

# Session 3: M&E Systems Impact on the National Budget

**Mike Goldberg**

**Yoko Kagawa**

**AFPPD Session**

**October 2021**



# Roadmap



1. Quick Refresher of Sessions 1 and 2
2. What are M&E Systems for?
3. Implementation M&E systems – strengths, weaknesses
4. Results-focused M&E Systems – strengths, weaknesses
5. Seven Steps to build a Effective M&E System
6. Reporting M&E Findings: Sharing Good news and Lessons
7. Utilizing M&E Findings: Building better projects
8. Open Discussion

# First a Commercial Message...

## Do you have trouble remembering things?

- **Introducing Refresh Mints**
- **It's a new candy to improve your memory!**



100 mcgs of  
actual  
memories

# Since that doesn't really exist yet...

## Five Key Takeaways from Session 1

1. **Theory of Change** is the logic of a project
2. **Results Framework** is the flow of inputs, activities, outputs, and outcomes
3. **Outcomes** are changes in access, skills
4. **Outputs** are easily counted and contribute to outcomes
5. **Evidence** links it all together

# Five Takeaways from Session 2...

1. **SMART indicators** (and even political sustainability)
2. Remember the **different types of indicators** (quantitative, qualitative, process, outcome and output)
3. **The Math matters** with indicators
4. **Clear definitions** will make it easy to understand what they really tell us
5. **Without indicators and targets**, we cannot be sure our work makes a difference

# A good M&E System helps...

1. Clarify goals and objectives
2. Formulate and justify budgetary requests
3. Identify potentially promising programs or practices
4. Identifying unintended, but perhaps useful project, program, and policy results
5. Identify program weaknesses and take action to correct them
6. Develop a knowledge base of the types of projects, programs, and policies that are successful
7. Promote greater transparency and accountability within organizations and governments

# Traditional implementation-focused M&E Systems

**Designed to address compliance—**

- “Did they do it” question
- Did they mobilize the needed inputs?
- Did they complete the agreed activities?
- Did they deliver the intended outputs (products, services)?



# What's Missing from Traditional Approach?



- Focus on monitoring and assessing **how well a project, program, or policy is being executed**
- **Not a focus on outcomes**
- This does **not provide an understanding of the success or failure** of that project, program, or policy



# Key Features of Traditional Implementation-focused Monitoring

- Description of the problem or situation before intervention
- Benchmarks for activities and immediate outputs
- Data collection on inputs, activities, and immediate outputs
- Systematic reporting on provision of inputs, outputs
- Directly linked to a discrete intervention (or a series)
- **Designed to provide information on administrative, implementation, and management issues as opposed to development effectiveness. (Remember this for later)**

# Welcome to the Republic of Animalia!



**It is time to allocate the national budget!  
Which of the 3 provinces should get the most?**

# Which Province Kept the Promise?

Province	Promise Financed last year	Performance
Tiger Province	\$1000 in project plans	???
Lion Province	\$1000 in project plans	\$700-\$800 spent
Hummingbird Province	\$1000 in project plans	\$1200 spent (mobilized additional funding)

# Vote #1: Which Province is doing best?

**Tiger Province**

**Lion Province**

**Hummingbird Prov.**

# Who should get national budget support?

Province	Promise financed	Performance	Political reality
<b>Tiger Province</b>	\$1000 in project plans	???	Well-connected local leaders
<b>Lion Province</b>	\$1000 in project plans	\$700-\$800 range	Reputation for slow implementation
<b>Hummingbird Province</b>	\$1000 in project plans	\$1200 (mobilized additional funding)	Small population with little political support

Vote #2: Which Province should get more funds?

**Tiger Province**

**Lion Province**

**Hummingbird Prov.**

# Vote #3: Who should get national budget support?

Province	Promise	Performance	Stakeholder feedback
Tiger Province	\$1000 in project plans	???	Not collected
Lion Province	\$1000 in project plans	\$700-800 range	Positive in 4 of 5 random samples of beneficiaries
Hummingbird Province	\$1000 in project plans	\$1200 (mobilized additional funding)	Confusion in 4 of 5 random samples of beneficiaries

Vote #3: Which Province should get more funds?

