projects.

- **Procurement monitoring:** Tracks procurement progress, a core area in all development projects and an important aspect of managing contracts.

- **Monitoring of major issues:** Tracks major issues affecting project implementation and action taken on such issues, facilitating troubleshooting.

OUTCOME-BASED NATIONAL ECONOMIC PERFORMANCE

Historically, economic growth rates, inflation and employment levels were used as indicators of a healthy economic climate and future prosperity for citizens. However, citizens are

increasingly concerned about their quality of life, measured in terms of indicators like quality of education, health care, safety and environment (safe drinking water and sanitation). In response, the government of Sri Lanka has established a localized MDG results reporting system. An MDG country report is prepared annually, identifying poverty pockets and regional disparities. This information helps government to allocate budget resources for needy areas.

NATIONAL EVALUATION ARRANGEMENTS

Ongoing, ex-post and impact evaluations

The DFABM undertakes ongoing, ex-post and impact evaluation of selected mega projects and disseminates the findings to relevant stakeholders. Evaluations take into account the OECD/DAC evaluation criteria, such as relevance of the strategy, efficiency of implementation, effectiveness, impact and sustainability. OECD/DAC evaluation quality standards are also considered. The DFABM participates in joint evaluations with donors, which helps to create national ownership and build local capacity. The DFABM also undertakes diagnostic rapid assessments through field visits to problem projects and submits flash reports to the MPI to help troubleshoot projects running behind schedule. Given the MPI's human resource constraints, it was decided to outsource the evaluation of priority mega projects. The MPI, in close consultation with the relevant line ministry, decides what areas are to be included in the terms of reference, based also on the information needs of the president, cabinet and other stakeholders. Evaluation results are disseminated to line ministries and project offices for follow-up action. 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 formulating and designing new projects.

Evaluation information system

Having recognized the importance of systematic use of evaluation and feedback arrangements, the MPI has taken action to establish an Internet-based post-evaluation information system to ensure effective dissemination of findings and lessons learned. This information provides sector-wide synthesis to ensure more effective feedback and assist in integrating evaluation findings into planning, budgeting and policymaking. Making evaluation reports publicly available is expected to improve public accountability and transparency.

Evaluation answers the questions of 'what works?', 'why does it work?' and 'in what context does it work?' as well as 'what does not work?' The responses are important for planning and programming, and they contribute to development effectiveness. The evaluation information system enables development practitioners to access this information anywhere, anytime, thus empowering them to make evidence-based decisions. Establishing the evaluation information system is considered a critical milestone in the MfDR initiative in Sri Lanka. It is expected not only to improve aid effectiveness but also to promote a learning culture. UNDP supported development of the system.
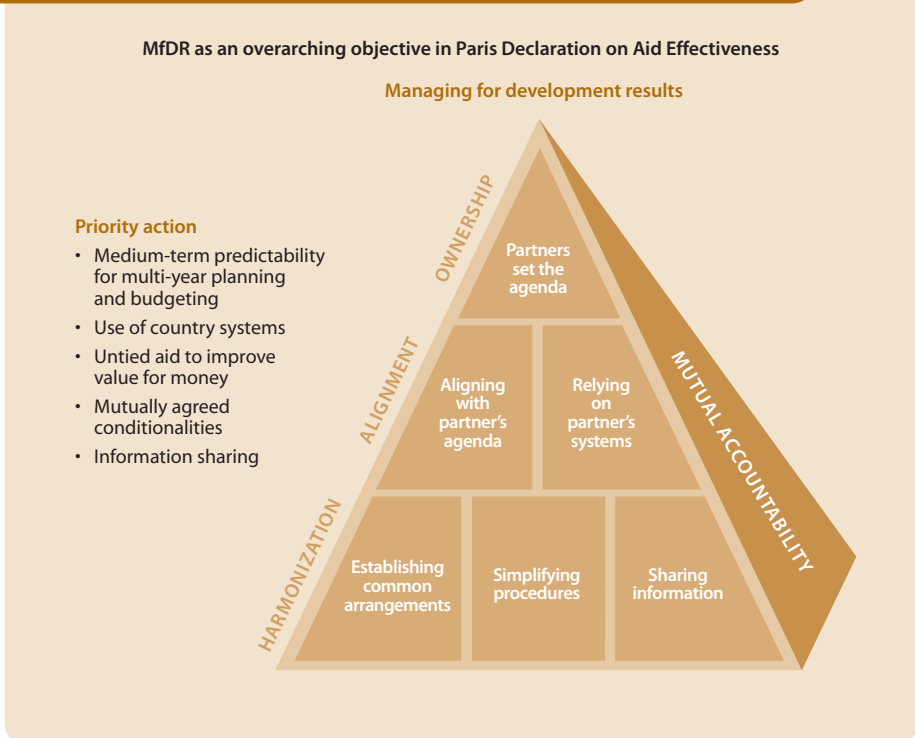
Sri Lanka Evaluation Association

The Sri Lanka Evaluation Association (SLEVA) plays a catalytic role in advocacy, awareness raising, training and development of standards, ethics, methodologies and best practices to improve evaluation culture. Its membership comprises academics, researchers, private sector consultants, government officials and NGO representatives. SLEVA works closely with the MPI in building M&E capacity and culture in areas such as training, sharing of best practices, support for evaluation forums, international and national conferences, and promotion of a community of practitioners in the country.