**Tiger Province**

**Lion Province**

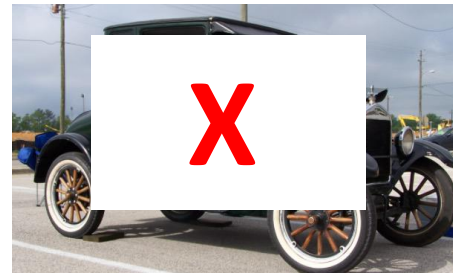
**Hummingbird Prov.**



# A Better Approach: Results-focused M&E Systems

**Designed to address the “so what” question**

- So what that activities have taken place?
- So what about the fact that outputs have been generated?
- So what that the outputs from these activities have been counted?



# Results-focused M&E Systems: the Basis for expenditure

A results-focused system improves the efficiency and effectiveness of public expenditure

Feedback on the **actual outcomes** and goals of action

Feedback on the “**value for money**” question

Feedback on **budget funding decisions**



# Results-focused M&E Systems: the Backbone of public finance

**Results to be achieved** by expenditure are taken into account in the government's budget formulation

The national budget priorities are usually specified in the **National Development Plan/Strategy**

ODA is determined based on **the strategic papers of International/bilateral organizations**



# 7 Key Features of Results-focused M&E System

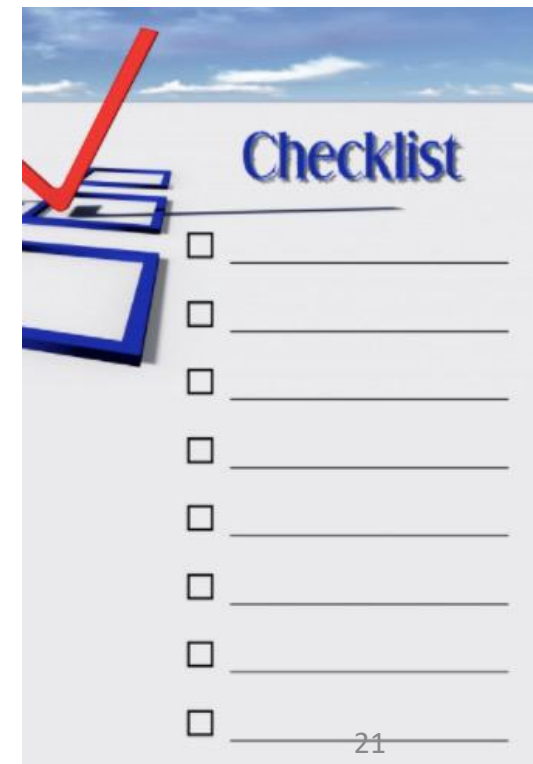
1. **Baseline data** to describe the problem or situation before intervention
2. **Indicators for outcomes**
3. **Data collection on outputs** and how and whether they contribute toward achievement of outcomes
4. More focus on **perceptions of change among stakeholders**
5. **Systematic reporting** with more qualitative and quantitative information on the progress toward outcomes
6. Done in conjunction **with strategic partners**
7. Captures information on success or failure of partnership strategy in achieving desired outcomes

# Building a Results-focused M&E system

## Step 1: Conducting a readiness assessment

**A review of current capacity of institution, including:**

- Technical skills
- Managerial skills
- Existence and quality of data systems
- Available technology
- Available financial resources
- Institutional experience



# Building a Results-focused M&E System

## Step 2: Choosing Outcomes to Monitor & Evaluate



- **Setting outcomes** is essential to build a results-focused M&E system
- Building the system is a **deductive process**--inputs, activities, and outputs derived and flow from the setting of outcomes (ToC)
- What are the **strategic priorities**? What are the desired outcomes?
- Outcomes could be linked to international economic development and lending issues, including a **National Development Plan, the SDGs**
- **Translating problems into positive outcome statements** is critical