EVALUATION OF IMPLEMENTATION OF THE PARIS DECLARATION ON AID EFFECTIVENESS

The MPI and the DFABM evaluated implementation of the Paris Declaration on Aid Effectiveness. The government strongly believes that the declaration's five principles—national ownership, alignment, harmonization, managing for development results and mutual accountability—are fundamental to improving both aid effectiveness and development effectiveness (figure 4).

FIGURE 4. PARIS DECLARATION ON AID EFFECTIVENESS

MfDR as an overarching objective in Paris Declaration on Aid Effectiveness

Managing for development results

OWNERSHIP

Partners set the agenda

ALIGNMENT

Aligning with partner's agenda

Relying on partner's systems

MUTUAL ACCOUNTABILITY

HARMONIZATION

Establishing common arrangements

Simplifying procedures

Sharing information

Priority action
- Medium-term predictability for multi-year planning and budgeting
- Use of country systems
- Untied aid to improve value for money
- Mutually agreed conditionalities
- Information sharing

Hence, with UNDP's support, the MPI undertook an independent evaluation to assess progress in implementation and the results of Paris Declaration commitments. Groups were formed to advise on and coordinate the evaluation.

The evaluation identified the impediments for implementation of the Paris Declaration and helped the government to take action to overcome them. The evaluation findings also 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 involving 11 donors. These findings were useful in formulating the Accra Agenda for Action at the High-level Forum on Aid Effectiveness (September 2008).

The High-level Forum also endorsed the need for several fundamental actions to accelerate aid effectiveness: aid predictability, use of country systems by donors, untying of aid and mutually agreed (rather than imposed) conditionalities. This implies that increasing aid effectiveness requires radical change in behaviour by both donors and development partners. Implementing the Paris Declaration principles and the Accra Agenda for Action is fundamental to the change management process and improvement in development effectiveness.

STRATEGIES TO STRENGTHEN THE NATIONAL EVALUATION SYSTEM

The following strategies have been identified as useful for strengthening the national M&E system. UNDP is providing technical assistance to support selected strategies.

Policy commitment and support

- Advocate at political and policy level to raise awareness about the importance of results-based monitoring and evaluation and ensure its acceptance and use in key decision-making centres of the government to create local demand for monitoring and evaluation.

- Ensure that monitoring and evaluation institutions are linked to the government's planning, budgeting, resource allocation and policy functions and that 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 pronouncements 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 an appropriate balance between monitoring and evaluation, preferably by separating evaluation from monitoring, to ensure sufficient resources for evaluation.

Sound institutional arrangements

- Strengthen institutional arrangements to place monitoring and evaluation and MfDR in a strategic context.

- Establish links between evaluation and performance audit exercises by encouraging partnerships between evaluation institutions and performance audit institutions (e.g. Auditor General's Department) with regard to accountability-oriented evaluations.

Standards, ethics and guidelines

- Develop evaluation standards, guidelines and ethics to ensure high quality of evaluations. Ensure that scoping sessions are conducted to clarify the evaluative questions and to ensure that needs of potential users are taken into consideration and evaluation timing is appropriate.

- Encourage the National Evaluation Association to promote an evaluation culture and MfDR concepts.

- Develop standards and criteria for good evaluation in collaboration with civil society groups and undertake meta evaluations to ensure quality.

Evaluation guidelines and systems

- Strengthen localized guidelines for systematic evaluations.

Methodologies and practices

- Ensure that evaluation is a process within the development policy and project cycle. Expand evaluation to cover projects, programmes, sectors, policies and institutions. Encourage synthesis of project evaluations to provide sector-wide learning. Promote cost-effective rapid assessment methods to reflect constraints on time, budget and resources. Ensure that evaluation methodology and terminology are consistent and localized.

- Re-examine 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 learning lessons.

- 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 evaluation faculty development programmes in the Sri Lanka Institute of Development Administration (the government arm for training) and in other universities at graduate and post-graduate level. The Postgraduate Institute of

Management of the University of Sri Jayewardenepura has introduced a Master of Public Administration programme that includes in its curriculum MfDR, project monitoring and development evaluation.

- Strengthen documentation of evaluations and promote exchange of experiences, access to best practices and sharing of databases.

Feedback arrangements

- Improve dissemination of evaluation reports through in-house workshops/seminars, customized reports, evaluation summary reports, press briefings and use of the post-evaluation information system.

- Establish strong feedback arrangements among the functions of evaluation, planning, decision-making, policy formulation, project appraisal, programme management, budgeting and resource allocation.

- Ensure action is taken on the recommendations in evaluation reports. Evaluation information should be disseminated more widely, including to the Parliamentary Public Accounts Committee, parliamentary library and the media. User-friendly evaluation synthesis or summary reports should be widely circulated.

- Stimulate inclusion of evaluation issues in the country's development dialogue and sector programme assistance. Monitoring and evaluation units must participate in planning new programmes.