# Building a Results-focused M&E System

## Step 3: Selecting Key Indicators to Monitor

- Indicators selection--to answer two fundamental questions: “How will we know success or achievement when we see it? Are we moving toward achieving our desired outcomes?”
- Translating outcomes into outcome indicators
- Time for “SMART” indicators of good performance
- Use of proxy indicators
- Pros and cons of using pre-designed indicators





# Building a Results-focused M&E System

## Step 4: Establishing Baseline Data on Indicators

The baseline is the first measurement of an indicator

It sets the current condition against which future change can be tracked

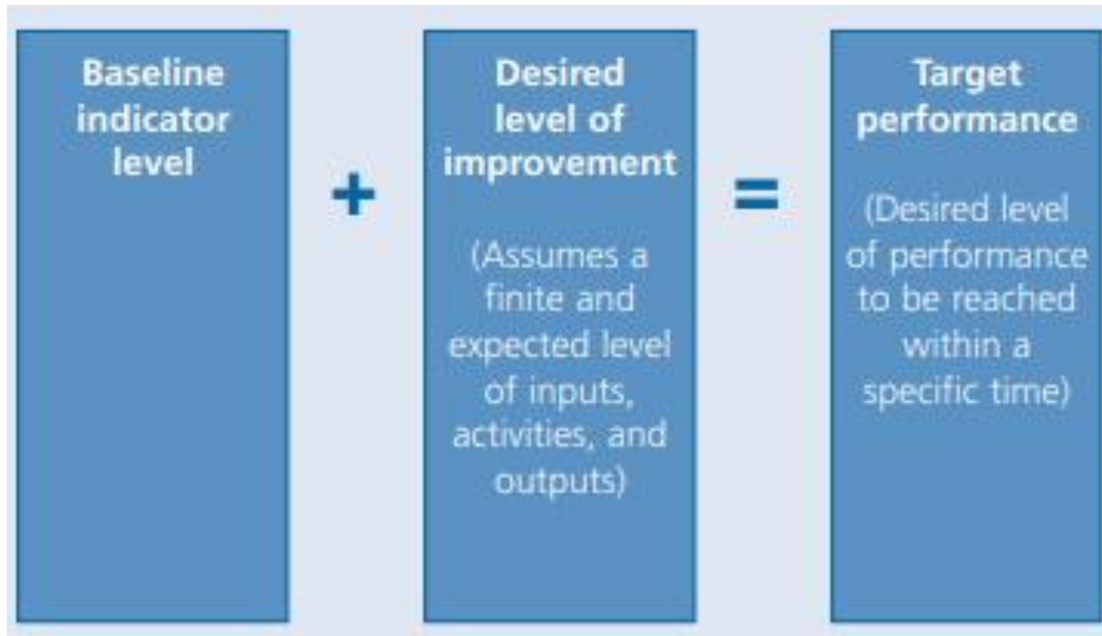
1. What are the sources of data?
2. What are the data collection methods?
3. Who will collect the data?
4. How often will the data be collected?
5. What is the cost and difficulty to collect the data?
6. Who will analyze the data?
7. Who will report the data?
8. Who will use the data?





# Building a Results-focused M&E system

## Step 5: Selecting Results Targets



### Important factors to consider when selecting performance indicator targets

- Clear understanding of the baseline starting point (an average of the last three years' performance, last year's performance, average trend, data over the past six months, etc.)
- Expected funding and resource levels (existing capacity, budgets, personnel, funding resources, facilities, and the like throughout the target period)

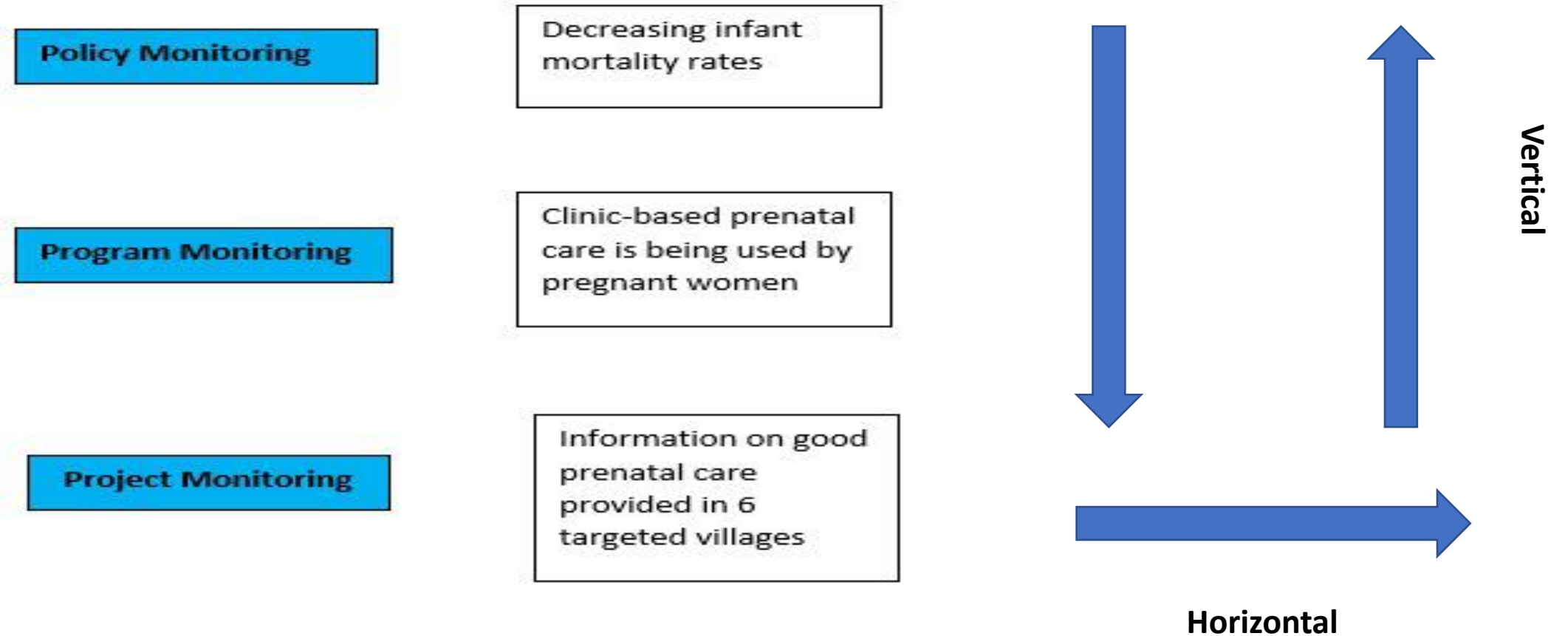
# Building a Results-focused M&E System

## Step 6: Monitoring

- Gives information on where a policy, program, or project is at any given time (and over time) relative to respective targets and outcomes
- M&E system needs to align with annual plans and other work plans of the organization/government
- Implementation monitoring vs. Results monitoring--Activities are crucial. But the sum of these activities may or may not mean the outcomes have been achieved

# Building a Results-focused M&E System

## Step 6: Monitoring



# Building a Results-focused M&E System

## Step 6: Monitoring

- Analyzing and reporting data yields important, continuous information about the status of projects, programs, and policies.
- Provides clues to problems that arise during implementation
- Creates opportunities to consider improvements in implementation strategies.
- Provides significant information regarding trends and directions over time

# Building a Results-focused M&E System

## Step 6: Monitoring

Every monitoring system needs **four basic elements**:

- **Ownership**--Without ownership, stakeholders will not be willing to invest time and resources in the system
- **Management**--Who, how, and where the system will be managed is critical to its sustainability
- **Maintenance of monitoring systems** is essential, to prevent the systems from decaying and collapsing
- **Credibility** is essential to any monitoring system. Valid and reliable data help ensure the credibility of the system. To be credible, monitoring systems need to be able to report all data—both good and bad

# Building a Results-focused M&E System

## Step 7: Evaluating

- Complement to Monitoring
- Gives evidence of why targets and outcomes are or are not being achieved
- Seeks to address issues of causality
- The final results can be basis for a communications strategy

# Building a Results-focused M&E System

## Step 7: Evaluating

**Strategy: are the right things being done?**

- Rationale or justification
- Clear theory of change

**Operations: are things being done right?**

- Effectiveness in achieving expected outcomes
- Efficiency in optimizing resources
- Client satisfaction