- Incorporate evaluation lessons into concept documents for new projects and project submission formats so that past mistakes are not repeated. Revise project submission formats to incorporate evaluations lessons from past projects.

The ultimate success of evaluation depends on how well the planners and decision-makers utilize the valuable monitoring and evaluation findings and lessons to improve future programmes, 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 officials have visited Sri Lanka to study the practices of MfDR and M&E initiatives from Afghanistan, India, Uganda and Yemen as well as the Asia Pacific Community of Practice on Managing for Development Results and International Programme for Development Evaluation Training (sponsored by the World Bank in partnership with Carlton University of Canada). The 'OECD Sourcebook on Emerging Good Practice in Managing for Development Results' (3rd edition, 2008) highlights the Sri Lankan case study on MfDR. The Asia Pacific Community of Practice on MfDR has identified the following factors in Sri Lanka's successful institutionalization of MfDR:

- Strong support from the top and strong and sustained leadership for results-oriented reforms and buy-in. Government policy on MfDR endorsed by the Cabinet of Ministers and champions at national level as well as change agents at various levels of government have been instrumental in advancing this change process.

- The MfDR approach adopted in Sri Lanka is a whole-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.

- The cascading approach, which combines top-down and bottom-up approaches and a sequenced approach beginning with pilots and then expanding and mainstreaming them, is a more pragmatic strategy.

- The MfDR reforms complement existing initiatives, strategies and the general reform agenda and are part of the country system. But the perfect should not become the enemy of the good in the MfDR area, as most developed countries are still struggling to achieve satisfactory solutions.

ISSUES AND CHALLENGES

- The wider dissemination of M&E results remains a problem. M&E and planning institutions lack a formal feedback arrangement to integrate lessons into the planning and design of new projects. These institutional gaps defeat the very purpose of monitoring and evaluation. The government of Sri Lanka has identified the need for a mechanism to link M&E with the functions of policy formulation, reforms, planning, budgeting and resource allocation. This issue is now being seriously addressed.

- Donors tend to use their own evaluation systems rather than country systems to ensure visibility of their efforts. The lack of demand for MfDR, shortage of professionals, weak statistical capacity and excess of results frameworks and indicators have been identified as constraints for evaluation in many developing countries.

- In addition to demand for evaluation with a focus on utility, supply issues—skills, procedures, methodology, data systems, manuals—have to be addressed. However, making M&E information available does not necessarily mean effective utilization. The government of Sri Lanka was able to address some of these issues with technical support from UNDP and the Asian Development Bank.

- Attribution of results is a challenge for measuring performance in ministries and departments. In selecting the KPIs, care should be given to attribution issues. Unlike the private sector, the public sector does not have a single 'bottom line'. Many areas of government activities have multiple stakeholders and divergent interests. Target setting itself is a challenging process. It is difficult to get consensus on goals/values and KPIs. Specifying and agreeing on expected results is not easy. The results chain is not always logical. Indicators are missing for some results areas. Targets and baselines are not given, which makes it impossible to set achievable targets. The greatest problem associated with performance management is unrealistic expectations. Outputs are manageable to institutions, but outcomes are the results of collaborative

efforts of other institutions. Agencies can more easily be held accountable for output targets but not necessarily for outcome targets.

- MfDR systems often create information overload, overwhelming decision-makers. It is necessary to understand who needs what information, for what purpose and when. Information should not be overly supply-driven.

- MfDR systems in some countries did not fully achieve expectations because they had a 'stick' but no 'carrot'. Also, performance level slipped partly due to lack of resources and unrealistic expectations. To ensure successful operation of results-based management systems requires incentives for achievement and some form of penalty for slippage. Also, the weak link between agency performance and individual performance is a concern. 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 independent evaluations driven by donors can interfere with learning and feedback. Hence, Sri Lanka's evaluation system recognizes the importance of lessons learning and ownership.

- Many countries have not adequately responded to criticisms that ex-post evaluations are performed late and viewed as 'post-mortem' exercises that do not contribute much to strategic decision-making. It is necessary to recognize the importance of learning and performance accountability. Increasingly, concurrent evaluations are encouraged for mid-course corrections. The government of Sri Lanka encourages donors to undertake more joint evaluations to ensure national ownership, lessons learned and capacity building.

- Despite methodological and technical challenges such as attribution problems, it is widely recognized that institutionalizing evaluation is the way to ensure a results orientation in development work. Moreover, development policy and aid tend to shift from projects and programmes to sector-wide approaches, which requires M&E to cover a country's policies, sectors and thematic areas. Policy, sector and thematic evaluations are becoming equally important, and the government of Sri Lanka has given much emphasis to such evaluations.

- There has been a tendency to monitor rather than to evaluate. It is necessary to give equal importance to evaluation by finding an appropriate balance between the two activities. The government of Sri Lanka is mindful of these aspects and views M&E from a wider, country-based perspective.

CONCLUSION

The ambitious institutionalization of MfDR in Sri Lanka has laid the foundation for a results-focused M&E community within the government. Although MfDR is not yet completely assimilated into the public sector culture, there has been a significant shift towards results-based M&E practices throughout the government.