**Learning: are there better ways?**

- Alternatives
- Best practices
- Lessons learned



# Building a Results-focused M&E System

## Step 7: Evaluating

### **Characteristics of Quality Evaluations**

**Impartiality:** free of political or other bias and deliberate distortions. The information is presented with a description of strengths and weaknesses

**Usefulness:** relevant, timely, and written in an understandable form

**Stakeholder involvement:** relevant stakeholders have been consulted and involved in the evaluation effort



# Building a Results-focused M&E System

## Step 7: Evaluating

### **Characteristics of Quality Evaluations**

**Technical adequacy:** meet technical standards—appropriate design, correct sampling, accurate wording of questionnaires and interview guides, appropriate statistical or content analysis, and adequate evidence for conclusions and recommendations

**Feedback and dissemination:** sharing information in an appropriate, targeted, and timely fashion

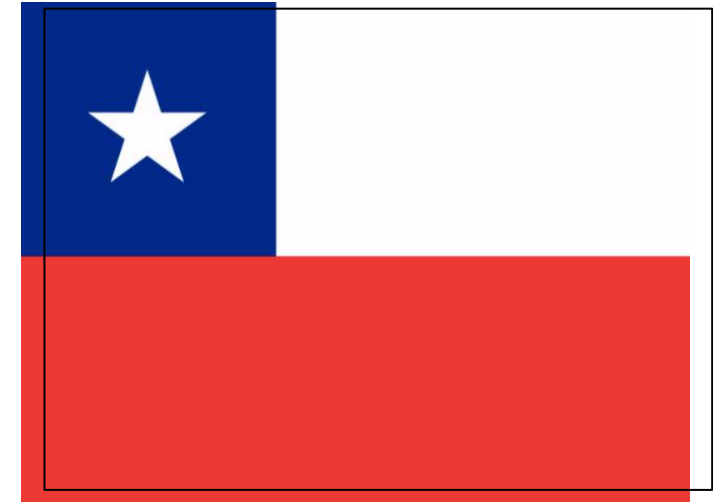
# A Little Test: The Case of Chile SME Programs

## Situation in 2010

### Tens of thousands of SMEs

#### 102 programs for small and medium enterprises

- 32 offer credit
- 12 offer training and technical assistance
- 25 offer grants
- 14 offer subsidized credit
- 19 offer commercial credit



# Chile: Traditional Monitoring System Issues

- **102 programs for SMEs** (general, urban, rural, women, youth, etc)
- **Budget allocations repeated** year after year -- inertia
- **No evaluations of the programs** – too many of them!
- **Duplication, competition, overlapping** target clients
- **No information on actual expenses, outreach**
- **14% of eligible target businesses had access to more than 1 program**
- **70% of eligible target businesses had no access**

# Solution? One Last Vote!

**What would you do in this case?  
(Assume no political resistance)**



- A. Get programs to establish baselines
- B. Eliminate duplication with more precise targeting
- C. Close small programs with no evidence of outcomes
- D. Use a standardized template for reporting
- E. Finance independent evaluations of programs
- F. Train staff of programs that remain
- G. All of the Above

VOTE SLIDE

# What went wrong?



The programs were designed to provide information on...

- Administrative outputs (on-time reports on plans)
- Plans were not monitored
- No attention to implementation issues
- No development effectiveness objectives
- The decisions to allocate funds – political, inertia, tradition, promises
- Could not base allocations on evidence, no common indicators
- Their objective was to get more budget, not use the funds they received effectively, efficiently and with maximum impact
- They avoided evaluations since that would highlight the GAPS!

# 6 Takeaways from Session 3

**M&E is a powerful public management tool to improve the way governments and organizations achieve results.**

1. If you do not measure results, you cannot tell success from failure.
2. If you cannot see success, you cannot reward it.
3. If you cannot reward success, you are probably rewarding failure.
4. If you cannot see success, you cannot learn from it.
5. If you cannot recognize failure, you cannot correct it.
6. If you can demonstrate results, you can win public and donor support



